The views expressed in this report are those of the researchers and do not necessarily represent those of the Scottish Ministers.
<table>
<thead>
<tr>
<th>Context and Background</th>
<th>141</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Issues for Town Centre Strategies</td>
<td>146</td>
</tr>
<tr>
<td>Scope and Content of Town Centre Strategies</td>
<td>150</td>
</tr>
<tr>
<td>Key Components to Successful Strategies</td>
<td>154</td>
</tr>
<tr>
<td>Specific Issues</td>
<td>155</td>
</tr>
</tbody>
</table>

**6  CHAPTER SIX: RETAIL IMPACT ASSESSMENT**

<table>
<thead>
<tr>
<th>Overview</th>
<th>167</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study Findings</td>
<td>167</td>
</tr>
<tr>
<td>Context</td>
<td>170</td>
</tr>
<tr>
<td>General Approach for Method</td>
<td>180</td>
</tr>
<tr>
<td>Step-by-Step RIA Method</td>
<td>189</td>
</tr>
<tr>
<td>Other Issues</td>
<td>242</td>
</tr>
</tbody>
</table>

**7  CHAPTER SEVEN: SUMMARY AND CONCLUSIONS**

<table>
<thead>
<tr>
<th>Overall Findings</th>
<th>253</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary of Recommendations</td>
<td>262</td>
</tr>
</tbody>
</table>

Abbreviations

Bibliography

*Acknowledgement:* This research was only possible with the support and commitment of a large number of professional staff in a wide range of Local Authorities, planning consultancies, Local Enterprise Companies, town centre managers and others who spent a considerable amount of time in responding to the questionnaires and participating in the discussion groups that were a key component of the research. This commitment of time and effort is gratefully acknowledged by the authors of this report.
EXECUTIVE SUMMARY

Introduction

SPP8 Town Centres and Retailing, published in 2006, sets out the Scottish planning policy framework for town centres and retailing. The SPP identifies a range of techniques that can be used to support planning for town centres and retailing and indicates that updated guidance for these techniques, notably for each of town centre health checks, town centre strategies and retail impact assessment, will be published in the form of a Planning Advice Note (PAN).

This research provides the basis for the preparation of the PAN for these town centre and retailing techniques. The Research Specification identified the aim of the study to provide clear and up-to-date good practice guidance on methodologies encouraged within the SPP8 policy document. In this the research aims to:

- Identify and assess existing methodologies.
- Recommend and illustrate standard approaches.
- Present recommendations and associated justification.
- Produce the recommended text for a Planning Advice Note.

The research has been undertaken jointly by Hargest & Wallace Planning Ltd and Donaldsons LLP.

Context

Town centres and retailing are rapidly changing. The drivers of retail change reflect a combination of factors including changes in the nature of consumer demand, commercial pressures for innovations in the system of supply and the role of the regulatory economic and planning environment.

Furthermore, within the planning system, retail and town centre developments attract considerable attention. As a result decisions relating to this need to be soundly based and the techniques used to support decisions need to be robust and effectively implemented. To support this clear guidance on the techniques that can be used to support town centre and retailing is required. The principal focus of this research is to identify and recommend appropriate techniques and methodologies to support these functions.

Development Planning Techniques

SPP8 requires an assessment of the role of centres in the context of the broader network of centres including an assessment of how this role may develop through time. A range of retail planning techniques are available for supporting an analysis of the overall retail provisions for an area. These techniques include:

- Retail capacity assessment (RCA).
• Strategic retail planning techniques (SRP).

• Assessment of qualitative deficiencies of retail provision.

• Market assessments.

• Assessments of development potential.

• Town centre health checks (TCHC) including vitality and viability Indicators (V&V).

**Retail Capacity Assessment Techniques.**

In SPP8 and in many development plans there is an express requirement to consider deficiencies in retail provision within an area. The most common quantitative technique used in the U.K. for identifying the extent of any retail deficiencies is the use of retail capacity assessment (RCA). Retail capacity assessment is, in essence, a comparison of demand for retail (expressed through available expenditure for a study area) and supply (expressed as the turnover of existing/committed retail floorspace). Retail capacity techniques are used by a number of planning authorities in Scotland in support of development plans.

RCA has been the subject of a wide range of criticisms. These have identified difficulties with the general approach both in terms of conceptual issues (e.g. it is simplistic and does not relate to market realities) and practical issues (e.g. results are sensitive to small changes in data assumptions). These criticisms have substance and, although the technique continues to be widely used, this research recommends caution in the application of RCA as a planning technique. Subject to the use of appropriate safeguards RCA can have some potential value as one of a number of techniques that can contribute to the examination of the balance between demand and supply of retail floorspace in an area.

Examination of practice and guidance indicates a generally common approach that can be adopted for RCA comprising the following stages:

• Baseline surveys. A key requirement for accurate retail capacity analysis is the use of extensive up to date survey information.

• Identification of study/catchment area.

• Identification of base and test years for analysis.

• Estimation of current and future population and available expenditure (i.e. identification of retail demand).

• Identification of current and future retail floorspace and turnover (i.e. identification of retail supply).

• Calculation of retail capacity.

• Sensitivity and scenario testing.
The research concludes that there are significant reservations concerning the application of the conventional approach to RCA for understanding quantitative retail deficiencies and it is recommended that broader strategic techniques are used in place of RCA. If RCA is used it is recommended that it should be subject to rigorous sensitivity testing to establish the reliability or otherwise of the assessment. In all cases RCA techniques provide only limited information and should be used in combination with other techniques which address market, development, qualitative and other quantitative factors relevant to town centre and retail planning.

**Other Strategic Retail Planning Techniques**

In recent years greater consideration has been given years to developing techniques for supporting the analysis of retailing at a strategic level. This has, in part, been in response to some of the difficulties associated with conventional RCA techniques. These quantitative techniques are referred in this research as strategic retail planning techniques (SRP). Three broad approaches to SRPs can be identified reflecting practice in both Scotland and elsewhere in the UK. Each can be regarded as a development or refinement of the conventional RCA approach. The basic approaches are:

- Subdivision of RCA study areas into broad zones to identify retail capacity for separate retail centres.
- Use of models of expenditure flow between model zones and a wide range of retail destinations as a basis for the identification of retail capacity.
- Use of models of expenditure flow between model zones and a wide range of retail destinations as a basis for identifying the separate retail characteristics of centres and application of trends and scenarios for assessing the impact on the operation of retail centres in future years.

The purpose of these SRP techniques is to provide a comprehensive and strategic picture of retailing and the factors that influence retailing, to offer a contextual position for more detailed retail matters in the locality and to act as a basis for developing policy.

The principal difficulties with SRP techniques relate to the construction and validity of the retail model which underpins the assessment and the way that information is used. In particular: the high cost of preparing SRP models; the reliance of the model on accurate base data; and that, at present, there is no accepted standard method for design, implementation and interpretation of the techniques.

**Complementary Retail Planning Techniques**

The research identifies that additional retail planning techniques are required to complement the use of RCA or SRP techniques in providing an overall understanding of retail provision within an area. Three of these, assessing qualitative retail deficiencies, market assessments and assessing development potential, are considered in outline in this research. In addition town centre health checks are identified to be of key importance.
Identifying Qualitative Deficiencies

Qualitative deficiency is expressly identified in both SPP8 and in many development plan policies as a factor to be taken into account in identifying the potential for additional retail floorspace. At present there are no standard techniques that have been developed for the identification of qualitative deficiencies. From the research undertaken the identification of qualitative deficiencies will reflect the following factors:

- The distribution of and accessibility to retail provision for different communities.
- The presence of different types of retail operation.
- The physical quality of the provision present and in comparison to other centres.
- Whether the shopping experience is undermined by indicators of over-trading.
- The reasons identified as to why shoppers travel to competing retail locations.

Market Assessments

Any analysis that seeks to understand current and future retail provision in centres should be supported by market assessments undertaken by specialist retail surveyors. These should assess the current and future demand for retail space by type and location, including:

- The strengths and weakness of centres in comparison to other centres.
- The attractiveness to retailers of existing space in centres.
- The role of demand for space from both local independent and multiple retailers.

Assessing Development Potential

It is important to establish whether or not centres have the physical capacity to accommodate development. The research therefore recommends that consideration should be given to assessing the physical capacity of centres to accommodate retail space. This will require specialist expert advice. This should address the following types of issues:

- The attractiveness of sites/premises to retailers.
- The capacity of sites to accommodate different types of development.
- Land assembly and deliverability.
- The viability of development.
Town Centre Health Checks

Overview

In this research a Town Centre Health Check is identified to be the process of collecting information on a range of individual vitality and viability indicators for town centres.

SPP8 defines vitality as “a measure of how lively or busy a town centre is”. It therefore refers to how busy a centre is at different times and in different parts. It defines viability as “a measure of its capacity to attract ongoing investment, for maintenance, improvement and adaption to changing needs”.

The research concludes that there is limited experience in undertaking systematic town centre health checks in Scotland. Nearly all authorities collect some information but this is usually limited in scope and frequently undertaken through one-off studies rather than routine data collection, monitoring and analysis. The research concludes that the value of TCHC by local authorities is not fully realised and, as a result, TCHCs are not considered a priority for resources. There is clear need for a PAN to assist planning authorities and others to undertake TCHCs. This should encompass the overall process, the way that information should be used, data sources and applicability to different types of centres.

The research identified considerable merit in collecting TCHC information. This includes the following key functions:

- To provide an understanding of how town centres are performing and inform their future direction in an increasingly competitive environment.

- To inform Development Plan formulation, Town Centre Strategies and Action Plans.

- To assist in prioritising/justifying investment and resourcing decisions for town centres and to monitor and evaluate the impact/benefit of investment decisions made.

- To provide information for prospective investors/marketing.

- To provide information on actual usage of the town centre by customers to inform strategy/policy.

- To provide a baseline for assessing the significance of impacts on town centres arising from commercial retail and leisure developments.

- To identify trends over time and establish whether conditions are improving, static or declining.

The wide range of potential uses for TCHC information is indicative of the benefits of the process for both statutory planning functions and for town centre monitoring, management and strategy formulation and implementation.
The relevance and importance of different V&V indicators will vary according to the overall function being pursued. Different indicators have different roles for the above functions. Some indicators are more useful for statutory planning functions and others more useful for strategy formulation or town centre management.

A number of general issues relating to the TCHC process have been identified from the research including:

- The range of V&V indicators is too great for some authorities to manage, especially where there is no history of systematic data collection and where resources are limited.
- The usefulness of indicators varies by size of town. Not all of the V&V indicators are relevant or easy to interpret in market towns and other small centres.
- Local authorities frequently target the most easily collectable data because resources are constrained but these are not necessarily the most useful.
- Health check resourcing is a significant practical issue for most local authorities.
- Indicators are not always defined consistently or explicitly, which makes comparisons over time and between places difficult.
- There is a lack of good quality time-series data, collected at regular intervals.
- There is no common practice for the selection of towns and data for comparison. As with the indicators themselves, the selection of comparative data is often driven by availability rather than usefulness.

A database setting out TCHC/V&V information will support benchmarking of centres which will, in turn, significantly improve the usefulness of the information collected through this process.

In general the research considers that TCHCs should be undertaken at least once every two to five years and preferably more frequently than this. It is recommended that easily collected V&V Indicators should be identified annually.

**Vitality and Viability Indicators**

A full review of the following vitality and viability indicators is presented in the research:

- Pedestrian flow.
- Prime rental values.
- Space in use.
- Retailer representations and intentions.
- Commercial yield.
- Vacancy rates.
- Physical structure of the centre.
- Surveys of consumers/town centre users/employers/employees.
- Crime and safety.
- Accessibility.
- Environmental Quality.
- Turnover, available expenditure and competing investment.
- Tourism.

For each of these indicators (or sets of indicators) the research sets out information on: a description of the indicator (including definitions where appropriate); advantages, disadvantages and issues arising from its use; information sources; applicability to different types of centre; and applicability to different planning functions, with a comment on the relative usefulness of the indicator.

**Town Centre Strategies**

For the purposes of this study, a Town Centre Strategy (TCS) is defined as “a technique for establishing a detailed framework which enables action for improvement of the centre(s) to be realised, informed by up to date monitoring and review of the centre(s).” An important aspect of TCS is that it provides a process which facilitates a dialogue with key organisations and stakeholders involved in the use, management and future prospects of a town centre.

The current policy references to the role and preparation of TCSs are contained in SPP8 and PAN59 “Improving Town Centres” (1999). SPP8 encourages actions to support the improvement of town centres to create “distinctive and successful places” and notes that a range and scale of interventions are appropriate to town centres. Town centre strategies are identified as a key tool to delivering improvements. PAN59 identifies possible items for action including the need for an inclusive, partnership approach to formulating and delivering town centre strategies.

The research concludes that further advice is required on the preparation and implementation of TCS’ but that it is inappropriate to provide advice on standard methods of preparing them because they need to adapt to and reflect specific local circumstances.

**Main Role and Purpose of a TCS**

The main purposes of a TCS include:

- Informing the future role/direction of the town to enable setting of objectives.
- The allocation of resources/prioritisation of actions.
• Providing a framework for action plans.
• Identifying specific sites/uses.
• As a means of getting key organisations involved/building consensus.

**The Town Centre Strategy Process**

The following stages are typically used for the preparation of a TCS:

• Identifying the scope of study and brief.
• Contextual/policy review.
• Stakeholder engagement: the effective and early involvement of key stakeholders is identified as a fundamental part of the preparation and delivery of a TCS. Key stakeholders may include retailers, local businesses, members of the public, user groups, other public sector partners and organisations, key landowners and investors.
• Assessment of the performance and role of centre: this stage should be informed by up to date health check monitoring of the town centre.
• Opportunities and capacity for change: to assess the physical and market capacity for change in the town centre, within the context of the policy review.
• Analysis, options appraisal and identification of preferred options and proposals for action: this is likely to cover a variety of potential interventions including environmental improvements, transport/accessibility, master planning, development briefs and other non-physical proposals and interventions.
• Action plan/implementation strategy: this is a key part of the strategy process which sets out the specific actions required to deliver the objectives of the strategy and the identified projects. It should clearly set out clearly: the basis of action; the organisations responsible; resourcing; timescales; and funding sources.
• Reporting and disseminating findings: this is important for deriving value from the TCS process and may include internal reporting, information sharing and decision making within a local authority but also dissemination and discussion of findings with key stakeholders as a means of debating issues and seeking consensus on future action.

**Key Components to Successful Strategies**

From the research a series of common ingredients for a successful TCS have been identified. These include:

• Early stakeholder engagement, including involvement of the public and private sectors.
• Strong public sector leadership to demonstrate commitment and provide confidence to the private sector.

• Sustained resourcing and appropriate levels of responsibility/remit for implementation of the Strategy and Action Plan.

• Strong project management and early identification of conflicting agendas.

• A clear structure or vehicle for implementation agreed between the key parties.

• Senior level management support and political will to take projects forward to the delivery stage.

• An action plan with clearly identified priorities, timescales, responsibilities/named individuals and funding sources.

• Proactive use of Council/public sector property assets as a catalyst for regeneration and private sector commitment.

• Promotion and use of CPO powers, where appropriate, to assemble key sites to facilitate regeneration/improvements.

• Ongoing monitoring and review of the strategy.

• Ongoing communication of results and updates on progress to key stakeholders and the local community.

**Retail Impact Assessment**

**Introduction**

Impacts arising from retail developments include each of economic, social and environmental effects on surrounding areas and communities. The conventional approach to Retail Impact Assessment (RIA) is, however, to focus upon economic impacts, that is to consider the impact on retail businesses and centres in terms of trade lost or diverted.

In SPP8 paragraph 40 refers to the requirement for an “impact analysis” to be undertaken in support of certain development proposals. In the context of the preceding part of the SPP this implies an assessment of impact upon the vitality and viability of the network of centres. In this research, therefore, retail impact assessment is taken to mean: a technique for assessing the quantitative and qualitative impacts of a proposed retail development on existing and/or proposed retail floorspace/centres including assessing the significance of the impact on the current and future vitality and viability of the centres impacted upon. The primary purpose for RIA is, therefore, to assist in decision-making relating to planning applications and appeals.

RIA techniques have been used in the UK since the 1960s. Since the 1980s there has been a general accordance of the appropriate method to be adopted for RIA in a planning context with the result that the predominant approach currently used by retail planners is a “step-by-step” approach for RIA.
Overall Approach for RIA Method

The research identifies that there is a general consensus in support of guidance to be issued for the preparation of RIAs. It concludes that, reflecting the purpose of the method and the requirements of the planning system, the step-by-step approach for RIA is the most appropriate that should be used. It also concludes that the recommended method should not be prescriptive but should adopt a flexible approach that can be adapted to suit local circumstances.

In this method the key requirements for the RIA method are:

- To understand the existing and future retail characteristics of the area. This includes identifying existing and future population, available expenditure, floorspace and retail turnover.

- To understand the characteristics of the proposed development and how it interacts with existing and future retail in the area. This includes identifying the turnover of the proposed development and the areas from which it draws trade.

- To identify the impact of the proposed development on existing and future floorspace. This includes identifying the amount of trade diverted from existing floorspace, the impact, and the significance of impact that this has on the operation of that floorspace.

A number of criticisms of RIA methods are identified in the research. It is important that the preferred technique should, insofar as it is possible, address these criticisms in the recommended method. The principal criticisms and the responses to these are:

- The use of a wide range of assumptions at many stages of the analysis creating considerable areas of doubt in the accuracy and reliability of forecasts. Response: seek agreement of assumptions between planning authorities and applicants at the outset of the RIA.

- The lack of justification for the assumptions used in RIAs. Response: include explicit justification of assumptions used in RIAs.

- The sensitivity of the results to changes in the assumptions used. Response: use sensitivity testing in RIA.

- Weaknesses in obtaining accurate base data. Response: Encouragement of improved data to be derived from a range of sources including increased use of household survey data.

- The lack of independence of RIAs which results in a level of distrust regarding the reliability of RIAs submitted in support of planning applications and appeals. Response: The research does not support the general preparation of RIAs by either planning authorities or “independent” organisations. Where appropriate planning authorities should seek independent review of RIAs submitted by applicants.
• The limited qualitative assessment of impacts arising from proposed developments. **Response: Incorporation of qualitative interpretation of the quantitative impacts identified in RIAs.**

It is the conclusion of the study that the incorporation of the above will improve the reliability of RIA results, increase confidence in RIA as a technique and improve its value as a tool to support decision-making.

**Stages to be included in RIA.**

**Stage 1. Scoping:** planning authorities and applicants for retail planning applications should be encouraged to scope the RIA in advance of the preparation of the RIAs. This will include agreement as to whether the proposed development warrants a full RIA or whether a shorter, more indicative assessment, in the form of a retail statement, is appropriate.

**Stage 2. Surveys:** encouragement is given to the use of household surveys, in particular where:

- Development proposals are for large and/or complex retail developments.
- Where there is no up-to-date existing household expenditure information.
- Where there is significant uncertainty about the catchment area or trading characteristics of the proposed development.

Additional surveys of town centre users/shoppers, businesses and comparable developments elsewhere have a limited role in RIAs and should be provided only occasionally.

**Stage 3. Identification of the Catchment Area.** The identification of the catchment area, and the proportion of trade drawn from this area, is an important stage in the RIA and it will directly affect the assessment of trade diversion from competing centres and retail impact.

**Stage 4. Identification Existing Estimates of Population and Available Expenditure.** This is required to understand existing trading conditions.

**Stage 5. Identification of Future Estimates of Population and Available Expenditure.** In stages 4 and 5 estimates of existing and future population in catchment areas should be based, in the first instance, on information provided through planning authorities. In the absence of this information it can be provided from other sources, notably through the General Register Office (Scotland) or from the Census. The most practical sources for estimates of available expenditure per capita are commercial data providers.

**Stage 6. Existing Floorspace and Turnover.** The identification of existing floorspace and its turnover is central to the assessment of retail impact. The research concludes that household surveys, if well designed, should be used to provide estimates of the turnover of existing floorspace. For small developments, or where centres are large compared to proposed developments and/or existing
centres are not considered to be unduly sensitive to impact the use of estimates based on averages may be appropriate.

**Stage 7. Turnover of Proposed Development.** This will be an important factor in determining the calculation of retail impact. The estimate of the turnover of the proposed development should utilise a range of techniques including reference to market share within the catchment, average turnover levels and comparable developments elsewhere (the latter particularly for new forms of development). For small scale developments the use of national average figures combined with sensitivity tests may be appropriate.

**Stage 8. Trade Draw.** Trade draw identifies the origin (for example where they live) of those who spend money in the proposed development. It is a useful concept for assisting with other stages of the RIA including the estimate of proposed development turnover and estimation of trade diversion. For small or straightforward development proposals trade draw does not require to be undertaken explicitly as part of the RIA.

**Stage 9. Trade Diversion.** Trade diversion is distinct from trade draw and identifies the source of turnover of the proposed development from existing shops and centres. The research concludes that at this stage RIA can become highly subjective and there is no doubt that this stage is fundamental to the calculation of retail impact. Trade diversion assumptions will, therefore, need to be fully and carefully justified. Factors that should be considered for assessing trade diversion include:

- Characteristics of the competing shopping locations based on those which are most likely to be in competition with the development including similarity of retail offer.
- Scale of centres (in particular turnover in relevant goods categories).
- Intervening distance.
- Existing shopping patterns.
- Shoppers’ travel habits and patterns.
- The relative attractiveness of centres.

**Stage 10. Calculation of Impact.** The actual calculation of retail impact is comparatively straightforward and is based on the deduction of the trade diversion identified (from Stage 9) from the turnover of centres in the test year (from Stage 6). As well as identifying the absolute loss of trade from a centre there are a number of additional ways in which this impact figure can be measured including:

- Percentage loss of trade.
- Residual turnover.
- Impact on market share of centres.
Stage 11. Sensitivity Testing. Sensitivity tests should be used to indicate how robust the RIA results are to changes in assumptions.

Stage 12. The Condition of Centres: Health Check Information. Information on vitality and viability indicators of existing centres should be provided to support the analysis of the significance of retail impact.

Stage 13. Significance of Impact. The research recommends that RIAs should include an interpretation of the significance of the impact arising from a proposed development. This should include reference to vitality and viability indicators of centres (from Stage 12) and address a range of issues that could result from the impact of the proposed development on the centre.

Other Issues for RIAs

There are a number of general issues that require to be considered relating to both data availability for RIAs, the applicability of RIA to different types of development and broader principles underpinning RIA as a technique.

1. The role of cumulative RIA. Cumulative RIA (i.e. assessing the combined effects of more than one retail development proposal on a centre or centres) will be appropriate in certain situations including:

   - When more than one proposal is applying for planning permission (and there is the possibility that more than one could gain consent).
   - Where recent consents have been granted and schemes have not yet reached their test year.
   - Where there have been significant changes over a recent time period and the town centre(s) are still adjusting to impacts.

2. Treatment of secondary retail impacts. Although the research identified that secondary impacts (beneficial and adverse) would be potentially significant there are no reliable methods for quantifying these effects on centres. Therefore the research recommends that assessing these should be limited to a general description of impacts.

3. Business and Goods based approaches. The research recommends that RIAs should utilise a goods-based (and not business-based) approach for the estimation of each of available expenditure, the turnover of existing centres, the identification of potential deficiencies, and the turnover of the proposed development.

4. Data availability. In order to address difficulties regarding the availability and quality of data the research recommends the adoption of the following:

   - Agreement at scoping as to appropriate information sources, including potential alternatives.
   - Clear statement of information sources, prices bases and assumptions underpinning data so that these can be reviewed.
• Ensuring that data should be utilised in a consistent manner, for example common price base and units of measurement, or adjustment for different goods categories.

• Where there is significant uncertainty consideration should be given through sensitivity testing to assessing the effects of different data assumptions.

• The systematic collection of information through town centre health checks by authorities to provide key information which will support the assessment of the significance of retail impacts.

5. The requirement for RIA for different types of development. The research recommends that requests for full RIAs should only be made by planning authorities where there is either a clear requirement to do so in the development plan or SPP8, or where there are concerns about the existing and future condition of centres that benefit from policy protection. For developments less than 2500 sq m GFA, or which are located in town centres or otherwise not contrary to the development, regard should be had to the preparation of an indicative RIA which does not include all the stages described earlier. Notwithstanding para 40 of SPP8 it may be appropriate, in certain situations to undertake full or indicative RIAs, of retail developments proposed to be located in town centres. Such requests should reflect the concerns of the development plan and should be justified by the planning authority.

Conclusions

The principal recommendations and conclusions from the research relating to the role of town centre and retail planning techniques are as follows:

• Town centre and retail planning techniques should be used as a suite of techniques. When used in combination they provide an improved understanding of the existing function and future role of centres both individually and as part of the wider network of centres. This can be used to inform decisions on the future direction of centres.

• During preparation of SPP8 it was indicated that there is a clear need for a Planning Advice Note to be prepared to provide advice on good practice for undertaking the full range of techniques reviewed in this research.

• A wide range of public and private sector organisations are important for the future of town centres and for the effective implementation of the techniques covered in this research. There should be greater joint working between these organisations to support: sharing of data and information; sharing of skills and expertise; identification of complementary or competing proposals; and to establish common aims and objectives for town centres

• There is limited experience in Scotland with the systematic collection of information for town centre health checks. Health checks have considerable benefits and the information generated can be used in a wide range of ways for statutory planning functions, promotion, management and strategy formulation and implementation.
• A range of town centre and retail techniques are available to support the preparation of development plans. The principal quantitative technique used is retail capacity analysis but the research identified a significant reservation about the usefulness of this technique. The research recommends that, in preference to retail capacity, strategic based techniques should be used and that a range of town centre and retailing techniques should be used to support development planning functions.

• Town centre strategies were identified as a key tool for delivering improvements and regeneration in town centres. Key factors for success with these strategies were identified to be: early stakeholder engagement; strong leadership and political support; identifying sustained resources; a clear delivery vehicle and action plan; potential use of public sector assets; potential use of compulsory purchase powers; and effective communication of results.

• Retail impact assessment was identified as a key tool for supporting decision making in relation to retail development proposals. The research recommends using the step-by-step approach for assessment is recommended for use in Scotland subject to its flexible application for different types of retail proposal.

• The Scottish Government can support the role of town centre and retail techniques through:

  The routine collecting of information on indicators of town centre vitality and viability from planning authorities or other relevant bodies.

  The establishment of a national database of vitality and viability indicators for town centres in Scotland.

  Supporting further training and education for professional planners for the full range of relevant town centre and retail planning techniques.

  Undertaking further research for the review of techniques for assessing commercial leisure development and the assessment of qualitative deficiencies for retail and commercial leisure development.
1 CHAPTER ONE: INTRODUCTION

Study Brief

Context

1.1 In August 2006 SPP8 Town Centres and Retailing was published following an extensive review and consultation. The SPP took into account the findings of research published in January 2004 into the operation and effectiveness of the previous policy NPPG8, which was undertaken by CBRE et al on behalf of the Scottish Government. Strategic Recommendation 5 from the NPPG8 research recommended that a clearer focus on appraisals should be provided in future policy. The recommendation identified the following to be of particular importance:

- That quantitative retail assessment has an appropriate place in assessing capacity, deficiency and critical impacts.
- That there was a strong call in response to the study for improved data sources to analyse retail issues and the study suggested that new sources of national data collection should be promoted.
- There is a need to refresh national guidance for assessing the quantitative and qualitative scope for new retail development.
- That there should be clearer guidance on the role of quality indicators, such as vitality and viability measures and a closer focus on centres of importance for impact assessment.

1.2 Subsequent to the publishing of this research further comments on the role and scope of guidance on retail planning techniques has been forthcoming:

- At the annual retail planning forum held in November 2004 the discussion highlighted support for the separation of retail policy from guidance on implementation tools and that clarification was also required on issues such as the impact of retail developments and the role of assessing retail deficiencies.
- In the consultation responses to the draft SPP8 requests were made for updated guidance on retail assessment in order to address the need for a more consistent approach and to provide good practice advice. In addition, support was expressed for town centre strategies and that more up to date guidance is required from the Government on vitality and viability indicators.

---


2 Ibid pages 125-126
1.3 SPP8 encourages planning authorities to reflect local circumstances when interpreting national policy through their development plan policies. It emphasises the importance of proper justification for policies and the careful assessment of the local context\(^3\). Furthermore, SPP8 specifically states that updated guidance for each of town centre health checks, town centre strategies and retail impact assessment will be published in the form of a Planning Advice Note\(^4\).

**Study Research Specification**

1.4 The Research Specification for the current study was published in October 2006. This identified the aim of the study as follows:

*Aim: to provide clear and up-to-date good practice guidance on methodologies encouraged within the SPP8 policy document:*

- **Vitality and Viability Indicators**
- **Town Centre Health Checks**
- **Town Centre Strategies**
- **Retail Impact Assessments**

1.5 The specification also identifies a number of specific study objectives as follows:

- Identification and assessment of existing methodologies.
- Recommendation and illustration of standard approaches.
- Presentation of recommendations and associated justification.
- Production of a Planning Advice Note.

**Response to the Research Specification**

**Study Team**

1.6 The team for the current study comprises Hargest & Wallace Planning Ltd and Donaldsons LLP who have undertaken the research on behalf of the Scottish Government. Hargest & Wallace Planning are projects managers for the study.

**Additional Retail Planning Methodologies**

1.7 In responding to the research specification the study team has focused on the four sets of techniques identified within the research specification (although for practical purposes town centre health checks and vitality and

---

\(^3\) For example SPP8 Town Centres and Retailing, Scottish Executive 2006 para 14

\(^4\) Ibid paras 26, 35 and 40.
viability indicators have been grouped together). Two additional sets of related techniques have also been included within the research:

- Retail Capacity Assessment methods; and
- Strategic Retail Models.

1.8 The inclusion of these techniques reflects, in part, the role of retail capacity identified in the earlier NPPG8 research and its recommendations and also the reality that both of these related techniques are used in retail planning in Scotland and more widely throughout the UK and abroad.

**Overall Approach to Research**

1.9 The Study Team established at the outset of the research a number of key principles to be adopted in order to effectively respond to the research specification. The key issue that requires to be addressed is the extent to which existing and proposed retail and town centre methodologies can be considered to be fit for purpose. This provides the basis for the approach that requires to be adopted for reviewing all of the techniques that are the subject of this research. In this way the research addresses a range of related issues including: how are the techniques used; what variation is there in the way methods are used; how relevant and useful are the techniques; is there scope for standardisation of methods; how should methods be varied for different types of centre; if guidance exists already does it need updating; and what lessons can be learnt from other countries?

1.10 There will be additional issues that require to be addressed and these will be considered in the relevant chapters of this report.

**Study Method**

1.11 In order to address the issues identified above and to respond effectively to the aims and objectives of the research specification a number of specific tasks have been undertaken. These tasks have been adopted for all the techniques that are the subject of this research. The tasks are summarised below.

*Task 1: Literature Review*

1.12 The literature review has been a key component of the research. This has been undertaken to provide a context for existing practice, to identify difficulties and opportunities associated with techniques and to provide an effective basis for learning from past experience. In total approximately 150 reports, studies, journal article and books have been reviewed which encompass a wide range of practice and research undertaken in the UK and abroad over the past 40 years or so. The literature review has been published separately as an accompanying Working Paper which can be accessed through the Scottish Government website\(^5\).

---

\(^5\) [http://www.scotland.gov.uk](http://www.scotland.gov.uk)
Task 2: Questionnaire Survey

1.13 The experience, concerns and aspirations of practitioners involved in town centre and retail development are a key input into the research. A series of detailed and extended questionnaire surveys were distributed to establish existing experience and identify key issues that require to be addressed for the full range of town centre and retail methodologies. These were distributed to the following groups:

- Local authority planning officers/economic development/regeneration officers.
- Planning consultants.
- Scottish Government Inquiry Reporters.
- Town Centre Managers.
- Retailers.
- Developers.

1.14 A range of different questionnaires were distributed covering both a general overview of practice and also detailed questionnaires addressing technical matters for specific techniques for which responses were sought from those who had direct experience and knowledge of the methods under review. The questionnaires were as follows:

- “Part A” questionnaire – provided an overview of each of Retail Impact Assessment (“RIA”), Retail Capacity Assessment (“RCA”), Town Centre Health Checks (“TCHC”) Vitality and Viability Indicators (“V&V”) and Strategic Retail Models (“SRM”). This was primarily aimed at statutory planning functions (development management and development planning).

- Detailed questionnaire on Retail Impact Assessment addressing issues including stages of assessment, necessary tasks and general issues on the method.

- Detailed questionnaire on town centre health checks and vitality and viability indicators. This reviewed issues with each of the key V&V indicators including methods of collection, importance and the wider TCHC process. This questionnaire was primarily aimed at statutory planning functions (development management and development planning).

- Detailed questionnaire on retail capacity assessment addressing the stages in RCA, key tasks required and other detailed issues associated with the method.
• Detail questionnaire on town centre health checks and town centre strategies. The principal focus in this questionnaire was the role of these techniques for town centre management and strategy implementation.

1.15 In total responses were received from 51 different organisations with a total of 96 questionnaires returned. Responses were received from 26 local authorities departments (19 different authorities), 2 joint structure plan teams, 10 planning/surveying consultancies, 6 Local Enterprise Companies (LECs), 4 town centre managers, one retailer and 2 Inquiry Reporters. Local authority responses were from all parts of Scotland including both rural and urban areas.

Task 3: Group Interviews/Discussions/Seminars

1.16 To complement the questionnaires a series of discussion groups/seminars were held in Edinburgh and Glasgow. Two were arranged to discuss the role of techniques and matters arising in relation to statutory planning functions and two in relation to town centre management and implementation of strategies. A fifth session was held in response to an invitation from the Glasgow and Clyde Valley Structure Plan Team with attendees from the structure plan retail topic group with officers from the constituent planning authorities.

1.17 Additional presentations were made to the then Scottish Government Inquiry Reporters Unit and at conferences organised by I-DOX plc and the Association of Town Centre Managers. These provided further opportunities for feedback on the research.

1.18 The discussion groups addressed the same range of issues as covered in the detailed questionnaires with attention directed to those issues where there were clear differences of views expressed in the questionnaire responses. In total 43 individuals attended the seminars (excluding the study team and Scottish Government officers) although some attended two seminars reflecting responsibilities with both statutory town planning functions and town centre management/strategies. The majority of attendees were from local authorities (26 in total), 9 were from consultancies, 2 from joint structure plan teams, 4 from town centre management and related organisations and 2 from LECs. The majority of attendees had also completed the questionnaires from Task 2 of the research.

Task 4: Case Studies

1.19 During the course of the study information on case studies reflecting good practice was collected. This involved examination of reports and discussions with those directly involved in the case studies. Short summaries of good practice case studies are presented in relevant parts of this report.

Task 5: Analysis and Synthesis

1.20 The key stage in this research is the drawing together of all the information gathered through the preceding tasks. In order to address the requirements of the research specification the information is presented for each technique.
rather than focusing upon the information provided by each individual research task.

1.21 At this stage it is gratefully acknowledged that considerable time and effort was spent by those who responded to the questionnaires and attended the seminars. Furthermore, it is noted that the high level of response from a diverse range of organisations and individuals reflects the importance attached to the research topic. All comments that have been received have fed directly into the findings, conclusions and recommendations contained in this report. Given the range of respondent organisations, who represent a significant proportion of all organisations involved in town centre and retail development/management in Scotland, and the detail contained in the responses received, it is considered that these provide added significant weight to the findings and conclusions contained in this Report.

1.22 The involvement of a cross section of public and private sector professionals in the discussion groups allowed detailed interrogation of the issues for key town centre and retail planning techniques from a range of different perspectives. It is notable that the discussions were undertaken in a very positive and helpful manner by those participating with all participants adopting a genuine concern for seeking to establish the best approach to support planning for town centres and retail in Scotland. Again the research consultants’ team would like to thank all of those who attended for this approach and consider that this also strengthens the findings and conclusions of the research study.

Structure of Report

1.23 This report sets out the full findings of this research study. The information is provided on a method by method basis as follows:

- Chapter 2 provides a short overview of the role of town centres and retailing in Scotland, recent trends and their significance for planning.

- Chapters 3 to 6 provide a review of each of the town centre and retail planning methodologies and includes recommendations for good practice as follows:
  - Chapter 3 reviews town centre and retail planning techniques suitable for development planning with particular reference to retail capacity assessment and strategic retail modelling techniques.
  - Chapter 4 reviews review of town centre health checks and vitality and viability indicators.
  - Chapter 5 reviews town centres strategies.
  - Chapter 6 reviews retail impact assessment techniques.

Each of these chapters adopts a comparable framework for addressing the key issues and recommendations for practice based upon the following:
• Context and background.
• Purpose of the techniques.
• General issues for each technique.
• Specific issues (including those arising from individual tasks and assumptions to be used for the technique).
• Case studies.
• Recommendations.

Chapter 7 draws broad conclusions and recommendations from all of the techniques reviewed in this report. One key theme identified here is the complementary nature of the techniques for supporting a range of planning functions for town centres and retailing. This chapter also identifies recommendations for the further development of the techniques including the role of data availability, development of databases, training and other related matters.

1.24 Annex A provides a copy of the research specification and terms of reference for the study.

1.25 Additional information on issues raised during the main text and references are provided as footnotes throughout the text. A selected bibliography is provided at the end of the report together with a list of abbreviations used in the report. It should be noted Working Paper 1 Literature Review is available separately through the Scottish Government Research website\(^6\) which provides a full bibliography of papers reviewed in the research.

\(^6\)http://www.scotland.gov.uk
CHAPTER TWO : THE ROLE OF TOWN CENTRES AND RETAILING

Context

2.1 Town centres, retailing and commercial leisure developments have a profile within planning that is, in comparative terms, much higher than the scale of development that actually occurs. This reflects a number of factors including:

- Town centres and retailing (in particular) are probably one of the most important means by which most households gain access to goods and services. They do not account for all services and others (such as education and healthcare) also have a high level of importance despite comparatively limited land take. Accessibility to town centres and retail therefore has major implications for social inclusion. In terms of total development and land take retail development is, in comparative terms quite modest. The 2004 Retail Development Survey (Scottish Executive, 2006) identifies that typically 100-200,000 sq m of retail floorspace is opened each year in Scotland but this is broadly equivalent to less than 10% of the floorspace of total new dwellings built each year\(^7\). It is also only a small fraction of the typical annual take up of industrial floorspace and office floorspace in Scotland\(^8\).

- Retailing is one of the fastest changing industries in the UK. Growth rates in terms of turnover and contribution to the economy are high (typically with growth in the region of 3-4% pa over the past decade). Retail formats are changing at an accelerating rate (for example new formats were estimated to have a “life” of 5-8 years in the 1990s compared to 10-12 years in the 1980s). The industry is also at the forefront of IT development with considerable uncertainty as to the long term effects of internet based retailing.

- Town centres and retailing are major transport attractors and, through demand for transport access, have potentially high impacts on environmental sustainability and the consequent implications for global warming.

- Reflecting both sustained strong growth in available expenditure and constraints in the supply of sites through the planning system, the level of profit/land value from securing retail consents is high compared to other land uses (with some notable exceptions such as residential land in Edinburgh). This has meant that retail development proposals are more likely to be pursued through both local plan inquiries and/or the appeal process than other development proposals.

---

\(^7\) In recent years there are approximately 24,000 total housing completions in Scotland each year which implies a total housing floorspace in excess of 2 million sq m per annum.

\(^8\) Source SPN Quarterly Property Reports identify for the period Dec 05-Dec 06 approximately 2.2m sq m industrial space take up and 1.2m office take up in Scotland.
• There has also been concern about the operation of the retail market within the UK as a whole. Concerns about the general level of the price of goods within supermarkets; the role of “food deserts”; lack of choice and competition and the effects of corporate take-overs; and the effects of planning policies and the planning system on the operation of the industry which has resulted in a number of investigations into the operation of the sector by the Competition Commission and the Office of Fair Trading over the past decade.

2.2 It is also important to note that the role of town centres has attracted significant cross-party attention from MSPs and this is indicative of the current importance attached by members of all political groups within the Scottish Parliament. In the first six months of 2007 there have been three different Motions put up for debate by MSPs concerning town centres with support for the Motions provided by MSPs from each of the SNP, Labour, Liberal Democrats and Green Parties. Although these Motions have not been the subject of full Parliamentary debate they are indicative of the current concerns with town centres. The topics that these Motions have been the subject of relate to:

• The need for regeneration of many of Scotland’s town centres; the role of joint working between agencies and the potential for additional funding to support town centres.

• Support for the role of “shop local” campaigns for the protection of local jobs and support for the vitality of the local community.

• Support for the role of small and local businesses and, in particular, concern about the impact that supermarkets have upon town centre retailers.

• The role of town centre action groups and strategies for supporting town centres.9

2.3 Reflecting the above factors, retail developments attract considerable attention within the planning system. This ensures that the techniques and tools used for appraising developments and/or promoting regeneration in town centres are subject to considerable scrutiny and critical appraisal in each of development plan formulation, development management and in the formulation and implementation of town centre strategies.

Recent Trends

2.4 Retailing in particular is a highly dynamic and rapidly evolving industry. Although an analysis of these trends is not a requirement of this research the changing nature of the industry has a direct impact on the role and use of different town centre and retail planning techniques. It is appropriate, therefore, to provide a brief overview of some of the trends affecting the industry and the consequent effects that these have on town centres.

---

9 Motion references: S3M-38; S2M-5648; S2M-5466 – source The Scottish Parliament website.
2.5 Considerable numbers of studies have examined trends in retailing within Scotland, the U.K. and abroad\textsuperscript{10}. It is apparent that retailing is one of the most dynamic and rapidly changing sectors within the national economy and that change has been a continuous feature since the mid 1960s. The key changes in retailing that have been occurring over the past decade include the following:

- A decrease in total number of shops.
- An increase in the number of large food and non-food superstores, despite increased difficulties in finding sites.
- New regional shopping centres - in England a number of regional/super-regional centres have developed and in Scotland Braehead fits this category.
- Growth of retail sales and floorspace.
- Low levels of inflation, this makes productivity improvements and market penetration all the more important.
- Increase in small store formats - some of which are well suited to markets that were previously too limited for large scale retail operators.
- Increased ownership of retail businesses outwith Scotland.
- Market concentration of retail sales in less businesses and larger/most competitive retail stores and locations.
- Extension of products and services in superstores (food and non-food).
- Strengthening of primary locations and weakening of tertiary locations.
- Larger retailers taking control of the supply chain.
- Changes in accessibility to retail, particularly concerns about reduced accessibility for the less mobile in both rural and urban locations.
- Use of technology by retailers: to control costs; develop new markets/formats; and to develop customer loyalty.
- Rapid growth of internet based retailing. This is through a combination of direct delivery to the home of goods purchased over the internet with operators having no conventional retail outlets as well as retailers using delivery from existing shops to home for goods purchased over the internet.

In terms of total numbers of shops the Federation of Small Businesses in Scotland (2006)\textsuperscript{11} and the New Economics Foundation (2003) identified that between 1997 and 2002 50 specialist convenience retailers closed per week in Britain\textsuperscript{12}. The number of independent grocery stores also declined by 25% (8,600) between 2000 and 2005 in Scotland. At the same time the market share of the major multiple supermarkets was claimed to increase significantly. This is an issue which the Competition Commission are currently investigating\textsuperscript{13}.

From the above brief summary it can be seen that, at the same time, there are pressures for both decentralisation and concentration. Decentralisation in the context of market pressures to move away from existing centres but concentration to both larger individual retail units and also towards larger retail centres (including established town and city centres). It has been reported that a UK-wide national survey of local shopping patterns in 1996 showed that more than 75% of durable goods sales were made in the top 200 town centres compared to around half in 1971\textsuperscript{14}. Smaller town centres have suffered relative decline over that period. From this it is suggested that “retailers need only 200 branches to tap three quarters of national durable sales – so smaller centres increasingly rely on independent retailers and other town centre attractions”\textsuperscript{15}. These trends are a factor in the lament on the loss of individual distinctiveness and character of town centres identified in the New Economic Foundations reference to “Clone Town Britain”\textsuperscript{16}.

Drivers of Retail Change

The drivers of retail change reflect a combination of factors including changes in the nature of consumer demand, commercial pressures for innovations in the system of supply and the role of the regulatory economic and planning environment. Key factors have been the following:

- The relative attractions of alternative shopping opportunities have altered in response to the increasing availability of the private car. This has been seen to increase polarisation between car owning and non-car owning households with the former able to take advantage of more (car) accessible decentralised shopping facilities.

\textsuperscript{11} Federation of Small Businesses (Scotland), 2006, The Effects of Supermarkets on Existing Retailers – report by Roger Tym and Partners – para 2.3 refers to Scottish Government figures that 1,600 specialist retail businesses closed in Scotland in a 6 year period.
\textsuperscript{12} New Economics Foundation, 2003, Ghost Town Britain II
\textsuperscript{13} Evidence to the 2006/2007 Competition Commission Inquiry into the Groceries Market presented in the Emerging Thinking Report Fig 1 and para 33 (p15) from IGD Grocery Retailing identified the top 5 grocery retailers market share increasing from approximately 74% in 20001 to 78% in 2006 and for the top 10 grocers increasing from 91% to 92%. However Mintel Retail Rankings reports identify a reduction in market share for the top 5 grocers from 74.8% in 2000 to 67% in 2004 and for the top 10 retailers from 81.0% to 77.8% of the grocery market with an overall increase in market size over this period at current prices of 28%. At the same time Mintel identified an increase in the convenience market sector of 13% with the large convenience store format operators retaining broadly the same proportion of this market at 29.5% market share.
\textsuperscript{15} Ibid p15
\textsuperscript{16} New Economics Foundation 2003 Ghost Town Britain II: Death on the High Street
• Longer opening hours and pleasant environment in newer shopping facilities have also proved attractive.

• In contrast traffic congestion, deteriorating shopping environments and safety fears have also resulted in concern for, and decline of, older shopping centres.

• There has been a concentration of the market into multiple retailers which have been able to respond effectively with a range of decentralised retail locations with extensive car parking.

Planning Policy Context

2.9 It is also useful to note the principal changes in national planning policy for retailing in Scotland. This is relevant given that it was noted above that the policy framework, in addition to market pressures, has had a major impact on permitting or steering retail development. The evolving policy framework has also had a direct influence on specific retail planning techniques and it is important to note these influences at the outset.

2.10 Prior to considering the current policy framework it is useful to outline the evolution of policy over the past 20 years. This provides a useful context for the development of specific town centre and retail planning techniques and for assessing the extent to which techniques developed in the past are relevant in the current policy environment.

National Planning Guidelines - Major Retail Developments 1986

2.11 This encouraged planning authorities to facilitate retail development both in existing centres and “where appropriate” on sites detached from centres. Impact on existing retailers was not a factor for consideration but the effect on the vitality and viability of nearby centres as a whole was an appropriate consideration. The policy was based on being “tailored to the circumstances of particular areas rather than being based on overall prohibition of off-centre development” (Scottish Development Department, 1986). Off-centre sites could now be preferred locations for certain types of development as restrictions could deny consumers access to choice and convenience.


2.12 The 1995 and 1996 versions of NPPG8 made key changes to retail policy providing a framework which is broadly similar to that currently in place. This included the introduction of the sequential approach.

2.13 One notable issue was the proposition in the 1995 draft to provide a general indicator of significant retail impact. This suggested that retail impact figures of 10-15% would be likely to be significant. This figure was not included in the final version of NPPG8 in recognition that a range of factors will affect the significance of the impact arising. Notwithstanding this comment it is notable that many retail impact assessments either explicitly or implicitly identify
impacts below the 10% threshold that was originally identified in the draft NPPG8.

**SPP8 Town Centres and Retailing 2006**

2.14 SPP8 was published in August 2006. Specific aspects of the Policy which relate to individual methodologies are referred to in the relevant chapters of this report but it is useful, at this stage, to provide a brief overview of the document.

2.15 In the introduction to SPP8 (para 2) it is stated that “*the key focus of the SPP is town centres, how to plan for their development and how to respond to development proposals for town centre uses wherever they are proposed.*” Town centres uses include retail and commercial uses (including leisure, entertainment and recreation uses) and other uses and activities such as community facilities, civic space, culture, tourism, residential and business uses.

2.16 The policy context section of the SPP identifies key policy objectives as follows:

- Para 3 asserts that the Scottish Government’s top priority is the growing of the economy together with other wider goals.

- Para 4 confirms that retail and leisure are key contributors to the economy and economic growth.

- Para 7 sets out four specific policy objectives for town centres as follows:

  - *Promote distinct, competitive places and encourage regeneration, in order to create town centres that are attractive to investors and suited to the generation of new employment opportunities.*

  - *Create a climate that enables all sectors of the community to have access to a wide choice of shopping, leisure and other services and for gaps and deficiencies in provision to be remedied.*

  - *Improve the physical quality and sustainability of our town centre environments.*

  - *Support development in existing accessible locations or in locations where accessibility can be improved.*

2.17 The SPP sets out a series of policy principles for the delivery of the objectives identified above. These include the following:

*Identifying a Network of Centres (paras 10-14)*

2.18 This section:

- States that development plans should identify a network of centres and the role of individual centres within it. This includes town centres and “other commercial centres”.

13
• Identifies the characteristics of town centres and notes the role of these in relation to town centre strategies and health checks.

• States that the network of centres provides the context for the assessment of proposals for new development and that there is no requirement to provide a detailed assessment of need for proposals which support a centre’s role and function, as identified in the development plan.

• Confirms that development plan reviews should identify changes in the role and function of centres over time.

_Focusing Development in Town Centres (paras 15-23)_

2.19 The principle of the sequential approach for the location of retail and commercial uses is based on the following hierarchy of locations:

1. Town centre sites
2. Edge of centre sites
3. Other commercial centres identified within the development plan
4. Out of centres sites in locations which are or can be made, easily accessible by a choice of modes of transport.

_Improving Town Centres (paras 24-26)_

2.20 The SPP encourages action to support improvement to town centres. Specific advice on the role and scope of town centre strategies is provided (this is considered further in Chapter 5 of this Report).

_Providing a Safe and Attractive Environment (paras 27-29)_

2.21 This section provides advice on the importance of high quality design, density of development, safety and the role of the evening economy.

_Enhancing Accessibility (paras 30-33)_

2.22 This section identifies that all retail, leisure and related developments are required to provide a high degree of accessibility by a range of transport modes for people and goods. It uses a broad definition of the term “accessibility” to also refer to wider social and economic agendas including health, ability, design, employment, training and education.

_Monitoring and Review (paras 34-35)_

2.23 The section emphasizes the importance of regular monitoring of the network of centres with importance attached to the role of town centre health checks and the range of vitality and viability indicators that should be assessed for centres.
**Implementation (paras 36-44)**

2.24 This section sets out a range of matters relating to the scope and content of development plans, factors to be taken into account in assessing development proposals and notification arrangements. Paragraphs 38 & 39 identify considerations that should be met for *all* planning applications:

- High design quality.
- *(Be)* In a location that is, or can be made, conveniently and safely accessible to all sectors of the community.

2.25 Para 39 identifies additional considerations that require to be met for proposals which are not consistent with the development plan:

- Sequential approach to site selection.
- No unacceptable individual or cumulative impact on the vitality and viability of the network of centres.
- The proposal will help to meet qualitative and quantitative deficiencies identified in the development plan.
- The proposal does not conflict with other significant objectives of the development plan or community planning strategies.

2.26 The above considerations confirm the requirements, in certain situations, for both retail impact assessments and also the identification of retail deficiencies. Para 40 of the SPP also identifies that an impact analysis should be undertaken for proposals in excess of 2500 sq m Gross Floor Area (GFA) outside defined town centres and which are not in accordance with the development. Occasionally they may be necessary for smaller proposals.
CHAPTER THREE: TECHNIQUES FOR DEVELOPMENT PLANNING

Overview

3.1 This chapter sets out in detail recommendations for a range of techniques that have value in supporting development planning functions of planning authorities. In the initial response to the brief the Study Team identified the potential role of both “retail capacity” and “strategic retail planning” techniques as being potentially useful for development planning and related functions. During the course of the research it became apparent that, although both of these techniques have a potential role, there are also other quantitative and qualitative techniques that can support development planning functions. As a result this chapter sets out recommendations relating to a number of different town centre and retail planning techniques that can assist in the formulation, review and monitoring of development plans.

3.2 This chapter is divided into five main sections as follows:

- **Requirements of SPP8.** The provisions of SPP8 are summarised in relation to development planning for town centres and for retailing.

- **Retail Capacity Assessment Techniques.** Retail capacity assessment (RCA) techniques are used by a number of planning authorities in Scotland in support of development plans. This section reviews the role of retail deficiency in national planning policy in Scotland in comparison to other parts of the UK and, from this, identifies the purpose for retail capacity assessment methods. The section includes the results of the surveys undertaken for the research, general approaches to RCA and recommendations are set out in relation to specific tasks included within retail capacity assessment.

- **Other Strategic Retail Planning Techniques.** Retail capacity is not the only quantitative retail planning techniques available which can support development plan formulation. This section includes the results of the surveys undertaken for the research, and summarises experience and practice elsewhere for alternative approaches to identifying quantitative deficiencies in retail provision.

- **Complementary Retail Planning Techniques.** This section summarises the role of other techniques that can support planning for town centres and retailing. These techniques are wide ranging and are addressed in outline only. The complementary techniques assessed are:
  
  - Methods and approaches for assessing *qualitative* retail deficiencies.
  - Implementing *property market assessments* for town centre and retail uses.
Identifying physical development capacity for accommodating potential new development.

Requirements of SPP8

3.3 SPP8 sets out a range of requirements for a broader understanding of the retail sector and town centres within the wider network of centres. These are set out primarily in paras 10-14 of SPP8 and were briefly summarised in chapter 1 of this report. The specific requirements in SPP8 are as follows:

- Development plans should identify the network of centres and the role of individual centres within it (para 10).
- Plans may specify the function of centres (para 10).
- Consideration should be given to the broad quantitative and qualitative requirements for all town centres uses (para 10).
- Regard should be had, as part of the network, to the role of rural shops and other shops provided in small towns (para 12).
- Para 13 refers to the relationship between new proposals and existing centres. This specific issue requires, in the context of retail development, the use of RIA as a planning technique.
- Para 14 identifies that reviews of development plans should consider and address changes in the role and function of centres over time. This can take the form of new centres being identified or a change in the role or function of existing centres.

3.4 These issues are reinforced in the context of development planning at paragraphs 36 and 37. SPP8 notes that policies should be evidence-based and that the potential for centres to accommodate development should be considered or whether development should be appropriate in locations outwith centres.

3.5 SPP8 also refers to the contribution of a range of uses to the centre and the role of town centre health checks and strategies. These issues are addressed in chapters 5 and 6 of this report.

3.6 This short review of SPP8 indicates an expectation from national policy that, primarily in the context of development planning, planning authorities should undertake a wide appraisal of retailing in the context of a network of centres (not just town centres). This includes:

- Identification of a “network” of centres.
- Identification of the role and function of those centres.
- Identification of the relationship between centres within the wider network of centres.
Identification of whether there are deficiencies in qualitative or quantitative terms that should be addressed.

Assessment in the potential changes in the role of centres.

Assessment of physical development capacity for required new floorspace.

Provision of the necessary evidence to support the above analysis.

Identification of the impact of development proposals on centres (for example through RIA).

3.7 This chapter provides an evaluation of the principal tools that are available for supporting the above functions, primarily in the context of the retail sector. The principal tool that has been used to support this type of analysis in Scotland has been retail capacity analysis (RCA) which is used primarily to support assessments of retail deficiencies. Some use has been made in Scotland of strategic retail planning techniques and models (SRP, which are related to RCA in concept) and also market assessments/reviews and the identification of the physical capacity of centres to accommodate development. A key technique that is expressly identified in SPP8 is the role of town centre health checks and these will be considered fully in chapter 4.

3.8 At this stage it is useful to note that Retail Impact Assessment (RIA) techniques are primarily concerned with assessing impacts associated with individual retail proposals. RIA is, therefore, primarily of use in a development management context i.e. for assessing/accompanying planning applications and appeals for specific development proposals. In certain circumstances, for example, if proposals for new retail floorspace are being considered in the preparation of development plans, that RIA can have a role in identifying the impacts of potential retail development allocations.

3.9 Notwithstanding this, the primary focus in this chapter is on RCA and SRM techniques. It addresses the following:

- The role of RCA: the principal findings of the research, existing and good practice, key issues and the applicability for retail planning, primarily in the context of development planning.

- The role of SRMs: the principal findings of the research, existing and good practice, issues and applicability.

- A brief overview of the role of additional tools and techniques.

- The complementary nature of the different techniques.
Retail Capacity Assessment Techniques

**Definition of RCA**

3.10 In this report “Retail Capacity Assessment” (RCA) is taken to be a technique, or group of techniques, for identifying primarily quantitative “need” or “deficiency” in or for retail provision\(^{17}\). The extent to which additional available expenditure or floorspace is identified as available to meet the need or deficiency is the “capacity” referred to in the title of the technique. The following definition of RCA was identified in the survey and discussion groups to be acceptable to practitioners:

> RCA is a technique for identifying quantitative need for additional retail development based on the assessment of forecast future demand (from existing and future population and available expenditure) compared to retail supply (from the turnover of existing and projected future retail floorspace). This may include a forecast of the quantum of additional floorspace or only identify the scale of unmet demands in terms of available expenditure.

3.11 There was a clear view from research participants that RCA techniques can provide a rational basis for understanding the relationship between demand for and supply of retail floorspace within an area and, through this, it can provide a consistent basis for the assessment of retail proposals within an area, particularly at the strategic planning level of analysis. For some planners this type of analysis is seen as a counter balance to non-intervention in the operation of market demand\(^{18}\). These views are not universally held and the extent to which RCA, as opposed to other retail planning techniques, is able to support this analysis is examined in this chapter.

3.12 It should be noted that this chapter is primarily concerned with addressing retail capacity issues in the context of development planning rather than in relation to the consideration of individual development proposals. The latter concern the role of retail capacity as a stage within retail impact assessment and is addressed in chapter 6 of this report.

**Study Findings: RCA**

3.13 The following sets out a short summary of the principal findings of the research in relation to retail capacity assessment techniques and other techniques that potentially can be used in support of development plan functions of planning authorities.

**Literature Review**

3.14 In the literature review for this study the principal focus of investigation related to the development of quantitative retail models – in particular

---

\(^{17}\) It should be noted that there is no issue of “need” in national policy in Scotland.

\(^{18}\) These comments reflect the view of respondents to the questionnaire and at discussion groups.
concerning retail capacity assessment and other strategic retail models and, to a more limited degree qualitative retail capacity techniques. In all cases the extent of existing literature was limited although it should be noted that retail capacity techniques have attracted significant attention in the past decade.

3.15 The principal findings from the literature research in relation to RCA techniques were as follows:

- No guidance has been published on good practice for retail capacity techniques in Scotland or England. However some guidance is provided in Ireland and Northern Ireland\(^\text{19}\).

- Retail capacity is primarily concerned with quantifying retail “need” or “deficiency”. There is a different legal and national policy context between Scotland and other parts of the UK with the former concerned with identifying retail deficiencies and the latter retail need. Insofar as there is a policy requirement to address these issues retail capacity assessment techniques seek to quantify the scale of retail need or deficiency.

- The general concept underpinning retail capacity is, in essence, a comparison of demand for retail (expressed through available expenditure for a study area) and supply (i.e. turnover of existing/committed retail floorspace). Capacity is calculated by comparing the two figures. There are some variations in approach in terms of the treatment of expenditure leakage and whether capacity should be expressed in terms of potential turnover or retail floorspace equivalent.

- Criticisms of retail capacity have identified difficulties with the general approach both in terms of conceptual issues (e.g. it is simplistic and does not relate to market realities) and in practical issues (e.g. results are sensitive to small changes in data assumptions such as turnover rates). Reflecting these there are some that consider that these limit the value of the technique as a retail planning tool.

**Surveys of Practitioners in Scotland**

3.16 A number of planning professionals, particularly those that specialise in retail planning, contributed to the research study through completing the questionnaires and/or attending at the discussion groups/seminars. The principal findings from these aspects of the research were as follows:

- There was a general view that RCA can provide a rational basis for assessing the relationship between demand and supply for retail floorspace and, as such, it provides supporting analysis for policy formulation.

\(^{19}\) Only outline guidance attached to draft PPS5 in Northern Ireland at the time of the literature research in 2007.
The primary purpose for RCA was to identify shortfalls or surplus capacity and/or deficiency within a defined study area. This was seen as a useful context for the identification of the location for new floorspace.

A wide range of limitations to RCA were identified with a significant number of comments noting that, although the technique has some merits, its use has become over-prescriptive and exclusive – i.e. other techniques should be used in combination with RCA. These other techniques should include: market assessment; assessment of physical capacity for development; the uses of TCHC and V&V indicators; and RIA. It was also noted that the results should be treated with caution.

The application of RCA to administrative boundaries was identified to present particular difficulties.

In utilising RCA it was argued that actual rather than average turnover rates should be used but that this information is difficult to obtain. Others noted that national averages are not appropriate to local areas and that regard needs to be had to local factors and markets.

Specific tasks that were identified for inclusion within RCA included: baseline surveys; identification of study area; estimation of current and future population and available expenditure; estimation of current and future floorspace and turnover; identification of committed development and future turnover; calculation of “capacity”; scenario and/or sensitivity testing.

There was strong support for the provision of good practice guidance for RCA and related techniques.

A range of issues were identified in relation to particular tasks including: the role of disaggregating expenditure and turnover by goods categories and/or areas; assumptions for expenditure and turnover growth; treatment of vacancies; and sales densities assumptions. Other factors included:

- Household surveys were identified to be of key importance – shopper and floorspace surveys were also identified to be important.
- There was no clear consensus about how expenditure flows (leakage) should be treated.
- There was some variation in whether “capacity” should be presented as floorspace or whether it should be identified as potential turnover.
- There was strong support that sensitivity and scenario tests are required.

*Experience and Practice*

3.17 The level of experience in using RCA analyses varies across Scotland. In the context of planning applications many consultants will routinely present an analysis of demand and supply of retail within the identified catchment
area. In planning authorities RCA is primarily seen as a part of the development planning process (particularly for structure plans) and, as a result, RCAs are prepared rarely more than once or twice per year and, in many authorities, once every few years, if at all.

**Deficiency and Need**

3.18 Fundamental to the application of RCA techniques is the concept of retail “need” and “deficiency”. The primary reference in SPP8 is to retail “deficiencies” whereas in England PPS6 refers to “need”. Both terms raise the question as to whether they are absolute (i.e. is there a definable level of absolute “need” or is it relative – for example does need vary according to different groups in society) and who defines what constitutes need or deficiency? England considers that quantitative need comprises the following elements:

- The economic capacity in terms of demand arising from expenditure growth within the catchment area of a proposal.
- Leakage of trade from an area, which suggests lack of provision to meet the needs of shoppers.
- Retailer requirements: demand from retailers for representation in a particular centre, and the potential for competition and innovation.

3.19 This approach is supported by that of others including, for example, Baldock et al who indicated that, following an extensive survey of planning authorities in England that “need is mainly interpreted as quantitative retail capacity”. The difficulty with this is that it introduces a circularity: need is defined by capacity, but retail capacity is a means of measuring need. To get a clearer understanding regard has to be made to relevant legal cases.

**Legal Context**

3.20 Part of the debate about the role of need/deficiency relates to the legal context for the role of need/deficiency as a material consideration for determining planning proposals. The key reference here is the City of Edinburgh decision. In relation to need Lord Clyde concluded that it is: “the kind of necessity which would, for example, justify the sacrifice of some amenity for the purpose of the development”. However, he accepted that “quantitative deficiency is a concept different from that of need” which could be assessed by: trends in consumer expenditure; expenditure reflected in the

---

20 SPP8 para 39 but, as noted earlier, para 13 does refer to “need”.
21 For example PPS6 paragraphs 2.32-2.40
22 For example Goddard, 1999, raises this question.
23 Ibid England, 1999
turnover of the available shopping facilities; comparing the amount of shopping facilities and the amount of customers in the area; and reference to stores in the area trading at a level which is above what would be expected of them.

3.21 The recent review of NPPG8 undertaken for the Scottish Government also reviewed the work of Jeremy Rowan-Robinson et al. Their review states: “this source suggests that lack of need for a particular development is not a planning reason which would normally support a refusal of planning permission. In the Hambleton District Council case, the decision was made on the basis that an applicant for planning permission did not have to justify an unobjectionable proposal….It is suggested that need should be proven in exceptional cases where a strong policy of constraint is in operation to prohibit further development because of possible harm to interests of acknowledged importance. However in conclusion, Rowan Robinson et al., use a phrase in NPPG1 (and now repeated in SPP1) that “planning policies and decisions should not prevent or inhibit development unless there are sound reasons for doing so”. From this, the authors conclude that “in Scotland an applicant should not, as a matter of policy, have to justify an unobjectionable proposal”.

SPP8 References

3.22 From the above review there are distinct differences between deficiencies and need. There is a degree of ambiguity in SPP8 between paragraph 39, which refers to quantitative and qualitative deficiencies and the reference in paragraph 13 to need. The references above distinguishing between the two concepts are principally concerned with the interpretation of policy rather than planning technique and are, therefore, outwith the scope of the current research. The mix in use of terms is nonetheless confusing and some clarification in this regard would be helpful.

3.23 It should be noted that, where there are specific references to either deficiency or need in development plans, it is these references which should be the primary concern for analysis for retail planning techniques.

Application to Planning Applications/Appeals

3.24 There is some uncertainty about the role of retail deficiencies in the context of planning applications/appeals in SPP8. SPP8 identifies that deficiencies are relevant where a development is not consistent with the provisions of the development plan and that it is one of a number of issues that should be considered. Although the interpretation of policy is not the focus of this research an understanding of the meaning of policy contained in SPP8 is relevant to establish the degree to which retail planning techniques need to be applied to planning applications and appeals. The following issues need to be considered in relation to para 39 and the role of retail deficiencies:

26 ibid Scottish Executive, 2004, para 7.14
1. Whether each of the bullets in para 39 need to be met. If this is the case then either the lack of either a qualitative or quantitative deficiency or the failure on the part of the development plan to address this issue would result in failure to satisfy para 39. The fact that the paragraph places the emphasis on deficiencies being identified in the development plan would suggest that greater weight would be applied to this criterion in determining planning applications/appeals where the development plan addresses this issue than in situations where the development plan has not considered the issue to any significant degree.

2. Or whether the issue is with addressing all of these issues as a whole rather than individually then the failure of the development plan to undertake or identify a deficiency is less critical and an analysis by an applicant or appellant may assist in the determination of the application.

3.25 In either case if particular weight is to be attached to this bullet it is essential that, as part of the development plan, a full consideration of existing and future retail provision and deficiencies should be undertaken by planning authorities as part of the preparation for the development plan as stated at paragraph 10 of the SPP.

3.26 There would appear to be some uncertainty in terms of the application of this deficiency principle and its consistency with the principle of not preventing or inhibiting development unless there are sound reasons for doing so. Lack of need or deficiency, on its own, could not be regarded as a reason for refusal since it is not associated with any harm arising from the development.

3.27 This research cannot confirm the correct position in relation to need or deficiency and planning applications or appeals. It does indicate that there is some uncertainty as to whether lack of deficiency (qualitative or quantitative) should be regarded as an issue that needs to be considered as a reason for refusal of the grant of planning permission. Therefore it is uncertain as to whether techniques that address deficiencies should be undertaken as part of the planning application or appeal process. As a result it is recommended that the Scottish Government clarifies whether retail need or deficiencies should be considered as part of the planning application process when considering national Scottish planning policy.

---

27 This approach would be comparable to that identified in the House of Lords’ judgement [City of Edinburgh Council v Secretary of State for Scotland 1998 SLT 120, Lord Clyde at page 127G]: “there may be some points in the plan which support the proposal but there may be some considerations pointing in the opposite direction. He will require to assess all of these and then decide whether in the light of the whole plan the proposal does or does not accord with it”.

28 From SPP1 para 4
Recommendation RCA1: Clarification of Policy Requirements in SPP8

In relation to Scottish Planning Policy 8 the Scottish Government should confirm:

- Whether policy is concerned with addressing deficiencies (para 39).
- Whether para 39 requires each criterion to be met in every relevant case or whether all criteria should be considered as a whole.
- Whether lack of retail deficiency, in isolation from all other potential effects of a development, can be considered as a reason for refusal for a proposed development.

It should be noted that this recommendation relates to SPP8 and does not relate to the interpretation of policies contained on this topic in development plans.

Position outwith Scotland

3.28 Insofar as national policy applies (as distinct from the requirements of the development plan) it is worth noting that the position in England at the current time is materially different from that in Scotland. In February 1999 Richard Caborn (as Minister responsible for Planning) stated “Proposals which would be located at an edge-of-centre or out-of-centre location...should be required to demonstrate both the need for additional facilities...In the context of PPG6 and this additional guidance, the requirement to demonstrate need should not be regarded as being fulfilled simply by showing that there is capacity (in physical terms) or demand (in terms of available expenditure within the proposal’s catchment area) for the proposed development. Whilst the existence of capacity or demand may form part of the demonstration of need, the significance in any particular case of the factors which may show need will be a matter for the decision-maker”. This has now been incorporated into PPS6 at paras 2.34 (in the context of development plans) and 3.10 (in the context of determining planning applications).

3.29 It is, therefore, useful to note that there are, therefore, two clear differences between the position in Scotland compared to that in England:

- In Scotland the issue concerns “deficiencies” as opposed to “need” – the latter being a stricter test.

29 It is noted that the DCLG White Paper “Planning for a Sustainable Future” para 7.55 announces a review of the “needs” test with the intention to replace this with a different policy test.
30 Quoted in England, 1999, pp102-103
31 Subject to the comments earlier and recommendation RCA1
In England there is national policy requirement to demonstrate need for retail proposals whereas in Scotland addressing a deficiency is a material consideration which may be a factor in the consideration of an application if it is otherwise contrary to the provisions of the development plan. This difference has been noted in the report of the Competition Commission in their current investigation of the groceries market\(^{32}\).

3.30 It should also be noted that current policy in Northern Ireland, Ireland and Wales reflects the position in England. In both Ireland and N. Ireland specific guidance is provided on the approach to be adopted for identifying “need”\(^{33}\).

3.31 The principal implications from this review, and the comments set out at the introduction to this chapter are:

- National Scottish policy requires an assessment of the role of centres, in the context of the broader network of centres, and how this may develop through time.

- Deficiency in retail provision is required to be addressed. The primary focus of national policy is concerned with addressing *deficiencies*. The development plan should not therefore refer to *need*.

- There are significant differences between need and deficiency. The latter will include an evaluation of demand and supply for floorspace whereas the former implies a level of necessity that could entail the sacrifice of other benefit, such as amenity, in order to meet the identified shortfall in provision.

- Retail capacity can have the potential to be of value as one technique (of a number of techniques) that can contribute to the examination of the balance of demand and supply of retail floorspace for an area.

- In SPP8 the assessment of retail deficiencies is only relevant in the consideration of planning applications if the proposed development is contrary to the provisions of the development plan. In these cases it is one of a number of factors that need to be considered.

**Role of Retail Capacity Assessment in Planning**

3.32 Although RCA may be considered to have a lower profile than is found in other parts of the UK it is evident that it is used as a technique in support of development planning, and often in the context of development management decisions, in many planning authorities. It was noted that, typically, most authorities experience of RCA is limited to only occasional use, nonetheless, from the survey undertaken only a small minority of authorities undertook no


\(^{33}\) For example Dept for Regional Development (NI) Draft Planning Policy Statement 5: Retailing Town centres and Commercial Leisure Developments includes a specific methodology in Appendix 6 of that document and comparable advice is provided in Annex 3 to the “Retail Planning – Guidelines for Planning Authorities” (2005) produced by the Government of Ireland.
RCA type of analysis at all. This analysis may be undertaken by consultants for authorities (e.g. recent examples include studies for Dundee and Angus, Edinburgh and Dumfries and Galloway) or by the planning authority itself (for example analysis for the Glasgow and Clyde Valley has been undertaken by the joint structure plan team).

3.33 In the survey the purposes identified for RCA techniques are:

- To identify shortfalls or surplus capacity and/or deficiency within a defined study area or catchment.
- As a tool in medium-term strategic development planning and the testing of different development strategies/scenarios.

3.34 Other roles included:

- Providing a guide for town centre renewal priorities and also providing a database which can be used for RIAs.
- Providing supporting base information for other tools – notably RIA.

3.35 It has also been suggested that RCA is used to identify demand for retail floorspace. The issue of demand (that is market demand) is addressed later in this chapter.

3.36 Most practitioners see RCA as identifying the potential for strategic new retail floorspace and therefore it can provide a useful context for the identification of the location for new retail development. Some go further and consider that RCA allows the identification of a specific quantum of capacity. Views on the value of RCA as an analytical tool vary considerably. In the survey comments ranged from RCA having a “crucial role” to it being “of limited value”.

Need for Guidance

3.37 Unlike Northern Ireland and Ireland there is no guidance issued in Scotland advising on the scope and techniques to be used for RCA. The review of the effectiveness of NPPG8 identified that further guidance on practice would be useful. In the survey undertaken for this research there was almost unanimous support for the provision of guidance/advice for the preparation of RCA. Advice was specifically requested for best practice for the overall method, data sources and the selection of assumptions.

Criticism of RCA Techniques

3.38 Before describing RCA techniques it is important to review the criticisms that have been directed towards the techniques and identify potential mechanisms which can reduce weaknesses in the approach.

---

34 Ibid Scottish Executive, 2004, para 7.65 refers to the need for future policy to guide retail capacity assessments to look at the overall scope for new floorspace in producing Development Plan strategies.
3.39 There have been significant criticisms of RCA as a planning technique. These have related to both the theoretical and conceptual aspects of the techniques and also to practical issues relating to data availability and the sensitivity of the results generated.

Conceptual Criticisms

3.40 Even those who are apparent supporters of retail capacity as a means of establishing the “need” or “deficiency” for retail developments have identified that RCA possesses inherent weaknesses. For example England sums up the position as follows:

“Above all it is simplistic. The analysis takes no account of the dynamics of the retail system, particularly for changes to occur in shopping patterns as new developments take place. It assumes that the retail system is in equilibrium state in the base year and that the turnover of existing shops will increase very gradually over the forecast period. In reality, where existing shops are under-trading there will be scope for a more rapid growth of turnover which will therefore reduce the capacity for new development. Where existing shops are over-trading there will be less opportunity for growth in floorspace efficiency and so the potential for new floorspace could be greater”.

3.41 In their review of NPPG8 the CBRE team also noted a range of criticisms of RCA including:

- Any RCA is based on an analysis of existing patterns of expenditure flow (which is itself a pre-requisite for assessing retention and leakage between centres) and the RCA must either assume that these patterns will remain constant in the future or make a manual assessment of changes in patterns based on a judgement (or on policy aspirations). Retailing is, however, highly dynamic and constantly changing and the only thing that can be guaranteed is that future patterns will be different from those found today. This view was endorsed by respondents to the survey used in this research i.e. that RCA really only provides a snapshot of what was actually occurring at the time of survey.

- Through the use of different assumptions RCA introduces value judgements that rarely can be supported by empirical data. These assumptions will have profound effects on the results of an RCA.

- RCA frequently relies on the use of “average” turnover rates or makes a judgement about centres trading in “equilibrium” or similar (i.e. assuming shops are not over- or under-trading). The techniques therefore are making judgements as to what rates ought to be achieved by different retail sectors, sub-sectors and by stores run by the same operator. This creates difficulties in choosing which rates to use. The relationship between turnover rate and viability is not straightforward. The costs of a

---

36 Ibid Scottish Executive, 2004, para 7.16
business operation will vary between different locations and planners are not privy to this type of information.

- RCA bears little relationship to the realities of the market place. Although planning is not about serving market needs it is evident that planning policies that are in fundamental conflict with the market will achieve little. RCA’s typically conclude that small towns have potential for new comparison floorspace but that there is no demand from operators to occupy this space.

Practical Criticisms

3.42 A key issue that RCA needs to address is that the results are highly sensitive to the data inputs. This reflects the fact that the calculation of capacity is based on a subtraction. The closer the expenditure and turnover figures are the greater will be the susceptibility of the result to changes in assumptions. Morley37 comments “relatively small changes to either future expenditure or average turnover of existing floorspace will result in disproportionately large changes to the capacity figure. It is essential that accurate baseline figures are calculated and realistic forecasts made as to how these are likely to change”.

3.43 As a result of this Morley identifies a number of key sets of assumptions that need to be examined carefully as part of a capacity assessment calculation. These relate to the sales densities used (and the extent to which assumptions should be made for these to grow in the future), expenditure growth rates to be used and the role of the growth of internet sales. He considers that there are now more proactive data and information providers available to retail planners but despite this “quantitative retail capacity assessment is much more challenging than it was a few years ago”.

3.44 Stock has commented on the problems created by having different data providers. He noted that there were (in 2003) three primary sources available for the estimate of available expenditure (MapInfo, Experian Business Strategies and CACI). However this created more problems rather than solved them. He comments:

“Illustrating the problems that this situation can create, the parties at one recent call-in inquiry in Stoke-on-Trent were unable to agree the choice of data source. As a result much debate centred upon the appropriateness and reliability of one data source over another. As the Inspector observed at the end of the Inquiry this situation is unhelpful to the decision maker…..“It is difficult to foresee a situation in which the Government …could direct or even advise on the most appropriate data source” and “finding consensus on the detail behind the figures will become increasingly difficult”38

3.45 These problems may seem academic but the very nature of the retail capacity calculation means that differences in assumptions have profound

38 G Stock, 2003, “Need is key in retail controls” in Planning, 12th Sept 2003 p19
effects on the results of the assessment and the conclusion as to whether there is, or is not, a quantitative capacity for a proposed development. It has been demonstrated that even modest changes in assumptions can have disproportionate impacts on the results of a capacity calculation.\footnote{Hargest (2003) illustrates the effects of altering different assumptions for a simplified retail capacity calculation. The example given shows a situation in which a set of assumptions relating to the principal variables are altered and the effect that this has on the results of the capacity calculation. The principal variables considered are: available expenditure; level of leakage; average turnover rate for existing and proposed floorspace; committed retail floorspace; and assumptions about net to gross floorspace ratios.}

### Response to Criticisms

Reflecting the above problems it is not, therefore, surprising that the general view of practitioners in Scotland responding to the questionnaire was that the reliability of RCA in terms of potential floorspace is limited. This suggested that RCA is best considered as a strategic and indicative planning tool rather than be used for predicting actual amounts of potential new floorspace.

#### 3.47

The criticisms and weaknesses of RCA identified above are widely recognised by practitioners in Scotland. Nonetheless there is a general view that RCA can provide some assistance in understanding some of the dynamics of the retail system. For RCA to be more effective regard should be had to each of the following in establishing good practice in its use as a retail planning technique:

- Improving data availability for both the demand and supply sides of the assessment will reduce error in the calculation of capacity. This will include: giving priority to the use of high quality surveys for establishing expenditure patterns from household and other types of survey and ensuring that these are up-to-date; improving information of existing floorspace; and utilising the potential from national statistics for actual turnover estimates.

- The use of sensitivity analysis is essential to identify the potential degree of error associated with RCA.

- Utilisation of actual turnover rates as far as possible rather than making judgements based on perceptions of under- or over-trading. Attention should be given to estimating actual turnover from survey sources rather than reliance on national average data.

- RCA should be used in combination with information provided from other retail planning techniques including market assessment, town centre health checks, and retail impact assessment.

- Planners should be fully aware of the limitations of RCA as a technique, that the results are indicative only (which it self questions the value of converting surplus/deficit expenditure to floorspace equivalent) and that the technique is best treated as a strategic planning tool.
**Generic Approach to Quantitative RCA**

*Basic Concept*

3.48 As noted earlier RCA is primarily concerned with a comparison between demand for and supply of additional retail floorspace/turnover. An excess of expenditure, in the form of leakage of spending out of the area, is regarded as an opportunity for retail provision. This can be identified either in terms of potential retail turnover (referred by some as “expenditure headroom”) or converted into a “floorspace capacity”.

3.49 This can be expressed as the following equation:

\[
\text{Net Future Floorspace Capacity} = \frac{\text{Total Available Expenditure} - \text{Leakage*}}{\text{Turnover rate}} - (\text{Existing + Committed Net Floorspace})
\]

*Note: the issue of leakage is used by some practitioners and not by others – this is discussed further below.

**Stages in Quantitative RCA**

3.50 As with RIA there are a number of stages in quantitative RCA that are common to approaches adopted by different practitioners and “good practice” advice. These are summarised in Table 3.1 below.

---

40 For example ibid England, 1999
41 From Hargest, 2003, “Retail capacity and the “need” for new floorspace” in Scottish Planner 93, June 2003 pp6-7
Table 3.1 Stages in Quantitative RCA Analysis

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Baseline Surveys</td>
<td></td>
<td></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>2. Definition of Study Area</td>
<td></td>
<td></td>
<td>Yes (pre defined)</td>
<td>Yes</td>
<td>Yes (pre defined)</td>
<td></td>
</tr>
<tr>
<td>3. Current and Future Population and Available Expenditure</td>
<td></td>
<td></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>4. Existing, committed and total floorspace and turnover</td>
<td></td>
<td></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>5. Calculation of “capacity”</td>
<td></td>
<td></td>
<td>Yes</td>
<td>Yes (“unserviced expenditure”)</td>
<td>Yes (“headroom expenditure”)</td>
<td>Yes (“expenditure balance”)</td>
</tr>
<tr>
<td>6. Scenario and sensitivity testing</td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Combination with other techniques</td>
<td></td>
<td></td>
<td>Yes – TCHCs; market demand</td>
<td>Yes – property market review</td>
<td>Yes – TCHC; market appraisal and development potential assessment</td>
<td></td>
</tr>
</tbody>
</table>

3.51 The table includes the identification of key stages from recent retail capacity analyses in Scotland. These are reviewed simply to illustrate common elements and variations in techniques and are not presented, at this stage, as indicators of best practice.

3.52 The table illustrates that there is a general accordance of approaches which fit closely with guidance issued elsewhere. From this it is evident that RCA as a technique is based on the following key stages:

1. Baseline surveys.
2. Identification of study/catchment area.
3. Identification of base and test years.
5. Current and future retail floorspace and turnover (retail supply).
6. Calculation of retail capacity
7. Sensitivity and scenario testing
8. Interpretation and role of other retail planning techniques

Stage 1. Baseline Surveys

3.53 A key requirement for accurate retail capacity analysis is the use of extensive up to date survey information. This is primarily required for the identification of actual expenditure for relevant retail goods categories used for the RCA including expenditure in shops located within the study area and those outwith the study area. The importance of this information was identified to be of high importance by respondents to the questionnaire survey and in the discussion groups.

3.54 The principal data requirement is the identification of expenditure patterns requiring extensive household surveys. The principles for the design and implementation of household surveys are the same as those identified for RIAs (set out in paras 6.81 – 6.91).

3.55 Ideally household surveys should cover the full catchment area of the centres which are the subject of the RCA. This allows the identification of existing levels of leakage. The surveys can also incorporate questions regarding the quality of retail provision within centres and this can assist in identifying potential qualitative deficiencies. For those centres where it is anticipated that significant trade is drawn from a wide area (e.g. major comparison goods retail centres or tourist destinations and possible large convenience superstores) household surveys should be combined with shopper surveys to ensure that the full scope of the catchment area for centres is properly identified. The scope of these shopper surveys will be comparable to those identified for RIAs (see paras 6.92 to 6.96).

3.56 The sensitivity of RCA calculations places particular emphasis on the importance of high quality survey data. The range of sources of error in surveys are also identified in chapter 6 and it is important to incorporate within survey design means for reducing error. This will include the use of reasonably large sample sizes, good sampling design and, perhaps more important, by giving careful attention to the actual questions included within the survey. In the case of the Glasgow and Clyde Valley 2003 Household Survey the survey included over 10,000 interviews comprising 1.3% of households in the study area.\textsuperscript{42}

\textsuperscript{42} Even with this size of sample it was noted in GCVSP Technical Report 07/2006 that there were no interviews in one audit area (Lesmahagow). Control over sampling design should ensure that areas do not have survey responses that are too small to be statistically reliable.
Recommendation RCA2: Role of Surveys
Extensive use should be made of robust household surveys, and where appropriate, shopper surveys, for the identification of actual expenditure flows as a starting point for Retail Capacity Analysis studies.

Stage 2. Identification of Study Area

3.57 The study area used for RCA will vary according to the overall purpose of the study. For many planning authorities study areas will relate to administrative boundaries. These boundaries will not necessarily relate to existing retail catchment areas of centres. This is not a critical difficulty for the implementation of RCA but does require careful assessment of the role of existing and future levels of leakage and net expenditure inflows within the study area.

3.58 Although there was a desire expressed by respondents to the surveys and discussion groups that RCA should, as far as possible, reflect catchment areas this is unlikely to be fully achieved in any RCA study. This reflects the fact that, within any part of Scotland: there will be significant flows to higher tier centres; different goods categories in the same centre will have different catchment areas; and catchment areas for different centres will, inevitably overlap. For example:

- Glasgow city centre is ranked the third retail centre in the UK\(^43\). Its comparison catchment covers much of Scotland for example household surveys in the North East of Scotland identify significant expenditure flows to Glasgow city centre.\(^44\)

- Although the Dundee City Region Retail Study identified the catchment for the city extending to northern Angus for comparison goods it is also anticipated that some comparison goods expenditure generated from this location could be directed to other major cities including Aberdeen and Glasgow.

- The Aberdeen and Aberdeenshire retail study identifies different catchment areas for convenience and comparison goods for the same centres across a wide range of locations.

3.59 It has been noted that RCA is preferred as a strategic planning tool and, as a result, study areas should not be too limited in geographical extent. The area identified will depend upon the retail goods categories being investigated. For convenience goods shopping catchments may be smaller than for

---

\(^{43}\) According to CACI 2006 Retail Rankings but was 2\(^{nd}\) in the UK according to Experian Retail Rankings in 2004

\(^{44}\) from Aberdeen and Aberdeenshire Retail Study 2004
comparison goods (although this will depend upon the sizes and retail offer found in centres) and it may, therefore, be possible to use smaller study areas. But it should be noted that, in general, the smaller the study area the more “open” will it be in terms of expenditure flows. That is, there will tend to be a higher proportion of expenditure generated within the area directed to locations outwith the study area and, equally, there will also be a higher proportion of turnover in study area shops generated from locations outwith the study area.\(^{45}\)

3.60 Identification of the study area will, therefore, need to reflect each of the following:

- The purpose of the RCA study and the way that the information generated will be used.
- Information provided by household and shopper surveys.
- The nature of centres, and their catchments, included with the potential study area.
- The categories of goods being assessed in the study.
- The availability of information (and its consistency) for parts of the study area.
- Administrative boundaries and development plan boundaries.

**Recommendation RCA3: Defining Study Areas**

The identification of study areas for RCA should reflect the following:

- The purpose of the RCA study
- Household and shopper survey results.
- The nature of centres, and their catchments, included with the potential study area.
- The categories of goods being assessed.
- The availability of information for the study area.
- Administrative and development plan boundaries.

In general RCA study areas should not cover small geographical areas. They should generally equate to local authority areas or larger, although in rural areas it may be appropriate to reflect development plan boundaries which are smaller than local authority areas.

---

\(^{45}\) It should be stressed that this will not always be the case. For example a small study area which includes a major retail centre may identify a low level of expenditure leakage from residents (since their needs are, in large part, catered for by the centre) there could also be high levels of expenditure inflow into the study area.
3.61 The other key issue to be established at the outset of the RCA process is the identification of the base year and test year. The base year should reflect the date at which source information is gathered for the study i.e. the date of the household surveys and base for which information on floorspace is provided. These should, be the same year, however this is not always possible. There are two approaches where the survey information relates to different years:

- Adopt the year of household survey as the base and rebase the floorspace information to reflect the position at that time. Subsequent new floorspace is treated as “committed” floorspace between the base and test years.

- Use the year of the floorspace information as the base and apply the household survey results to this year. This is only valid if there are minimal changes in floorspace provision between year of household survey and base year. These minimal changes do not only relate to changes within the study area but also changes in other locations which may, for example, attract expenditure from within the catchment to external locations. Generally it is inadvisable to use household survey information more than 2-3 years older than the floorspace base in this approach.

3.62 The selection of the test year will reflect the purpose for which the RCA information is being used, for example dates for the end of a proposed development plan. Due to the rapid changing nature of retailing caution should used in undertaking RCA for period more than 5-10 years after the base date because the assessment will become increasingly unreliable.

Stage 4. Population and Available Expenditure

3.63 The identification of population and available expenditure represents the “demand” for retail provision in RCA. The principles underpinning the identification of both existing and future population and expenditure are the same as those set out in chapter 6 (see paragraphs 6.111-6.145). In addition recommendations RIA10 to RIA14 would apply equally to RCA analysis.

3.64 In addition to the general points raised in chapter 6 regard should also be had to the following:

- For large geographical areas with significant variation in the socio-economic profiles of constituent areas available expenditure should be provided for component parts of the study area.

- In certain areas express consideration should be given to the role of tourist expenditure as well as day visitors. It should be noted that, for a consistent approach to be adopted for tourist expenditure in the analysis account should also be taken of tourist expenditure by those who are normally resident within the catchment in locations outwith the study area. This will require estimation of staying visitors and the average spend by...
visitors on different categories of goods. In most areas tourist expenditure will be modest but in some areas this will be a significant component of total available expenditure.

Recommendation RCA4: Population ad Available Expenditure Estimates

For RCA the estimate of population and available expenditure should reflect recommendations RIA10-14, in summary:

- Preferred estimates of population are those provided by planning authorities
- Preferred estimates of available expenditure estimates per capita are those provided by commercial data providers.
- Provision should be made for special forms of trading.
- Monetary information should be presented in constant prices.
- Assumptions for expenditure growth should be carefully justified and should be included within sensitivity testing.
- Potential effects of tourism on available expenditure.

Stage 5. Floorspace and Turnover

3.65 The identification of floorspace in RCA should reflect the same approach identified for RIA as set out in paragraphs 6.146 to 6.161 in chapter 6. This includes the adoption of the same principles set out in recommendations RIA15 to RIA16 above.

3.66 **Treatment of Commited Floorspace.** The issue of whether floorspace can be treated as “committed” floorspace is particularly significant in RCA because of the nature of the calculation that is undertaken. The inclusion of potential future floorspace that is not implemented will have a direct effect on the potential floorspace capacity/deficiency that is calculated. Therefore a realistic appraisal of the likelihood of, and timing of implementation of potential floorspace allocations or consents should be taken in RCA. Further comment on the identification of “committed floorspace” is set out in chapter 6.
Recommendation RCA5: Floorspace Estimates

For RCA the estimate of existing and future floorspace should reflect recommendations RIA15-16, in summary:

- Analysis should be based on broad categories of goods.
- A range of sources for information of floorspace should be used.
- Floorspace should include “committed” floorspace but the likelihood of implementation of allocated and consented schemes should be carefully examined.

3.67 Treatment of Vacant Floorspace. In some responses to the survey undertaken for this research it is suggested that vacant floorspace should be treated as “committed” floorspace. This is on the basis that if floorspace is vacant it is available for future occupation by retailers and, as such, it is able to cater for potential available expenditure. In areas where there are high level of vacancies, especially if these are located in centres, it can be argued that preference should be given to the reoccupation of this space rather than undertake an analysis that would support the provision of additional new floorspace.

3.68 The principal difficulties with this approach are that:

- Much vacant floorspace comprises space that no longer meets retailer requirements. This may reflect poor location, including location in secondary retail pitches, or poor unit size and configuration. The prospect of reoccupation for retail could, therefore, be limited.

- There is no commitment by any retailer for the reoccupation of these units. Units may remain unoccupied for long periods or eventually be redeveloped for non-retail purposes (including for retail services which are excluded from retail goods categories).

- A limited level of vacancies would be expected in any retail centre. For larger centres one would always expected some turnover or “churn” of retailer occupiers and the lack of vacant units can be regarded as a weakness for a centre being indicative of lack of new supply coming forward (for example reflecting limited new development opportunities)\(^{46}\). It is not possible to state precisely what a “healthy” level of vacancies should be but, as will be considered in chapter 4, typical vacancies in Scottish towns are about 7-10% by number of units and 3-7% by floorspace and so vacancy rates less than half of these averages may be considered to be indicative of supply difficulties constraints. Any figure

---

\(^{46}\) This could be regarded as comparable to the notion of full employment which is traditionally taken to have about 2% of the workforce unemployed.
used for this should be based on local circumstances which can be reviewed through monitoring town centre health check information.

3.69 As a result some care is needed for the treatment of vacant floorspace in RCA. It may be appropriate for vacant modern floorspace to be included as committed floorspace but this should be used only where there has been full examination of the condition, location and type of floorspace within the study area.

<table>
<thead>
<tr>
<th>Recommendation RCA6: Treatment of Vacant Floorspace</th>
</tr>
</thead>
<tbody>
<tr>
<td>It may be appropriate for vacant modern floorspace to be included as committed floorspace but this should be used only where there has been full examination of the condition, location and type of floorspace within the study area. Assumptions in this regard should be carefully justified.</td>
</tr>
</tbody>
</table>

3.70 **Average and Actual Turnovers.** The approach to be adopted for the turnover of existing and future retail floorspace is, in effect, the identification of the “supply” side of the retail capacity equation. As discussed earlier there is some debate as to whether this should be based on an estimate of actual turnover or on a notional average turnover. Average in this sense includes turnover judged to be in some form of equilibrium\(^{47}\). The use of average or similar concepts presents a number of problems. Even advocates of this approach identify significant problems with this type of approach. For example Colliers CRE state in the Dundee City Region Retail Study:

> “The problem with this kind of analysis is determining whether a centre is trading in equilibrium or not. There are two principal difficulties. First retailers need to achieve a certain trading level to be viable. However, this trading level varies substantially for individual retailers and across the country, reflecting differences in types of business, profit margins, size, financial structure and other factors. Without detailed surveys on all individual traders in a centre it is virtually impossible to determine what the average equilibrium trading level is. The second major difficulty is that even if it can be proven that a centre is trading above its retail equilibrium, this does not automatically mean that problems with over-trading occur.”\(^{48}\)

3.71 One should add to the final comment of this quote that, equally, if a centre is trading below its retail equilibrium this will not, necessarily mean that shops are not viable.

3.72 Inevitably this type of approach requires judgements to be made about what “average” or “equilibrium” levels ought to be. As noted in the Dundee study and confirmed in the survey of practitioners in Scotland retail planners very

---

\(^{47}\) For example this is the concept used by Colliers CRE in the Dundee City Region Retail Study (2006) as essentially the position when retail floorspace is neither over- nor under- trading.  

\(^{48}\) Colliers CRE, Dundee City Region Retail Study, 2006, para 3.22
rarely (if ever) are able to have access to the relevant information for individual operators.

3.73 Reflecting these issues most respondents to the survey undertaken for this research considered that the use of notional or national average turnovers for RCA was *inappropriate* and that preference is to use *actual* turnover rates, i.e. as obtained through survey information. In the discussion groups criticisms were stronger and the concept of average turnover (and similar) was considered to be largely meaningless. One comment from a consultant who participated in the discussion groups summed up the criticisms as follows:

“As regards estimating 'average' turnover, or - a better description - the turnover requirement of individual centres (i.e. the turnover which is required to maintain a healthy centre in which retailers will be prepared to continue trading and investing), this can be informed in part by national statistics such as Retail Rankings, but should also take account of survey evidence which shows what levels of turnover are sufficient to maintain a particular High Street in a reasonably healthy state, and should always bear in mind (a) local circumstances - rent and rates, local spending power, the nature of the overheads facing existing businesses, etc, and (b) the high profit levels of national chains, which are reflected in Retail Rankings but which are way above what is actually needed in many High Streets. If we persist in building the super-profits of the major retailers into our capacity calculations, we will continually resist investment and provide protection for the major retailers to continue to achieve super-profits.”

3.74 Support for the use of actual rather than average turnover rates was found from both the public and private sector planners consulted during the study. National average rates (e.g. from Retail Rankings or Verdict) are comparatively straightforward to obtain for most national multiple retailers and one of the reasons cited for their use was that they are easier to obtain than actual turnover rates. The key issue that flows from this is the need to focus more effort on the use of survey information, used in a statistically robust manner, for identifying actual turnover information.

3.75 The principal source of information for assessing actual turnover rates will be the household survey. There are, as is noted in chapter 6, a number of potential sources of error that can arise in even the best designed surveys. Therefore regard should also be had to other information sources including other shopper surveys, observed trading conditions and known floorspace, including, where appropriate reference to national average sales densities combined with known floorspace information⁴⁹.

---

⁴⁹ The significance of national average turnover rates here can be easily over-stated. Reference here is to use this information as a check for results generated from the other information sources. For example if the analysis of the household survey suggests a turnover level that implies, when combined with known floorspace information, sales densities 50% above the national averages for the relevant retail sector under consideration one should consider whether this is consistent with observations and comments from others (e.g. town centre managers) who are familiar with the centres under consideration.
3.76 If there is clear evidence that there are issues associated with over- or under-trading affecting the quality of retail provision in an area and its long term (economic) sustainability or viability than this is a matter that can be addressed in the interpretation of the information generated by RCA.

3.77 In summary turnover rates, and the impact on total turnover in centres, are seen to be the weakest link in the RCA technique and, as seen earlier, alterations to assumptions about turnover can have a profound effect on the results of the RCA analysis.

Recommendation RCA7: Use of Actual Turnover Levels

In RCA it is recommended that use should be made of actual turnover levels rather than notional national average turnover rates or other concepts which suggest a level of trading that ought to be achieved in retail centres and floorspace. The level of information to be able to make a judgement as to the appropriate trading level is not generally available to retail planners. Information on actual turnover should be based on careful analysis of information from household surveys together with other assessments including observed trading conditions and known floorspace in a centre.

The significance of evidence for under- or over-trading should be considered at the final stage of RCA i.e. in the interpretation of the results of the analysis.

Use of average or equilibrium turnover is not encouraged. If these are proposed to be used RCA should incorporate extensive sensitivity testing reflecting the variability in national average sales densities for different retailers in the relevant retail goods categories.

3.78 The above approach will set out the existing level of turnover. Chapter 6 paragraphs 6.184-188 and Recommendation RIA20 provided advice on the treatment of changes in sales densities between the base year and the test year for the RCA. A similar approach should be adopted for RCA.

Stage 6. Retail Capacity

3.79 The calculation of retail capacity is straightforward from the preceding stages of the analysis. Stage 4 identifies existing and future available expenditure (“demand”) and stage 5 the supply of floorspace and its turnover (“supply”). The difference between these figures can be used to identify deficiency and the comparison with base and test years will identify the extent to which this deficiency changes.

3.80 Conventional Approach using Average Turnover. The conventional approach to the calculation of capacity, and from this the identification of “deficiency” or “need”, subtracts total average turnover (or equilibrium turnover) from total available expenditure and the resultant figure, expressed in monetary terms is the “capacity” for additional floorspace for the study area. This figure may be positive (i.e. there is a deficiency that should be
addressed) or negative, i.e. there is sufficient or more than sufficient retail turnover from existing and committed floorspace and there is, therefore, no requirement for additional retail floorspace. The logic for this conclusion is straightforward. Having identified what floorspace ought to be trading at (i.e. at average sales densities or, in the case of concepts of equilibrium turnover, floorspace that is neither over- nor under-trading) one can compare this figure to the forecast available expenditure and deficiencies (or surpluses) can be calculated. Frequently an additional step is undertaken to convert this into a net or gross floorspace equivalent\(^{50}\). Issues associated with this additional step are considered below.

3.81 It has been noted that there are a number of key difficulties associated with the use of average turnovers which has led to the recommendation that they should not be adopted. If one insists that such an approach should be undertaken it is essential that RCA is undertaken using a range of average turnover rates with sufficient variation to reflect the enormous variability in sales densities achieved by different operators (for example national averages for multiple grocery retailers according to Retail Rankings varies by a factor of over four and furniture retailers by over three\(^ {51}\)). This level of variability in average turnover is likely to seriously limit the value of most RCA analyses.

3.82 **Use of Actual Turnover for Calculation of Capacity.** The approach favoured by the majority of practitioners in this research and supported in the recommendations of this report is that actual turnover rates should be used. For this consideration needs to be given to the treatment of expenditure flows into and out of the study area. As noted earlier no matter how wide the study area is drawn there will almost always be some flows in either direction.

3.83 RCA studies adopt two alternative approaches to the treatment of these types of expenditure flows. Some studies ignore the flows and present the analysis of capacity based on a comparison of the turnover of centres from all sources (i.e. residents spend plus that from originating outwith the study area) with the turnover of centres within the study area. Others explicitly identify expenditure flows and make judgements as to how these flows will change in the future. For the situation where actual turnover is used and expenditure flows are identified the RCA will, inevitably, identify a balance between demand and supply in the base year i.e.:

\[
\text{Locally generated available expenditure} + \text{Expenditure Inflow} - \text{Expenditure Outflow (Leakage)} = \text{Actual Turnover within Catchment}
\]

---

\(^{50}\) For example both the Dundee Area Retail Study (CRE Colliers, 2006) and Edinburgh Area Retail Needs Studies adopt this approach for different retail goods categories.

\(^{51}\) Retail Rankings 2007 (Mintel) identifies sales per sq ft for Tesco at £1198 and Aldi at £258 in grocery retailers (p286), and DFS £480psf compared to ScS at £144psf in the furniture retailers section (p249).
3.84 With the figures in balance in the base year it is apparent that the conventional approach of calculating capacity, in the base year at least, is not applicable since the figure will be in balance. A different approach to the use of these figures is therefore required based on a consideration of how expenditure flows and actual turnover is expected to change in the future. It does not provide information about changes in retail deficiencies within the catchment but it can allow the analyst to identify the extent to which sales densities will change based on existing commitments and from this one can identify levels of deficiency occurring. An example of this type of approach is set out in Figure 4.1.

**Figure 3.1 RCA Analysis Using Actual Turnover Rates**

<table>
<thead>
<tr>
<th></th>
<th>Base Year Study Area £100.0m Net Fl'space (sq m) 12500 Sq M Net Fl'space (sq m) 12500 Sq M</th>
<th>Test Year Study Area £110.0m Net Fl'space (sq m) 12500 Sq M Net Fl'space (sq m) 13750 Sq M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure Inflows</td>
<td>£10.0m Sales Density (£psm) £7,600</td>
<td>Expenditure Inflows £11.0m Sales Density (£psm) £8,360</td>
</tr>
<tr>
<td>Expenditure Outflows</td>
<td>-£15.0m</td>
<td>Expenditure Outflows -£16.5m</td>
</tr>
<tr>
<td>Total</td>
<td>£95.0m Turnover (£m) £95.0m</td>
<td>Total £104.5m Turnover (£m) £104.5m</td>
</tr>
</tbody>
</table>

The analysis underpinning Figure 3.1 is that the RCA identifies increased available expenditure which, in the absence of any new floorspace, will result in a real increase in sales densities. Therefore the RCA analysis can be used to identify the additional amount of floorspace that could be provided that would reduce the sales densities to the same level in real terms as the base year implying a “deficiency” of 1250 sq m. Of course this approach makes a judgement that the sales density currently achieved is the appropriate density that should be achieved by retail floorspace i.e. a judgement is being made about how businesses should operate without regard to the cost base, profit levels or any other factor affecting businesses within a centre.

3.85 This is one approach that can be adopted. The second approach using actual turnover is to ignore expenditure flows to compare actual turnover with locally generated expenditure. Using the example in Figure 3.1 this would suggest that in the base year the turnover is £5m less than locally generated expenditure and that this can be interpreted as a retail deficiency. This “deficiency” increases in the test year to £5.5m. It should be noted that this approach does not build in any assessment about the acceptability or otherwise of the resultant sales densities.

3.86 A key difficulty with the latter approach (ignoring expenditure flows) is that it fails to recognise that there will, almost always be net in and out flows of expenditure. It is possible, in the context of convenience catchments to identify catchments where net flows may be in balance but these are unlikely
to remain constant over significant periods of time. This reflects one of the criticisms of RCA approaches that assumes that expenditure flows remain static. Clearly the calculations can manually adjust retention and leakage levels but this will be based on the judgement of those undertaking the assessment and may reflect factors such as:

- Known retail commitments within and outwith the study area.
- Policy assumptions.
- Assumptions regarding general trends in retailing (e.g. assumptions about increasing concentration of expenditure in larger centres for comparison goods or larger retail units for convenience retailing).

3.87 It should be recognised that assuming that expenditure flows remain constant (in terms of either absolute value of or percentage of total expenditure) between the base and test years is, in itself, a value judgement and this assumption would need to be justified.

**Recommendation RCA8: Treatment of Expenditure Flows**

Express consideration should be given to the role of expenditure in-flows and out-flows from the study area in RCA. Failure to consider expenditure flows will limit the relevance of the analysis to the role of the centres under consideration in the wider network of retail centres. In undertaking the RCA regard should be had as to how expenditure flows may change between the base year and the test year taking into account factors such as:

- Known retail commitments
- Policy assumptions (which can be included for scenarios)
- Impact of broader retail trends

3.88 **Conversion of Expenditure Capacity to Floorspace.** The second key aspect in relation to the calculation of capacity is the conversion of shortfalls (and potentially surpluses) in expenditure into floorspace equivalent. In the first of the approaches adopted above for the example in Figure 3.1 an assumption was made about the appropriate level of sales density that should be utilised for identifying a floorspace equivalent of the identified deficiency (i.e. in that example £7,600 psm was identified). In most RCA studies retail deficiencies are converted into floorspace equivalent. To do this requires both a judgement as to the correct sales density figure and the appropriate net to gross floorspace ratio to adopt (although the latter is not required if the deficiency is expressed as net floorspace). This repeats the same difficulties identified for the application of average densities discussed for existing floorspace. As has been noted sales densities vary considerably and even net to gross ratios vary to a significant degree.
The conversion of monetary deficiencies into floorspace therefore compounds the difficulties associated with RCA and should, therefore, only be used with caution and should, as a matter of course, only be used with sensitivity testing to demonstrate the potential range of floorspace deficiencies that arise from this technique.

Recommendation RCA9: Calculation of Floorspace Deficiency

Due to the high variability in sales densities for the same types of retail goods categories and, to a lesser extent, net to gross ratios, the conversion of monetary capacity figures to floorspace is not recommended i.e. deficiency should be expressed in monetary turnover.

Nature of RCA Output. The final key element with RCA is to examine the nature of the information that is produced from RCA. In essence RCA is concerned with identifying a single numerical calculation of capacity (or surplus if the answer is negative) of expenditure (or floorspace) for the retail goods categories that are under investigation for the study area as a whole. In addition different figures may be produced for different years for the analysis but, as a whole, the conventional approach does not provide any information about the different roles of different centres/retail locations within the study area. The information provided through this conventional approach, is therefore, limited in its usefulness for understanding the dynamics of retailing within the study area.

For this reason, in recent years approaches have sought to extend retail capacity types of analysis to provide a more sophisticated approach by considering the implications for capacity within component parts of the study areas under investigation. These will be considered in detail in the following part of this chapter.

Stage 7. Sensitivity and Scenario Testing

The nature of RCA makes the use of sensitivity testing essential. The purpose of sensitivity testing is to establish the reliability of the analysis through an examination of the key variables and assumptions used in the analysis. Sensitivity testing should, therefore, be systematic based on varying each of the key sets of assumptions used in the analysis. The key variables for which there is greatest uncertainty, or which have greatest impact on the results of the analysis are:

Demand/Available Expenditure

- Expenditure growth per capita (i.e. use of different model and trend forecasts).
- Role of special forms of trading (SFT).
Expenditure flow assumptions (retention and leakage)

Supply/Turnover

- Floorspace commitments.
- Net to gross ratios for existing and committed floorspace.
- Turnover rates of existing and committed floorspace. *If average turnover rates are used tests should reflect the full range of variability referred to in para 4.65 et seq above.*

3.93 In this report *scenario testing* is the consideration of a plausible set of trends or events to the operation of retailing within the study area. This can relate to different factors including:

- Potential new developments being implemented (but which cannot be treated as *commitments*).
- Different combinations of policies which are anticipated to direct/restrict retail in different locations.
- Different retail trends operating at a national level (e.g. continuation of the trend towards increased retail concentration which will have implications about assumptions about expenditure flows).

3.94 Scenario testing in this sense is useful for examining policy options or options for the potential location of new development. Given the limited geographical framework provided by the conventional approach to RCA the benefit associated with scenarios is more limited compared to approaches that explore explicitly the geographical distribution and operation of retailing within the study area.

**Recommendation RCA10: Sensitivity and Scenario Testing**

Structured sensitivity testing of RCA is essential. This should address different assumptions used for the analysis including factors such as expenditure growth rates, SFT assumptions, expenditure flow, floorspace commitments, floorspace ratios and turnover rates for existing floorspace.

Where appropriate different policy and development scenarios should also be tested.

**Stage 8. Interpretation – Identification of Deficiencies**

3.95 The final stage of RCA concerns the interpretation of results generated by the analysis. The level of weight that can be attached to the quantum of deficiency or surplus identified will relate to the variability in the results found through the sensitivity analysis and it is expected that, in situations where the
study area identifies available expenditure close to turnover then the results of the analysis are likely to be more sensitive than where there is a clearly identifiable mismatch between demand and supply.\textsuperscript{52}

3.96 The use of RCA in isolation will only provide limited information that can be used by planning authorities for supporting development plan preparation:

- The examination of sub-areas/catchments within a study area can improve the analysis. The examination of deficiencies for parts of the catchment area can assist in improving the information provided but, as noted earlier, there is danger that examination of small areas can increase the effect of errors further increasing the uncertainty of the analysis.

- The identification of quantitative deficiencies (or surpluses) does not indicate that there would be market demand for retail floorspace for the location. Although market demand is related to the potential expenditure for different types of goods it will relate to a range of factors including the catchment area of the potential occupier (which may not be the same as the existing catchment served by a centre/existing shops), existing market competition and the business strategies of the potential occupiers. Lack of deficiency will not mean that there will be no demand for additional retail floorspace, conversely the presence of a quantitative deficiency will not mean that there will, necessarily, be market demand for this potential floorspace.

- The identification of deficiencies, even if there is demand, will not ensure that sites or premises are available for development or occupation by retail floorspace. It will be necessary for this to be the subject of separate investigations.

3.97 As a result of the above RCA analysis in isolation provides only limited information and should be used in combination with other techniques including town centre health checks and market analysis.

Recommendation RCA11: Combining RCA with other Techniques

Used in isolation RCA provides limited information for retail planning purposes. If used, it should be combined with other retail planning techniques including town centre health checks, market analyses, assessing qualitative deficiencies and assessment of development capacity.

\textsuperscript{52} See ibid Hargest, 2003,
Other Strategic Retail Planning Techniques

Context

3.98 Reflecting some of the issues identified with the conventional approach to RCA and the limitations of RIA primarily as a tool for planning applications and appeals greater consideration has been given in recent years to developing techniques for supporting the analysis of retailing at a strategic level. The development of broader based approaches for retail planning has the potential to support a range of retail planning functions and techniques through:

- Establishing the extent of qualitative or quantitative deficiency within a defined area.

- Understanding existing market areas for centres (for example as a key stage in retail impact assessment as described in chapter 6).

- Understanding changes affecting individual centres through the implementation of town centre health checks and collecting data on individual vitality and viability indicators (see chapter 4).

- Assessing the strengths and weaknesses of centres for the preparation of town centre strategies which includes assessing existing constraints and threats to the trading position of the centres under examination (see chapter 5).

3.99 Furthermore, as has been noted, SPP8 requires that policy formulation requires an understanding of the pressures affecting individual centres and the role of the network of centres.

3.100 All of the above issues would benefit from, to greater or lesser extent, some form of broad-based strategic understanding of the retail context affecting town centres and other retail floorspace. In this report quantitative techniques which seek to provide a strategic understanding of retailing are referred to as Strategic Retail Planning Techniques (SRP).

3.101 Three broad approaches to SRPs can be identified reflecting practice in both Scotland and England. Each can be regarded as a development or refinement of the conventional RCA approach described above. The basic approaches are:

- Subdivision of RCA study areas into broad zones to identify retail capacity for separate retail centres.

- Use of models of expenditure flow between model zones and a wide range of retail destinations as a basis for the identification of retail capacity.

- Use of models of expenditure flow between model zones and a wide range of retail destinations as a basis for identifying the separate retail
characteristics of centres and application of trends and scenarios for assessing the impact on the operation of retail centres in future years.

3.102 There are no clear boundaries between the three broad different types of techniques with different studies adopting a slightly different emphasis of aspects of the study undertaken (for example in relation to generating estimates of retail capacity). They are, therefore, closely related to each other and all derive key information inputs from extensive household and other surveys.

**Study Findings: SRP**

3.103 The following sets out a short summary of the principal findings of the research in relation to retail capacity assessment techniques and other techniques that potentially can be used in support of development plan functions of planning authorities.

**Literature Review**

3.104 For other strategic retail models there is limited independent review of methods and models which limits the value of the findings of the literature research. It is evident, however, that there are close links between retail capacity models and strategic models, for example with practice in England there are a number of studies which combine both strategic model approaches with the calculation of retail capacity in support of development plan preparation and policy formulation.

**Surveys of Practitioners in Scotland**

3.105 The principal findings from these aspects of the research were as follows:

- It was noted that there is significant overlap between RCA and other quantitative strategic retail models. The principal advantages of strategic models compared to RCA included: greater flexibility and sensitivity to planning issues; incorporation of a strong spatial dimension; provides a framework for the assessment of relationships between centres; and provides information for assessing cumulative impact.

- The principal disadvantage of strategic models was their cost, both for initial model development and for maintenance for keeping the model up to date.

- Strategic retail models were identified to have the following purposes: the identification of gaps in retail provision; as a guide to the development and monitoring of planning policies; assistance in the identification of retail impacts; and to provide comprehensive understanding of retailing within an area.

**Examples of SRP Techniques**

3.106 The easiest way to describe the characteristics of the approaches is to provide examples of the techniques that have been used.
The DCRRS which was prepared by Colliers CRE for Dundee City Council can be regarded as an example of the first type of SRP technique i.e. one which utilises information on sub-areas within the study area to provide a more detailed retail capacity analysis.

The DCRRS is, in essence, a study combining retail capacity assessment with market testing and town centre health checks. Here the concern is with the application of RCA to a zonal system for the identification of available expenditure and the identification of capacity for a range of retail centres. Comments have already been made about detailed aspects of the RCA calculations and these are not repeated here.

The assessment of available expenditure was based on the division of the study area into 17 separate zones ranging from north east Fife through to north Angus and west of Perth. This area was identified as effectively being the catchment area for retail floorspace within Dundee city. The analysis was based on three broad retail goods categories and, from household surveys, estimates were made of expenditure flows from these origin zones to 6 retail centres within Dundee. In addition expenditure flows to local centres/shops, out of centre retailing and external locations were also identified and flows generated from outwith the study area were also identified. In effect these resulted in an 18 (origins) x 9 (destinations) matrix of expenditure flows for each retail goods category. These matrices allow the identification of market share for each centre from each zone.

In this study the pattern of market share achieved by centres is held constant between the base and test year and, by combining this forecast turnover with an assessed “equilibrium” turnover retail capacity is calculated for each centre under consideration.

Although the assessment identifies market share for centres this information is only used for the calculation of capacity. The study does not examine the implications for catchments and market share in terms of an overall evaluation of the operation of retailing within the wider area.

The Black Country Centres study was undertaken by GVA Grimley/Roger Tym & Partners for the consortium of Black Country local authorities. The principal characteristics of the study are set out in Case Study Box 1.

Although a major output of the study was the identification of retail capacity figures for the range of centres covered by the study a key focus was the use of the information generated by the retail model to establish the existing and future role of centres in relation to catchments and the catchments of other centres within the network. In this sense the model places particular weight on understanding the dynamics of the retailing expenditure patterns within the study to make recommendations in relation to the future retail structure within the Black Country.
Case Study 1: Study of Black Country Centres

Theme

Strategic study of retailing in a major urban area in the Midlands of England. Demonstrates the role of strategic modelling for assisting in the development of a policy framework for a network of centres and the potential role of different centres.

Commentary

The Black Country Centres study was published by GVA Grimley/Roger Tym & Partners in 2005 on behalf of the consortium of Black Country Local Authorities. The study utilised assessments of market context and demand together with a strategic retail model based on extensive household and in-centre shopper surveys. The outputs of the study included:

- The identification of the role of centres leading to recommendations for defining the network of centres within the study area.
- The identification of the potential for additional growth in retail floorspace in strategic centres.

The household survey covered 4000 households located within the 54 study zones. These zones covered not only the study area but the wider region which allowed for the identification of expenditure flows between the wider area and locations within the study area (e.g. from Shropshire to Wolverhampton) and from the study area to other locations – notably the regional centre in Birmingham City Centre. In total the model included a matrix of expenditure flows from the 54 zones to over 300 separate retail destinations and provided a comprehensive estimate of the extent of retail catchments within a complex urban area. The study covered a very long time period (up to 2036) but the consultants confirm that caution is needed when considering such a long period.

The principal stages undertaken in the development of the retail model were: definition of study area (derived from survey information); extensive household survey; identification of population and spend projections to identify the baseline position; application of growth assumptions; calculation of capacity projections (for both retail and leisure sectors); and identification of development scenarios and testing of these.

RECAP Models – Donaldsons

3.114 RECAP is Donaldson’s Retail Capacity Model. It has been used in a wide variety of locations in England and reflects, in broad terms, the approach adopted for the Black Country Centres Study but for significantly smaller areas. One of the key purposes of the model is the identification of retail capacity for centres and, in this respect, the model is closer in its application to the Dundee study. The model and its application is set out in Case Study box 2.
**Case Study 2: RECAP Model Retail Studies**

**Theme**
RECAP is the model developed by Donaldsons in England for undertaking retail studies leading to an assessment of retail capacity but incorporates retail expenditure allocation between zones to assess flows of expenditure between a variety of origins and destinations.

**Commentary**
RECAP has been used in a range of studies to provide assistance to planning authorities in England for planning for future retail development within their areas and addressing some of the requirements of PPS6. Examples of studies undertaken using RECAP include Truro, Chester, Dacorum, Harrow, North Somerset, Islington and others.

The approach adopted is, in a large part, comparable to other strategic techniques with outputs from the model including: estimates of current retail sales in centres; forecasts of future sales; forecasts of additional retail floorspace capacity supportable in locations; exploring of alternative strategies for town centres (scenario testing); and assessment of potential impact as a result of new retail developments. A key requirement for the model is the use of an extensive household survey for the identification of market shares and expenditure flows together with detailed information on existing, committed and proposed floorspace.

One example of the model is the Dacorum retail study. This study covered a population of 200,000 which was divided into 8 zones (26 postcode sectors) for the period 2006-2021 and the towns of Hemel Hempstead, Tring and Berkhamsted. As part of the development of the model a range of 8 different subcategories of comparison goods was considered in addition to convenience goods. Expenditure flows were assessed for each of three principal town centres together with a wide range of out-of-centre retail locations. Although commissioned by a single planning authority the study area for the household survey and model extended some distance beyond the authority to ensure that full account was taken of expenditure inflows from external areas to the centres.

A second example is the Harrow Retail Study undertaken in 2005. This was for a densely populated urban area in the west of London with a total population of approaching 400,000. The study area was divided into 9 zones and flows from these to stores in the main town centre (Harrow), district centres and out-of-centre retail floorspace.

---

**3.115 Aberdeen and Aberdeenshire Retail Study (AARS) 2004**

The basic characteristics of AARS (prepared by Hargest & Wallace Planning, Jones Lang LaSalle and NEMS for Aberdeen City and Aberdeenshire Councils and SE Grampian) are set out in the Case Study Box 3. Although AARS utilises the same principal steps for undertaking the analysis as is found with the other SRP techniques there is a difference in how the information generated has been used. The principal purpose was the use of the model to identify the existing and future patterns of retailing for each of the centres covered in the study area. This included the identification of the catchment areas for centres and also the relationship between origin zones and the reliance of residents of these on different centres. This information was established for the base year and then rolled forward to the test years building in the effects of retail commitments, sensitivity tests and different
scenarios. This allowed the identification of a range of forecast changes in turnover for centres that was used as one input in the appraisal of the vitality and viability of centres.

3.116 The study also combined the retail model with town centre health checks and market analysis to establish the full range of development potential and threats to all centres.

### Case Study 3: Aberdeen and Aberdeenshire Retail Study

**Theme**

Comprehensive retail study incorporating quantitative zone based strategic retail model with town centre health checks and broader assessment of retail factors affecting Aberdeen City and Aberdeenshire.

**Commentary**

The Aberdeen and Aberdeenshire Retail Study (AARS) combined a number of retail planning techniques to provide a comprehensive basis for strategic planning for the north east of Scotland. The study incorporated each of the following elements:

- Regional strategic retail model including retail capacity assessment.
- Market assessment including assessment of broader market trends.
- Town centre health checks and benchmarking of centres.
- Household survey with 3000 completed interviews.
- Assessment of tourism and related effects on the retail sector.
- Recommendations for policy development at both strategic and local plan levels.

The strategic retail model was derived from detailed analysis of household survey information, floorspace data provided through the Regional Assessor and use of development scenarios and sensitivity testing. The strategic model allowed the identification of retail capacity but the primary focus was the examination of the existing and future trading characteristics of centres within the retail network and the relationship between centres. The model was based on 32 zones with populations in the range of 3000 (for remote rural areas) to 40,000 in densely populated parts of Aberdeen. The household survey covered detailed aspects of convenience and comparison goods expenditure habits and the sample covered slightly under 2% of all households in the study area. The study encompassed retail floorspace in 30 principal retail locations (city centre, town centres, district centres and retail park locations) as well as other retail floorspace throughout the study area.

The information from the model was combined with a detailed market appraisal undertaken by chartered surveyors identifying potential demand for additional floorspace in each of the 30 principal retail locations. Particular consideration was given to the potential for future development in Aberdeen City Centre and comparison between the city centre and comparable locations elsewhere in the UK.

Information from AARS has been used directly as an input into the drafting of the Aberdeen Local Plan and the replacement Structure Plan. The Study was undertaken for Aberdeen City, Aberdeenshire and Scottish Enterprise Grampian by Hargest & Wallace Planning, Jones Lang LaSalle and NEMS Market Research. Black Country Centres Study.
**Purpose of SRP Techniques**

3.117 The foregoing discussion has highlighted the development of these strategic techniques as a response to particular issues associated with conventional RCA methods. The following have been identified to be key issues that can be addressed by SRP techniques which are not as easily addressed using RCA:

- Provision of greater flexibility and sensitivity of the model to planning issues.
- Combination of both RCA and RIA information into the modelling process and in the review of retail provision as an output of the approach.
- Provision of a strong spatial dimension which is more able to reflect the realities of retailing.
- Assessment of the relationships between centres.
- Disaggregation of the geographical area into component zones.
- Use for assessing cumulative retail impact.
- Provision of a database of information for use for those preparing RIAs.

3.118 It follows from these that SRP techniques can be used for a range of purposes including:

- Identifying gaps in retail provision.
- Guiding the development of and monitoring of planning policies.
- Assisting in the identification of retail impacts.
- Providing a comprehensive picture of retailing within a study area.

3.119 One respondent to the survey effectively summarised the overall purpose of these types of techniques as “to provide a comprehensive and strategic picture of retailing and the factors that influence (retailing), to offer a contextual position for more detailed retail matters in the locality and to act as a basis for developing policy.”

**Criticisms of SRP Techniques**

3.120 The principal difficulties with SRP techniques relate to the construction and validity of the retail model which underpins the assessment and the way that information is used. These include the following:

- The cost of preparing SRP models. This was identified to be the biggest issue by practitioners in Scotland. This concerns not only the cost of initial model development (including extensive survey information) but keeping information up to date.
• The technical skill required for the preparation of the assessments. This includes both the importance attached to survey design, interpretation of data, model development and the incorporation of scenarios.

• The reliance of the model on accurate base data, in particular from the household survey but also floorspace and shopper survey information.

• The comparatively recent development and use of the techniques means that, at present, there is no accepted standard method for design, implementation and interpretation of the techniques.

3.121 Other criticisms identified by practitioners in this research related to the use of the outputs of these techniques, for example the use of the information for the calculation for retail capacity raise the same issues that have already been addressed for RCA techniques.

**Structure of SRP Techniques**

3.122 Although a range of different types of SRP techniques have been developed utilising slightly different approaches most of the stages involved are common to each technique. This allows the identification of a generic SRP technique. Figure 3.2 sets out the basic stages that are typical of the process.

3.123 In essence the principal stages reflect those already identified for RCA and RIA. Comment is, therefore confined to particular stages or tasks.

*Trade Distribution*

3.124 This is effectively using the survey data to identify the catchment area for retail centres/floorspace and is a direct output from the household survey data.

*Existing Patterns of Trade*

3.125 The development of a matrix of expenditure flows is provided directly from the household and shopper survey information. Recognising the potential for survey error, results need to be combined with known floorspace information and observed trading characteristics (ideally combined with business surveys). Expenditure flows can be presented in a matrix format identifying origins of expenditure (source zones) and retail destinations (recognising that this will include dispersed and out-of-centre retail locations, and origins/destinations outwith the study area).

3.126 A matrix approach allows the identification of the distribution of trade generated from each zone to destinations expressed as a percentage of available expenditure originating from the zone (market share of each retail destination) and also the distribution of trade drawn to each centre (i.e. comparative importance of origin zones to centre for the identification of catchments).
Figure 3.2: Structure of Strategic Retail Planning Techniques

**DATA SOURCES INCLUDE:**
- Household Survey: Existing patterns of spend
- Shopper surveys: Existing patterns of spend and catchments
- Business Surveys: Existing patterns of trade
- Census: Population
- GRO(S): Population forecasts
- Planning Authorities: Existing floorspace and commitments; population and forecasts; vitality and viability data
- Regional Assessor: Existing floorspace
- MapInfo/CACI/Experian: Available expenditure by goods categories; expenditure growth forecasts
- Retail Rankings/Verdict: Average turnover rates
- Regional Tourist Authorities: Quantum and distribution of tourist bed spaces; Tourism expenditure
- LECS: Occupiers; vitality and viability indicators
- Land Use Surveys: Existing floorspace

**Existing Available Expenditure**
- Postcode sectors
- Population
- Available expenditure per head

**Existing Stores Turnover**
- Floorspace
- Actual Turnover rates
- Average/Equilibrium Turnover

**Trade Distribution**
- Survey data
- Total Available Expenditure

**Existing Patterns of Trade**
- Trade draw
- Market share/Penetration Rates
- Analysis by Zones (e.g. postcode sectors)

**Future Patterns of Trade for "Central Case" Scenario**
- Growth in available expenditure
- Population change
- Planned/committed floorspace

**Scenario Testing**
- Sensitivity Testing
- Notional Retail Capacity
- Interpretation

**Combination with Other Techniques:**
- RIA; TCHC; Market Testing; Development Capacity
Future Patterns of Trade/Scenario Testing

3.127 Future patterns of trade will need to take account of:

- Committed retail developments including an assessment of the impact that these will have on market shares for existing centres.
- Assumptions about sales densities and increased efficiencies of different types of retail floorspace.
- The impact of retail policies and broader retail trends on the direction of expenditure flows.

3.128 Each of the above are central to the analysis and assumptions should be identified clearly with appropriate justifications. These issues are reviewed in both chapter 6 and the earlier parts of chapter 3 of this report for RIA and RCA techniques respectively and a similar approach should be adopted for SRP techniques.

Retail Capacity Assessments

3.129 If SRP techniques are to be used for the calculation of retail capacity i.e. to provide a quantified assessment of “need” or “deficiency” then the comments and recommendations highlighted in the early part of this chapter on RCA would apply.

Conclusions

3.130 SRP techniques represent a comparatively recent development from RCA techniques and offer a number of benefits compared to the conventional RCA approach. They require significant resources not only for the initial assessment and model development but also for ongoing implementation and maintenance. Despite this cost they provide the opportunity for a significantly more effective tool for understanding the operation of retailing within a study area which will contribute to development planning for that area. Use of retail capacity from this type of approach should be subject to the recommendations RCA1 – RCA9.
Recommendation SRP1: Role of Strategic Retail Planning Techniques

Although potentially expensive to implement and maintain, strategic retail planning techniques offer significant potential for understanding the dynamics of retailing within an area and, therefore, offer distinct advantages over conventional retail capacity assessment. Their use is, therefore, recommended. Standard techniques for SRPs do not currently exist. The common factors that should be provided in SRPs include:

- Extensive up to date survey data including household surveys and, ideally, shopper and business surveys.
- Detailed and accurate floorspace information.
- Use of origin zones for the generation of available expenditure and destinations comprising retail centres and other retail floorspace.
- Identification of expenditure flows between the study area and locations outwith the study area.
- Analysis of market share/penetration for centres and zones to assist in the identification of catchment areas.
- Testing of expenditure flow data for future test years.
- Sensitivity and scenario testing.
- Combination with other retail planning techniques.

Complementary Retail Planning Techniques

3.131 Additional retail planning techniques will complement the use of RCA or SRP techniques in providing an overall understanding of retail provision within an area. Three of these, assessing qualitative retail deficiencies, market assessments and assessing development potential, are considered in outline here. In addition town centre health checks are of key importance and these are addressed in detail in chapter 4.

Assessing Qualitative Retail Deficiencies

3.132 RCA and the SRP techniques described above are primarily concerned with assessing quantitative issues associated with retail provision within an area. SPP8, however, also refers to qualitative deficiencies in retail provision. Unlike quantitative RCA there are no standard methods adopted for identifying qualitative deficiencies. England comments that: “Qualitative need is usually defined as a sectoral or geographical gap in the distribution of

53 SPP8 para 39
facilities. Less commonly, planners are concerned with a deficiency in the quality of provision\(^{54}\).

3.133 SPP8 does not provide any details as to what qualitative need is or could be. In PPS6 the following factors are identified that should be considered in assessing a qualitative need:

- An appropriate distribution of locations is achieved subject to the key objective of promoting the vitality and viability of town centres and improving accessibility for the whole community.

- Provision is made for a range of sites for shopping which allow genuine choice to meet the needs of the whole community, particularly those living in deprived areas\(^ {55}\).

3.134 This includes accessibility to local shopping provision in both urban and rural areas. This theme is included within SPP8 in the context of rural shopping provision and in support of social justice\(^ {56}\).

3.135 The references in PPS6 focus primarily on the geographical spread of shopping facilities. Notwithstanding this regard is frequently had, within applications and appeals within Scotland to the type or format of shopping provision within geographical areas. This reflects an assumption that, within retailing, there are clear sub-sectors whether or not these are recognised in land use planning terms. This approach can be argued to reflect the approach adopted by the Competition Commission in identifying clear retail sub-sectors in the grocery market\(^ {57}\). Other approaches to identifying sub-sectors within broad retail categories can reflect the categorisations adopted by organisations such as, for example, Goad (in their centre reports) or Mintel (in Retail Rankings).

3.136 There are difficulties with this approach. The first being that, assuming there is no external physical development involved (and no relevant conditions/legal restrictions), operators and retailers can change without the need for planning permission. This could be used to argue against the basic retail divisions of convenience, general and bulky comparison since, unless the retail unit is conditioned/has a legal agreement restricting goods sold, then units can change between these broad sectors without planning permission\(^ {58}\). A second difficulty is that the approach can be taken to the extreme which is that, since all operators have a unique retail offer the absence of a particular retailer from a market represents a qualitative market deficiency that needs to be addressed\(^ {59}\).

\(^{54}\) ibid England, 1999

\(^{55}\) ibid PPS6 paras 2.35-2.38

\(^{56}\) ibid SPP8 paras 12 and 33

\(^{57}\) ibid Competition Commission, 2007, paras 12 and 93.

\(^{58}\) Subject to the provisions of the Town & Country Planning (Use Classes) (Scotland) Order

\(^{59}\) There has been at least one instance in Scotland where this argument has been put forward at appeal.
3.137 In 1997 the English Historic Towns Forum\textsuperscript{60} gave guidance as to what it considered to be addressed in assessing qualitative need by posing the following questions:

- Are the current facilities outdated?
- Are better facilities offered by competing centres?
- Is there a leakage of trade from the catchment area?
- Are the existing facilities cramped and overcrowded?
- Are there gaps in the types of stores?
- To what extent is there an unserved catchment population?

3.138 Other qualitative factors that have been proposed in support of applications have related to the size and format of units. For example, a common proposition is that a lack of modern retail warehouse units (whether for bulky goods or general comparison goods) can represent a qualitative deficiency.

3.139 The general conclusions from this review are that:

- Qualitative deficiency is expressly identified in both national and development plan policy as a factor to be taken into account in identifying the potential for additional retail floorspace.
- There are no standard techniques that have been developed for the identification of qualitative deficiencies.
- Qualitative deficiency will relate to a range of issues including:
  - The distribution of and accessibility by different communities to retail provision.
  - The presence of different types of retail operation.
  - The physical quality of the provision present and the quality of this in comparison to other centres.
  - Whether the shopping experience in centres is undermined by factors such as crowded stores and other indicators of over-trading.
  - The reasons identified as to why shoppers travel to competing retail locations.

\textsuperscript{60} English Historic Towns Forum, 1997, Report No. 40: Retail Guidance
Recommendation CRT1: Appraisal of Qualitative Deficiency

The identification of qualitative deficiencies should be based on an appraisal of factors such as:

- The distribution of and accessibility by different communities to retail provision.
- The presence of different categories of retail operation.
- The physical quality of the provision present and the quality of this in comparison to other centres.
- Whether the shopping experience in centres is undermined by factors such as crowded stores and other indicators of over-trading.
- The reasons identified as to why shoppers travel to competing retail locations.

*Market Assessments*

3.140 Retailing is a rapidly evolving industry. Retailer requirements for floorspace are rapidly changing as they continually seek to identify product lines/offer, formats, and locations that will satisfy consumers. Although the expenditure potential for different retail locations will be a key factor in influencing market demand for retail floorspace there will be a range of additional factors that will influence the location and size of retail unit that is preferred by retailers. These factors include:

- The extent of competition within a market.
- The presence of complementary retailers in a market/centre/retail location.
- Specific socio-economic profile of target customer base.
- Broader business strategies for the ongoing development of the corporate retail business.
- Local corporate issues including factors such as distribution networks and costs of opening and operating individual stores.
- Response to and anticipation of wider consumer trends.
- Response to development/space opportunities.

3.141 When these factors are considered it is evident that information on a general assessment of market potential as identified through an assessment of retail capacity or similar may provide quite misleading information about the reality of space being developed for new retail. In areas where there is an apparent lack of demand based on available expenditure demand could be high due to the above factors. Conversely in areas of apparently high available expenditure market demand could be low.
3.142 Understanding how retailer requirements are changing and how they will relate to the opportunities provided by different centres will require detailed and expert knowledge. Although certain databases are available which indicate potential occupier requirements such as FOCUS61 expert knowledge is required to establish how accurate this information is and what the precise types of space would be that would satisfy potential occupiers.

3.143 As a result of the above it is considered that any analysis that seeks to understand broader issues affecting current and future retail provision in centres or an area should be supported by market assessments undertaken by specialist retail surveyors. This type of analysis should include:

- Current demand for retail space by: type of retail operator/occupier; type and scale of space required; and locational requirements (e.g. town centre, out of centre, relationship to principal roads, requirements for parking).
- Strengths and weaknesses of centres in property terms.
- How the attractiveness of centres has changed over time.
- The comparative attractiveness of different locations within a centre.
- Where specific sites are identified by planning authorities for retail development the likely attractiveness of these sites to retailers.
- The role of demand from local retailers (i.e. not national or regional multiples) again reflecting the type of location and space required.
- The suitability of existing space on the market for potential occupiers.

3.144 This analysis will include reference to market indicators such as market rents and yields. These are considered further in chapter 4.

**Recommendation CRT2: Market Assessments**

Market assessments should be undertaken by those with specialist knowledge of the retail property market to establish the potential demand for retail floorspace within centres/study areas. This will include consideration of issues such as:

- Current and future demand for retail space by type and location.
- The strengths and weakness of centres and comparative attractiveness of different centres.
- The attractiveness to retailers of existing space in centres.
- The role of demand from both local independent and multiple retailers.

61 FOCUS Information Limited
Development Potential

3.145 If potential demand for retail space is identified from the use of retail capacity, other strategic retail planning techniques and confirmed by market appraisals it will be important to establish whether there is the physical capacity to accommodate development. Planning policy generally favours retail development to be located in town centres. For development to be secured in centres, however, it is important that potential sites or space are in the right locations for retailers. This will require an examination of a range of issues including:

- Are the sites attractive to potential retailers, do they have sufficient profile to attract custom?
- Are the sites large enough? Is their sufficient space for servicing, storage and parking as well as for planning requirements such as landscaping and impact on adjacent occupiers? How important is parking at the site for retail development?
- Can land be assembled and delivered? This will be especially important in town centres where land may be in multiple ownership. Is the local authority able or prepared to assist in the assembly of land e.g. through the contribution of land in its ownership or through the use of CPO powers? In what time frame can the development opportunity be delivered realistically?
- Do the rents and yields that could be achieved in the centre/for the site make the development viable?

3.146 In many cases enquiries from developers or retailers may confirm that there are sites capable of development or redevelopment but in others planners may require input from specialists with a detailed understanding of the development industry.

3.147 This analysis is closely linked to market assessments and it may be possible to combine both this and the market assessment in a single study. It also may relate to the development of a town centre strategy or similar (see chapter 5).
Recommendation CRT3: Appraisal of Physical Capacity

It is recommended that consideration should be given to assessing the physical capacity of centres and other proposed locations to accommodate retail space. This will require specialist expert advice. This should address the following types of issues:

- The attractiveness of sites/locations to retailers.
- The capacity of sites to accommodate different types of development.
- Land assembly and deliverability.
- The viability of development.

Conclusion

3.148 A range of retail planning techniques are available for supporting an analysis of the overall retail provisions for an area. These techniques include:

- Retail Capacity Assessment
- Strategic Retail Planning Techniques
- Assessment of Qualitative Deficiencies of retail provision
- Market Assessments
- Assessment of Development Potential
- Town Centre Health Checks (chapter 4)

3.149 There are significant reservations concerning the application of the conventional approach to RCA for understanding quantitative retail deficiencies and it is recommended that broader strategic techniques are used in place of RCA. If RCA is used this should be subject to rigorous sensitivity testing to establish the reliability or otherwise of the assessment. In all cases quantitative retail planning techniques based on an analysis of available expenditure and turnover should be complemented with other techniques which address market, development, qualitative and other quantitative factors relevant to town centre and retail planning.
4 CHAPTER FOUR: TOWN CENTRE HEALTH CHECKS

Overview

4.1 This chapter addresses the role of town centre health checks and the collection of information on vitality and viability indicators. In this report town centre health checks (TCHC) are treated as the process by which information is collected on a systematic basis for a range of indicators of town centre vitality and viability (V&V indicators). Given the range of potential indicators this chapter addresses a wide range of issues as follows:

- **Study Findings.** This part summarises a number of the principal findings from the research undertaken for the study drawing upon the results of the literature research, the surveys of practitioners and also comments and views of practitioners generated through the discussion groups.

- **Context.** This provides a short outline of the background to the use of TCHC/V&V Indicators and sets out key definitions for the terms used in this report.

- **Role of TCHC and V&V Indicators.** TCHC and V&V Indicators have a wide range of potential uses including statutory planning functions (development planning and development management) and also in the formulation and implementation of town centre strategic formulation and implementation. This section identifies the range of potential uses and, in so doing, emphasises the importance of TCHC/V&V as a key planning technique. Reflecting these roles the section also identifies the key requirements for V&V indicators to ensure that they are relevant and useful for planning and related activities.

- **Experience with TCHC/V&V.** Notwithstanding the potential value of TCHC/V&V experience in Scotland is limited. What experience there is, and key lessons learned from this, are addressed in this part of the chapter.

- **The TCHC Process.** Before considering specific indicators on vitality and viability this section identifies the importance of adopting a systematic approach to collecting data on indicators. This therefore addresses: the role of benchmarking indicator information; resources available for the collection of data; frequency of TCHC reviews; the interpretation of the data collected; and key stages in the TCHC process.

- **Role of Single Indicators.** In certain areas commentators and authorities have sought to reduce information on a wide range of V&V indicators to a single value. The value of adopting this approach is reviewed.

- **Review of Potential V&V Indicators.** This section provides a detailed review of 13 sets of V&V indicators ranging from data on commercial indicators such as rents and yields to wider concepts of environmental quality and information from consumer surveys. For each of these sets of
indicators information and recommendations on the following are provided: a description of the indicator; the advantages/disadvantages and issues associated with the indicator; applicability of the indicator to types of centre and different planning functions. This section also includes examples of case studies.

Study Findings

4.2 The following sets out a short summary of the principal findings of the research in relation to town centre health checks and vitality and viability indicators.

Literature Review

4.3 Town Centre Health Checks and Vitality and Viability indicators were initially considered in the UK in the mid 1980s. However, most interest in indicators has developed from the mid-1990s following the publication of “Vital and Viable Town Centres: Meeting the Challenge” by the Dept of the Environment. This document provides a useful definition of both vitality and viability as follows:

- Vitality refers to how busy a centre is at different times and in different parts.
- Viability refers to the capacity of a centre to attract continuing investment not only to maintain the fabric but also to allow for improvement and adapt to changing needs.

4.4 At a national policy level there is generally a close fit between the scope of V&V indicators in each of the UK countries and also with Ireland.

Requirements for Indicators

4.5 There is considerable discussion in the literature regarding the requirements for successful performance indicators including that they should be: simple; clear; consistent; cost-effective; relevant in terms of implications for policy; and provide the basis for comparison.

Practice

4.6 Despite the consistency in national policy requirements there is considerable variation in the range of V&V indicators for which data is collected and the frequency of this collection. In general there are few examples of town centre health checks which are implemented comprehensively and regularly. Notable exceptions are the health checks that have been implemented in London for all city, town and district centres across a wide range of indicators over the past 15 years.

4.7 A number of key factors have been identified for the reasons for the lack of consistent and comprehensive application of health checks. These include: the high cost for the collection of data; a lack of understanding of certain indicators; limited understanding about how to interpret the findings of health
checks for different indicators; and that, for small town centres, many indicators are not relevant.

**Scope of V&V Indicators**

4.8 The principal V&V indicators identified in the literature are: pedestrian flow; yield; rents; retailer demand; retailer representation; space in use/diversity of use; vacancies; accessibility; environmental quality; and crime and safety. Over 25 other sets of vitality and viability indicators have also been identified.

**Core/Key Indicators and Single Indicators**

4.9 In response to the lack of resources and implementation it is suggested by a number of commentators that greater use should be made of core or key indicators to allow planning authorities to focus resources and thereby to improve the collection of V&V information.

4.10 There is also support from a number of commentators for the use of single indicators to summarise the overall vitality and viability indicators for centres.

**Criticisms and Issues**

4.11 A large number of criticisms and issues have been identified relating to the overall TCHC process and individual indicators. These include:

- The presence of unclear and contradictory indicators.
- The need for a nationally consistent system for retail data collection.
- Measures of a number of indicators are subjective.
- There is a role for national data sources.
- The need to be able to benchmark data (i.e. between centres and over time).

**Surveys of Practitioners in Scotland**

4.12 Findings from the surveys and discussion groups/seminars with practitioners in Scotland included the following:

- Experience in planning authorities with TCHC/V&V information in Scotland was limited. It was considered that this reflects that the value of TCHC by local authorities was not fully realised and, as a result, TCHCs were not considered a priority for resources. There were, however, a small number of exceptions to this. Lack of resources is identified to be the key problem for undertaking TCHCs regularly, as a result where TCHC/V&V information is collected it is often as an “add-on” to other activities.

- Practitioners identified considerable merit in collecting TCHC information. Roles for TCHC included: for evaluating the success of investment in centres; in development planning; in the preparation of town centre
strategies and action plans and monitoring progress; for assessing the significance of retail and leisure development impacts; and as a requirement for securing external funding and investment.

- It was noted that different indicators have different roles for the above functions. Some indicators are more useful for statutory planning functions and other more useful for strategy formulation or town centre management.

- Guidance on TCHC/V&V indicators should encourage data collection and increasing the priority attached to TCHCs.

- Lack of consistency in data collection was identified to be a key problem. Data consistency is important for benchmarking centres and for identifying changes over time.

- None of the V&V indicators identified in government policy or advice was identified to be superfluous but certain indicators are less relevant to smaller centres.

- Comments on key V&V indicators included the following:
  
  o **Pedestrian flow.** This was identified to be an important indicator and in two authorities in Scotland automatic pedestrian counters are being installed.
  
  o **Vacancy rates.** These are considered an important indicator which can easily be collected but care is needed to ensure a consistent basis for data collection.
  
  o **Rental values.** Planning officers generally considered that this was difficult to obtain and advice is required for the interpretation of the data.
  
  o **Space in use for different town centre functions.** This is frequently collected. The primary emphasis is on retail use but other town centre uses are important including leisure, civic, tourism, offices, residential etc.
  
  o **Physical structure of a centre.** There is uncertainty as to what this indicator covers.
  
  o **Yields.** These were identified to be problematic by many participants and considered to be unimportant by many planners. In contrast those involved in management and strategy formulation/investment identified yields as important.
  
  o **Surveys of consumers.** These were identified as important but costly to implement. As a result they are not carried out on a regular basis.
  
  o **Crime information.** As with yields there are mixed views with some identifying this as unimportant and others as important.
Accessibility to/within a centre. This was identified to be important.

Environmental quality. This was identified as becoming increasingly important.

Retail turnover. This was noted to be difficult to obtain but some considered that this is an important indicator of viability.

Tourism. This was noted as important for larger centres and for certain smaller town centres.

**Context**

**Historical Development of TCHC Techniques**

4.13 The concept of Vitality and Viability dates from the mid 1980s with the initial draft planning policy statements for retailing in both England and Scotland. The concept is linked to the notion that town centres are more than simply “shopping centres” for example: “town centres are clearly much more than this. Whilst retailing has several roles to play within town centres the vitality and viability of town centres depends upon the image or impression created by the totality of their function and physical characteristics.” Similarly the revised PPG6 in 1996 stated “Good retailing contributes to the vitality and viability of town centres. But vitality and viability depend on more than retailing; they stem from the range and quality of activities in town centres, and their accessibility to people living and working in the area.” The first of these quotes is taken from research undertaken on behalf of the Dept of Environment in the early 1990s and published in 1994. This work, entitled, “Vital and Viable Town Centres: Meeting the Challenge” provided the initial detailed focus on this issue within the UK.

**Definitions**

4.14 In this research **Town Centre Health Checks** are considered to be the process of collecting information on a range of individual **vitality and viability indicators for town centres**. The process can, of course, be applied to other types of commercial centre although the full range of indicators will be unlikely to apply to all types of centre. In terms of **vitality and viability** the following concepts are recognised:

**Vitality**

4.15 SPP8 defines vitality as “a measure of how lively or busy a town centre is.” It therefore refers to how busy a centre is at different times and in different

---

62 Dept of Environment, 1994, Vital and Viable Town Centres: Meeting the Challenge p10  
63 Dept of Environment, 1996, Planning Policy Guidance 6 Town Centres  
64 SPP8 para 35
parts. Vitality can contribute to viability (for example increased footfall can support increased turnover and rents).

**Viability**

4.16 SPP8 defines viability as “a measure of its capacity to attract ongoing investment, for maintenance, improvement and adaption to changing needs”. This is essentially the same as that set out in the DOE Vital and Viable Town centres report. In practice viability typically refers to commercial indicators relating to the ability of centres to support investment. This therefore includes such factors as turnover, rent and yields.

4.17 The definition of TCHC’s adopted for the purposes of the survey work undertaken for this research was “the systematic collection of information on the vitality and viability of town centres allowing a comparative analysis between centres and over time.” Based on feedback from the survey work and discussion groups, combined with practical experience, it is evident that the value from the Health Check process is largely derived from the data collection being systematic (and therefore consistent) over time to enable comparison of a town centre’s performance over time and its relative performance with other centres.

**Recommendation TCHC1: Definition of Town Centre Health Checks**

Town Centre Health Checks are taken to mean the systematic collection of information on the vitality and viability of town centres allowing a comparative analysis between centres and over time.

4.18 The review undertaken for this research has identified a range of different approaches and methodologies for both individual indicators and TCHCs. The scope of indicators used in a selection of approaches is summarised in Table 4.1 which compares these with the recommendations contained in both PPS6 and SPP8.

4.19 Table 4.1 indicates that there are slight differences in the range of indicators identified between SPP8 and PPS6. There are also slight differences in the indicators identified in the equivalent planning policy for both Wales and Northern Ireland. There is a general similarity in the range of issues identified as vitality and viability indicators and this general similarity of approach is also identifiable in the equivalent Irish Retail Planning 65

---

65 ibid DOE, 1994 page 55  
66 SPP8 para 35  
67 ibid DOE, 1994 page 55  
68 Welsh Office Technical Advice Note 4 Retailing and Town Centres (1996) and Welsh Assembly Government (2002) Planning Policy Wales – this includes reference to turnover of centres not identified in either SPP8 or PPS6  
69 Dept for Regional Development (Northern Ireland), Draft Planning Policy Statement 5: Retailing, Town Centres and Commercial Leisure Developments, for example, does not explicitly identify space in use in centres as an indicator
Guidelines70. None of the lists of indicators are considered to be definitive and, for example, Box 4 in SPP8 expressly identifies the list of indicators as examples.
Table 4.1: Main Indicators included in different TCHC Approaches

<table>
<thead>
<tr>
<th>Indicator</th>
<th>URBED&lt;sup&gt;71&lt;/sup&gt;</th>
<th>London Authorities&lt;sup&gt;72&lt;/sup&gt;</th>
<th>HBAS&lt;sup&gt;73&lt;/sup&gt;</th>
<th>ATCM&lt;sup&gt;74&lt;/sup&gt;</th>
<th>PPS6</th>
<th>SPP8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pedestrian flow</td>
<td>Yes*</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Prime rental values</td>
<td>Yes</td>
<td></td>
<td>Yes*</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Space in use and changes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Edge of Centre (EOC) and Out of Centre (OOC) space in use</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retailer representation and intentions</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Commercial yield</td>
<td>Yes*</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vacancy rates</td>
<td>Yes</td>
<td></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Physical structure of centre</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Accessibility</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Consumer surveys</td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Crime/safety</td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Capacity for growth or change</td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental quality/amenity</td>
<td>Yes</td>
<td></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Turnover in relation to floorspace</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attractions/diversity of use</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action Plans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Demographics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Tourism/attractions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Evening economy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Town Centre Management/initiative</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* identified as a key indicator

---

<sup>71</sup> ibid Dept of Environment, 1994
<sup>72</sup> These are V&V indicators collected by London Boroughs and co-ordinated by the Mayor of London’s office – a wide range of indicators is included of which only a short summary of key indicators is identified here.
<sup>73</sup> Historic Burghs Association of Scotland – 1996-1998 publications including “Small Towns Survey” and “The Seven Burghs Survey”.
<sup>74</sup> Association of Town Centre Managers – 1999-2007 publications including “A Guide to Good Practice” (1999), “Gathering and Using Key Performance Indicators” (2004) and on going development and refinement of indicators undertaken by ATCM
The Role of TCHCs and V&V Indicators

4.20 SPP8 stresses the significance of monitoring the performance of town centres. It states that "monitoring is essential to the effective planning and management of town centres. Regular review of the network of centres, development activity and a town centre’s performance are all parts of this monitoring process. Keeping stakeholders informed of the results of monitoring and review exercises will enable a more proactive approach to development." It goes on to state that "a health check is the appropriate monitoring tool to measure the strengths and weaknesses of a town centre and to analyse the factors which contribute to its vitality and viability…… A range of key performance indicators can be used to provide an effective insight into the performance of a centre and so offer a framework for assessing vitality and viability to assist decision makers in identifying new opportunities for improvement."  

4.21 The main purposes of collecting V&V data through the TCHC process generally relate to the following key functions:

- To support the preparation and implementation of development plan policies and proposals for town centres.

- To inform proactive planning and investment strategies for Town Centres (as discussed in chapter 5 of this report) acting as a baseline for investment decisions and priorities over time.

- For development management purposes for the assessment of retail proposals (as discussed in chapter 6 of this report).

4.22 As will be seen in the latter part of this chapter, the relevance and importance of different V&V indicators, and the way in which data is collected, collated and analysed in the TCHC process, will vary according to the overall purpose. In particular there will be differences between the approaches adopted by planning authorities (or those submitting RIAs) in fulfilling statutory planning functions (i.e. development management and development planning) and those actively seeking to manage or improve town centres as a whole.

4.23 A two tiered approach, with higher priority attached to a more limited range of indicators rather than the full range of potential V&V indicators may also be considered. This reflects concerns about resources and interpretation of data raised in questionnaire responses and discussion groups in this research. This also links into the concept of collecting information on a more limited set of indicators for development planning purposes compared to proactive strategy work for town centres. Formal recommendations relating to which indicators should be treated as “core” indicators (i.e. for which data should be collected as a priority) are not made in this report but the relative importance of different indicators for different uses is identified in the latter

75 SPP8 para 34
76 ibid SPP8 para 35
part of this chapter. The recommendations contained in this report aim to encourage the adoption of a more consistent approach to TCHC and V&V indicators.

4.24 Despite the relatively mixed experience of TCHC work in practice, the questionnaires and discussion groups used to inform this study provided strong consensus on the key aims for carrying out TCHC’s. These can be summarised as follows:

- To provide an understanding of how town centres are performing and inform their future direction in an increasingly competitive environment. Linked to this is the ability to provide a baseline for assessing the significance of impacts on town centres arising from commercial retail and leisure developments.

- To inform Development Plan formulation, Town Centre Strategies and Action Plans.

- To assist in prioritising/justifying investment and resourcing decisions for town centres (e.g. capital projects, town centre improvements).

- To monitor and evaluate the impact/benefit of investment decisions made.

- To provide information for prospective investors/marketing.

- To provide an evidence base of information on actual usage of the town centre by customers to inform strategy/policy, rather than imposing a policy led solution.

- To provide a baseline for assessing the significance of impacts on town centres arising from commercial retail and leisure developments.

- As a requirement for securing external funding and to demonstrate the impacts of investments made.

- To identify trends over time and establish whether conditions are improving, static or declining.

- As a tool for identifying the agenda for improvement to a centre.

- As a basis for informing investment decisions (both for the public and private sectors).
Recommendation TCHC2: Increasing the Profile for TCHCs

 Whilst the purpose and benefits of TCHC work appears to be widely accepted within local authorities, this is not necessarily being translated into Health Check monitoring in practice. Consideration therefore needs to be given to ways of increasing the profile and priority given to TCHC’s within local authorities and other key organisations involved in Town Centres. This particularly relates to issues of resourcing and consistency of/access to information sources.

Principles for the Development and Use of Indicators

4.25 Before considering the details of the process of TCHCs and individual V&V indicators it is worth noting general considerations and comments made about the role of indicators used for assessing the performance of town centres.

4.26 Indicators have been described\(^\text{77}\) as measures or sets of measures that describes complex social, economic or physical reality and a measure is one data point that acts as a gauge to inform the achievement of policies and/or proposals. Indicators provide a tool for analysis and decision-making. There is, though, a danger that performance will get skewed towards what is being measured. Likierman\(^\text{78}\) sets out a range of “lessons” in the use of performance indicators. These are useful to note in the context of developing V&V indicators and include the following:

- **Concept**: ensure that all elements are included within the measurement and provide safeguards for “soft” measures to ensure they are not omitted.

- **Preparation**: importance of ownership with stakeholders; the need to look beyond the short term; and to establish realistic levels of attainment before targets are set.

- **Implementation**: recognise that indicators need time to develop and may need revision; ensure they are understandable; and consider the role and value of proxy measures.

- **Use**: data underpinning measures must be reliable; results are guides not answers; trade-offs and interactions between measures should be recognised; and results must be user friendly.

---

77 Kotval Z, 2001, “Measuring the effectiveness of downtown revitalisation strategies”
Building on these types of principles a range of criteria can be considered in identifying performance indicators. Indicators should be:

- Relevant and have implications for policy.
- Valid, objective and defensible.
- Simple and clear.
- Able to contribute to the understanding of broader issues.
- Able to reflect trends.
- Consistent and reliable.
- Cost effective.
- Comparable.

From a review of the above it is concluded that, in undertaking TCHC’s, V&V indicators should meet the following requirements:

- **Consistent**: both in overall methodological approach and in the assumptions for individual indicators to enable meaningful comparison over time and ideally also between centres.

- **Capable of being updated and compared over time**: the frequency of this will depend on the specific indicator and available resources.

- **Relevant to the specific issues and concerns for a town centre**: this will enable the TCHC process to be tailored to individual circumstances and relevant to the organisations involved in directing the future of the town.

- **Transparent**: to enable clear discussion of findings and assumptions within and between organisations, also consistent monitoring following any changes in personnel.

- **Time and cost effective**: to increase the likelihood of ongoing monitoring and to enable resources to be directed towards translating the findings into action where appropriate.

- **Robust and defensible**: particularly for more subjective indicators relating to environmental, physical and accessibility issues, to ensure that the results are not unduly based on the views and interpretation of one individual.

---

79 After: Kotval *ibid* 2001; and Hollander 2002
Recommendation TCHC3: V&V Indicator Requirements

Priority should be given to the use of Vitality and Viability Indicators which are:

- Consistent
- Capable of being updated and compared over time
- Relevant to the specific issues and concerns for a town centre
- Transparent
- Time and cost effective
- Robust and defensible

Experience with TCHCs and V&V Indicators

4.29 In Scotland there is comparatively limited application of TCHCs and collection of data on V&Vs. The CBRE Review of NPPG8 commented that “it was noted from the study that there is a low level of activity in relation to town centre strategies and vitality and viability studies”. The position in England and Wales appears to be similar. In 2000 despite there being strong support for the use of TCHCs in principle, Cox et al reported that, in England and Wales “most authorities do not monitor the whole set of PPG6 health check indicators on a regular basis”. The usual reason claimed for this is the lack of resources available for undertaking this work.

4.30 The feedback from the questionnaires and discussion groups as part of this research demonstrated that there is little consistency of approach and frequency of TCHC work being carried out within and between organisations. In summary, the key findings in relation to the use of TCHC’s in local authorities were as follows:

- The majority of planning authorities surveyed in the research identified that the TCHC process was led by or was the responsibility of one individual officer in the planning department (or equivalent) frequently with some input from other departments including Economic Development, Town Centre Management (if in place) and occasionally from Transport. Several authorities use external consultants to undertake the TCHC either for all or part of the work.

---

80 ibid Scottish Executive, 2004 p116
81 Cox J., Thurstain-Goodwin M., & Tomalin C, 2000, Town centre vitality and viability: a review of the health check methodology. Centre for Advanced Spatial Analysis, University College London
• Experience in planning authorities for the collection of V&V indicator information and TCHCs was limited. Apart from information on space in use type indicators other information was normally only collected by planning departments as part of one-off retail studies, which provided an ad hoc approach to data collection rather than an ongoing, consistent review of V&V information. This appeared to reflect that the value of TCHCs by local authorities was not fully realised and consequent upon this, TCHCs were not considered a priority for resources.

• The most frequently collected indicators were vacancy rates, pedestrian flow, space for different forms of use, retailer representation and crime information. These were the indicators considered easiest and cheapest to collect and generally viewed as being of most interest to local organisations and politicians.

• The most commonly cited reasons for not carrying out TCHC work or only doing this on a very limited basis were lack of resources, lack of skills/expertise, lack of awareness and exchange of information within and between organisations and lack of priority placed on TCHC work at a senior management and local political level.

• There were exceptions, however, and examples existed of local authorities and partner organisations collecting a range of indicators for their main town or city centre, generally driven by increased political interest in the centre.

4.31 The more successful examples of TCHC work tended to adopt a model whereby information gathered by the local authority (by planning and other departments) was supplemented by information from partner organisations (e.g. TCM or work with major investors/the private sector) to provide additional resources and a wider set of indicators than might otherwise be gathered.

4.32 The review undertaken both by Cox et al in 2000 and the current research has identified a number of key difficulties for planning authorities in relation to TCHC/V&V indicators, including:

• The number and range of health check indicators is too great for some local authorities to manage, especially where there is no history of systematic data collection and where resources are stretched.

• The usefulness of indicators varies by size of town. Not all of the V&V indicators are relevant or easy to interpret in market towns and other small centres.

• As policy guidance has not generally prioritised indicators, efforts are frequently targeted at the most easily collectable data, not necessarily the most useful because resources are constrained.

• Health check resourcing is not addressed in government policy or guidance but is a significant (and perhaps the key) practical issue for most local authorities.
• Access to information by stakeholders in town centres is unequal. Resource constraints in the public sector, at a time of significant investment in information resources in the private sector, means that the gap between planners and investors in terms of their access to information and expertise is now very wide.\textsuperscript{82}

They also identify that data management practice is far from consistent. Specific issues regarding the data are:

• Indicators are not always defined consistently or explicitly, which makes comparisons over time and between places difficult. Problems of definition apply both to measurement units and spatial areas, which are highly variable in the health checks reviewed.

• Definitional issues are compounded when different indicators are used together to create descriptive statistics. The most usual being vacancy rates which are often compared between places but may relate to very different definitions of the ‘town centre’.

• There is a lack of good quality time-series data, collected at regular and equal intervals. Poor documentation of data collection methods has hampered efforts in some cases, as has the absence of IT skills and protocols. Changes in the PPG6 ‘list’ have the potential to compound this problem in England.

• There is no common practice for the selection of towns and data for comparison. As with the indicators themselves, the selection of comparative data may be driven by availability rather than usefulness in some instances.\textsuperscript{83}

The feedback on experience of TCHC work in Scotland reinforced the need for the PAN to set out more specific advice on the methodology for and application of V&V indicators. In addition, examples of best practice together with encouraging a more consistent approach to data collection and increasing the priority attached to TCHC work within organisations (hence increasing resources) were identified to be important. It was however, highlighted by participants that the approach should not be prescriptive and that it remained important for local authorities to be able to tailor the approach to meet their own individual circumstances, linked to the specific issues and priorities for the town/area, resources and the availability of data (particularly highlighted as a problem for smaller towns).

\textsuperscript{82} ibid Cox et al, 2000, p55-56
\textsuperscript{83} ibid Cox et al, 2000, p56-57
Recommendation TCHC4: Scope of PAN

1. Advice for best practice for TCHCs should be prepared, together with advice on information sources and the approach to assessing individual indicators set out in SPP8.

2. This advice should not be prescriptive as the approach will need to be adapted to meet individual circumstances in terms of local priorities/issues, resources and the availability of information for a specific town.

Role of Single Indicators

4.35 In a limited number of situations both planning authorities (for example Aberdeenshire) and commentators (e.g. England\textsuperscript{84}) have placed weight on the role of single indicators for identifying the vitality and viability of centres as a whole. The basic advantage of this approach is that it provides a simple single score for the overall health of a centre which can easily be compared to other centres or over time.

4.36 To provide a single indicator a number of factors need to be addressed:

- The mechanism used to allow the comparison of different indicators which are measured using different units (e.g. pedestrian flow measured in pedestrians per hour, compared to rents measured as £psf).
- The weight attached to individual indicators.
- The method of providing the overall score: how to draw the individual indices together.

4.37 The first problem raises the issue of treating qualitative measures. A typical approach to deal with this is the use of simple point scales\textsuperscript{85} (there is some variation between the use of 3 point and 5 point scales but the approach is in essence the same). It also raises the issue of how to compare measures which are based on different scales. There are a range of different mathematical approaches that can achieve this but these tend to reduce the information provided in the measures and provide dimensionless indicators that are difficult to interpret\textsuperscript{86}.

\textsuperscript{84} ibid England, 1999
\textsuperscript{85} For example as seen in England 1999, London Planning Advisory Committee 1996 and the Dept of Environment 1994 – the latter two use simple scales for the measurement of individual V&V indicators not for an overall index of V&V for a centre
\textsuperscript{86} For further details see Rendel Planning et al, 1992, "Environmental Appraisal a Review of Monetary Evaluation and Other Techniques", TRRL Contractor Report 290
4.38 The principal difficulty in the provision of single indicators is that it substantially reduces the amount of information available to the policy/decision-maker. As Cox et al\textsuperscript{87} point out, the reduction of measures into single indices tends to result in the loss of meaning in relation to town centre health. They argue that vitality in particular is a nebulous concept that requires “joined up” consideration and evaluation and “measuring indicators (especially qualitative ones) is no substitute for quality evaluation and this is one area in which current practice is sometimes weak”. It is considered that this is a serious issue which largely invalidates the use of single indicators. In addition, single indicators significantly reduce transparency and the ability to interpret specific issues relating to town centre performance.

4.39 The importance of this difficulty should not be underestimated. The following provide a couple of examples of issues that the use of single indicators produce:

- In terms of RIA assessing the significance of impact. An overall V&V indicator score may reflect poor investment in the urban realm and environment/traffic factors affecting a centre and may mask strength in commercial indicators or the reverse could equally well be true, for example in a centre with a very high quality conservation area present. Retail impacts may be identified which would affect the commercial viability of traders within a centre and have prospects for closure (including impacts on specific retail sub-sectors, such as groceries). The use of the single indicator will limit the extent to which an accurate understanding of the significance of retail impacts arising can be undertaken.

- A single indicator will provide little or no assistance in guiding the key priorities for investment through a town centre strategy. As will be considered in chapter 5 one of the key issues is to focus on particular areas within a centre which are in need of intervention and/or support.

4.40 Another key problem with the use of single indicators is that the use of weights between different indicators to provide the overall composite indicator is subjective. It should be recognised that the number of types of indicators used or the apparent “lack” of explicit weighting scores still introduces weighting in the single composite score. For example, if more indicators are identified for factors relating to, for example, retailer representation compared to pedestrian flows, then the former will have a correspondingly greater weight in the calculation of the single overall index of V&V. Related to this is a concern that, in TCHCs, there is an over-emphasis on retail measures compared to other uses within a town centre which make important contributions to both vitality and viability.

4.41 One interesting variation to this is the use of “benchmarked indexation” used by Ravenscroft\textsuperscript{88} when he analysed changes in vitality and viability indicators

\textsuperscript{87} ibid Cox et al, 2000
\textsuperscript{88} Ravenscroft N et al, 1997, measuring the Health of Reading’s Town centre, in CELTS Research Series 97/1
in different parts of Reading town centre. Ravenscroft identified a series of indicators for each location at different time periods and expressed each as a percentage of the maximum value recorded. The indicators that he considered using this method were yield, Zone A rents, pedestrian flow, numbers of comparison shops and occupancy levels. In this way if street X had a footfall of 10,000 pedestrians per hour but street Y only had 6,500 then X would have a value of 100% and Y 65%. Similarly if, at a later date the footfall at X was 8,900 then its score would decline to 89%. The same principle can be used for the full range of quantifiable measures. Ravenscroft also provided an average score across the range of measures for the different locations within the centre over time to analyse geographical changes within the centre and found, for example, that the prime pitch within the town strengthened over time in comparison to the remainder of the centre. This type of technique can, for example, be applied between centres as well as within them provided the base data measures are directly comparable.

4.42 Although the above approach can address the difficulty of being able to compare indicators that utilise different units of measurement the information provided is more difficult to understand for most users of the indicator information. It can, however, be a useful form of analysis for the interpretation of the results when exploring longer terms changes within a centre including local geographical changes (for example variations in the focus of retail activity within a centre over time).

**Recommendation TCHC5: Single Indices**

**Single indices of town centre vitality and viability should not be used.**

**Town Centre Health Check Process**

4.43 Notwithstanding the mixed position in relation to the implementation of TCHCs in Scotland and the range and quality of information collected for individual V&V indicators the wide range of potential uses for TCHC information is indicative of the benefits of the process for both statutory planning functions and for town centre monitoring, management and strategy formulation and implementation. This was strongly supported by those responding to the questionnaires and participating in the discussion groups. It is appropriate, therefore, prior to considering specific V&V indicators to consider general issues relating to the TCHC process. These issues relate to the overall management of the process rather than individual concerns that arise from specific indicators. The issues that will be addressed are as follows:

- Benchmarking.
- Frequency of implementing TCHCs.
• Resources for undertaking TCHCs.
• Interpretation of indicators.
• Geographical issues including application to different sized centres.
• Balancing qualitative and quantitative indicators.

**Benchmarking**

4.44 Without appropriate reference points information provided in isolation through TCHC on individual V&V indicators has limited value. To understand and interpret V&V data it is important that this can be benchmarked by reference to either the situation in other towns (especially those that share many of the same characteristics as the town centre under examination) and/or in the same centre at different dates. Both approaches provide an understanding of the relevant performance of the centre either at the present time compared to other centres or to see how the current centre is changing over time. In the surveys undertaken for this research benchmarking of centres was identified to be very important.

4.45 To support benchmarking it is important that data is collected, as far as is possible, in a consistent manner. Lack of consistency in data collection and in the approach to the assessment of individual indicators were considered the major barriers to undertaking benchmarking between towns, with very few organisations attempting to make these comparisons. The main concern was the lack of a “like for like” approach, which inevitably undermined the ability to make direct comparisons. The lack of consistency of approach to data collection and assessment within organisations was also identified as a limitation to effectively monitoring the performance of a centre over time, with this particularly being the case where TCHC data was collected as part of a one-off study linked to a specific brief. This issue reinforces the need for the PAN and the importance of providing practical guidance on the recommended approach to assessing indicators (where appropriate) with reference to potential information sources where appropriate.

4.46 As a result the discussion of individual V&V indicators in the later part of this chapter identifies preferred measures of indicators. The use of standard measures, although desirable, cannot always be achieved and, in certain situations may be inappropriate (for example certain measures will be less appropriate in small centres compared to large city centres). This will also be considered in the detailed description of the indicators below.

4.47 A second issue is the provision of a mechanism by which all users of the TCHC information are able to make comparisons with other centres. At the present time such comparisons can be made in a comparatively straightforward manner for only a limited number of V&V indicators for example commercial surveyors publish rental data for a wide range of town centres in Scotland allowing easy comparison between centres and the Valuation Office provides yield data for a number of retail locations in Scotland. These examples are limited. There is an opportunity for information on V&V data to be collected and collated centrally and for this to
be published providing the opportunity for any individual or organisation to compare information from different centres.

4.48 There are a number of additional matters that require to be addressed in detail before such a database could be established including:

- Recognition that, at the present time, the collection of V&V indicators by any organisation is not compulsory and, if undertaken systematically and comprehensively, requires significant resources.

- The method for co-ordinating, collecting and publishing the information could be, for example, central government, an educational/commercial organisation or provided through a group of authorities.

- The format of the published data. Probably the most useful format would be the development of a website which allows examination of data by different centre and, potentially, comparatively easy upload.

- The mechanism for the collection and publication of data. This could, for example, be the provision of annual survey forms which require to be distributed, completed, returned and then published (this approach would be comparable, for example, to the annual retail development survey) or, possibly, direct uploading of data onto a website by planning authorities.

- Access to and cost of access to the data.

- Funding the work for collecting/publishing the data.

4.49 There was strong support for the general principle of a database/website for TCHC/V&V data by respondents to the surveys and in the discussion groups undertaken for this research. This support was from both the public and private sectors. It is evident, however, that significant work is required to establish the most appropriate mechanism by which this could be delivered.

**Recommendation TCHC6: TCHC Database**

A database setting out TCHC/V&V information will support benchmarking of centres which will, in turn, significantly improve the usefulness of the information collected through this process. It is recommended that the practical feasibility of this database should be investigated.

**Frequency of Undertaking TCHCs**

4.50 No specific advice exists for the frequency with which TCHCs should be undertaken. Views of those responding to the current research suggested that the frequency should range from every 6 months to once every five years. There is little doubt that collecting data on V&V indicators only once
every five years will limit the extent to which the information can be used for either decision making in the context of development management/RIA or for the formulation of strategic and town centre management since retail activity and other town centre uses are likely to change rapidly. In the context of development planning undertaking TCHCs as part of the preparation and analysis underpinning the preparation of a new development plan can permit less frequent TCHCs.

4.51 The key factors that affect the frequency with which TCHCs should be undertaken include:

- Availability of resources.
- Purpose for which the TCHC/V&V information is to be used.
- Scope of V&V indicators being identified.

4.52 Availability of resources will be paramount:

- In the case of planning authorities which have limited resources those indicators that can be identified with limited effort (such as identifying space in use or rental data) could be collected on a regular basis (e.g. annually) whereas others that require more extensive resources (e.g. town centre shopper/household surveys) could be undertaken less frequently (typically once every 2-5 years).

- In support of town centre management/strategies the frequency with which data should be collected and the range of indicators will depend upon the scope of the management/strategy interventions. For example, actions which aim to increase the level of activity within key streets (e.g. new development promotion, signage and events) could require information on pedestrian flows and survey information on a more regular basis (e.g. annually or every two years). Consideration will also need to be given to the requirements of funding organisations seeking to identify returns on grant investment.

- For RIAs applicants and their consultants will largely be dependent upon information made available through planning authorities especially when seeking to identify trends over time for affected centres. There will be a role for additional information to be provided to supplement that available from the planning authority which is as up to date as possible.

Recommendation TCHC7: Frequency of Town Centre Health Checks

The frequency with which TCHCs should be undertaken will depend upon a range of factors notably: availability of resources; purpose for which the TCHC is being undertaken; and scope of V&V indicators being assessed. In general, TCHCs should not be undertaken less frequently than once every two to five years and preferably more frequently than this. It is recommended that easily collected V&V Indicators should be identified annually.
Resources for TCHCs

4.53 It has been noted that, although there was strong support for undertaking TCHCs reflecting the wide benefits of the information generated, level of practice in Scotland is generally limited. Respondents to the surveys undertaken for the research indicated that the primary reason for this was the lack of resources available for carrying out TCHCs on an ongoing basis and difficulties in securing appropriate resources in a consistent and sustainable way within organisations. Very often TCHC work was carried out as an “add on” to an existing role/function within local authorities, rather than being properly resourced as an important area of work. A concern has been expressed, therefore, that health checks can become too focused on those indicators which are cheapest and/or easiest to collect rather than potentially more useful (but expensive) indicators89.

4.54 Although SPP8 encourages the use of TCHCs there is still a need for additional advice to be provided encouraging planning authorities in particular to undertake TCHCs on a systematic basis. This encouragement should be provided through the PAN highlighting the ways in which TCHC information can be used as well as the approaches that should be adopted for gathering, analysis and presenting this information.

Recommendation TCHC8: Role of PAN for Promoting TCHCs

The Planning Advice Note should emphasise the importance of TCHCs and that resources should be made available for implementing these. The PAN should also identify principal sources of information for individual V&V Indicators, interpretation of the indicators and potential uses for the information gathered.

National Data Sources

4.55 Much of the data that can be used for individual indicators can be provided from national information sources. In 1995 the House of Commons Environment Committee90 recommended that such sources should be identified and more recent work by the DCLG has looked at and established a national database for space in use for English towns91. Comparable to this is the Scottish Annual Business Statistics 2004 which provides data on: number of businesses; employment; turnover; and gross value added for the retail sector. This information is published by the Scottish Government

---

89 ibid Cox et al, 2000
90 see Dept. of Environment, 1995, Response by Government to the Environment Committee’s fourth report: Shopping Centres and their future.
91 This is now established as the “State of the Cities Database” which provides floorspace information for Areas of Town Centre Activity (currently only 2002 is available) for use classes and for “bulk” retail and offices and also employment for civic, convenience retail, comparison retail, services, arts and culture, restaurants and commercial offices – see http://www.socd.communities.gov.uk/socd
nationally and for each local authority. The information has also been provided to the City of Edinburgh for city centre postcodes which allows the identification of this data for an area encompassing the city centre. This offers particular potential which will be of particular value to each of TCHC, RIA, RCA and SRP techniques. Although it would be preferable if this dataset could include floorspace data this is not considered to be a serious omission since, as will be shown later, a number of authorities use Regional Assessor data to identify this for town centre locations.

**Recommendation TCHC9: National Data Sources**

The potential for the Scottish Annual Business Statistics to be produced at the postcode sector level should be investigated to provide information on numbers of retail units, turnover, employment and “Gross Value Added” for town centres in Scotland.

**Sharing of Data**

4.56 There appears to be a general lack of sharing of information relevant to TCHC/V&V indicators between the public and private sectors and between public sector agencies/partners. This extends to different departments within the same organisation. For example, LA transport departments frequently hold extensive information on public and private transport accessibility and car parking provision within a centre but this is only rarely used by planning departments when undertaking TCHCs. This issue is compounded by the lack of a standard model/approach which makes it more difficult for authorities to share data and disseminate best practice.

4.57 As will be seen below, when individual V&V indicators are considered, a lot of information relevant to TCHCs is already collected by one organisation or another. Increased co-operation between the public and private sectors will facilitate making this information available. This will include town centre management/partnerships (where these are in place) and also with town centre shopping mall managers/owners for information relating to privately owned malls within town centres. In certain town centres where shopping malls are especially important (e.g. Clydebank and the new towns) the development of good working relationships with the owners of these centres will facilitate the collection of V&V data.

4.58 Cox et al\(^2\) suggest that the pooling of resources can encourage the development of innovative solutions for data collection and monitoring within limited financial resources. Relevant and best practice solutions should also be documented and shared. A register of completed health checks is also recommended to provide local authorities with town centre contacts, contents pages of health check reports, details on data coverage and definitions, analysis techniques and research forums etc.

\(^2\) ibid Cox et al, 2000
Core Indicators

4.59 The use of core indicators for TCHCs being monitored on a regular basis can be considered to be a practical response to the problem of lack of resources. Planning authorities in particular can focus on a limited number of indicators thereby getting better value for money from a limited budget.

4.60 The use of core indicators has a significant history in the implementation of TCHCs. Some debate has focussed on which (if any) V&V indicators should be considered as core or of key importance and, by implication, resources should be directed to collecting these in the first instance. This stems from the advice contained in the URBED report93 which identified both pedestrian flows and yield as the two “key” indicators. Tomalin94 argued that “core” health check indicators should be comparable between towns (to allow benchmarking). She suggested that these could include retail rental change, pedestrian flows or vacancy rates. Cox et al95 also sought to investigate the indicators being collected as a basis for suggesting a possible set of national “core” indicators and to identify how data is being collected, processed and analysed and to draw from this suggestions of good practice.

4.61 The principal difficulty with this approach is that, because different V&V indicators provide different types of information their usefulness will vary according to different groups/organisations. This was seen clearly in the surveys undertaken for this research where there was a clear view from those involved in statutory planning functions that, on the whole, commercial indicators such as commercial yield, and to a lesser degree rent, was less useful than other information such as pedestrian flow and space in use. In contrast those involved in town centre management and strategy implementation tended to consider these commercial indicators to be the most useful. Another example was that the original DOE research in 1994 identified that yield and pedestrian flow should be regarded as core indicators but, over time and as a result of a number of factors, the value of yield as a V&V indicator to planners has been steadily reduced to the extent that some question whether it should be included at all.

4.62 Nonetheless where resources are limited consideration needs to be given to selecting a limited range of indicators in preference to collecting limited information on all indicators. The principal driver for the selection of indicators must be to consider the purpose for which TCHC information is to be used (taking into account the relevance of the particular V&V indicator under consideration) balanced by the resources available. The sharing of data with other organisations as noted above should allow a wider range of data to be collected with organisations concentrating on those areas that they have a particular interest or concern.

93 ibid Dept of Environment, 1994
95 ibid Cox et al, 2000
As a result the review of individual indicators below will identify the relevance and usefulness of indicators for different purposes to encourage those with limited resources to focus on those indicators that would be most useful.

Other Resource Issues

The issue of lack of resources for effective TCHCs raised a number of additional related issues:

- The potential for utilising developer/operator resources through S75 agreements following the grant and implementation of planning permission for retail/leisure proposals for contributing towards TCHC monitoring.

- Resource difficulties were associated with individuals involved in TCHC work moving on to new work areas (or away from the authority altogether) resulting in a lack of consistency of approach and loss of in house skills.

- The need for a more joined up approach to data collection within and between organisations, to maximise the use of data already being collected and avoid duplication.

- The potential for opportunities for survey work to be carried out on the basis of a wider brief that would meet the requirements of several departments (rather than serving a limited purpose).

- Requirement for practical advice to be given to planning authorities in particular for sources of information on indicators.

A significant number of individuals saw the benefits of carrying out more extensive and consistent/ongoing TCHC work but did not have the internal support or resources to do this and were dissatisfied with the quality and extent of TCHC work currently being carried out by their organisation. Most people felt that there was still merit, however, in carrying out more limited and basic TCHC work/information on V&V indicators (e.g. vacancies, number of shop starts, number of shop failures) to fit the more limited resources available.

Often elements of TCHC work were outsourced by local authorities and the main cost items were associated with survey work (shopper and household survey work) and pedestrian flow counts. Both were however acknowledged as being very important in information TCHC work.
Recommendation TCHC10: Other TCHC Resource Issues

1. All organisations\textsuperscript{96} involved in supporting, investing in or managing town centres should be encouraged to share data held relating to TCHCs.

2. It is not appropriate in this research to identify a core set of V&V indicators which should be collected for all TCHCs. Notwithstanding this, given limited resources available for TCHCs, those implementing TCHCs should consider carefully, in liaison with other organisations involved in the TCHC process (referred to bullet 1. above), which indicators should be a priority for data collection for the town centre(s) under consideration taking into account the purpose for which the information is to be used.

3. Where resources are limited consideration should be given to collecting data on those indicators that are particularly relevant for the purpose for which the information is to be used.

4. Consideration should be given to the use of S75 agreements or similar associated with the grant of planning permission for town centre uses (i.e. retail, commercial leisure etc) to provide a source of funding for TCHCs or for the provision of TCHC data (e.g. post development survey information).

**Interpretation of Data**

4.67 The value of information contained in TCHCs is limited if there is no effective interpretation of what the indicators actually mean. Interpretation relates in part to benchmarking, which has already been considered, but also to a clear understanding of the data itself. This includes the reliability and variability of the information. Although brief descriptions are provided in SPP8 these were not generally considered to be helpful by survey respondents and the information provided in PAN59 was not considered to provide any real amplification of the issues. Another issue that was identified linked to this is at what level, for different indicators, should a centre be considered to be “healthy” reflecting the definitions of vitality and viability?

4.68 The survey work and discussion groups highlighted a number of indicators that participants had particular difficulty in interpreting. These were:

- **Commercial Yield**: transactional information on yields was generally considered difficult to obtain, particularly for the smaller town centres for which agents reports were not always available (providing a market

\textsuperscript{96} The precise list will vary in different centres but is likely to include: the council planning and transport departments, other council departments (including economic development and environmental health), the LEC, town centre management, local business/trader groups organisations, individual businesses, tourist board, and major landowners – especially of shopping malls and similar.
commentary on prime yields). Concerns were also expressed about the difficulties surrounding interpretation of yield information and trying to compare yields on a like for like basis. The use of yield information by local authority planning departments was particularly limited but it was more widely used by regeneration/estates teams and other partner organisations such as town centre managers.

- **Prime Rental Values**: planning officers in particular considered that rental information was difficult to obtain and interpret, especially for smaller centres and secondary parts of larger centres where the number of transactions is limited.

- **Physical Structure of a Centre**: there was some uncertainty over the specific issues that should most appropriately be considered in relation to this indicator, for example, should it relate to the physical layout and connectivity of a centre, provision of public space, links to car park, the quality of buildings etc?

Recommendation TCHC11: Data Interpretation

The PAN should provide guidance on the interpretation of individual V&V Indicators.

**Applicability to Different Types of Centre**

4.69 In smaller town centres information on V&V indicators tends to be limited. This is particularly important when considering commercial indicators such as rent and yield where transactional information is more limited. This indicates that the range of indicators that can be collected as part of a TCHC will vary according to the size of centre being considered.

4.70 Consideration also needs to be given to the definition of boundaries of centres. Where indicators identify uses for the whole of a centre (notably space in use or vacancies) there will be differences in the values of the indicators between centres which have boundaries drawn tightly around the retail core (for example in Renfrewshire Local Plan the town centre boundaries tend to be more focussed on the commercial core of centres compared to those in the Aberdeenshire Local Plan). This reflects that in areas on the margins of town centres, comprising secondary retail locations, there is a tendency for higher vacancy rates, greater diversity of use and poorer environmental quality. This makes comparison between centres which have a different basis for the definition of town centre boundaries comparatively difficult.

4.71 In the 1994 DOE report reference is made to the inclusion of both the central shopping core and secondary areas. Others have taken a different approach emphasising the importance of a consistent basis to be used.

---

97 ibid Dept of Environment, 1994
They recommend that the area within which the mix of town centre uses takes place is within reasonable walking distance of car parks and public transport should be used. In contrast reliance on Goad reports would result in a focus on the central shopping area of the town centre.

4.72 The identification of town centre boundaries in development plans will reflect a range of issues relevant to the formulation of policies and proposals and it is expected that different approaches will be adopted in different parts of the country. It is outwith the scope of this research to advise on a common basis for the identification of boundaries. It should be noted that, for certain indicators, the extent of the boundary will affect indicator measures and that this should be recognised when analysing V&V indicators and comparing these to other town centres99.

**Using Quantitative and Qualitative V&V Indicators**

4.73 It is readily apparent that indicators use different measurement scales. For a number of indicators qualitative information is required. Although point scales can assist (e.g. from “5=very good quality” to “1=very poor quality”) for providing a numerical basis for analysis there are concerns that this type of assessment is, in essence, subjective and that the score used will vary according to different individuals. This limits the consistency of the indicator under consideration. An alternative to this is to provide descriptive information but:

- If this is confined to a statement of facts about a location it becomes difficult to compare this with other centres or with the same centre at earlier or later dates.

- If it provides a judgement about the character of the indicator under consideration it will still, in essence remain a subjective assessment.

4.74 A second concern is that those indicators that cannot be quantified, in part because of difficulty of benchmarking, tend to be given less attention than those which are quantified.

**Stages in the Town Centre Health Check Process**

4.75 In general, the TCHC process can be broken down into the following key stages:

- **Scope of study and brief:** this is likely to include confirmation of which towns are to be covered, definition/boundary of area (e.g. town centre), which indicators are to be assessed and confirmation of information sources, availability/cost and frequency of data collection.

- **Data collection and recording:** this stage will involve primary and secondary data collection for the agreed set of indicators, together with assessment of any qualitative indicators being used.

99 Guidance on this is provided in SPP8 para 17.
- **Data analysis and interpretation**: analysis of information gathered for each indicator and where appropriate interpretation of this to arrive at a view on what this means in relation to the town centre’s performance.

- **Benchmarking**: analysis of findings in comparison with results for the same centre over time and/or for other appropriate benchmarked centres, where consistent information is available.

- **Data storing**: appropriate recording and storing of data, including assumptions made to enable access by other relevant department/parties and for future TCHC reviews.

- **Reporting and disseminating findings**: this is a key stage in deriving value from the TCHC process and may include internal reporting and information sharing within a local authority but also dissemination and discussion of findings with key public and private sector organisations and stakeholders as a means of debating issues and seeking consensus on future action. This stage may also set out key findings to external groups for example to potential future occupiers and investors in a town to assist in providing appropriate information and changing perceptions.

- **Systematic process for future review**: if this is not already in place, the final stage should be to set out clearly how the TCHC work is going to be reviewed and updated on a regular basis in the future, including the frequency of data collection for different indicators and identification of responsibilities and resources for doing this.

**Vitality and Viability Indicators**

**Overview**

4.76 The following paragraphs provide a review of each vitality and viability indicator relevant to Town Centre Health Checks. Indicators are considered in the same order as identified in SPP8 with potential additional indicators identified at the end. The indicators reviewed are as follows:

1. Pedestrian flow.

2. Prime rental values.

3. Space in use.

4. Retailer representations and intentions.

5. Commercial yield.


7. Physical structure of the centre.


10. Accessibility.

11. Environmental Quality.

12. Retail/business turnover, catchment population/available expenditure and competing investment.

13. Tourism.

The review addresses the following issues for each of the indicators:

- A description of indicator (including definitions where appropriate).
- Advantages/disadvantages and issues arising.
- Information sources.
- Applicability to different types of centre.
- Applicability to different planning functions, with a comment on the relative usefulness of the indicator.
- Recommendations.
1. Pedestrian Flow

4.78 **Description:** pedestrian flow can be defined as the movement of people past a particular location over a specified period of time (e.g. average hourly counts). Information is typically collected at different times of day (peak/off peak) and on different days of the week in pre-selected locations. The pedestrian counts are generally focused on the main shopping streets and also to/from destinations such as key town centre car parks. They are most commonly collected on a manual basis but increasingly on an electronic basis for larger towns and cities.

4.79 In so far as possible the periodic/ongoing collection of pedestrian flows should adopt a consistent approach in terms of locations, times, days of the week etc to maximise the basis for meaningful comparison. The assessment of pedestrian flow and the resulting analysis should also record and take into consideration external factors and local circumstances that are likely to impact upon pedestrian counts, such as the weather, local events, public holidays etc.

4.80 In the 1994 DOE report pedestrian flow was identified as one of two “key” indicators to be used in TCHC and that it was primarily a measure of vitality. Surveys undertaken for this research identified that it was considered to be one of the most important indicators and this reinforces earlier research\textsuperscript{100}. Nonetheless it has been the subject of some criticism. Healey and Baker\textsuperscript{101} (1995) criticised pedestrian flow on the basis that it is not capable of direct translation into shoppers and potential retail trade and they comment that “flow must be...analysed in order to establish whether or not the flow is supportive of retailing”. This comment appears to be focussed on retail turnover issues and fails to recognise that pedestrian flow is concerned with broader issues about the liveliness and activity within a centre rather than simply potential shoppers.

4.81 An additional issue relates to the current focus of pedestrian flow. Numbers of pedestrians remaining in an area can in certain situations, be indicative an attractive urban environment. The point is that for pedestrians to be contributing to vitality they do not necessarily have to be moving, or moving quickly. For example, areas which are particularly attractive (e.g. town squares, attractive shop fronts or where there is street entertainment) may result in pedestrians gathering but not, necessarily, moving in great volume. Measures of pedestrian densities could be considered to complement measures of flow. In the past methods of measuring pedestrian density have been developed by the Transport Research Laboratory developed in association with assessing the environmental impacts of traffic.

\textsuperscript{100} Including surveys of planning authorities by Cox et al 2000.
\textsuperscript{101} Healey and Baker, 1995, “Measuring vitality and viability: A critical analysis of the tests of PPG6: A report for Tesco Stores Ltd”
There is also concern with the overall movement of people within a centre i.e. origins and destinations. This will be important to understand as part of the formulation of town centre strategies.

This indicator is appropriate for collection for both large town centres and smaller centres.

**Information sources:** the four main sources for pedestrian flow are as follows; primary collection of data by the lead organisation (typically local authority or TCM); purchase/commissioning of footfall data from specialist organisations; data collected by electronic counters installed in town centres; and data collected by individual retailers and/or shopping centres as part of their own management and performance analysis. Measures of indicative pedestrian footfall for prime locations in major city centres across the UK are also collected and published by national pedestrian survey companies.

To ensure effective and meaningful comparison between pedestrian flow measures regard should be had undertaking flows for each of the following:

- Flows in both prime and secondary retail pitches.
- Flows at different times of the day and on different days of the week.
- Impacts of special events within the centre and in other locations.
- The effects of school and other holidays.
- One way and two way flows.
- The direction of pedestrian movement i.e. identifying origins and destinations.

**Advantages:** in general the research identified strong support for the use of pedestrian flows as an important, tangible indicator of the vitality and viability of a town centre. In particular, pedestrian flows and footfall significantly contribute to the vitality of a centre by having the potential to create a busy, interesting and potentially more secure (self policing) environment. Notwithstanding the comments of Healey and Baker above, footfall is also often seen as a surrogate indicator of potential retail trade and, therefore, as an indicator of viability as well as vitality. Pedestrian flows are considered to be relatively understandable and straightforward indicator to gather data on and assess. Flow can be measured in a straightforward manner expressed as pedestrians per hour. Density can be expressed in terms of numbers of pedestrians per length of street (e.g. per 100m street length/frontage).

**Disadvantages/issues:** the main concerns relate to costs/resources associated with data collection. Other issues raised were the need for consistency of approach/methodology between surveys over time (to enable meaningful comparison) and the impact that local/external circumstances can have on undermining the consistency of approach. Interpretation issues have also been raised, particularly highlighting dangers in making assumptions on a direct correlation between footfall and retailer turnover (i.e.
that increased footfall automatically translated into increased sales for retailers). This reinforces the need to consider footfall, and indeed information from other indicators, in the context of a range of performance indicators, rather than in isolation.

4.88 **Applicability:** the assessment of footfall has a key role to play in understanding the patterns of use of a town centre (both physically and over time, e.g. in relation to evening economy), particularly contributing to its vitality in terms of the liveliness and activity of a centre. As such, pedestrian flow is regarded as an important indicator for assessing the V&V of a centre and helping to inform proactive planning and investment in town centres.

---

**Recommendation TCHC12: Pedestrian Flows/Counts**

1. Pedestrian flow is identified as being an important indicator of both vitality and viability in centres. Collection of pedestrian flow information should, therefore, be strongly encouraged.

2. A consistent methodology to collecting pedestrian flow data needs to be adopted within organisations to provide meaningful ongoing review (i.e. locations for counts, time of day etc).

3. Analysis and comparison of pedestrian flow information over time needs to take into consideration local and external factors that may impact upon results.

4. Local authorities/TCM organisations should gather pedestrian flow data based on manual surveys (either carried out internally or by external consultants) or using electronic counters where appropriate. Consideration should also be given to supplementing this with other available footfall data that can be provided by shopping centre owners and retailers if appropriate.

---

4.89 Case Study 5 summarises the work currently being undertaken in both North Lanarkshire and Edinburgh on the collection of comprehensive information for pedestrian counts in a range of city and town centres.
Case Study 5: Counting Pedestrians: North Lanarkshire and Edinburgh

Footfall is routinely measured in managed shopping centres throughout the UK where the information is seen as a key indicator to support marketing to potential tenants and also as a management tool for assessing the impact of changes (including new occupants) on the success of the centre as a whole. However, outwith managed shopping centres, the measurement of pedestrian footfall in town centres is only occasionally undertaken in town centres in Scotland. Two authorities are in the process of establishing permanent automatic pedestrian counters to address this.

North Lanarkshire

North Lanarkshire has a network of town centres each of which has a range of issues that need to be addressed. At present seven centres are identified as town centres to be safeguarded in the Structure Plan but all are affected by competition from retail locations outwith the Council area or, potentially, by the development of the proposed new town centre at Ravenscraig. In response to these effects and to assist in the monitoring of the effects of investment programmes and town centre strategies the Council is in the process of implementing a network of automatic pedestrian counters.

Prior to commissioning the network two counters were piloted in Motherwell town centre and these demonstrated clearly the adverse impacts on footfall within the town centre following the relocation of a new supermarket.

In total 36 pedestrian counters are to be installed across the seven town centres within the authority. The financial investment would be in the region of £100-200k for 36 24-hour counters in the 7 town centres for 5 years monitoring. In addition significant staff time and resources have been required for setting up the system and for interpreting the results of footfall information. This is, however, considered to represent good value for money (equivalent to less than £1000 per monitoring station per year) and will provide an important input for developing strategies for the town centres and evaluating specific initiatives.

Edinburgh

Edinburgh City Council is also investing in automatic pedestrian counters in various locations within the city centre. These are being implemented through the joint agency City Centre Monitoring Group (comprising the City Council, the Edinburgh City Centre Management Company and Scottish Enterprise Edinburgh & Lothians). In total 18 counters are being installed throughout the city centre providing 24-hour monitoring with a commitment to a three year monitoring contract. The total financial cost of this monitoring is in the region of £25k-£50k, as with North Lanarkshire this is equivalent to less than £1000 per monitoring point per year.

2. Rental Values

4.90 Description: SPP8 refers to prime rental values which are generally understood to mean Zone A rents for retail properties located within the prime retail pitch in a town centre. These properties will generate the highest retail rents in a town and are typically occupied by leading multiple retailers, although independent retailers may also be presented, particularly in smaller
towns. Zone A rents reflect the established approach to the valuation of shops, whereby the most valuable part of a shop is located at the front (generating greater sales), with the value declining moving towards the rear of the shop unit. In Scotland the depth of Zone A is typically 30ft in Scotland but 20ft in England.

4.91 In arriving at the Zone A rent for a retail unit, valuers will take into account market evidence for other shops in the area and the attractiveness of the unit to potential retail occupiers (in view of location, configuration, size and layout etc).

4.92 Prime rents are, therefore a direct indicator of the current viability of commercial retail activity in a centre reflecting the balance between demand and supply for retail units. In addition changes in prime rents are indicative of changes in the attractiveness of centres.

4.93 Very few authorities appear to collect Zone A rents for secondary retail areas or for edge-of-centre or out-of-centre retailing (expressed as a rent per sq ft for larger units, rather than as a Zone A rent). The variation in rents across a centre will be an important indicator of the relative attractiveness of different parts of the centre and the vulnerability of secondary pitches to future decline or growth.

4.94 **Information sources:** the most commonly used information sources for Zone A rents include: information from agents (including published national surveys and market commentary on rental values, for example by Colliers CRE and Ryden); the Valuation Office; the Scottish Assessors’ Association; Scottish Property Network; RICS (for some larger centres in Scotland); PROMIS and possibly also information gathered by the Council’s own Estates/Property Department. In the main these are relatively easy and inexpensive to access. It should be noted that these standard sources tend to identify prime rents only for the larger centres in Scotland. At present the most comprehensive surveys are by Colliers CRE and Ryden which identify Zone A rents for 40 and 30 retail centres respectively. Whilst there is clearly a role for gathering and reviewing rental data available from these information sources, this should be supplemented by discussions with local agents and/or the Council’s estates department where possible, to further understand the wider context for the information and tone of the rental market in the town. For smaller centres and for secondary locations in major town centres, information on Zone A rents will need to be obtained from specialist retail surveyors.

---

102 It should be noted, therefore, that, identical retail units in English and Scottish towns which generate the same total rent will have lower Zone A rents in Scotland compared to England.

103 For example in their annual review of retailing in Scotland Colliers CRE highlight centres which have experienced growth or decline in both the short term (i.e. since the previous year) and also over the previous 5 years.

104 PROMIS is provided by PMA Research and Forecasting ([www.pmaukservices.co.uk](http://www.pmaukservices.co.uk)) part of the EG Group and provides a range of online services via subscription including sector based reports for 25 larger centres in Scotland with information on rents and floorspace.
4.95 **Advantages:** despite concerns regarding availability and interpretation of rental information (see below), a significant number of participants in the study considered prime rents were an important indicator of the V&V of a centre, providing direct market feedback to assist in understanding demand and supply of retail floorspace in a town centre. This was particularly the case for those involved in Town Centre Strategy work and Town Centre Management, who considered it to be a key indicator, but less so for those involved in statutory planning functions. Although the interpretation of rental information does need to be treated with caution, this indicator will have an important role to play in assessing the vitality and viability of a centre, particularly when reviewed over time and in comparison with other similar centres.

4.96 **Disadvantages:** the main issue and area of concern relates to the availability and interpretation of rental information, particularly by those not directly involved or trained in commercial property issues. In particular, it can be both difficult and misleading to take a headline Zone A rental value for a unit and compare it directly with that of another unit as the valuer will inevitably have taken into account a series of considerations in arriving at the Zone A rent (which will not be evident when taking the rent at face value). In addition, the sample size is often an issue, particularly for smaller towns where relatively few transactions may have taken place in a year, which makes meaningful comparison of rental levels very difficult. A further complication is the fact that different organisations (e.g. Valuation Office and Scottish Assessors’ Association) appear to adopt different standard approaches to assessing Zone A values, either by virtue of the definition of area used (Gross Internal or Net Internal Area) or number of Zones adopted, and this lack of consistency between data sources means that caution needs to be adopted in trying to make any direct comparisons.

4.97 Another factor that should be recognised is that Zone A rents are a balance between both demand and supply. High rents do not necessarily mean high demand and therefore an attractive commercial location. Clearly where there is no effective demand rental levels will be low but there can be situations where moderate demand combined with a lack of modern retail units in a centre can result in high rental levels for those units that do meet modern retailer requirements. This also demonstrates that the physical characteristics of individual units will be key factors in determining the actual rent achieved.

4.98 **Applicability:** rental values have an important role to play in understanding the viability and performance of a centre, particularly in the context of town centre strategy work and future investment in town centres. This is in view of their relationship to the balance between floorspace supply and demand in a centre and the direct impact rental values have on the viability of future retail based development proposals for a specific town.
Recommendation TCHC13: Rental Values

1. Local authorities and partner organisations should be encouraged to collect information on Prime Rental Values over time, particularly for larger town centres and in the context of proactive planning/strategy work for town centres.

2. Although not widely collected to date planning authorities should be encouraged to collect information on Zone A rents for secondary locations and average rents for retail park/other commercial locations for other centres identified within the town centre and retail network set out in the development plan.

3. A range of existing sources are available for rental information. The PAN should identify these and their limitations as well as the need to exercise caution in the interpretation of rental information from different sources. This should ideally be supplemented by discussions with local agents and Council Estates Departments to obtain additional market feedback and context to the rental information.

3. Space in Use

4.99 **Description**: from the surveys undertaken for this research this is the most commonly collected V&V indicator and, in a number of cases, the only indicator for which information is routinely collected.

4.100 The assessment of this indicator generally involves identification of forms of use/occupation for different units in a town centre, recorded and reviewed over time to assess changes taking place. Information on space in use is closely related to retail representation and is typically assessed as part of the same exercise.

4.101 There is some variation in the categorisation of different types of uses including:

- Reference to the Town & Country Planning (Scotland) Use Classes Order.

- General breakdown by broad retail goods/business category i.e. convenience, comparison, retail services and vacant.

- Reference to other broad land use categories including: residential; offices; civic; leisure; cultural and entertainment; restaurants; open space etc.

- Reference to other detailed classifications (e.g. as used by Goad plans for retail and retail service categories or as identified by MapInfo/CACI or similar for expenditure information).
4.102 In general, most surveys focus on ground floor uses but upper floor uses are important although more difficult to identify. Surveys can identify either numbers of units and/or total floorspace or number of units for different use categories to be expressed as a percentage of total floorspace in a town. Frequently the emphasis for this information is on retail use but this should not be the only form of use for which data is gathered and reviewed. The inclusion of leisure, employment, residential, civic and tourism uses will provide a much more balanced approach to assessment of the V&V of a centre.

4.103 The adoption of standard categories of use will assist comparison between centres and benchmarking. In general it is considered that the Use Classes Order is not particularly helpful for identifying different land uses within centres in part reflecting that there is insufficient breakdown of retail uses that certain comparable town centre uses fall into different use classes and because a number of uses do not fall into a use class but are *sui generis*. The interpretation of the use classes order is also complex and the time required for accurate categorisation of all units in a centre may be time consuming.

4.104 In general, it is considered that a categorisation of retail units similar to Goad/and or expenditure categories identified in MapInfo or Experian available expenditure categories (which reflect COICOP categories) is more appropriate and are preferred. For the reasons stated above UCO categories are less helpful. The use of these preferred categories of retail and retail service uses is straightforward and familiar to most retail planners and, for those larger centres where historic information has not been collected it provides an opportunity to purchase some historic data to assist in identifying trends over time (e.g. through the purchase of historic Goad plans or reports). There is some variation between Goad and available expenditure data used for RIA and other strategic retail planning techniques and these should be recognised. Given that the range of products will change over comparatively short time periods (i.e. there will be a continual adjustment of the balance of goods between retail categories), that most shops retail a mix of different categories goods anyway and that it is not possible to accurately measure the proportion of space devoted to different categories of goods the differences between Goad categories and available expenditure categories is not considered to be a major difficulty.

4.105 To support retail impact and strategic retail planning techniques it is important that the categories used for retail space match, at a broad level, information provided on available expenditure. On this basis, the broad categories of retail space should reflect the following general categories

---

105 For example: hot food take away is *sui generis*, cold food takeaway is Class 1 but eating in for either hot or cold food is Class 3. This is not a criticism of the use classes order but simply recognition that it was prepared for a different purpose rather than for town centre planning and management. Further complications are created by the examination of ancillary units and the definition of planning units.

106 The reservation in relation to CACI categories relates to the wider definition of “convenience” goods categories compared to other commercial data providers.
subject to any precise definitions provided in the relevant development plan 107:

- Convenience i.e. food, alcoholic drink, tobacco, books, newspapers and magazines and non-durable cleaning products (soap, detergent etc).

- General comparison i.e. books, clothing, footwear, radio, television, musical, photographic etc; chemists goods; jewellery etc; recreation and other goods (except those identified below).

- Bulky goods i.e. furniture and floor coverings; household textiles and soft furnishings; domestic appliances; DIY/decorating; garden equipment etc.

4.106 Vacancies can also be identified as a specific category for identification as part of space in use but because these raise a number of specific issues they are addressed separately below.

4.107 This indicator is particularly useful if the information can be compared to other centres of comparable size and/or to analyse changes over time for the same centre. Figure 4.1 illustrates from Hargest & Wallace Planning data variations in numbers of types of retail unit in different sized centres in Scotland. Examination of this shows general patterns in the distribution of units according to size of centre and comparison of data for individual centres provides one starting point for analysing the characteristics of centres. The figure shows the proportion of retail units by broad retail/retail services categories against the overall size of centre (measured by number of retail units). It is a simple analysis (total floorspace by different categories would be a preferred measure) but the figure does show, for example, that the proportion of comparison retail units tends to increase with size of centre and the proportion of convenience units declines. If a centre lies some distance away from the trend lines in this type of graph (e.g. is a small centre with high numbers of comparison units) then this can assist in understanding the role and function of the centre in the wider network.

4.108 Although the focus here is on indicators relating to the town centre itself PPS6 includes reference to space in use for retail, leisure and office functions in edge-of-centre and out-of-centre locations also as a V&V indicator. This information is useful to place the town centre floorspace into an appropriate context. This information will also assist in RIA, RCA and SRP techniques and will contribute to understanding the changing role of the centre in the context of the wider network of centres/retail or leisure floorspace.

107 It is important that any categories used for RIA/RCS/SRP techniques should reflect the scope of policies contained in the development plan and if these include specific definitions these should be reflected in the data collected for V&V purposes.
4.109 **Information sources:** Goad plans can be used for larger towns\(^{108}\) and changes in space for different town centre functions/form of use can be obtained through the examination of Goad information for medium to large towns, although generally not available for smaller town centres. However, comparison of Goad information with other information sources needs to be treated with caution because of the different definitions for types of units (i.e. how different uses are categorised) and the boundaries used for different town centres (for example Goad boundaries do not necessarily match Local Plan boundaries of centres). It should also be noted that Goad plans generally only cover ground floors uses (although units which extend over more than one floor are identified as shopping malls extending over more than one level). The other main information sources for this indicator are the Regional Assessor and the collection of primary data through survey work, typically carried out by local authority planning teams. A number of authorities in Scotland use Assessor information although the latter may need assurances that information will not be released on an individual unit basis for reasons of confidentiality. Assessor information should also be treated with caution and should be checked on the ground due to differences in the categorisation of units. Once undertaken on a comprehensive basis annual updates can be undertaken using consistent definitions to clearly identify changes over time in primary and secondary areas of a town centre. Some care is needed for units which have multiple uses (e.g. combine a café with retail, or post office and retail) and, either a sophisticated approach can be adopted recognising the multiple uses for the unit or else the predominant use should be identified.

\(^{108}\) At the time of writing Goad surveyed approximately 166 centres in Scotland. In addition the company is planning to produce “Goad Local” plans for a further 84 locations in Scotland.
4.110 **Advantages:** once data sources have been identified for a centre this can be relatively straightforward to collect and interpret. It is also considered to be particularly useful in support of statutory planning functions and will be a key input for both RIA and other strategic retail planning techniques as described in earlier chapters of this report.

4.111 **Disadvantages:** the main disadvantage relates to lack of consistency between authorities on the definition of different use categories, often making meaningful comparison between towns difficult (e.g. one authority using Goad definitions, another using its own categories). In addition, collecting detailed information on space in use can be relatively resource intensive, although once a standardised system has been put in place efficiency should improve reducing the time and effort involved.

4.112 **Applicability:** when assessed over time, the information can provide a useful insight into changes taking place in the balance of uses in a centre to assist in informing both development management decisions and town centre strategy work.

**Recommendation TCHC14: Space In Use**

1. Local authorities and partner organisations should be encouraged to collect information on space in use for different functions on a consistent basis over time.

2. Information sources include direct survey by professional staff, use of Regional Assessor information and/or purchase of data from commercial organisations such as Goad. All information from third parties should be carefully verified on the ground when establishing base line data.

3. Categories of space should reflect the requirements of the development plan. Retail categories should also reflect the requirements of other planning techniques including RIA, RCA and SRP techniques.

4. Space in use should cover non-retail uses located within centres such as leisure, civic, cultural, office, residential and other uses.

4.113 Case Study 6 provides an overview of the approach adopted in Aberdeenshire for collecting V&V indicator information for space in use in a range of small-medium sized town centres.
Case Study 6: Aberdeenshire Health Checks – Space in use Surveys

Theme
Undertaking of health checks of a range town centres including detailed space in use surveys as a routine monitoring exercise undertaking by planning authority staff.

Commentary
Aberdeenshire Council have undertaken routine town centre health check monitoring for each of 9 town centres within the authority on a biennial basis since 2003. Information on a range of vitality and viability indicators is collected but the system provides particularly useful and accurate information on space in use for different types of retail and retail service activity.

The surveys cover the largest 9 town centres within the authority. These range in size from Peterhead town centre with approximately 160 retail and retail services units to Turriff with approximately 45 retail and retail service units. Information on the floorspace of individual units has been provided by the Regional Assessor although the categorisation of each unit is verified on the ground by planning staff. Surveys are undertaken during the summer holidays to ensure consistency from year to year and floorspace data is entered into an Access database. The system allows comparison between town centres and will, in due course, establish changes over time. The database can also permit detailed analysis of changes in occupiers from year to year (“churn”), the presence of multiples and independent traders, vacancies by number of units and floor area, non-retail premises and services, and the distribution by size of retail unit.

Other information is also collected as part of the town centre health checks. Information on pedestrian flows is provided by staff undertaking a limited number of pedestrian counts in pre-selected locations at fixed times during the day. A range of additional measures are also identified which are assessed using a simple 5 point scoring system.

In order to ensure consistency in the collection and recording of information, and reflecting change of staff over time, guidance notes are prepared for the use of planning officers. These set out the approach to be adopted, how to measure indicators and key sources of information to be used.

4. Retailer Representation and Intentions

4.114 **Definition** – retailer representation is generally a recording and assessment of those retailers located within the town centre in terms of identity and type (e.g. multiple or independent retailers). Retailer intentions can be defined as intentions of existing retailer to relocate/occupy more or less space in a centre and those of currently unrepresented retailers to take space in a town centre should appropriate units be available.

4.115 Types of retailer that are frequently identified include:

- National and regional multiples.
- Independent and specialist traders.
Specific retailer categories including, for example charity, second hand and discount shops.

Anchor stores.

General range of shopping facilities (e.g. by reference to Goad or similar classifications of retail and retail services).

Markets (including numbers of stalls, days markets held).

4.116 From the above indicators relating to total numbers of and changes in national multiples, the range of independent and specialist shops and the role of markets have all been identified to be particularly important indicators of the vitality and viability of town centres.

4.117 The concept of “multiple” traders needs some clarification. There is no definitive list of which firms are, or are not national multiples. Inevitably such a list would become out of date very quickly as new businesses enter, grow or decline. Goad reports adopt a limited list of major retailers/retail services with approximately 25-30 retailers and identifying whether or not these are present in a centre. This list has changed over time. An alternative source for identifying multiple retailers could be to use Retail Rankings or similar. The 2007 edition of Retail Rankings identifies the “leading” (defined by turnover) 929 retailers in the UK. Within this list there are a number of businesses with only 1 retail unit and are not, therefore, “multiple” traders. In smaller town centres the number of national retail businesses reduces but regard should be had to regional retailers. Local knowledge is required to identify which retailers should fall within this category.

4.118 Care is required in interpreting the significance of different types of retailer in a centre. For example some respondents to the survey considered that discount stores should be regarded as a sign of weakness in a centre. However, a number of “discount” stores are very successful national businesses and can achieve very high sales densities. These businesses also serve an important sector of the market and facilitate accessibility to different types of goods and thereby support choice for consumers for all sectors of the community.

4.119 In general the presence of charity shops is frequently considered to be a negative indicator of vitality and viability. In the literature England states “charity shops, for example, should be regarded as a negative factor because it suggests that a centre is unable to support a full range of viable outlets paying market rents. Charity shops reflect concealed vacancies”. In the sense that charity shops are typically associated with generally lower levels of turnover and footfall they can be seen to adversely affect both vitality and viability of centres. In most cases charity shops do not pay below market rents for property, rather their the low cost base (using volunteer staff and donated goods for sale) allows them to compete with conventional

---

109 For example 2007 Retail Rankings identifies Poundland sales densities at over £570 psf.
110 Ibid England, 1999
retailers in all but the strongest retail locations (for example charity shops are present in Shandwick Place in Edinburgh alongside major national multiples). They are not, therefore, necessarily a sign of market weakness.

4.120 Information sources: information on retailer representation is frequently collected as part of a space in use survey carried out by a local authority. Alternative sources include the use of Goad Plans to identify both existing and historic retailer representation for medium to large sized towns.

4.121 Information on retailer intentions can be more difficult to establish both in terms of the intentions of those retailers already represented in a town and those not represented but with potential requirements. In terms of existing retailers, the most commonly used methods are to obtain anecdotal/direct feedback on performance and intentions from a range of retailers either on an individual or combined basis (e.g. through a retail or town centre management forum) or through use of a retailer survey, either as a regular survey or as part of a wider one off study for the town centre. Response rates tend to be relatively low from this sort of survey work. Standard commercial reference sources for identifying intentions/demand from those retailers not already represented in the town centre are FOCUS (which provides a list of outstanding retailer requirements for a town) or use of ranking systems adopted by CACI and Management Horizons. In addition, discussions with property agents active in the local/regional retail market will assist in providing direct market feedback on levels of demand, specific requirements and the type/location of space currently being sought by occupiers. The limitations of certain information sources are discussed below.

4.122 Advantages: retailer representation provides a more detailed assessment of the retail offer and mix than is necessarily derived from a simple space in use survey, enabling gaps, weaknesses or indeed specialist/destination shops to be identified. The less tangible aspect of this indicator relates to retailer intentions, although when identified these provide direct feedback on retailer’s future plans and the extent to which these can be met within a town based on the current supply and availability of floorspace. Views on retailer demand and intentions can be particularly useful in understanding existing and potential future retailer representation in a town and the extent to which demand exists to underpin retail expansion and/or the provision of different types of retail floorspace in a centre (e.g. related to location or size/configuration of units).

4.123 Disadvantages: there appear to be relatively few disadvantages associated with gathering data on retailer representation, on the basis that any primary gathering of this data can be linked into the wider survey of space in use to avoid duplication of effort. It is worth highlighting that use of GOAD

111 FOCUS Information Limited part of the CoStar Group. This currently provides a range of property information services one of which is a list of operator space requirements for towns and cities in the UK. Information is obtainable through subscription membership and a number of LAs and commercial surveying firms in Scotland currently subscribe.

112 These provide composite indices of town centre rankings.
information to assess retailer representation will not provide the level of detail that can be derived from a primary survey of the town centre, for example in relation to the type of representation from independent and specialist retailers which can be particularly relevant to smaller towns. The biggest difficulty is related to retailer intentions reflecting that (i) that the retail market is highly dynamic (i.e. retailer requirements can change relatively rapidly not only in terms of location but also the type of space sought/format/concept for different towns); and (ii) difficulties in establishing genuine requirements of those retailers not currently represented, particularly for smaller and independent retailers. As such, it is important that any database information on retailer requirements (e.g. FOCUS) is used for indicative purposes only should, ideally, be supplemented by further interrogation of the information and discussions with retail agents active in the area. This will assist in determining genuine, current requirements and feedback on market trends that are not necessarily apparent from a database. This is likely to be far more meaningful than simply stating the number of outstanding requirements that exist for a centre.

4.124 **Applicability:** this is considered to be a particularly important indicator in helping to inform Town Centre Strategies and future investment decisions in a town centre, not least because retail demand/requirements are fundamental to driving developer and investor interest in a town, underpinning rental values.

**Recommendation TCHC15: Retailer Representations and Intentions**

1. Local authorities and partner organisations should be encouraged to collect information on retailer representation as part of space in use surveys on a consistent basis over time. This will enable a more accurate assessment of retail mix and offer in a town, including representation by multiple and independent retailers.

2. Care is required in the interpretation of retailer representation to ensure that the significance of choice for all sectors of the community is fully recognised.

3. The PAN should identify various sources for accessing information on retailer intentions, both for existing and potential new retailers, to enable the approach to be adapted to local circumstances.

5. **Commercial Yield**

4.125 **Definition:** a range of different technical definitions exist for different types of yield most commonly used by practitioners in the property industry and covered by organisations such as the Valuation Office Agency, for example *initial yield*, *true equivalent yield* and *equivalent yield*. In essence, a yield expresses the percentage income return on the capital investment made in a property that is it is an expression of the relationship between rental income
and capital value. The definition of “all risks yield” provided by the Valuation Office is as follows:

The “all risks yield” is a simple benchmark which the property market uses to assess the comparative attractiveness of different shopping centres. It is the ratio of rental income to capital value and is expressed in terms of the open market rent of a property as a percentage of the capital value.\textsuperscript{113}

4.126 This enables the performance of properties to be compared not only with each other but also with other forms of investment such as stocks, shares, bonds, gilts etc. The yield for an investment property will however take into account a range of factors, not only reflecting the simple relationship between income and capital value. It will also take into account the quality or security of income (based on the covenant strength of a tenant), wider market/economic conditions and the expectation of future rental growth and performance of a property and its surrounding location. As such, understanding and interpreting yield involves both experience and judgement.

4.127 For those less familiar with the concept of yield, which from the surveys undertaken for this research, includes a high proportion of planners, it should be noted that a high yield reflects market perception that the investment carries a high risk and/or there is an expectation of comparatively low rental growth. Conversely a low yield is indicative of low risk or expectation of comparatively high rental growth\textsuperscript{114}. As a result if yields have reduced over a time period (become more “firm”) this is indicative of comparatively strength in the market, and the reverse is also true.

4.128 Yield has been identified to be particularly important by those actively involved in town centre management or the development of and implementation of town centre strategies. In contrast planners considered yield to be less useful as an indicator of town centre vitality and viability, in part reflecting difficulties in interpretation but also because yield reflects each of national market factors, particular issues associated within individual properties as well as market factors relating to particular town centres.

4.129 There has been considerable debate over the value of yield as a V&V indicator. In the early work undertaken for the DOE\textsuperscript{115} yield was identified as one of the two key V&V indicators (along with pedestrian flow). As the difficulties associated with the collection and interpretation of yield have become recognised its value as an indicator has gradually declined. SPP8 places a health warning on the use of yield as an indicator and, in the survey for this research, planners considered it to be the least useful of the SPP8 indicators of V&V.

\textsuperscript{113} Valuation Office, Property Market Report, January 2007

\textsuperscript{114} For example the VO Jan 2007 Property Market Report identifies the range in yields for retail in Scotland from the lowest yield at 4.25% in central Glasgow to approximately 10% in Dumbarton.

\textsuperscript{115} ibid DOE, 1994
4.130 **Information sources:** key information sources for yield include agent’s reports, direct feedback from agents active in the investment, Scottish Property Network\(^{116}\), Valuation Office\(^{117}\) (covering shopping centre yields for 42 centres in Scotland), EGi (Estates Gazette Interactive)\(^{118}\) and PROMIS\(^{119}\). Information may also be available by local authority surveyors.

4.131 **Advantages:** yield provides a market view on the performance of property in a town centre and if properly used can provide a useful benchmark for performance of a centre over time and in comparison with other town centres.

4.132 **Disadvantages:** the key disadvantages of yield, as reinforced through the survey work and discussion groups, relate to access to information and interpretation/use of data. A significant number of respondents to the research experienced difficulties in accessing and identifying yield information and this was particularly the case in smaller towns for which market/agent’s reports were not necessarily available and only a very limited number of market transactions took place each year, providing very limited market evidence. The second issue concerns interpretation of yield data. This particularly relates to: the different bases upon which yield can be assessed; the need to compare like with like; and the level of interpretation and technical expertise required to fully understand and assess yield data in a meaningful way. This should not mean that yield information should be avoided, rather that it requires care and expertise in comparing yield information between different locations and over time. Where possible, it is recommended that reference is made to published market reports and discussions with agents active in the market, rather than seeking to interpret yield data in isolation.

4.133 **Applicability:** whilst the limitations of this indicator have been highlighted, yield can provide a useful indication of property market performance and perceptions of a town if properly used. This is particularly useful in the context of Town Centre Strategy work and in helping to inform future investment decisions due to its direct relationship to project viability for any proposed new development or refurbishment/extension projects. It is also a useful performance indicator for external publications/publicity relating to a town as it will be a prime consideration for potential investors and developers (who will clearly have their own views and analysis also). It is considered less useful in a statutory planning context.

---

\(^{116}\) Scottish Property Network Limited is now a commercial property market information provider. It was originally established by Scottish Enterprise and the University of Paisley and is now part of the CoStar Group. It provides a range of services including lists of available property, archive searches, transaction information, space enquiries and other information. Certain current information is publicly available but archive and detailed information is only available through subscription. Many LAs and commercial surveying firms in Scotland currently subscribe to the service.

\(^{117}\) The VO provides prime retail yields for information on 42 retail centres in Scotland.

\(^{118}\) Part of the Estates Gazette Group providing a range of online services including property news, availability, town reports, comparable database and occupier information available through subscription.

\(^{119}\) See note 104.
Recommendation TCHC16: Commercial Yield

1. Yield is an important indicator of commercial viability of a centre for those actively involved in the management of a centre and in promoting new investment. It should, therefore, continue to be included within the list of V&V indicators particularly for larger town and city centres (for example those included in the Valuation Office Property Report).

2. A range of information sources are available for yield information although for those based on individual property transactions interpretation of yield requires expert and specialist surveying knowledge. Care is therefore required in interpreting yield information.

6. Vacancy Rates

4.134 **Definition:** Retail and retail service vacancy rates can be defined as either the number of units or amount of vacant floorspace not in occupation, expressed as a percentage of the total number of units or floorspace in a centre. Vacancy rates can be assessed for other types of space in centres but the primary concern is with retail and retail service activities.

4.135 SPP8 considers that the principal concern is in prime retail areas although vacancy rates in secondary retail areas and for upper floor space in town centres will also be significant. As a result, in addition to retail/retail service vacancies in prime retail areas, regard should be had to identifying some or all of the following:

- Vacancies in secondary retail frontages.

- The distribution of vacancies throughout a centre: are there concentrations in certain areas? What are the reasons for this (for example is this related to poor access/pedestrian flow or poor configuration of individual units compared to retailer requirements)?

- Changes in the quantum and distribution of vacancies over time.

- The length of time that units have remained vacant.

4.136 Vacant units are not always a sign of weakness in a centre:

- Vacant units may arise as a result of new investment. Units may be in the process of fitting out, or being acquired as part of redevelopment, or may reflect a settling down period as a result of new developments being completed. In these cases the vacancies are a product of investment in a centre.

- Lack of vacancies may be a sign of a centre having a limited stock of retail premises suited to modern retailers. As a result retailers are forced into operating in sub-standard retail units. Lack of vacancies can be indicative of limited opportunities for new retailers to enter a centre or for existing retailers to expand.
4.137 Vacancies are the most commonly collected indicator. There is, however, some variation in how vacancies are measured:

- Vacancies can be expressed as a percentage of vacant units. Goad identifies that, for the centres which they survey in the UK, the average UK vacancy rate is 10.7%. In contrast HWPL have undertaken surveys of some 230 city, town and local centres throughout Scotland over the period 1996-2007 and have identified the vacancy rate to be 7.8% for Scotland.

- Vacancies can be expressed as a percentage of vacant floorspace. In Goad Reports the reported UK average is 9.4%. In general the percentage of vacant floorspace tends be lower than vacant units reflecting a higher proportion of small secondary retail units being vacant.

- A third approach used occasionally is a measure of the length of retail frontage that is vacant. This is an indicator of the impact that vacancies will have on the appearance and feel of a centre since this is what most shoppers in the centre will be aware of.

4.138 The first of the above is the easiest to collect. The second is generally regarded to be more useful but requires detailed information on the size of units. This can be generated through space in use surveys and is successfully collected by a number of planning authorities in Scotland. The third can be calculated through a combination of on-street surveys and scaling off OS-base plans and Goad plans.

4.139 Information sources: the most common source of data used by local authorities is on-street surveys, with use of in-house database information or the Regional Assessor’s database for floorspace information. For larger centres many consultants use Experian Goad reports as a key data source, with local vacancy rates shown in comparison to UK averages.

4.140 Advantages: information on vacancy rates is one of the most commonly collected indicators by local authorities and is generally considered relatively straightforward to collect and assess. In the absence of other information it can provide a relatively simple measure of both vitality and viability and, reflecting ease of collection, it was identified to be the most useful single indicator of V&V by respondents to the survey undertaken for this research.

4.141 Disadvantages: As noted above there exists a degree of inconsistency in approach between different authorities making meaningful comparison and benchmarking between centres difficult for example some authorities may do this on an unit basis for the prime retail area, another on a floorspace basis for the wider town centre area, taking into account more secondary areas where vacancy rates are often higher, thus impacting on the average rate. An approach which purely takes into account number of units does not necessarily give a true picture of the vacancy situation in a town as it does not fully reflect the comparative importance of the units to the centre for example only a small number of units might be vacant, but these may be large and significant units within the context of the town centre area. In the
absence of detailed information, it does, however, provide a quick and simple indicator of viability.

4.142 A simple expression of vacancies by unit number or floorspace does not allow for any interpretation of the reasons for or issues surrounding the vacancies. For example:

- Are units vacant as a direct result of imminent redevelopment proposals or those which have recently been developed and are in the process of being let (which suggests a positive reason for the units being vacant)?

- Are units vacant due to limited demand for this location or type of unit (i.e. a mismatch between supply and demand for space in the town).

4.143 There is, therefore, significant benefit in holding discussions with agents involved in leasing the premises to establish the reasons for the vacancy and the associated target occupiers/marketing strategy.

4.144 **Applicability:** vacancy rates are widely accepted as a useful indicator of V&V and are generally well understood. They are relevant to both statutory planning functions and also for town centre management and strategy purposes and to all types of centre.

---

**Recommendation TCHC17: Vacancy Rates**

1. Vacancy rates should continue to be monitored as an important indicator of the V&V of a centre for both statutory planning and town centre management/strategy purposes.

2. It is recommended that, where possible, vacancy rates should be expressed as a percentage of total floorspace as well as percentage of vacant units. In addition use of other measures including percentage of vacant retail frontage in prime retail areas will assist in assessing the importance of vacancies on the overall V&V of centres.

3. In identifying vacancies, regard should also be had to the following:
   - The distribution of vacancies in a centre – including in primary and secondary pitches.
   - Vacancies for non-retail/retail service uses.
   - Vacancies in upper floors.
   - Vacancies in space that is being fitted-out or being redeveloped.
   - The causes of vacancies in a centre.
7. **Physical Structure of the Centre**

4.145 **Definition**: in this review this indicator has been particularly difficult to define. The issues assessed for this indicator are open to interpretation and will inevitably relate to considerations pertinent in a local context. Issues included under this topic have included some or all of the following:

- Physical layout of town centre and pedestrian routes, connectivity and retail circuit.
- Location of car parks and public transport facilities and pedestrian links between these facilities and the core town centre/retail area.
- Quality of buildings and streetscape.
- Provision of public open space and opportunities for events, markets etc.
- Ease of access, including for the disabled.
- Pedestrian areas and covered shopping areas.

4.146 SPP8 includes accessibility under this indicator but PPS6 identifies accessibility separately. Similarly environmental quality issues are also treated as a separate indicator. Because accessibility to a centre raises a range of different measures this is treated as a separate indicator in this review. Factors that are considered appropriate to include under the accessibility indicator are therefore considered to be:

- Overall internal accessibility within a centre primarily for pedestrians. This will take into account factors such as:
  - Size of centre.
  - Distribution/connectivity for different functions e.g. distance to travel from one part of the retail area to another (cf Edinburgh South Bridge to Tollcross, Lothian Road and Princes Street).
  - Barriers to movement which can relate to levels, busy roads or poor pedestrian access.
- Juxtaposition and distribution of land uses.
- Protected pedestrian space whether covered (e.g. shopping malls) or open (e.g. pedestrianised streets).

4.147 The above still remains wide ranging in concept. Although simple scales can be used to indicate overall quality of the above factors these will be subjective and, on balance, it is considered that the above factors should have qualitative descriptions with key issues arising identified. For example in the case of Aberdeen\textsuperscript{120} positive factors for the city centre are considered

\textsuperscript{120} see Volume 4 of Aberdeen and Aberdeenshire Retail Study, 2004
to include the extent of the retail core and extensive protected shopping malls with variations in the type of retail offer in each. Negative factors include issues associated with the overall length of retail core, pedestrian congestion in the prime retail areas and barriers caused by Union Street.

4.148 **Information sources:** the subjective nature of the criteria for this indicator and in its interpretation suggests that a range of information sources might be used based on local circumstances. This will include direct walk-over surveys and use of photographic evidence. Additional information on customer/shopper perceptions of the physical quality of a centre gathered from surveys of users of the centre will also be useful to supplement the assessment of this indicator and provide a basis for assessing how physical structure is perceived to have changed over time.

4.149 **Advantages:** the advantage of this indicator is its ability to review and assess the less tangible aspects of a town centre which impact upon its attraction for shoppers, residents and visitors and how they use a centre. It can also be adapted to meet local circumstances to ensure that issues pertinent to a specific centre are highlighted and debated at a local level.

4.150 **Disadvantages:** the inherent disadvantage of this indicator is its subjectivity and lack of specific definition, which may partly be responsible for its very limited current use by local authorities in Scotland as identified from the questionnaires and discussion groups used in this research.

4.151 **Applicability:** the assessment of a physical structure of a centre is potentially relevant for statutory planning functions and town centre management and development of strategies. Understanding the physical structure of a centre is particularly relevant in the context of TCS work and proposed improvements, to establish where projects/developments can have the most beneficial impact on the performance, environment and use of a centre.

**Recommendation TCHC18: Physical Structure of a Centre**

Understanding the physical structure of a centre, particularly in terms of movement for pedestrians within a centre is useful. It is less likely to change rapidly over time compared to other indicators and it is also inherently subjective. Therefore collection of information on this indicator can be carried out on a less frequent basis than other indicators and can, for example, be linked to surveys of the views of shoppers/other town centre users.

8. **Surveys of Consumers/Town Centre Users/Employers/Employees**

4.152 **Definition:** SPP8 refers to “periodic surveys of consumers” as an indicator of V&V. The views of consumers and others (including town centres businesses and employees) on a range of issues associated with the town
centre are useful as a contribution to understanding the vitality and viability of a centre. PPS6 expresses this as “customer and residents’ views and behaviour” and can include:

- Monitoring and evaluating the effectiveness of town centre improvements and in setting priorities.
- Views of users and non-users of the centre.
- Attitudinal Information.
- Behavioural Information.

4.153 The surveys are, therefore, a potentially important source of information which is relevant to a number of the other V&V indicators. This is reflected in the responses to the survey of practitioners in this research which identified these types of surveys to be the second most important single indicator of vitality and viability.

4.154 A range of different surveys have already been identified in chapters 3 and 6 of this report in relation to RCA/SRP and RIA techniques and the use of surveys for TCHC purposes can also be combined to support RCA/SRP analysis on the performance of the town centre and in relation to other centres. Factors that need to be taken into account in the design of surveys have, therefore, already been discussed in other parts of the Report. In summary regard should be given to the following:

- The type of survey of shoppers/town centre users, of households in the wider area and of businesses.
- The sample size: note that statistical reliability is primarily a function of sample size.
- Other sources of error in survey design: including selection of respondents and clarity/understanding of questions asked.
- Survey length.
- Survey fatigue: how frequently are residents being surveyed about different issues.
- Cost.

4.155 In relation to TCHCs surveys will need to reflect specific local circumstances but can include the following broad headings:

- Base information:
  - Origin of respondent, basic social and economic characteristics.
  - Household and party characteristics etc.
- Behavioural information:
- Transport: mode and frequency to centre, car parks used etc.
- Purpose of visit.
- Spend.
- Range of facilities/shops used/visited.

- Attitudinal information, including views on:
  - Environmental quality.
  - Range of facilities.
  - Key concerns: weaknesses/detractors in a centre.
  - Key strengths/attractors in a centre.
  - Crime, security and safety.
  - Retail mix and potential improvements.
  - Changes in the above.
  - Effects of recent investment, views on interventions.

- For businesses, in addition to the above:
  - Trading performance (in particular relative changes over time).
  - Space requirements, future investment etc.

4.156 The above is only intended as a broad guide as to the types of information that can be included within a survey.

4.157 In assessing the potential for surveys it should be recognised that significant time and effort is required for the analysing of the results and comparing these to earlier surveys. The total resources required for comprehensive surveys will, therefore, be significant and reflecting this it is considered that surveys should be undertaken only every 2-5 years. Nonetheless the value of surveys should not be underestimated since they provide direct evidence of the views of people who are most directly concerned with the future of the centre.

4.158 **Information sources:** the majority of shopper/town centre user and household surveys are prepared by external survey companies specifically commissioned by the local authority or other client body against an agreed brief (including sample size, programme and budget). Business and retailer surveys may either be carried out by external consultants or directly via the local authority.

4.159 **Advantages:** the consumer surveys have the significant advantage of providing relatively detailed information on shopper habits, travel patterns,
spend patterns and perceptions/attitudes towards a centre across a significant sample size to add weight and credibility to the findings. This form of direct market research can be fundamental to understanding how a centre is used and perceived and how these patterns change over time (for example prior to and following the introduction of new retailing or other facilities in a town centre). The information is normally tabulated and presented in such a way to assist analysis of key issues relating to a town centre. Equally, business/retailer surveys enable direct, structured feedback from key parties who have an investment in a town centre and can often act as the first step towards raising awareness and engendering support in the local business community.

4.160 **Disadvantages:** the key disadvantage of this indicator is the cost, and to a lesser extent the timescale associated with commissioning detailed survey work. This was a key point raised by respondents through the questionnaires and discussion groups, although the vast majority recognised the value and importance of this type of research. Problems associated with lack of consistency of approach/brief and detailed questions between surveys was also highlighted as a problem, limiting the ability to make direct comparisons over time, particularly if surveys were commissioned for different purposes. Frequently survey work was commissioned as part of a one off study (e.g. a wider retail capacity study or town centre strategy document), rather than on a consistent, periodic basis. Low response rates associated with business and retailer surveys were also raised as a concern.

4.161 In general surveys need to reflect the specific issues associated with a particular centre or group of centres. Benchmarking survey information is, therefore, generally less important than for other V&V indicators. It is not, therefore, considered that a standard form of questionnaire is either desirable or appropriate. However, as noted above, to assess changing attitudes for a centre over time surveys should seek to be as consistent as possible with earlier surveys.

4.162 **Applicability:** surveys will not only provide information of direct relevancy for TCHC purposes and town centre management and strategy formulation and evaluation but they will also contribute directly to RIA and RCA/SRP techniques. They will have an important role to play in helping to inform future plans and strategies for town centre. In the absence of direct customer feedback, it is all too easy to make assumptions on how people use and perceive a centre without having any empirical evidence, thus imposing policy led solutions on a town. Feedback from survey work can also be particularly useful in informing marketing, events and promotional strategies for town centres as part of a wider TCS and Action Plan.
Recommendation TCHC19: Consumer and Other Surveys

1. The use of shopper, household and business/retailer surveys should be encouraged as part of the TCHC process to inform future planning, investment and marketing decisions. Due to resource limitations surveys undertaken every 2-5 years will provide an important source of information for a wide range of town centre and retail planning techniques.

2. The key issue with surveys is high resource cost. Ways of reducing costs and maximising the outcomes from survey work should be explored within organisations, for example linking of survey work required between departments and, where appropriate, reviewing of survey work provided in support of retail planning applications.

Case Study 7: Perth City Centre Management – Retailer and Business Surveys

Theme

Ongoing feedback from local retailers and businesses on performance and views on the town centre through regular surveys.

Commentary

Perth City Centre Management has developed a system for regularly gathering feedback from retailers and businesses in the town centre on their performance and views on the town centre through targeted surveys. This has provided a useful insight into the changing performance and attitudes of retailers and businesses in the town centre, providing a useful context against which other performance indicators can be assessed.

Originally the surveys were carried out on a monthly basis, at the request of retailers, although it has become apparent that a quarterly survey is likely to provide a higher response rate and improved quality of responses. As a result, the process is about to be reinvigorated on a quarterly basis using a shorter questionnaire.

The key focus for Perth City Centre Management is on targeting retailers to increase levels of commitment to completing the surveys, together with follow up to maximise the response rate. This in turn will increase the robustness and value of the outcomes. Perth City Centre Management is in the process of updating its database of retailer/business contacts and is proposing to issue the revised questionnaire electronically. Although the process is recognised as being resource intensive, it is considered that the benefits of receiving the information make this a worthwhile exercise and one that local businesses are, at least in principle, keen to see continued.
9. Crime and Safety

4.163 **Definition:** crime, safety and perceptions of both are identified in both SPP8 and PPS6 as indicators of vitality in a centre. SPP8 highlights the identification of persistent or potential problems in an area and PPS6 notes the role of monitoring information in relation to the night-time economy of an area. In the current research respondents identified that crime information was an important indicator of vitality which can also have an effect on the viability of a centre if fear of crime/safety put off potential shoppers/users of a centre. Low crime rates were also identified as encouraging retailers and other local businesses to invest.

4.164 Notwithstanding the above comments comparatively few authorities currently collect information on crime for TCHC purposes although there is greater use of this information by town centre managers. To provide effective information for town centres close working with local constabularies it is necessary to be able to identify information relevant to town centres rather than, for many small centres at least, wider beats for which data is routinely generated. A number of authorities do, however, review crime information and this is particularly the case where town centre management is well established and good working relationships are established between the management team and the police.

4.165 It is also noted that a significant proportion of crime is not reported and, as a result, actual crime levels (as opposed to reported crime levels) are extremely difficult to identify accurately. It is preferred, therefore, to ensure a consistent approach between different centres and over time, that use is made of reported crime figures. The use of police information will allow reporting by different type of crime category. This data can be combined with information from surveys to build in perceptions of crime. Both of these sources can assist in identifying the impact that crime, and fear of crime/safety, have on the vitality and viability of a centre.

4.166 Safety will also include other factors, notably arising from traffic within centres. Roads Authorities routinely collect information on the location and severity of road accidents and in the case of town centres, particular concern is with accidents involving pedestrians. Despite this information being readily available very few authorities collect this data as part of TCHCs.

4.167 **Information sources:** the local police constabulary is the key source for information on recorded crime and this should be combined with information from surveys. Road accident data is available from Road Authorities. Close liaison with both of these organisations by those preparing TCHCs should allow the identification of incidents taking place within and/or on the edge of defined centres.

4.168 **Advantages:** in the main, information for this indicator is relatively easy to obtain (based on a good working relationship between the local authority and police force) and it was felt that issues associated with crime were particularly of interest/relevance to local traders and customers.
Disadvantages: the main disadvantage with this indicator is that accessible information covers reported crime/accidents and therefore does not include unreported incidents. Equally issues associated with the gathering of groups which can intimidate other town centre users (especially in the evening) will often not involve any formal crimes and so these issues will not be identified by the use of official statistics. It is important therefore that, in order to get a full understanding of issues associated with both crime and safety, that those preparing TCHCs should review the information and issues with the police and roads authority staff. This should be combined with any attitudinal information gathered from survey work which may assist in understanding more about the fear of crime and areas of the town centre this particularly relates to.

Applicability: the assessment of crime information is particularly relevant to TCHC and TCS work, helping to identify any problem areas in a town centre and how these might best be addressed or influence improvements, for example issues relating to the evening economy, management and security in the town centre, the role of residential accommodation in the town centre, environmental/access issues and the design of new development.

Recommendation TCHC20: Crime and Safety

Crime and safety issues are important for those managing town centres and preparing town centre strategies. It is also relevant for those undertaking statutory planning functions although this indicator may be regarded as less important than other indicators.

Crime information should be obtained from the police and also fear of crime information can be derived from surveys. Both should be used for this indicator and information should be reviewed with the police to establish the key issues.

Information on accidents associated with road traffic is available from the Roads Authority and should be able to be provided within the defined town centre. Again liaison and review of the information with Roads Authority Officers should be undertaken to identify key issues arising.

10. Accessibility

Definition: accessibility to and from a centre is a key factor in the attractiveness of a centre and is an important underpinning town centre viability. In SPP8 accessibility is included within the “physical structure of the centre” indicator but because of the range of issues that accessibility encompasses, it is considered preferable that this should be identified separately. Accessibility within a centre primarily relates to pedestrian access and this has been addressed earlier. In the largest city centres (Glasgow, Edinburgh and Aberdeen) internal access can relate to the use of other transport modes but these are exceptional in the Scottish context.
Accessibility to and from a centre can include a consideration of the following:

- Car parking provision (on-street, off-street, private etc).
- Bus and rail services: areas covered, frequency of service, travel times.
- Congestion.
- Taxi provision: numbers licensed, stands.
- Access for the disabled including access into shops, Shop Mobility and related schemes.
- Cycle parking facilities.
- Pedestrian flow information.

Earlier surveys have identified that although information on accessibility was collected in many planning authorities there was little common practice between different authorities in terms of the type and/or source of information that was collected.

In general accessibility was identified by respondents to the current research as one of the most important potential V&V indicators with it being identified to be as important as vacancies and more important than household survey information and all other indicators. Given the key importance of accessibility for the commercial success of a centre (and therefore its viability) it is considered that this view is well founded.

The biggest issue is therefore, not whether or not information should be collected on this topic, but what it should include. As seen from the above it is a very wide ranging topic encompassing a range of different transport modes and for each of these a range of potential indicators. Given the limited practice in using this information for TCHCs in Scotland it is not possible to establish a definitive set of measures that should be used and, indeed, there will be some variation on the relevance of different indicators for different types of centre. It is therefore considered that, at this stage, the approach adopted should be designed to reflect the issues of particular centres. It is important, therefore, that appropriate indicators of accessibility should be identified jointly by those preparing the TCHC and the Roads Authority which should already collect most of the information required.

The responses from participants to this research suggest that the indicators should encompass most of the following:

- Public transport: identification of parts of the catchment with direct access to the centre; frequency of service; and length and cost of journey.
- Private transport: on- and off-street parking provision and utilisation; distribution of parking (including relationship to principal shopping areas); and profile of cost of parking.
• Key congestion issues.
• Provision for the disabled and for cyclists.

4.177 **Information Sources:** as noted above the principal source of data will be the Roads Authority i.e. council roads/transport departments. It is unlikely, therefore, that special surveys on transport issues will require to be undertaken for TCHCs. The use of any single or composite set of indicators to identify overall levels of accessibility will be inappropriate.

4.178 **Advantages:** accessibility to and from a centre is a key factor underpinning its viability. Furthermore much of the information necessary is already collected and collated by Roads/Transport departments for the Roads Authority.

4.179 **Disadvantages:** transport covers a wide range of issues and encompasses a large number of potential indicators. Drawing all this information together to provide an overview of transport issues in a centre therefore requires expert knowledge and experience as well as considerable time and effort. It is essential that information on this topic is provided by the appropriate transport specialists.

4.180 **Applicability:** transport issues are directly relevant to understanding the viability of the town centre. Transport will also be a key issue that requires to be considered as part of town centre strategies. This set of indicators is, therefore, important for both statutory planning and proactive town centre strategy and management.

---

**Recommendation TCHC21: Accessibility**

Transport accessibility is an important V&V indicator and its assessment as part of TCHC work should be encouraged.

The principal source of information for accessibility indicators will be local authority Roads/Transport departments. Those preparing TCHCs are encouraged to work closely with officers from these departments.

At this stage a standard set of measures cannot be identified. Appropriate indicators and measures should be identified in liaison with transport staff relevant to the issues arising from the centre under consideration. At this stage it is anticipated that indicators should include reference to each of: public transport access; car parking; congestion; cyclists; pedestrians; and access for the disabled.

---

**11. Environmental Quality**

4.181 **Definition:** in SPP8 there is no express reference to the environmental quality of a centre. In contrast PPS6 identifies town centre environmental quality as a specific issue covering both positive and negative aspects of the
environment. In the survey undertaken for this research respondents identified environmental quality as one of the more important V&V indicators at the same level of importance as pedestrian flow and space in use within a centre.

4.182 Environmental quality covers a wide range of issues including:

- Litter and general cleanliness.
- Pedestrian amenity.
- Impact of traffic (including buses) on pedestrians.
- Quality and provision of street furniture.
- Condition and state of buildings.
- Condition and appearance of commercial building’s frontages (including shop fronts).
- Historic environment: listed buildings, monuments and conservation areas.
- The extent of and quality of public open space.
- Quality of and extent of landscaping and parks.
- Air pollution.
- Protected spaces for pedestrians: covered malls, pedestrianised streets, traffic calming.
- Perceptions of town centre users of all of the above.

4.183 Most of the above can be identified using a combination of descriptive information, perception information derived from surveys, measures of numbers of buildings/areas of parks, and information from existing air quality monitoring on pollution levels (if these are available within defined town centres) etc. A key issue is that many of the above are based on judgements of environmental quality and will vary between individuals undertaking the assessment.

4.184 The impact of litter/general cleanliness on shoppers and pedestrian amenity should not be underestimated. Many authorities in Scotland utilise Keep Scotland Beautiful's “Cleanliness Index Monitoring System” which provides a standardised technique for assessing street cleansing and provides a basis for comparing different authorities and towns.

4.185 Issues that require to be addressed under environmental quality will vary considerably between centres and therefore the range of relevant issues

121 See Keep Scotland Beautiful – www.keepscotlandbeautiful.org for further information
should be identified for each centre rather than seek a standardised set of measures. All or some of the issues listed above will be relevant for all town centres. Although comparison with other centres is useful it is more important to assess changes over time in centres to establish how the overall environment of a centre is changing.

4.186 Information Sources: Environmental quality information will be derived from a range of information sources including:

- Walk-over surveys by professional staff.
- Keep Scotland Beautiful CIMS data.
- Statutory lists of listed buildings.
- Air quality data: from environmental health (or equivalent) departments in local authorities.

4.187 Advantages: Environmental quality is a key factor which contributes directly to the vitality of a centre and, indirectly, to town centre viability. Much relevant information is within the public realm and can be obtained relatively easily.

4.188 Disadvantages: The principal difficulties are associated with the wide range of relevant topics that should be addressed with this indicator, difficulties of comparing towns in different localities which have different characteristics and obtaining data from relevant council departments (e.g. on CIMS or air quality). In addition it is difficult to draw all the relevant information together to provide a general overview of environmental quality.

4.189 Applicability: Environmental quality information is directly relevant for both statutory planning purposes and, in particular, it is important for town centre management and strategy formulation/implementation.

Recommendation TCHC22: Environmental Quality

Environmental quality is an important indicator for TCHCs for both statutory planning requirements and for town centre strategies and management. TCHCs should, therefore, be encouraged to include information on this indicator.

Relevant measures of indicators need to be identified for each centre. At this stage it is anticipated that indicators should include reference to each of: pedestrian amenity; building condition; built heritage; landscaping and public open space; air quality; effect of traffic; perceptions of environmental quality.

12. Retail Turnover, Catchment Data and Competing Investment

4.190 Definition: Information on the turnover of centres provides a direct assessment of the commercial viability of a centre. Assessments of the
existing catchment population and available expenditure will provide an indicator of the centre’s commercial potential and a comparison of the two will indicate the extent to which a centre is effectively serving the market available.

4.191 The surveys undertaken for this research revealed wide ranging views on the merits of either of these indicators as part of TCHCs. In effect those that had an involvement in strategic planning seeking to establish the existing and potential position of centres within a wider network tended to see this as an important indicator that should be included within TCHC. In contrast those involved in day-to-day management of centres considered the information either very difficult to obtain or of limited benefit.

4.192 As has been seen in chapters 3 and 6 of this report information on both existing and potential future turnover and available expenditure can be derived from both surveys and from SE Annual Business Statistics (ABS). For example in the latest data from the ABS Edinburgh City Centre is identified to have grown in turnover from £421m in 1998 to £523m in 2004 (growth of 24%) compared to city wide growth of £1579m to £2156m (36% growth). In other words, although the city centre has grown it has lost market share to other retail locations within the city.

4.193 Linked to the above is the role of competing investment. This is investment in other towns and in out-of-centre locations that will directly compete with the town centre under consideration. Without an effective response competing investment will result in reduced market share and, potentially, absolute loss in turnover with consequential implications for other V&V Indicators. Competing investment can be measured either in terms of actual floorspace by type, value of investment and/or potential turnover.

4.194 **Information Sources:** information for both turnover and catchment population and available expenditure can, at the moment, be derived from analysis of household and shopper surveys. These are reviewed in detail in chapters 3 and 4 of this report.

4.195 Recommendation TCHC9 identified the role of national Annual Business Statistics to provide a more detailed breakdown of retail turnover for postcode sectors. If this recommendation is implemented estimates of actual retail turnover for the larger town centres in Scotland will be possible.

4.196 Estimates of available expenditure are obtained through the use of surveys to identify the catchment area and purchase of data from organisations such as CACI, MapInfo and Experian.

4.197 Information on competing investment is obtainable through examination of planning applications/consents and associated RIA information for turnover and estimated impacts on the centre for which the TCHC is being prepared.

4.198 **Advantages:** these indicators provide a direct measure of actual turnover and available expenditure within the catchment served by the centre. This will provide a clear indicator of commercial viability and effectiveness of the
centre in serving its catchment. The information will also be able to contribute directly into RIA, RCA and SRP techniques.

4.199 **Disadvantages:** the principal difficulty at the present time is that information on turnover can effectively only be identified through the use of SRP techniques and extensive household surveys.

4.200 **Applicability:** the indicators are particularly relevant for larger centres (those serving sub-regional or larger market areas) and are directly relevant for statutory planning functions. They are less important for town centre management and strategy formulation purposes.

**Recommendation TCHC22: Town Centre Turnover, Catchment Data and Competition**

Town centre turnover and catchment data provides direct measures of town centre viability. They are, therefore, important indicators for TCHCs in support of statutory planning functions.

Obtaining estimates of turnover and catchment requires the use of RCA/SRP techniques and/or extensive survey information which is resource intensive. If recommendation TCHC9 is implemented this would result in the identification of existing turnover data for the larger town centres and city centres in Scotland.

**13. Tourism**

4.201 **Definition:** in certain town and city centres tourism is an important aspect of the economy. This does not only include the larger city centres such as Glasgow or Edinburgh or other internationally known destinations (such as Inverness, Perth or Stirling) but also smaller resorts (such as Nairn or North Berwick).

4.202 Information on tourist related activity will already be collected through indicators such as space in use (for example identifying restaurants and key tourist facilities) and survey information (primarily from surveys of shoppers/town centre users rather than household surveys). Other factors are also important including:

- Visitor attractions: including numbers of visitors, entrance charges etc.
- Visitor accommodation within a centre (by type: hotels, hostels, guest houses, self-catering) and occupancy rates.
- Information from special events aimed at tourists and day-visitors.
- Information from shopper surveys on facilities used and perceptions.

4.203 **Information Sources:** information on visitor numbers and accommodation can normally be obtained from the relevant tourist board and Visit Scotland
or may be already obtained through the local authority (e.g. economic development department or equivalent). Surveys of town centre users/shoppers can also be used to identify visitors/tourists.

4.204 **Advantages:** tourism and day-trippers can make an important contribution to the economy of many town centres which will be missed if the focus of attention is on retail or retail services. Information is generally readily available, although there may be issues about whether the information is only available for town centres or for the town as a whole.

4.205 **Disadvantages:** for many town centres tourism and day-trippers do not constitute a major part of the town centre economy and so it would be inappropriate to devote resources to collecting information on this topic. For those where tourism is important it is important to recognise that often only a minority of tourists and day-trippers using a centre actually stay over night within the centre and it will be necessary to obtain information on visitor numbers through the use of town centre surveys rather than rely on published information on visitor numbers.

4.206 **Applicability:** as noted above tourism indicators are not relevant to all town centres in Scotland. Indicators need to be identified which are relevant to the centre under consideration. For those centres with an important tourism trade tourism will be particularly important for those preparing town centre strategies (e.g. to seek to maximise tourist spend in a centre) but will also be relevant for statutory planning functions e.g. to establish clearly the role of a centre within the wider network particularly if a significant proportion of town centre turnover is derived from day-visitors and tourists.

**Recommendation TCHC23: Tourism**

Tourism will be an important V&V indicator for a number of town centres in Scotland. Careful consideration should be given to identifying whether tourism indicators should be considered as part of the TCHC and, if so, which measures should be used which are relevant to the town centre under consideration.

**Conclusions and Summary**

4.207 The preceding review has identified the overall approach that should be adopted for undertaking TCHCs and the extent to which they can contribute to a range of statutory planning functions, town centre management and strategy formulation and implementation. A range of vitality and viability indicators have been reviewed and their potential role evaluated.

4.208 In summary the principal conclusions of the review are as follows:

- Despite the policy contained in SPP8, and prior to this in NPPG8, there is limited experience in undertaking systematic town centre health checks in Scotland. Nearly all authorities collect some information but this is
usually limited in scope and frequently undertaken through one-off studies (often undertaken by consultants) rather than regular routine data collection, monitoring and analysis.

- There is clear need for a PAN to assist planning authorities and others to undertake TCHCs. This should encompass the overall process, the way that information should be used, data sources and applicability to different types of centres.

- Despite use by a limited number of authorities and recommendations by some authors the use of single indicators of vitality and viability should be resisted.

- A key benefit from undertaking TCHCs is in the benchmarking of indicators both in terms of making comparisons with other comparable centres and also for the same centre over time to establish the relative position of the centre at the time the TCHC is undertaken.

- To assist benchmarking there is a role for a national database of V&V indicators for different centres. This will allow easy comparison of centres and also support the analysis of changes over time.

- There is a limited requirement for national sources of data. The principal exception to this is the potential benefit of extending the Scottish Annual Business Statistics for retail to postcode sectors to provide information for the larger town and city centres in Scotland.

- A key aspect of TCHC is the need to spend time and effort in understanding data that is collected. TCHCs should not be undertaken for the sake of data collection rather the information should be reviewed and analysed to establish the implications for each of:
  
  o The development of town centre strategies.
  
  o The evaluation of interventions and policies.
  
  o The preparation of development plan policies and proposals.
  
  o The assessment of the significance of potential retail impacts.

4.209 There are a limited number of good practice examples that can be adopted for specific indicators and these have been highlighted. In addition the City of Edinburgh is notable as an example of good practice in relation to the range of V&V indicators which it routinely collects. This is presented as Case Study 7. In addition Case Study 8 sets out in some detail the position in London where comprehensive town centre health checks have been implemented over the past 15 years. Although the areas covered by these TCHCs are different in character from much of Scotland the case study is notable in that it demonstrates that TCHCs can be implemented for all town and district centres serving a population greater than Scotland in total and that this has been implemented over a considerable period of time. This
work has been undertaken in 32 planning authorities i.e. the same number of authorities as are found in Scotland.

4.210 Figure 4.3 provides a summary of the V&V Indicators reviewed providing a short description of each, their applicability for different functions and sizes of town centre and information sources.
Case Study 8: Edinburgh City – Vitality and Viability Indicators

Theme
Joint working arrangements and high priority given to city centre health check and monitoring of vitality and viability.

Commentary
In recent years there has been increased concern by City Council members and others about the performance of Edinburgh City Centre and also a perceived need to assess the impacts of a range of city centre initiatives including traffic management schemes. As a result a City Centre Monitoring Group has been established comprising staff from the City Development Department of the Council (including both planning and economic development staff) together with the Edinburgh City Centre Management Company and SE Edinburgh and Lothians. Information on a range of V&V indicators is collected as part of the monitoring which is collected from a diverse range of sources:

- Surveys of all units with the City Centre are undertaken by council staff with floorspace information provided by the Regional Assessor. This provides information on retail mix, vacancies and space in use. This also allows detailed examination of changes in relation to occupiers (“churn”).
- Information on retail employment and turnover within the defined city centre is provided through SE Annual Business Statistics for postcode sectors within the defined city centre.
- Prime rental values are sourced from publicly available commercial surveyors’ reports.
- Prime commercial yields are sourced from the Valuation Office Property Market reports.
- Retailer requirements are provided through “Focus”.
- Overall ranking of Edinburgh as a shopping centre in the UK: this is indirectly sourced from Experian and CACI through information provided in retail impact assessments submitted in support of planning applications.
- Automatic pedestrian counters have been commissioned for 18 locations throughout the city centre to provide information of pedestrian numbers for 24 hours/7 days a week basis.
- Information on on-street and off-street car parking provision and occupancy is obtained from transport staff within the council.
- Environmental quality within the city centre is provided through a combination of information provided through the city centre air quality monitoring stations and the use of the Keep Scotland Beautiful “Cleanliness Index Monitoring System”. Both of these sources of information are routinely collected through other Departments within the City Council.

In addition to the above information has been collected on the following:

- Household and shopper surveys have been implemented on a range of behavioural and attitudinal information about the city centre and other centres. Detailed surveys have been implemented in both 1999 and 2004. Although comprehensive and regular surveys have been identified to be desirable to be implemented on a regular basis over a number of years the high cost of these (in excess of £200k) has meant that these are under review.
- Information on city centre turnover levels have been collected from retailers based on self-completion questionnaires for the period Jan 2005 to Jan 2006. Although the
information allowed the identification of trends in turnover and variations between types of shop and location this was found to be a resource intensive activity and the future of this is also under review.

All of the above information is collected for the City Centre. The information that is currently collected for the district centres within the city is limited.
Case Study 9: Town Centre Health Checks in London

Theme

Comprehensive town centre health checks have been undertaken for city, town and district centres jointly by the strategic and local planning authorities on a regular basis since 1996. The approach adopted is co-ordinated across all London Boroughs and, as a result, London now has a detailed basis for assessing town centre trends across of the whole city spanning a considerable time period.

Commentary

The approach adopted for undertaking Town Centre Health Checks in the 1990s reflected the initial work by URBED (“Vital and Viable Town Centres”, DOE, 1994). In the introduction to the initial TCHC (published in 1996) the London Planning Advisory Committee stated “Future Health Checks will prevent the fossilisation of the network by ensuring that the designations of centres are kept up to date. At a more local level Health Checks will be important in monitoring the vitality and viability of individual town centres…. (they) will help to co-ordinate the relative development of centres and, …. ensure that adequate in-centre capacity is available to accommodate pressure for out-of-centre development”.

The objectives for undertaking health checks include:

- To record a standard set of information on a town centre covering the main indicators of health and performance;
- To identify the principal roles of the centre, including any specific roles which might be important over a wider area;
- To establish trends over time in some key indicators;
- To assess the centre in qualitative terms from a user’s point of view; and
- To create a profile of the centre by summarising the key characteristics, thereby allowing comparison with other relevant centres.

In the latest round of assessments undertaken in 2006 203 city, town and district centres were assessed. The design of the survey is undertaken by the Mayor of London’s office with information provided by each of the 32 boroughs. The centres range in scale from major international centres such as Knightsbridge and the West End through to small district centres with as few as 50 retail and retail service units. In a number of authorities (e.g. Ealing or Barnet) the methodology is extended to cover smaller neighbourhood centres.

The methodology includes a three stage process; statistical research, attitudinal research and comparative analysis. Each is designed to assess the wider role of the town centre. Stage one involved collecting data on the facilities in the town which are vital to making it attractive and include standard retailing measures (floorspace, numbers of units, vacancies, yields and rents). It also included an analysis of culture the arts and entertainment, the number of people living in the centre and the educational, civic and health facilities available. Accessibility has been analysed by both “local” accessibility (the extent to which a centre is user friendly by foot or by public or private transport) and by an index of public and private accessibility based on total consumer purchasing power that might be expected to reach the centre taking into account density and wealth of the surrounding population and travel times. Amenity is measured in terms of what makes the town centre a pleasant environment, facilities, levels of safety / security etc. A comment on the action and initiatives being taken by the local authority (and others) completes stage one of the health check.

Stage two involves qualitative surveys, consultations or independent observations and highlights the perceived strengths and weaknesses of the centre. Stage three involved comparing the centre’s performance with other centres of a similar standing. This analysis is undertaken at both a strategic level and at a local level by individual Boroughs.
The following sets out the measures initially collected in 1996 and also those included in the latest review (2006). This shows that, for the vast majority of directly measurable indicators the same range of information is being completed. This spans the period of surveys undertaken leading up to publication in each of 1996, 1999, 2003 and 2006.

It is difficult to assess the level of resources required for implementing the survey. This reflects that the information is collected by a wide range of individuals in both the Borough and the Mayor of London’s office and the time required to collate the information is substantial. The key aspect to the assessment is that the vast majority of information used is already collected by the authorities with minimal information purchased from other organisations solely for the purpose of the health check. Although some authorities are slow in returning the survey information the general consensus of planners at both the strategic and local level is that the information gathered is invaluable for a range of planning functions.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>1996</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SECTION 1</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Retail floorspace</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Types of retail units (multiples, malls, key retail services e.g. banks)</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Retail floorspace consents</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Site area available for development</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Retail capacity calculations (if available)</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Office floorspace</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Financial performance – yields, rents (retail, office and industry)</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Markets</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Late night shopping details</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Sunday shopping</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Arts, culture and leisure facilities</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Education facilities</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Community and health services</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Civic facilities</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Other community facilities</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Public transport facilities/peds/cycles</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Bus/rail/tube routes</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Car parking provision</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Shop mobility</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Pedestrianised streets</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Conservation areas</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Accidents and crime</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Town centre initiatives</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Special features which attract visitors</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>o Employment</td>
<td>Y</td>
<td>Y</td>
</tr>
</tbody>
</table>

**SECTION 2**

Attitudinal aspects “identify a range of factors as being good, average or poor based on visitor survey, group discussion or by observation”:

<table>
<thead>
<tr>
<th>Attractionss</th>
<th>1996</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attractionss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accessibility</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Amenity</td>
<td>Y</td>
<td>Y</td>
</tr>
</tbody>
</table>

Only seeking info on whether attitudinal survey has been undertaken
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Applicability</th>
<th>Applicability to Type of Centre</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Pedestrian flow</td>
<td>Measurement of pedestrian movement in key locations and different times throughout a centre - particularly in prime retail pitch. Also can include measure of pedestrian density.</td>
<td>Very Important - potentially a key indicator.</td>
<td>Yes</td>
</tr>
<tr>
<td>2.</td>
<td>Rental values</td>
<td>Rental income passing for retail premises - normally expressed as Zone A rents (30'). Normally for prime pitch but rents for secondary pitches assists in understanding dynamics of centre. With large floor plate units (eg. in RPs) average rent is used.</td>
<td>Important indicator of viability.</td>
<td>Yes - also consider secondary pitches</td>
</tr>
<tr>
<td>3.</td>
<td>Space in use</td>
<td>Identification of different uses in a centre - preferably measured in terms of floorspace. Covers range of retail, leisure, office, residential, civic and other uses including community services (PO, council offices, meeting halls etc).</td>
<td>Important indicator of vitality.</td>
<td>Yes</td>
</tr>
<tr>
<td>4.</td>
<td>Retailer representations and intentions</td>
<td>Recording and assessment of operators in a centre and requirements for new space/units in the centre. Identification of a range of different types of trader.</td>
<td>Important indicator of both vitality and viability.</td>
<td>Yes</td>
</tr>
<tr>
<td>5.</td>
<td>Commercial yield</td>
<td>Measure of financial return on property based on ratio of rental income to capital value. Low yields indicate confidence in rental growth/secure investment.</td>
<td>General indicator of viability although care required in interpretation.</td>
<td>Yes</td>
</tr>
<tr>
<td>6.</td>
<td>Vacancy rates</td>
<td>Identification of vacant units in centre - primarily associated with retail and retail services but can, if recorded separately cover other land uses. Measured: by no. of units; floorspace and length of retail frontage. Distribution of vacancies important.</td>
<td>Important indicator of viability and comparatively easy to obtain</td>
<td>Yes - include distribution of vacancies within centre</td>
</tr>
<tr>
<td>7.</td>
<td>Physical structure of the centre</td>
<td>Generally qualitative assessment of factors relating to: internal accessibility within the centre, especially for pedestrians; juxtaposition and distribution of land uses; pedestrian space</td>
<td>General indicator of both vitality and viability.</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Note: As a guide larger centres can be regarded as centres with, typically in excess of 250 retail and retail service units. Regard should also be had to the type and scale of units (for example new town centres may have less retail units but a high retail turnover). Medium towns having ca. 100-250 retail and retail service units and small town centres less than 100 units.
### Figure 4.2: Summary of Vitality and Viability Indicators (contd)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Applicability</th>
<th>Information Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.</td>
<td>Periodic surveys of consumers</td>
<td>Interview surveys undertaken in support of other V&amp;V indicators.</td>
<td>Statutory Planning: Yes; Town Centre Strategies: Yes; Yes; Yes; Bespoke survey - nb important to achieve continuity between surveys to establish trends.</td>
</tr>
<tr>
<td>9.</td>
<td>Crime and safety</td>
<td>Crime, accidents and perception of crime and safety in a centre.</td>
<td>General indicator of both vitality and viability. Important indicator of both vitality and viability which can support formulation of strategies. Very important to establish potential improvements for a centre.</td>
</tr>
<tr>
<td>10.</td>
<td>Accessibility</td>
<td>Access to and from the centre by different modes of transport. To include private transport (incl. car parking and congestion); public transport (all modes); cycling; disabled and pedestrians.</td>
<td>Important indicator that directly affects viability of centre. Important indicator that directly affects viability of centre.</td>
</tr>
<tr>
<td>11.</td>
<td>Environmental Quality</td>
<td>Wide range of environmental issues including; litter; cleanliness; built heritage; pedestrian amenity and impact of traffic; open space; soft and hard landscaping; air quality; perceptions of the above.</td>
<td>Important indicator affecting vitality and, potentially, viability of centre. Important indicator affecting vitality and, potentially, viability of centre.</td>
</tr>
<tr>
<td>12.</td>
<td>Turnover; Catchment and competing investment</td>
<td>Assessment of retail turnover in defined centre and potential available expenditure in catchment area served by centre. Turnover is a direct measure of viability of a centre.</td>
<td>Potentially important indicator that links with each of RIA, RCA and SRP techniques. Limited direct value.</td>
</tr>
<tr>
<td>13.</td>
<td>Tourism</td>
<td>Indicator to assess the role of tourism in contributing to the town centre economy. Relevant to both major tourist destinations and also those with significant day-tripper and domestic tourism trade.</td>
<td>Important for towns with significant tourism trade. Potentially very important for strategy formulation.</td>
</tr>
</tbody>
</table>

Note: As a guide larger centres can be regarded as centres with, typically in excess of 250 retail and retail service units. Regard should also be had to the type and scale of units (for example new town centres may have less retail units but a high retail turnover). Medium towns having ca. 100-250 retail and retail service units and small town centres less than 100 units.
CHAPTER FIVE: TOWN CENTRE STRATEGIES

Overview

5.1 Perhaps more than any other set of techniques addressed in this report town centre strategies (TCS) need to be developed to reflect the particular circumstances prevailing in the centres for which the strategies are being developed. This chapter is, therefore, slightly different from others in this report in that it focuses more on the general principles that should be adopted for town centre strategies rather than identifying specific tasks that should be implemented. The chapter therefore addresses the following:

- **Study Findings.** This part summarises a number of the principal findings from the research undertaken for the study drawing upon the results of the literature research, the surveys of practitioners and also comments and views of practitioners generated through the discussion groups.

- **Context and Background.** This provides a short outline of the historical development of town centre strategies, the Scottish Planning Policy context for the development and implementation of strategies, key definitions and the need and role of guidance for the preparation of strategies.

- **General Issues.** This section identifies a number of general factors that require to be considered prior to the development and implementation of strategies. It identifies the advantages and disadvantages of strategies as a regeneration tool for town centres, basic requirements that should be met by strategies and the key components of town centre strategies as a process for achieving change in a centre.

- **Scope and Content of Town Centre Strategies.** Having reviewed the wider context and identified basic factors this section sets out the basic scope and components of strategies and identifies key issues that need to be addressed in each strategy. These issues include: the importance of consultation and sustaining local support for the strategy; identifying resources and funding; the potential use of CPO powers; and the importance of measuring the success of the strategy. Drawing this information together allows the identification of the key components for successful strategies.

- **Specific Issues.** Further comments are provided in this part on particular issues including: the role and scope of technical inputs into strategies; the role of action plans; the role of using public sector assets; different types of delivery vehicles for the strategy; and the role of leadership for the strategy. This section also includes information on a number of different case studies of town centre strategies in Scotland.

Study Findings

5.2 The following sets out a short summary of the principal findings of the research in relation to town centre strategies.
5.3 The literature research on Town Centre Strategies has highlighted a number of generic issues and principles of wider relevance to the preparation of TCS’s, which are summarised below.

- Town Centre Strategies should be based on a realistic understanding of the town’s role and profile, identifying issues to be addressed and appropriate initiatives to build on a centre’s strengths and opportunities. Town centre health checks have an important role to play in this regard, both in informing the strategy and monitoring the impact of its implementation.

- Developing a shared vision and agreed strategy for the town is vital to underpinning support at all levels and in maximising the chances of successful delivery. The local authority has a central role to play in this, working in close partnership with the private sector and other interested parties from the outset in order to build consensus.

- In addition to their role as planning authority, local authorities can have a vital role to play in developing and delivering town centres strategies by utilising their property assets/ownerships and CPO powers to assemble key sites where appropriate.

- Town Centre Strategies require clear implementation and action plans to ensure that appropriate funding and delivery mechanisms are in place. This may cover a range of issues including costings and funding sources for individual projects, development briefs for specific sites, planning policies, site assembly mechanisms and management vehicles.

- It is important to properly assess the potential impact, as well as the benefits, of flagship projects and new developments on the centre as a whole, (e.g. the impact of large scale retail development on independent/local retailing and on smaller centres) prior to their inclusion in a strategy.

- It should not be assumed that a single project or issue will act as the panacea for improvement to a centre, rather a series of inter-related factors or “building blocks” need to be taken into account. It is also important to identify a series of shorter term, deliverable projects that can act as “quick wins” and provide momentum and support to delivery of the strategy, in addition to any longer term “flagship projects”.

- Smaller centres should seek to be complementary and differentiate themselves from larger centres, rather than being in direct competition, focusing on the importance of independent and local retailers to their vitality and viability.

- The successful delivery of town centre strategies requires political will and significant commitment at a financial and personal level. Strong individual leadership is vital, often in the form of a “project champion”.

Literature Review
• Town centre strategies require ongoing monitoring and review to assess the impact of their implementation over time, the need for them to be refined and updated and to reconfirm the commitment of key parties.

**Surveys of Practitioners in Scotland**

5.4 Findings from the surveys and discussion groups/seminars with practitioners in Scotland included the following:

- The main roles for town centre strategies were identified to be: identification of priorities; creating a focus for action and investment; development of consensus; provision of a forum for debate about competing priorities; and linkages with planning process.

- The principal problems and issues for strategies were identified as: managing heightened expectations; lack of statutory basis for strategies; need for political support; engaging with the private sector and securing inputs; and ensuring there is meaningful consultation.

- There was strong consensus that strategies should be led by local government but with involvement from LECs, the private sector, town centre management and other stakeholders including the voluntary sector and councillors. Within local authorities cross-department working is normal.

- Principal actions for strategies were identified as: context/policy review; analysis of strengths and weaknesses of centre including use of TCHC/V&V data; identifying the role of centre in relation to other centres; assessment of physical and market capacities for change; addressing transport and environmental issues in the centre; identification of site specific issues and proposals; development of shared vision; development of action/implementation plan; feasibility analysis; and development of funding strategy. A standard single approach was not considered appropriate.

- Other key requirements identified included:
  - The importance of consultation at an early stage.
  - Adoption of a partnership approach.
  - Senior level officer and political support.
  - Generating private sector interest and support.
  - Securing medium term funding (rather than short term funding only).
  - Managing expectations.
  - Strong project leadership.

- Other issues that require to be addressed in strategies;
The length of time required for securing investment through strategies compared to rapid change in town centres.

The vulnerability of strategies to local political agendas.

The time and bureaucracy involved in funding applications and monitoring.

The potential for using Compulsory Purchase powers.

The utilisation of public sector land and property assets.

Context and Background

Historical Development of Town Centre Strategies

5.5 Whilst much of the literature written about TCS is location specific and therefore of limited relevance for wider application, a number of key themes and lessons relating to “successful” town centre strategies were identified through the literature review.

5.6 The 1994 DOE Report “Vital and Viable Town Centres – Meeting the Challenge” provides one of the most comprehensive commentaries on devising town centre strategies in the face of strong competition from out-of-centre development and other towns. The report identified that town centre strategies need to be more than just simple land use plans and commence from a realistic understanding of the town’s profile. The strategy should cover action plans for flagship and pilot projects and should be focused on what makes the town special or differentiated from its competitors. The report contains basic principles for good practice, related to the scope and potential content of town centre strategies, which significantly focus on issues relating to Attractions, Accessibility, Amenity and Action.

5.7 The 1994 report identified that the most popular initiatives (adopted by over two-thirds of the local authorities) were focused on “hygiene factors”: safe, convenient car parks, environmental improvements, cleansing and pedestrian priority areas. By contrast, little over a third of authorities had adopted measures to improve and create attractions (e.g. range of shops), though these were more likely to have been adopted by vibrant, rather than declining, centres.

5.8 The 1994 research found that the most successful strategies and visions were those that were: realistic i.e. matched available opportunities and resources; positive in the sense of providing a lead; and shared in the sense that people and organisations with different interests were willing to support them. It went on to advise that “success very much depends on reversing a negative image, and creating a climate of confidence. This involves both some early wins or pilot projects as well as more fundamental or flagship schemes.” It is argued that strategies are often ineffectual because they

122 DOE 1994, Vital and Viable Town Centres – Meeting the Challenge, URBED et al
either tackle only one aspect, e.g. environmental improvements, or alternatively try to cover too much.

5.9 The report goes on to suggest that "what successful places seem to have in common is that they have gone through a process, often painful, out of which an agreed town centre strategy has emerged, and this typically involves a number of stages." The key elements to these stages are summarised in the report and include:

- Assessing the current performance and positioning of a centre.
- Assessing the profile of a centre and undertaking a SWOT analysis for Attractions, Accessibility, Amenity and Action.
- Input from stakeholders and development of a shared vision.
- Strategies and action plans produced to attract resources and co-ordinate efforts.
- Dedicated management.

5.10 Donaldsons et al\textsuperscript{123} identified the following key principles to the successful development of town centre strategies:

- Investment in the centre only represents value for money if it takes the town forward on the basis of a strategy for the medium (2-5 years) and long term (5-10 years plus).
- The strategy must involve assessing the strengths, weaknesses, opportunities and threats for the town centre, which leads directly to priorities for action.
- A series of projects should be identified for action, who is responsible for implementing them and sources of funding.
- Whilst the local authority should in most cases take a lead in developing the strategy, the value can only be realised if it is accepted by key players in the town.
- Joint responsibility is required between the key players for implementation (and often funding), developed through consultation, working groups and action plans for projects. The support of key organisations in the town should be confirmed by a written commitment from them.
- Proposals should be described in outline with a cost estimate, source of funding and timetable set out.
- Selected key performance indicators (KPI) should be monitored on a continuous basis to measure performance and test the effectiveness of the strategy. Pedestrian flows, shop counts and car park usage are simple to collect and should be supplemented by comparable data and

\textsuperscript{123} Donaldsons et al, 1997, The Health of Historic Towns in Scotland, HBAS Research Paper 1
benchmarking, together with the potential gathering of retailer turnover information on an indexed basis for monitoring purposes.

- The strategy should be subject to continuous review of its effectiveness and relevance and although it covers a period of 5 years or more, should be revised and relaunched at least every 2 years to confirm support and encourage investors.

5.11 In addition, the literature review also raised the importance of local authorities using their property assets in town centres in a more proactive way to promote regeneration, allied with use of CPO powers to assemble key sites. Balsas\textsuperscript{124} suggests that achieving sustained resourcing, other than through public subsidies, is perhaps the most critical factor for the success of city-centre revitalisation.

**Policy Context**

*SPP8*

5.12 The current policy references to the role and preparation of TCS’s is contained in SPP8\textsuperscript{125} in Scotland and PPS6\textsuperscript{126} in England. Paragraphs 24-26 of SPP8 encourages actions to support the improvement of town centres to create “distinctive and successful places” and acknowledges that a range and scale of interventions are appropriate to town centres. Town centre strategies are acknowledged as a key tool to delivering improvements…"Within the context provided by the statutory development plan, the strategies should provide the more detailed framework which enables action to be realised. Town centre strategies should be informed by up to date monitoring and review of town centres, making use of health checks. To aid wider understanding, a more consistent approach to strategy development should be adopted. Each strategy should be developed in co-ordination with other strategies……deriving maximum benefit from early involvement and joint working with interested stakeholders."

5.13 The advice goes on to suggest that strategies should “indicate the capacity for change through redevelopment, renewal, alternative uses and diversification based on an analysis of the centre’s role and function; consider the constraints to their implementation, for example diversity in site ownership, unit sizes and funding availability and recognise the rapidly changing nature of retail formats. They should identify clear actions, tools and delivery mechanisms to overcome these constraints….”

5.14 The reference to TCS work reflects the need for flexibility to adapt strategy work to specific circumstances but highlights a number of key messages including the importance of;

- Using TCHC’s and monitoring to inform strategy work and to understand the role of the centre.


\textsuperscript{125} Scottish Executive, 2006, Scottish Planning Policy 8: Town Centres and Retailing

\textsuperscript{126} ODPM, 2005, Planning Policy Statement 6, Planning for Town Centres

143
• Early stakeholder engagement and input into the strategy process.
• Consideration of opportunities and constraints to growth and development.
• Identification of clear actions and delivery mechanisms.
• Monitoring to link back to TCHC work and to assess implementation and impact of the strategy.

_PAN 59 (1999)_

5.15 PAN 59\textsuperscript{127} was designed to be read in conjunction with NPPG8, to provide advice to local authorities on how they might go about improving and changing their town centres, drawing on Scottish examples. It identifies possible items for action and the need for an inclusive, partnership approach to formulating and delivering town centre strategies. The PAN states:

“Much can be done to improve the vitality and viability of existing centres by taking steps to build on their assets and resolve problems. To achieve their full potential, town centres must, in particular, provide an environment that meets the requirements of investors and retailers as well as the needs of users. In general, action will need to be directed at:

• improving and building on the variety of attractions and the diversity of uses;
• making the centres more accessible for shoppers and visitors, as well as service vehicles, while at the same time minimising vehicle/pedestrian conflict;
• ensuring that they are attractive, safe and clean; and
• undertaking effective planning, management and promotion.”

5.16 In addition the PAN indicates that:

• Action should not be undertaken in isolation but should be part of a strategic approach which considers the centre as a whole, which involves a realistic vision for the centre.

• Action should be based on partnership working drawing support and commitment from a wide range of public and private sector bodies, as well as the public. Partnerships formed should be practical and committed. These partnerships should:
  
  o generate a shared and commonly held vision of the future of the centre;
  
  o prepare an agreed strategy and realistic action plan drawing on adequate funding; and

\textsuperscript{127} Scottish Executive, 1999, PAN 59 – Improving Town Centres
o set up an active partnership body and management structure for implementing the action plan and maintaining and enhancing the centre.

- Town centre strategies are concerned with *process* rather than a specific plan.

5.17 The PAN contains a variety of guiding principles for the preparation of TCS’s including the importance of adopting a holistic approach to town centre issues, the importance of stakeholder engagement and the creation of effective partnerships. The PAN also includes a series of brief case studies providing examples on the preparation of a TCS, through to a range of physical and management interventions in town centres across Scotland.

**The Need for Additional Guidance on TCS’s**

5.18 Through the questionnaire responses and discussion groups it was evident that further advice is required on the preparation and implementation of TCS’s over and above that contained in SPP8 and PAN 59. Strong emphasis was placed on the need for case studies and examples of best practice to assist in the preparation of TCS’s, and, in addition, on advice relating to the process associated with successful TCS’s in particular getting organised, securing political support, consultation issues, how to address the weaknesses of short-termism and managing expectations, plus examples of actions resulting from TCS’s. It was generally considered inappropriate to provide advice on standard methods of preparing TCS’s as they need to adapt to and reflect specific local circumstances.

5.19 Detailed feedback from the questionnaires and discussion groups raised a variety of suggestions for areas of advice that would assist organisations in the preparation of TCS’s. These included;

- Ways of engaging the local community.
- Guidance on funding sources and simplification of the application process for external funding (this was often considered so complex and time consuming that it deterred some respondents from pursuing specific funding sources).
- Use of local authority assets.
- Clarification of advice on the use of CPO powers.
- Internal co-ordination and resourcing.
- Ways of getting partners to sign up to resourcing, commitment to delivery and, where appropriate, funding for delivery of the TCS.
- Advice on potential delivery structures and mechanisms.
- How to manage decline in town centres.
- Encouraging diversity of uses and broadening out emphasis from a retail orientated approach.
Recommendation TCS1: Scope of PAN

The PAN providing advice on TCS’s should particularly focus on practical examples of best practice, key components to successful TCS’s and advice on implementation issues.

The advice should not be prescriptive in terms of identifying all steps to be undertaken and issues to be covered as this will need to reflect local issues and circumstances.

Definition of Town Centre Strategies

5.20 For the purposes of this study, TCS’s are defined as “a technique for establishing a detailed framework which enables action for improvement of the centre(s) to be realised, informed by up to date monitoring and review of the centre(s).” This definition encapsulates the emphasis placed on action and implementation issues in town centre strategies, rather than purely analysis, based upon a detailed understanding of the role and performance of a town centre.

5.21 Over and above this, TCS’s importantly also provide a process which facilitates a dialogue with key organisations and stakeholders involved in the use, management and future prospects of a town centre. This process should not only be used to receive input into the strategy itself but also to lay the foundations for ongoing and future participation in delivery and implementation of the strategy where appropriate.

Recommendation TCS2: Definition of TCS

Town Centre Strategies are taken to mean a technique for establishing a detailed framework which enables action for improvement of the centre(s) to be realised, informed by up to date monitoring and review of the centre(s).

In addition, TCS’s provide an important process for stakeholder engagement not only to inform preparation of the strategy itself but also to provide opportunities and support for subsequent delivery of the strategy outcomes.

General Issues for Town Centre Strategies

Role and Purpose of Town Centre Strategies

5.22 From the research the main role and purpose of carrying out TCS’s was identified as: informing the future role/direction of the town to enable setting of objectives; allocation of resources/prioritisation of actions; the use of TCS’s as part of wider regeneration initiative; providing a framework for action plans; identifying specific sites/uses; a means of getting key organisations involved/building consensus; and identifying/supporting opportunities for economic development. These themes are encapsulated within the definition set out in Recommendation TCS2.
Advantages and Weaknesses of TCS as a Regeneration Tool

5.23 The key advantages of TCS as a regeneration tool were indicated as: identification of priorities and direction for future action; providing an opportunity to be proactive; creating a focus for action and an opportunity to develop consensus/buy in; a forum for debate to identify issues/competing priorities and pressures at early stage; identification of opportunities for redevelopment and linkages with planning process/objectives.

5.24 The key weaknesses indicated were: the difficulties associated with heightened expectations resulting from a strategy and the need to manage these; TCS’s having no statutory status which can make them more difficult to deliver; TCS’s can be complex/demanding; they require political support to deliver; private sector input can be difficult (although the use of BIDs can address this issue); and the danger of creating TCS’s without meaningful consultation.

5.25 With the exception of the non-statutory status of TCS’s, it is felt that the above weaknesses and criticisms of TCS’S as a technique are capable of being managed by adopting a best practice approach to the preparation and delivery of TCS’s. Clearly this assumes that sufficient resources and organisational commitment are in place to underpin this process.

Basic Requirements for TCS’s

5.26 For TCS’s to provide a useful tool for informing and directing investment in and improvements to town centres, the technique should meet the following basic requirements;

- **Evidence based**: informed by robust assessment and thorough understanding of the role and performance of the town centre (based on TCHC work for the town).
- **Inclusive**: having input from key stakeholders with an involvement in the town centre.
- **Properly resourced**: both for preparation of the strategy and for its subsequent implementation.
- **Comprehensive**: covering a range of issues and forms of use relevant to the town centre and its future, rather than purely focusing on more immediate/obvious aspects (for example retail or transport issues in isolation).
- **Robust and credible**: given the role of TCS’s in informing planning policy and investment decisions and in seeking to engender the support of both the public and private sectors. TCS’s need to be credible in order to address potentially competing agendas and local interests.
- **Endorsed and supported**: by key stakeholders, signed up to the strategy contents and committed to its delivery.
Deliverable: capable of implementation, underpinned by realistic, deliverable proposals and linked to a clear action plan.

**Recommendation TCS3: Basic requirements for TCS**

The above principles should be adopted as basic requirements for the preparation of TCS’s and encapsulated in the PAN.

**The Town Centre Strategy Process**

5.27 Whilst the TCS process cannot be prescriptive and needs to be tailored to reflect local circumstances, the following key stages are frequently used in the preparation of TCS’s;

- **Scope of study and brief:** this is likely to include confirmation of the extent of the area to be covered (e.g. town centre boundary), together with key issues and existing policies to be considered as part of the strategy.

- **Contextual/policy review:** this stage will typically involve a review of relevant planning, economic development and transport policy relating to the town centre(s) at a local, regional and national level to understand the constraints, strategic objectives and opportunities associated with development of the strategy.

- **Stakeholder engagement:** the effective and early involvement of key stakeholders is generally accepted as a fundamental part of the preparation and delivery of TCS’s. Key stakeholders may include retailers, local businesses, members of the public, user groups, other public sector partners and organisations, key landowners and investors. A variety of approaches to consultation can be adopted ranging from one to one discussions, through to workshops, public meetings, exhibitions and scenario planning sessions. This stage frequently involves discussion and development of a vision and series of strategic objectives for the town centre.

- **Assessment of performance and role of centre:** this stage should be informed by up-to-date health check monitoring of the town centre to provide a considered view of its role relative to other centres in the area, together with identification of issues that need to be addressed through the strategy and action plan.

- **Opportunities and capacity for change:** at this stage it is likely to be appropriate to assess the physical and market capacity for change in the town centre, within the context of the policy review, through identification of key opportunity sites/areas in and around the town centre and through an assessment of market demand for various forms of use.

- **Analysis and options appraisal:** this stage effectively draws together and analyses information gathered from the previous stages to provide an
assessment of the potential options and approaches to change in the town centre. Consideration should be given to a range of short, medium and long term interventions as part of the overall strategy informed by an assessment of their deliverability and the contribution initiatives will make to the objectives/vision for the TCS as a whole. A key element to this stage frequently includes preparation of a masterplan for the town centre, setting out the key physical proposals and projects and their inter-relationship.

- **Identification of preferred options and proposals for action:** this is likely to cover a variety of potential interventions ranging, for example, from environmental improvements, transport/accessibility improvements, to site specific proposals and management regimes, aimed at contributing to the overall objectives for the town centre.

- **Action plan/implementation strategy:** this is a key part of the strategy process, setting out the specific actions required to deliver the objectives of the strategy and the identified projects. It should set out clearly the basis of action required, the organisations responsible, resourcing, timescales and funding sources. The action plan/implementation strategy should be agreed between key partners, signed up to its delivery, as part of the strategy process. A clear structure should be put in place for future reporting and decision making within and between lead organisations responsible for delivery of the action plan.

- **Reporting and disseminating findings:** this is a key stage in deriving value from the TCS process and may include internal reporting, information sharing and decision making within a local authority but also dissemination and discussion of findings with key public and private sector organisations and stakeholders as a means of debating issues and seeking consensus on future action. This stage may also have a very outward facing element, for example providing key findings to potential future occupiers and investors in a town to assist in engendering wider support for implementation of the strategy. Early consideration should be given to the ongoing communication strategy for the project, for example through working group/public meetings, regular newsletters or through a dedicated website.

- **Systematic process for monitoring and future review:** the final stage should be to clearly set out how the TCS is going to be periodically reviewed and updated to assess progress made on implementation over time and, where appropriate, to review, amend and update the strategy.

**Recommendation TCS4: Stages for the preparation of TCS’s**

The above provides an example of the stages typically employed in the preparation of TCS’s and should be incorporated into the PAN for indicative purposes.
Scope and Content of Town Centre Strategies

5.28 Whilst the scope and content of TCS’s need to be adapted to meet local circumstances and issues, the questionnaires asked respondents for their views on the importance of various potential component parts of a “typical” TCS. Of the 13 various categories listed, those considered most important were as follows:

- Two factors were identified to be the highest priority:
  - The assessment of the physical and market capacity for change and new development in the Town Centre(s).

- Undertaking site specific analysis and proposals was considered to be the next most important action.

- A range of actions were then identified to be next most important including:
  - Proposals relating to the quality and management of the environment including TCM/BIDS.
  - Transport, traffic management and parking issues.
  - Funding strategy.
  - Contextual/policy review of centre.

5.29 Although contextual analysis such as policy review, use of SWOT and health check information to inform the strategy, were considered important, it is evident that the key emphasis was placed on creating tangible outputs from the strategy and informing this through an understanding of the physical and market capacity for change. Hence, much of the priority is rightly placed on seeking to establish deliverable outcomes and proposal from the strategy work.

Recommendation TCS5: Scope and content for TCS’s

Guidance on TCS’s needs to place significant emphasis on the identification of deliverable outputs from the strategy process supported by Action Plans, Implementation and Funding Strategies. This will require the strategy to be informed by an appropriate review of the policy, market and physical context for proposals for Town Centres.

Key Issues and Problems Associated with TCS’s

5.30 The questionnaires and discussion groups highlighted a number of key problem areas associated with the preparation and implementation of TCS’s, for which there generally existed strong consensus. These are summarised below.
Consultation and Sustaining Public Support

5.31 Whilst a range of different approaches to consultation in the TCS process had been adopted and there was strong consensus on the need for early stakeholder engagement, the success of consultation in engendering public support to the TCS was, to a degree, mixed. The practical issue of sustaining public support for the duration of the strategy and implementation process was raised as a key concern, based on heightened public expectations resulting from the initial consultation/strategy, with physical changes on the ground only becoming apparent in the medium to long term. Suggestions for addressing this included ongoing feedback to the public about progress being made “behind the scenes”, for example through a newsletter or town centre forum, together with the need for identification of short term interventions in addition to more substantive medium to long term initiatives.

Recommendation TCS6: Consultation and stakeholder engagement

Organisations responsible for the preparation of TCS’s should be strongly encouraged to engage and consult with key stakeholders involved in the use, operation and future prosperity of their town centre at an early stage in the strategy process. The approach to consultation should be aimed at not only informing the strategy itself, but also in engendering support for the strategy outcomes and the involvement of stakeholders in delivery of the Action Plan.

In addition, an ongoing communication strategy should be considered as one of the outcomes from the TCS process to continue an appropriate dialogue and level of involvement for stakeholders and interested parties.

Resourcing

5.32 A common problem was the lack of sustained resources for taking the strategy from completion through to the vital implementation and delivery stage, particularly at local authority level. It was felt that a senior level, dedicated resource with a suitable remit and level of responsibility was required to ensure successful delivery of TCS’s, but that this was difficult to achieve in practice. Linked to this, ongoing support from senior management in the local authority, from partner organisations and at a political level were also considered vital. Several respondents indicated that they had experienced problems associated with changes in the political make up and priorities of their local authority during the implementation of the strategy.
Recommendation TCS7: Resourcing

Consideration needs to be given to ways of actively encouraging local authorities and Partner Organisations to give increased priority and resources to the preparation and delivery of Town Centre Strategies in order to proactively manage and improve town centres throughout Scotland.

Securing Funding

5.33 The success in securing funding for delivery of the strategy was also relatively mixed, in part reflecting the different stages respondents were at in the strategy process. Several local authorities indicated that their own funding was involved from their capital programme, whilst others were seeking to/had secured money from wider public sector funding sources such as European, Historic Scotland (CARS) and Heritage Lottery Funding and transport/highway improvement funding for individual projects. Some respondents had secured a mix of private funding through development partners. Only one authority specifically highlighted the use of the Council’s property assets to assist delivery of elements of the TCS.

5.34 A number of participants in the research expressed frustration at the time and bureaucracy involved in funding applications and subsequent follow up/monitoring, which detracted from the resources available to address key projects.

Recommendation TCS8: Funding sources

Consideration should be given to the role of the Scottish Government in providing additional guidance and information to local authorities on potential funding sources for town centre initiatives and regeneration projects.

Use of Compulsory Purchase Order Powers

5.35 The willingness to consider use of Compulsory Purchase Order (CPO) powers to assist delivery of TCS objectives/projects appeared to be very varied between authorities. Some indicated that it had not yet been considered at the current stage in the strategy, others suggested it was a last resort (too complex and costly, also requiring cross departmental support) and several authorities were actively exploring or progressing CPO to assemble sites of varying size and significance. It was suggested that additional guidance was required on CPO to increase awareness and understanding of its use.

5.36 The relatively limited use of CPO powers by local authorities in Scotland to promote town centre regeneration projects was highlighted in the 2003 Review of Scotland’s Cities\(^\text{128}\) and identified key constraints and barriers to more widespread use of CPO powers as:

• The significant timescales associated with decision making and therefore implementation of CPOs, with delays causing major difficulties for regeneration projects due to the uncertainty for both public and private sector partners.

• The levels of professional competence and expertise in the use of CPO procedures and compensation within local authorities.

• The need for further clarity and definition over the circumstances in which CPOs may be used.

• A perceived lack of consistency from the Lands Tribunal over compensation payments to landowners and a perception that the CPO process places too much emphasis on safeguarding landowners.

5.37 The 2003 review team concluded that the decline in the use of CPO powers in Scotland could hinder the future delivery of physical development in Scotland’s cities. It proposed a series of short term steps that could be taken without the need for legislation, which would go some way towards preventing further decline in CPO use. Whilst clearly this forms part of a wider agenda than can be addressed through this study, it is recommended that the current position on CPO guidance is reviewed by the Scottish Government as an important step towards increasing understanding and the potential use of CPO’s as delivery mechanisms for TCS proposals in appropriate circumstances.

**Recommendation TCS9: Guidance on CPO**

Given the significance of CPO as key tool for delivering town centre projects on mixed ownership sites, consideration should be given clarifying and updating existing guidance in order to increase understanding and potential use of CPO powers in appropriate circumstances.

---

5.38 Very few respondents were sufficiently advanced in the implementation of their TCS to be formally monitoring the benefits and progress made. One respondent indicated that an annual report is prepared (largely for internal purposes and to report back to funders) and another respondent referred to positive anecdotal feedback from the private sector/investors following public realm improvements resulting from the strategy and action plan, but no formal process for measuring the impact of the strategy.

5.39 Monitoring and reviewing progress on the implementation of TCS’s should be seen as an integral part of the TCS process, enabling the benefits and successes, as well as any shortcomings, to be identified. This will enable the strategy to be updated, amended and refreshed as appropriate, also identifying any requirements for additional resources or funding.

5.40 It is also a key part of deriving value from the TCS process, enabling this to be communicated within organisations and also externally (e.g. to organisations involved in funding the TCS recommendations, to the investor
community and the wider public). Progress on specific items set out in the Action Plan should be assessed against the proposed timescales and benchmarks for their implementation.

Recommendation TCS10: Monitoring and Reviewing TCS’s

Guidance on TCS’s needs to reinforce the importance of measuring their impact over time, linked to the TCHC process, together with ongoing reviews and updating of TCS’s to ensure that they remain relevant and deliverable.

Key Components to Successful Strategies

5.41 Based on a combination of key findings from the literature review, feedback from the questionnaire responses, discussion groups and the study team’s experience of TCS work, a series of commonly occurring ingredients to successful TCS’s have emerged. These are summarised below and in addition a number of the themes are further reinforced and explored in more detail through the TCS case studies.

- Early stakeholder engagement, including involvement of both the public and private sectors.
- Strong public sector leadership to demonstrate commitment and provide confidence to the private sector.
- Sustained resourcing and appropriate levels of responsibility/remit for implementation of the Strategy and Action Plan.
- Strong project management and early identification of conflicting agendas.
- A clear structure or vehicle for implementation agreed between the key parties.
- Senior level management support and political will to take projects forward to the delivery stage.
- An action plan with clearly identified priorities, timescales, responsibilities/named individuals and funding sources.
- Proactive use of Council/public sector property assets as a catalyst for regeneration and private sector commitment.
- Promotion and use of CPO powers, where appropriate, to assemble key sites to facilitate regeneration/improvements.
- Ongoing monitoring and review of the strategy.
- Ongoing communication of results and updates on progress to key stakeholders and the local community.
Specific Issues

**Technical Elements to TCS Work**

5.42 The technical aspects of a TCS will predominantly relate to analytical techniques to assist in understanding the town centre and informing the strategy. In particular, the following key areas should be considered:

- **TCHC work/V&V indicators:** these have clearly been discussed in detail in chapter 4 of this Report and the TCS process should utilise the understanding of the performance of the town centre over time and ideally within its regional context, in order to make informed recommendations on the future of the town centre. In particular, this is likely to relate to key problem areas and weaknesses identified through the TCHC work, an understanding of supply and demand issues and key themes highlighted through shopper/household/retailer/business surveys. In the absence of detailed TCHC work for a town, it is advisable to include a more rudimentary health check assessment of the town centre base on available information.

- **Assessment of market demand:** this is considered important in ensuring that TCS work is grounded in commercial reality by obtaining an understanding of occupier demand for the town centre in relation to key market sectors (for example retail, residential, leisure, offices etc). Such information may be gathered through a range of sources including database information (e.g. FOCUS\(^{129}\)), input from property agents/advisors and direct discussions with key occupiers where appropriate (e.g. in relation to a potential anchor store or discussions with a key existing occupier in the town centre regarding their future intentions). Market demand is key to underpinning project viability and generating developer and investor interest in a town and for specific proposals. Further comments on this are set out in chapter 3 of this report.

- **Physical capacity for change:** this may include an assessment of accessibility issues, the potential role and availability of key sites in the town centre and physical constraints to change such as Listed Buildings or complex landownership situations.

- **Masterplanning and urban design:** masterplans provide an important tool for understanding the complex relationship between different areas of

---

\(^{129}\) FOCUS Information Limited
town centre and in identifying and communicating key proposals. They may be informed by urban design analysis focusing on the character and physical environment of the town centre, ultimately leading to urban design guidance or design codes to help inform a consistent approach to future changes to the town centre.

- **Site specific proposals/feasibility studies**: these would typically involve a technical review of the potential of individual sites to accommodate specific proposals and forms of use covering such issues as physical site capacity, technical site constraints (e.g. ground conditions, contamination, flooding etc), planning and design context and project viability/deliverability. Frequently the scope of the TCS will cover indicative proposals for individual sites based on the analysis thus far, with further testing and feasibility analysis required to take this forward.

- **Non physical proposals and interventions**: as part of the TCS recommendations, a range of non physical interventions may also be considered, including for example management and maintenance of the town centre (linked to TCM if in place), marketing and promotion and training for local retailers and businesses. A specific marketing strategy may be prepared as part of the TCS process, or subsequently, setting out information on target markets (identified through survey work), marketing activities and promotional events aimed at increasing the profile of the centre, together with increased usage, spend and dwell time.

### Implementation Issues

5.43 Through feedback from the questionnaires and discussion groups, it is evident that organisations are particularly interested in receiving advice on issues relating to the implementation and delivery of Town Centre Strategies, this being central to their value as a technique and in creating meaningful change to town centres. Whilst clearly it is also essential that the analysis, process and content of the strategy lead towards deliverable outcomes, the mechanisms for implementation are clearly fundamental to successful outcomes and are discussed below. The role of CPO as a delivery mechanism has already been discussed in this chapter.

### Action Plans

5.44 Action plans are perhaps the most significant outcome of the Town Centre Strategy process, encapsulating the recommendations from the strategy and related analysis. They should clearly set out **specific, measurable and easily understood actions for the short term** (e.g. 1-2 years), **medium term** (e.g. 3-5 years) and **long term** (e.g. 5-10 years and beyond). The action plan should avoid making general or vague statements (for example “improve the retail offer in the town centre”) and instead should focus on specific actions and outcomes that will contribute to the objectives of the strategy.

5.45 Action plans should clearly identify:

- The level of priority attached to actions (e.g. high, medium, low).
- The organisations responsible for specific actions, including any supporting input that may be required from partner organisations or other teams within a local authority (for example input from a local authority Transport or Estates team).
- The individuals responsible for taking forward specific actions, together with any identified “project champions”.
- Any additional work/analysis required to take forward the action/project (for example a site specific feasibility study).
- Funding sources identified for progressing the action and for delivery of the outcome/project.
- Basis for measuring progress and performance in relation to the specific action.

Recommendation TCS12: Action Plans

Guidance on TCS’s should encompass advice on the preparation of Action Plans as set out above.

Use of Public Sector Assets

5.46 Although it is acknowledged that the extent and location of Council owned assets varies considerably between local authorities, the potential role of these in promoting regeneration and town centre improvements warrants further consideration. Land ownership is one of the most powerful tools potentially available to a local authority, enabling a direct role and influence over future development in its town centre. In addition, the inclusion of Council property in a regeneration or town centre improvement project can act as an important catalyst for securing private sector investment and commitment, signalling the local authority’s firm commitment to the future of its town centre.

5.47 Clearly local authority assets also provide the opportunity to generate capital and revenue receipts through intensification of use or redevelopment and local authorities are bound by the need to demonstrate Best Value for disposal of their assets. If an authority wishes to dispose of any land and property assets at less than the current market value the disposal will need to meet criteria set out in section 74 of the Local Government (Scotland) Act 1973 (as amended by s11 of the Local Government in Scotland Act 2003).

5.48 As part of the TCS process, local authorities should be encouraged to actively explore opportunities for the effective use of local authority assets to deliver objectives of the town centre strategy. This could be linked, for example, to improving the quality and configuration of retail units in a town centre to meet modern retailer requirements or to provide mixed use, residential or business space development for which demand has been established. In addition, TCS’s provide an important opportunity to consider the potential for the improved provision of public facilities in a town centre (for example library, cultural, leisure or health facilities), linked to supply and demand analysis for facilities and work carried out within the local authority.
and by partner organisations. Within this context, consideration should be
given to opportunities for revenue savings and Prudential Borrowing aimed
at improving local facilities.

**Delivery Vehicles**

5.49 Whatever the outcomes of a TCS, its successful delivery will inevitably
require the carefully co-ordinated efforts of key individuals and organisations,
on a committed and properly funded basis. A variety of delivery mechanisms
or vehicles can be adopted and in the main are likely to fall into one of the
following three categories;

- **An informal partnership:** most commonly a joint working arrangement
  between public sector/partner organisations with a defined remit to
  oversee and deliver projects from the TCS. This may involve the private
  sector and other organisations where appropriate. It is likely that such an
  approach will be local authority led and rely on existing resources
  available within organisations and the ongoing commitment/goodwill of
  partner organisations.

- **A joint venture:** this involves setting up a formal partnership between
  key public sector organisations, with a formal decision making process
  and commitment of resources to take forward delivery of the strategy and
  its key projects. A formal legal agreement would set out the financial
  inputs, executive and administrative arrangements for the joint venture
  and confirm the commitment and responsibilities of parties within the joint
  venture. The joint venture may in turn work with other partner
  organisations and involve the private sector on the delivery of key
  projects where agreed between the parties.

- **A local delivery vehicle:** this would be set up as a formally incorporated
  organisation and legal entity, most commonly as a company limited by
  guarantee, in a similar way to an Urban Regeneration Company. The
  overall aim is to create an organisation with the status, resources,
  direction and funding to take forward delivery of regeneration and
  improvement projects across a town or city centre, working closely with
  partner organisations and the private sector.

5.50 The type of delivery mechanism adopted is likely to be determined by the
following key considerations;

- Nature of parties involved (e.g. several public sector organisations and
  possible inclusion of the private sector).

- Remit and purpose (e.g. for delivery of a single project or series of town
  centre wide initiatives).

---

130 The Prudential Borrowing regime was introduced as part of the Local Government in Scotland Act
2003 and came into effect on 1 April 2004. It introduces greater freedom for local authorities to
borrow for capital investment projects against future revenue savings, subject to the borrowing being
assessed against a range of Prudential Indicators that determine whether the proposed
arrangements are affordable and sustainable.
• Timescales/longevity required.
• Costs associated with setting up and running the delivery vehicle.
• Level of resources available.
• Level of accountability.
• Complexity of arrangements and level of flexibility required.
• Finance/funding arrangements.

5.51 Whichever form of vehicle is adopted, it is essential to establish a framework that is appropriate to the parties, their funding, resourcing and level of commitment, with proper management and communication structures in place.

**Recommendation TCS13: Delivery Vehicles**

Guidance on TCS’s should provide examples of the types of delivery vehicles that can be adopted to take forward implementation of recommendations, together with considerations for their applicability and use.

**Resourcing and Leadership**

5.52 Resourcing was identified through the study as one of the most significant constraints on the preparation and implementation of TCS’s in Scotland. Key resourcing related considerations for organisations embarking on TCS work include:

- **Sustainable resources:** identification of sustainable and, where possible, dedicated resources for preparation of TCS’s and beyond this, for the implementation and delivery of proposals. This process should take place at the outset of embarking on a strategy and be agreed within the lead organisations/with partner organisations where appropriate.

- **Level of authority:** ensuring that the individual(s) leading the process have a suitable remit and level of authority to make decisions relevant to the preparation and delivery of the strategy.

- **Shared resourcing/funding between organisations:** where partner organisations are working jointly on a TCS, it may be possible to identify a shared resource to carry out the TCS or a situation whereby partner organisations part fund of the cost associated with use of internal or external resources.

- **Support and input from other departments and organisations:** ensuring an appropriate structure is in place (for example a cross-departmental working group) to receive technical input, information and guidance from other relevant departments within an authority and also between organisations.
• **Senior level management and political support:** to reinforce and support the lead individual(s) responsible for preparation and delivery of the strategy.

• **Project champion:** in addition to the lead individual(s) responsible for the day to day preparation and delivery of the strategy, consideration should be given to appointment of a project champion to give strategic guidance on the TCS and act as an “ambassador” for the strategy and its key projects.

**Recommendation TCS14: Resourcing TCS**

Organisations embarking on TCS work should be encouraged to give early consideration to sustainable and innovative resourcing solutions for preparation and delivery of the strategy. This needs to be backed up by internal/organisations senior level management and political support to ensure that a “corporate” approach is adopted to key projects.

**Case Studies**

5.53 Whilst the preparation of individual TCS’s inevitably reflect a unique set of circumstances, a number of key principles are explored through the following case studies. In particular,

• A joint approach to preparation and delivery of a TCS and Action Plan in Edinburgh City Centre (Case Study 10).

• A district wide approach to the preparation of TCS’s and defining complementary roles for town centres in the Falkirk area (Case Study 11).

• Managing retail decline in the face of extensive competition and promotion of an increased diversity of uses in the town centre to create a more sustainable role for the future of Paisley Town Centre (Case Study 12).

• Discussion of key issues for small towns across Scotland, including the need for increased support and possible interventions, based on the study prepared by the Scottish Small Towns Task Force Group (Case Study 13).

• Arts and leisure led community regeneration in Hawick, demonstrating the nature of non-retail led projects that can be achieved in small towns using a multi-agency approach and mixture of funding sources (Case Study 14).
Case Study 10: Edinburgh City Centre Action Plan – Joint Stakeholder Approach

Theme

City Centre Strategy and Action Plan prepared with input and consensus building from key public and private sector stakeholders, followed up with periodic reviews of progress on implementation.

Commentary

The Edinburgh City Centre Action Plan was first created in 2003 and resulted from recognition by the City Council and other key stakeholders that a single document was required to draw together the policies, proposals and resources of key organisations involved in the future of the city centre. This was considered vital in ensuring that Edinburgh remains a successful capital city for residents, customers, businesses and retailers. The Action Plan document is not viewed as being within the ownership of one single party but instead is the culmination of extensive workshops and consultations with a range of city centre stakeholders. The Action Plan clearly states that it does not seek to duplicate existing work but rather to consolidate all of the existing activities and new actions into a single document. Importantly, a process is in place to review progress made on the Action Plan and refresh it where appropriate, with the first comprehensive review having been carried out in October 2005.

Also in place is a clear and accountable structure for delivery of the Action Plan, with an Action Plan Coordination Group taking strategic decisions and an Action Plan Delivery Team responsible for day to day coordination of delivery, supported by an Action Plan Manager. A Public Realm Strategy Group coordinates the public realm programme and various short life groups are used to deliver specific action plan projects as required. Edinburgh City Centre Management has a key role to play in coordinating the overall process and also hosts the Action Plan Manager.

The Action Plan sets out the timescales and priority placed on individual actions, the lead agency and support agency, funders and the performance measure for each action, against which progress is assessed in the review of the Action Plan. This provides a very clear framework for action. In addition, the 2005 Review of the Action Plan also identifies a named “Project Champion” for each action.

Key partners involved in preparation and delivery of the Action Plan include:

- The City of Edinburgh Council
- Edinburgh Chamber of Commerce
- Edinburgh City Centre Management Company Ltd.
- Edinburgh and Lothians Tourist Board
- Edinburgh World Heritage Trust
- Historic Scotland
- Lothian and Borders Police
- Scottish Enterprise Edinburgh and Lothian
- Strategic Rail Authority
- Transport Initiatives Edinburgh.

It is acknowledged that the success of the Action Plan requires considerable coordinated effort and resourcing from the partner organisations. The partners are committed to undertaking joint budgeting and exploring innovative approaches to resourcing such as the creation of a pilot Business Improvement District.
Case Study 11: Falkirk - District Wide Approach to Town Centre Strategies

Theme

District wide approach to the preparation of Town Centre Strategies, identifying appropriate and complimentary roles for various town centres in the region, supported by the delivery of individual projects.

Commentary

Falkirk Council launched an ambitious £23M economic development plan to transform Falkirk and the surrounding area in 2003 under the banner of “My Future’s in Falkirk.” This provided a 10 year framework for promoting a more diverse and sustainable economic base in the area, with significant funding being provided by the lead partners; Scottish Enterprise Forth Valley, BP and Falkirk Council. Town centre regeneration forms a major part of the strategy, covering the key centres in the Falkirk area of Falkirk, Bo’ness, Grangemouth, Denny and Stenhousemuir.

Individual strategies have been prepared for each town centre, focusing on the unique characteristics, attributes and constraints of the specific town centres, aimed at maximising the benefit to the area as a whole. The strategy has received very strong corporate and political support within the Council, as reflected in the Corporate Plan, Community Development Plan and other key policy documents. The Council has also taken a positive approach to use of Council assets to promote site assembly and key development projects where appropriate.

Following extensive consultation, a series of individual projects and interventions have been identified for the various town centres. The projects range from major residential and waterfront led regeneration in Bo’ness, through to foodstore/retail led mixed use development in Stenhousemuir and Denny Town Centres. Non retail uses proposed for Stenhousemuir include a new library, improvements to the local park, a new community and health centre, due for completion in late 2009. In addition to a new foodstore and unit shops for Denny town centre, proposals include a restaurant/bar, offices and new library and residential units.

Proposals for Grangemouth include new shops, increased parking, a library and museum, new accommodation for Council services, a new police station and divisional HQ and environmental improvements. Significant emphasis has been placed on seeking to identify mixed use solutions and the provision of improved local facilities to underpin the longer term vitality and viability of each town centre. Inevitably, a significant part of the value generation has been derived from retail uses, with the exception of proposals for Bo’ness which include circa 750 new homes, a new marina, a hotel, restaurants and bars in addition to retail.

Major development partners have been selected for the delivery of each of these projects. The Council has also launched a £5M Townscape Heritage Initiative in Bo’ness aimed at helping to secure the future of the town as a major tourism centre, focusing on the considerable number of historic buildings and its Outstanding Conservation Area status.
Case Study 12: Paisley Town Centre – Managing Retail Decline and Promoting Diversification

Theme

Preparation of proactive Town Centre Strategy for Paisley Town Centre in the context of retail decline resulting from major out of town and regional retail competition.

Commentary

Paisley Vision Board, Renfrewshire Council and Scottish Enterprise Renfrewshire commissioned a strategy for Paisley Town Centre to identify a 10 year investment programme for the town. This was in response to concerns about the condition of Paisley town centre and in particular the decline in its retail performance resulting from severe competition from Glasgow and out of town shopping centres including Braehead.

The strategy, prepared by a private consultant, identified that a strong lead would be required by the public sector. Although it was suggested that the majority of capital investment required for residential and retail development would need to come from the private sector, it was recognised that the public sector had a vital role to play in creating the right conditions for regeneration and establishing a climate of confidence. In particular, it was suggested that Paisley Vision Board had a key role to play in promoting the recovery of Paisley by;

- Championing the vision.
- Proactive management and maintenance.
- Mobilising public sector resources for investment.
- Engaging with the private sector to deliver development and regeneration.

The report recognised that in the face of changing retail trends, extensive competition and reduced customer loyalty from those with spending power, a strategy was required that did not rely entirely on retailing but instead related to diversification of the town centre into other forms of use that would create a more sustainable future for Paisley. A number of guiding principles were proposed including;

- The competitive pressures on Paisley will intensity in the short-medium term and in the medium-long term regeneration and diversification will help to achieve a quality retail and leisure revival.
- Residential development represents the best prospect for market-led regeneration in the heart of Paisley.
- Mixed use developments have a key role to play in driving change.
- The university is a key economic and cultural asset.
- Paisley’s cultural offer is modest for a town of its size, but there are worthwhile assets to build on.
- Improvements are required to public transport infrastructure, the physical condition of the town centre and access/environment for pedestrians and cyclists.

The strategy was endorsed by the Paisley Vision Board in 2006, which identified early actions as access, ongoing maintenance and management of the town centre, enhancing the Town Centre Management Team, working with key partners and engaging with town centre owners and occupiers. Genuine support from the local authority at an officer and political level were also identified as key ingredients for successful implementation of the strategy.

Theme
Study prepared by the Scottish Small Towns Task Group setting out the case for increased support and proactive planning for Scotland’s Small Towns.

Commentary
The report was prepared by the Scottish Small Towns Task Group supported by the Convention of Scottish local authorities and was administered by the Scottish Borders Council with the involvement of Dumfries and Galloway Council. The report seeks to;

- Highlight the issues and challenges facing Scotland’s small towns.
- Clarify responsibilities in the Scottish Government for small towns.
- Make the case to the Scottish Government for a Small Towns Review.
- Bring together good practice case studies on the development and regeneration of small towns.

The study gathered information from 20 local authorities between October 2005 and February 2006, covering 33 small towns, using a working definition of small towns as those with a population of between 2,000 and 20,000. The report highlights the significant role of small towns across Scotland, acting as a focus for local services, cultural and tourism activity and as economic drivers for their hinterland. It makes the case for increased policy support, resourcing and funding for small towns, together with the need for a proactive approach to sustaining and regenerating Scotland’s small towns as set out in SPP8.

Key themes and recommendations highlighted in the report include;

- Improved support for small scale private retail outlets to better market/reposition their retail offer where the role of small towns is changing.
- Improved incentives to attract the private sector to invest in small towns through a more coherent set of policy initiatives.
- Use of a national template for building condition surveys, linked to the need to proactively address the physical deterioration of the built environment in town centres. This is vital for protecting and promoting the individuality of small towns.
- Adopting a proactive approach informed by an understanding of the role of towns in relation to their rural hinterlands, city region, wider region and rural context.
- Utilising existing Community Planning Partnerships to engage and enable local authorities, elected representatives, stakeholder groups, key public agencies, community, voluntary and business interests.
- Identifying opportunities for co-operative/joint working between towns.
- Building on the tourism related role and further potential that many small towns have through, for example, increased assistance with managing, re-branding and re-positioning small towns in the market place, enhancing and creating new services and products, improving customer care and skill development.
- The need for small towns to develop a masterplan covering a 10-15 year period, linked to the statutory planning process. This should emphasise the importance of a Community Planning approach and identify a programme of investments.
Case Study 14: Heart of Hawick – Arts and Heritage Led Regeneration

Theme

Multi-agency arts and heritage led initiative for cultural and economic regeneration to benefit Hawick and the wider Borders area, delivered through a mix of funding sources.

Commentary

The Heart of Hawick initiative was established by Scottish Borders Council to promote arts and heritage led regeneration in Hawick. The project has six key elements, including the transformation of two previously empty buildings in the town centre, the Tower Mill (a former weaving mill) and the Heritage Hub (the old marina function suite and cinema). These two buildings have been restored to provide a community facility with an arts and media focus, including a family history centre, regional archive and registrar area, a theatre/cinema, workshops, café/bar, exhibition space and visitor information centre. The Tower Mill also provides workspace to rent, targeted at arts and media based organisations.

Other initiatives within the project include town centre improvements, a new footbridge/cyclebridge over the River Teviot and major renovations to Drumlanrig’s Tower and museum.

Funding for the projects has been secured through a number of sources including Scottish Borders Council, European Union Funding, Heritage Lottery and Scottish Arts Council Funding.

Strong project management has been central to progressing the projects within agreed timescales and budgets. The Project Board has responsibility for approving key stages in the project, with a Working Group, Officer Group and Design Team in place to carry out implementation.

Extensive consultation has also taken place throughout the process, including the early involvement of stakeholder groups and an ongoing communication strategy. A periodic newsletter has kept the local community up to date with progress on the ground.

Conclusions

5.54 The review of practical experience of TCS work by local authorities in Scotland has identified significant variation in the approach, commitment, resources and follow up for Town Centre Strategies, despite existing guidance set out in SPP8 and PAN 59. TCSs do however continue to be widely recognised by public and private sector organisations and practitioners as a fundamental tool in the proactive planning and protection of towns and cities throughout the UK. A range of key issues related to the preparation, resourcing and implementation of TCS’s have been raised in this chapter and also reinforced through case study examples.

5.55 In summary, the key conclusions of the review in relation to TCS’s are as follows:

- There is clear need for a PAN setting out additional practical up-to-date guidance on the preparation and delivery of TCS’s, particularly focusing on issues relating to the preparation of successful TCS’s and implementation of actions/projects.
• In addition to the outcome of a TCS itself, significant emphasis should be placed on the process for the preparation of TCS’s as a key tool for engaging the local community, key stakeholders and the private sector, seeking to establish consensus and commitment to delivery.

• Key ingredients for the delivery of successful TCS’s include early stakeholder engagement, sustainable resources, commitment from partner organisations, a strong public sector lead, strong project management and leadership and senior management and political support within the lead organisation, adopting a “corporate” approach to delivery of the TCS.

• Key implementation issues that require specific consideration and further advice in the form of a PAN include CPO, use of public sector property and potential forms of delivery vehicle. In particular, existing guidance on the role and application of CPO’s requires to be reviewed in the context of currently limited/declining, use of CPO powers as a tool for delivering town centre regeneration in Scotland.

• TCS’s should build on and link to information gathered through the TCHC process. As with TCHC’s, TCS’s require to be periodically reviewed and updated. Strategies should not be seen as an end in themselves, they require ongoing commitment, resources and review to ensure successful delivery.

• The process of preparing and implementing TCSs provides a number of key benefits, quite apart from the physical, environmental and economic benefits that result from the implementation of the strategy. If there is widespread stakeholder involvement in the TCS this can create greater understanding and support between the wide range of public sector organisations and the private sector, greater commitment to the future of the town centre, greater awareness of the issues currently and, potentially, in the future that will affect the centre and greater involvement and support from the wider community.
Overview

6.1 This chapter sets out in detail recommendations for Retail Impact Assessment methodologies for application in Scotland. The chapter is divided into five main sections as follows:

- **Study Findings.** As with other chapters of this research this part summarises a number of the principal findings from the research undertaken for the study drawing upon the results of the literature research, the surveys of practitioners and also comments and views of practitioners generated through the discussion groups.

- **Context.** This section addresses a number of discrete issues including: a short summary of different types of retail impact; the historical development of RIA techniques, particularly in the UK; requirements for RIA techniques to support the role and usefulness of the technique for planning; and general comments regarding the need for and scope of advice on RIA techniques.

- **General Approach.** Drawing from the information from the research undertaken this section identifies the recommended overall approach, that is the adoption of a "step-by-step" approach to RIA. This section also summarises the principal difficulties and criticisms of this approach and identifies measures that can be adopted to address these concerns.

- **Step-by-Step Approach.** This section forms the core part of this report in relation to RIA techniques. It considers in detail each specific task from initial inception through to the interpretation of results. Individual tasks are addressed in detail and a wide range of recommendations are put forward relating to these tasks.

- **Other Issues.** The final section considers, and makes recommendations regarding, a number of general issues relevant to the application of RIA techniques. These issues are; the role of cumulative retail impact assessment; the assessment of secondary retail impacts; different bases for RIA; and the availability of data for implementing RIAs.

**Study Findings**

6.2 The following sets out a short summary of the principal findings of the research in relation to retail impact assessment techniques.

**Literature Review**

6.3 There is a considerable body of professional and academic literature on the role and implementation of RIA techniques. In part this reflects the long history of using RIAs in planning which, in the UK at least, extends back to the early 1960s. From this literature a number of key conclusions can be drawn which are set out below.
The Nature of Retail Impact

6.4 Retail development can result in a wide range of economic, social, environmental and transport effects over potentially a wide area. The primary concern of RIA has focussed upon economic impacts, that is the impact of new retail floorspace on the trading position of existing retail floorspace, particularly that located within town centres. In cases where other impacts are considered important particular techniques (such as Environmental Impact Assessment or Transport Assessment) are used.

Requirement for and Role of RIA

6.5 In government policy retail impact analysis is expressly required for larger scale developments\textsuperscript{131} to support the consideration of planning applications against a range of policy criteria, notably in terms of assessing the impact of the proposed development on the vitality and viability of the network of centres within an area. In the literature, therefore, RIA is seen primarily as an aid to decision-making primarily in a development management context.

General Agreement about Approach for RIA

6.6 It is notable that there is a general accordance by professional planners, at least, as to the appropriate approach to be adopted for RIA techniques. This approach has been the primary method for implementing RIAs in the UK since the late 1980s. Although quantitative retail models reflecting factors such as gravity-weighting are used in the retail industry, these have been largely discounted by the planning profession primarily because of the lack of transparency of these techniques to allow examination of the assumptions underpinning the models. Lack of transparency is seen as a major weakness when seeking to justify the results of the assessments in support of planning applications or at appeal.

6.7 In comparing alternative methods adopted by different practitioners it is apparent that, although there are differences in emphasis at different stages of the process, the overall approach is similar. The principal stages in RIA include the following (though often in different orders):

- Identification of catchment area.
- Identification of design/test years for the assessment.
- Implementation of surveys for base data.
- Estimation of the turnover of existing centres.
- Estimation of population and total available expenditure within the catchment area.
- Estimation of trade draw from different parts of the catchment to the proposed development.

\textsuperscript{131} SPP8 Town Centres and Retailing, para 40,
• Estimation of trade diversion from existing shops and centres to the proposed development.
• The use of sensitivity tests.
• The measurement of impact.
• Assessment of the significance of impact identified.

Other Issues

6.8 A number of additional issues in RIA are considered in the literature although there is some variation in the views of different authors on these topics. These issues include the role of cumulative retail impact assessment, the adoption of either goods or business basis for the assessment and the scale of development for which RIAs should be prepared.

Requirement for Good Practice Advice

6.9 Notwithstanding the general agreement about the approach to be adopted for RIA there are calls for good practice for RIA techniques to be provided. For example, this was requested by the House of Commons Select Committee on the Environment in 1994. In Scotland advice on RIA was provided in 1992 in a research report prepared by Drivers Jonas for the Scottish Government132.

Surveys of Practitioners in Scotland

6.10 A wide range of planning professionals, including a significant number that specialise in retail planning, contributed to the research study through completing the questionnaires and/or attending at the discussion groups/seminars. The principal findings from these were as follows:

• Retail impact assessment was seen as a technique for assessing quantitative and qualitative impacts of a proposed retail development (including the interpretation of the significance of impact) on town centres and other retail floorspace.
• There was some variation in views as to how accurate RIAs are for assessing impact.
• RIA is seen primarily as an aid to decision-making in a development management context but can contribute to development planning functions.
• There was some divergence of views about who should be responsible for preparing RIAs and that the present approach where the applicant is responsible can result in RIAs not being “independent”.

132 Scottish Office, 1992 “Retail Impact Assessment Methodologies: Research study for the Scottish Office”.

169
The majority of respondents (in both the private and public sectors) dealt with RIAs only on an occasional basis.

There was a general consensus that detailed guidance on good practice for RIA is required.

In terms of the application of RIA to different types of development it was considered that there should be flexibility to reflect local circumstances and that RIAs could be appropriate for developments less that 2500 sq m GFA if there are small and/or potentially vulnerable town centres affected by the proposal. Shorter retail statements could be appropriate for smaller developments which are based on more limited analysis than a full RIA.

Practitioners generally agreed with the key stages in RIA and the use of the step-by-step approach to RIA as outlined in the literature research. This, in part, reflected a lack of realistic alternative methodologies.

A range of comments and views were expressed regarding the approach to data collection and assumptions for specific stages within RIAs. Issues that were the focus of particular comments included:

- The role of household surveys was emphasised by a significant number of respondents/participants for providing baseline information that will support a number of the key stages in the RIA.
- A range of approaches are required for assessing proposed development turnover (i.e. not just the use of national averages).
- The significance of impact on existing centres requires particular attention.
- There was strong support for the use of a goods based approach (as opposed to business based approach) for RIAs.

**Context**

*Impacts Arising from Retail Developments*

6.11 The conventional approach to Retail Impact Assessment ("RIA") is to consider the impact on retail businesses and centres in terms of trade lost or diverted – i.e. a form of business or economic impact. However, impacts arising from development will be wider ranging than this and can be categorised under three broad headings: economic, social and environmental.

- Economic: changes in retail turnover or trading patterns in shopping centres, which would include employment impacts. This includes assessment of the decline in the competitive position of many existing centres and associated problems of environmental deterioration. There may also be positive impacts including: new employment in the developments proposed; the provision of a wider range of shopping facilities (improved choice for consumers); increased competition
resulting in cheaper products; and, in those centres adversely affected by new developments, reinvestment and refurbishment resulting in revitalisation of centres as part of a competitive response.

- Social: demographic and behavioural change and the implications for shopper profiles for existing and new centres and the role of social inclusion/exclusion. Social impacts are reflected in the changes in diversity and variety of shopping opportunities in town centres with issues such as the closure of the local/small shops, the role of non-retail functions in town centres (including changes in viability as a result of reduced retail activity in centres) and other social issues including the role and changes to crime and vandalism. It is argued\(^{133}\) that negative social impacts tend to adversely affect those on lowest incomes and or the least mobile but such impacts will depend upon the precise location of new development and arrangements made for supporting access.

- Environmental: effects on the environment especially as a result of transport requirements and also from other sustainability issues such as the re-use of urban land etc. Criticisms of out-of-centre development include the increased travel time and cost gaining access to the developments; the impacts of the stores themselves and large car parks; and the associated environmental costs with energy consumption, air pollution, noise and congestion arising from the predominant mode of transport used which is the private car. Environmental impacts are not necessarily as clear cut as some critics would claim. A frequent argument for supermarkets in small towns in Scotland is that the development would reduce leakage of expenditure and, associated with this, there would be a reduction in car mileage and emissions. Alternatively, it could be argued that large stores could, for example, facilitate weekly shopping trips rather than more frequent trips and could, in theory at least, result in reduced travel demand or reduce congestion in central areas. There does not appear to be definitive research undertaken to support or reject these arguments.

6.12 In addition to the above there will also be transport impacts arising from developments including effects on traffic flows and congestion, public transport and other modes of transport. These are normally addressed through Transport Assessment techniques and are not, therefore considered in this report. Similarly, general environmental impacts resulting from the development itself can, in certain situations, be addressed through Environmental Impact Assessment, although in most cases this would be addressed through normal development management considerations.

6.13 In practice the primary focus for RIAs has been on the economic consequences of new retail development. In establishing good practice for RIA methodologies it is necessary to consider the extent to which RIA should address the broader consequences of development of new retail floorspace. There will be considerable variation in the nature of social and environmental

\(^{133}\) For example in 1988 the RTPI Retail Planning Working Party argued that out of centre retail favoured the more mobile and affluent shopper and that other groups could be disadvantaged as a result of out-of-centre retail development.
impacts arising from individual developments depending upon both the type and scale of development and its location. It is, therefore, difficult to generalise about the methods that should be used for assessing these factors except that the broader consequences of economic impacts on town and other centres on social, environmental and community concerns are key factors in understanding the significance of the impact of retail developments on town centres. Reflecting this, the current report follows the conventional approach and focuses upon economic impacts arising from retail development and seeks to address issues (and methods that should be adopted) that arise as a consequence of this economic impact.

**Scope of Retail Impact Assessment**

6.14 At the outset of the review of Retail Impact Assessment it is important to confirm what is meant by this phrase. This is necessary to ensure that comments on techniques and tasks recommended to be undertaken originate from a common understanding of terms and phrases used at the outset.

6.15 Retail Impact Assessment is not a phrase that is used or defined in SPP8. Paragraph 40 refers to the requirement for an “impact analysis” to be undertaken in support of certain development proposals but the reference in this paragraph is for assessing the various factors and issues identified in paragraph 39 of the SPP8 (and possibility paragraph 38) which cover each of the application of the sequential approach, impact upon vitality and viability of centres, addressing qualitative and quantitative deficiencies and relationship to other objectives of the development plan. The reference to “impact analysis” in SPP8 can, therefore, address a range of issues, however, the primary focus relates to quantitative and qualitative issues concerning existing and future retail provision within centres.

6.16 The Research Specification for the study refers to the provisions of SPP8 para 40 for the requirement for RIA and does not, therefore, provide additional clarification regarding the definition of RIA.

**Comments on Working Paper Definition**

6.17 To ensure clarity in relation to the understanding of questions during the questionnaire survey used in the research a working definition of RIA was used as follows:

*For this questionnaire “retail impact assessment” is taken to mean a technique for assessing the quantitative impact of a proposed retail development on existing and/or proposed retail floorspace/centres.*

6.18 The questionnaire specifically requested comments on the above definition and the response to this was that this was generally acceptable. However, a significant number emphasised that qualitative issues should also be taken into account in undertaking RIA and that these should be considered in assessing the significance of retail impact, for example, the practical implications of adverse impacts on a centre. It is the study team’s view that these comments relate to a key concern of national policy which is to assess
the impact on the vitality and viability of centres and, as a result, it is considered that RIA should include reference to these issues.

6.19 Additional comments on the definition of RIA included the following:

- reference to both individual and cumulative impacts on centres; and
- reference to be made only to strategic centres.

6.20 It is considered that neither of these need to be included within the definition of RIA. In the case of cumulative impact the conclusions of this report (set out towards the end of this chapter) are that, in certain circumstances, cumulative impact should be included within RIA but this will depend upon the specific circumstances of the case being considered. Cumulative impact will not, however, be required to be addressed in all cases and therefore inclusion within the definition may be misleading. The reference to assessing impacts on strategic centres only is considered to be inappropriate – RIA will be required to assess the impact of developments on any centres that are the subject of policy protection and it is the role of the development plan and national policy to establish which centres should be included within this. It is expected that a number of Local Plans/Local Development Plans will include policies that seek to protect centres which are not identified to be of strategic importance.

6.21 Finally, it should be noted that, when information on retail impact is submitted with planning applications it is frequently accompanied by other statements and information that address other issues relating to the proposed development. This frequently includes an appraisal of the proposed development against development plan policies and other material considerations in the light of the conclusions of the RIA. For the purpose of this report this additional information (including policy appraisal) is not included within the term RIA – but this should not be taken to undermine the importance of this additional information in explaining and justifying the development for the planning application and/or appeal purposes.

**Recommendation**

6.22 It is recommended that the following should be used as an appropriate definition of retail impact assessment:

```
Recommendation RIA1: Definition of Retail Impact Assessment

“Retail impact assessment” is taken to mean a technique for assessing the quantitative and qualitative impacts of a proposed retail development on existing and/or proposed retail floorspace/centres including assessing the significance of the impact on the current and future vitality and viability of the centres
```

**Historical Development of RIA Techniques**

6.23 RIA techniques have been used in the UK since the 1960s. Initial approaches utilised theoretical retail modelling techniques particularly retail
gravity models utilising zones for identifying the origin and destination of expenditure. A range of different approaches were used for the development of the models including: the aggregation of individual behaviour; the use of central place theory, retail gravity models; intervening opportunities models; and maximum entropy models. The predominant approach was based on the gravity model. The latter model has attracted a number of criticisms including the following:

- The lack of theoretical base and the attempts of the models to generalise about individual behaviour from aggregate empirical data.
- The models were essentially equilibrium models that could only allocate certain static conditions but that shopping behaviour is not static.
- The range of choice of input variables for the attraction and deterrence functions used in the models.
- The dependence of the models functioning on area units used for zones.
- Difficulties in the calibration of models.
- Difficulties associated with forecasts about the future sizes of centres, population, expenditure and other variables.

6.24 In the late 1960s there was widespread opposition to increasing quantification in planning and the use of mathematical models. It became apparent that disagreements relating to factors such as zone size, calibration techniques, or travel cost measures could result in radically different results. The models became problematical at public inquiries where it was difficult to examine and test the models’ assumptions and the effects that these had on impact results. Eventually the Department of the Environment advised against the use of mathematical models in impact studies. 134

6.25 During the 1970s the use of retail models continued but a range of alternative approaches were explored including some post hoc studies exploring the actual trading characteristics of superstores and hypermarkets but their role for forecasting impacts was limited.

6.26 From the mid-1980s there was a move towards a more pragmatic approach to evaluating retail impact with the result that, in 1992 Drivers Jonas was able to conclude that “there appears to be a broad measure of consensus that retail impact studies should include percentage impact calculations but should deal in qualitative as well as quantitative terms” and that “there is remarkably little dispute as to the stages to be undertaken in calculating percentage impact”.135

6.27 The Drivers Jonas report was commissioned by the Scottish Office to examine the effectiveness of common approaches to retail impact assessment and to identify key elements which might form the optimum type

---

134 From Guy 1991 p191
135 Scottish Office, 1992, Retail Impact Assessment Methodologies: Research Study for the Scottish Office Environment Department (Drivers Jonas)
of assessment. The report is the only advice issued in Scotland by the Scottish Government/Office on good practice for retail impact assessment. The scope of this advice is considered in later parts of this chapter.

6.28 Since the early 1990s there has been little change in relation to the steps undertaken to actually calculate retail impact. The principal developments have focused on the measurement of impact and greater attention has been paid to interpreting the significance of impacts arising. The latter includes the identification of factors that should be considered by planning authorities (e.g. PPS6 para 3.22) and interpreting the significance of impacts in terms of the vitality and viability of centres through the use of town centre health checks.

6.29 Retail models for identifying impacts have not been completely abandoned. During the 1980s and 1990s in Scotland the Unit for Retail Planning Information (URPI) “Markets” model was used for assessing impacts of developments in, for example, Strathclyde and Central regions. Today there are a limited number of organisations that provide versions of gravity-models. The principal use of these is to provide advice for future store location for multiple retailers looking to expand their existing retail networks. They are, to a limited degree, also used by planning authorities in reviewing retail impacts. An example of this type of model is CACI’s “Retail Footprint” model. CACI state that this can “provide objective and consistent turnover forecasts for new sites or the refurbishment of existing retail sites” and “by identifying changes in shopping patterns Retail Footprint helps the retailer understand the potential impact a new store will have on neighbouring outlets.”

6.30 Notwithstanding the above comments the predominant approach adopted by retail planners is the use of a step-by-step approach for RIA techniques. This approach is significantly different to the use of retail model techniques in that it breaks down the calculation of impact into a series of discrete stages in which assumptions are clearly expressed. The RIAs are predominantly (but not exclusively) prepared on a case by case basis and are usually limited in scope seeking to assess the impact of one, or possibly a small number, of development proposals on existing and proposed retail centres. These approaches have two key advantages over other generic techniques:

- They allow clear statement of assumptions and calculations. This allows the testing and challenging of assumptions by all parties (planning authorities, applicants/appellants and third parties) which supports the decision-making process.
- They do not require the development of large scale regional or strategic retail models before impacts can be assessed. This reduces the cost and time required for assessing developments and also allows RIAs to be flexible to be able to respond to changes – both local factors (such as additional floorspace) and also to the rapidly changing structure of retailing.

136 Quotes from CACI website: www.caci.co.uk, 2007
These approaches are not without criticisms and these are considered below.

In relation to other retail model techniques, although the power of computers is substantially greater than in the 1970s and 1980s and information is generally easier to obtain (although the lack of a Census of Distribution seriously undermines the accuracy of some key data) current gravity models still do not address the fundamental criticisms directed at these techniques 20-30 years ago that were listed above.

**Recommendation RIA2: Overall RIA Approach**

RIA methods should, in principle, be based on a step-by-step approach.

**General Requirements for RIA Techniques**

The preceding section has already referred to specific requirements that RIA techniques should satisfy namely: transparency (of assumptions to allow testing and challenge); and simplicity (or rather lack of undue complexity) to facilitate easy implementation. These are not the only general principles that can be identified but before considering these it is important to understand the ways that RIA techniques are to be used in the planning system.

**RIA as a contributor to Retail Planning**

RIA as a technique is able to contribute to broader objectives for retail planning. In this regard a range of different purposes for RIA have been identified from the research including:

- To understand the effects of change – this is a legitimate concern of the planning system.
- To control public costs – unregulated development may give rise to undesirable public or environmental costs.
- The efficiency argument – planning is concerned with the efficient use and allocation of resources.
- The equity argument - the degree of accessibility affects the standard of living of all consumers.
- The quality of life argument – the degree of accessibility affects the quality of life of individuals and groups in the community.

The above can, in effect, be summarised in terms of the role of the planning system protecting against developments that would harm interests of acknowledged importance. In this case the interests of acknowledged importance are existing centres/proposed investment that is protected or

---

137 From: BDP Planning & Oxford Institute of Retail Management, 1992, “The effects of major out of town retail development: a literature review for the Department of the Environment"
supported by planning policy as expressed in the development plan or national planning policy.

RIA to Support Decision Making

6.36 The primary purpose for RIA identified by practitioners is specifically to assist in decision-making relating to planning applications and appeals. It is in this context that para 40 of SPP8 is phrased i.e. that, in certain situations, RIA should be used to assess the consequences of a proposed development and, as a result of this, one can assess whether or not planning permission should be granted for the proposal. The use of RIA in decision-making has major implications for the techniques that are adopted with the result that RIA as an approach has become less theoretical and more pragmatic in response to the requirements of the planning system in Britain. England notes that “for the purposes of advising decision-makers on development proposals, the planning process expects decisions to be soundly based and justified” in addition he comments “more importantly, if retail impact is to be used as a reason for refusal of an application, the basis for refusal must be able to stand up to close scrutiny at an inquiry”.

6.37 This view of the role of RIA was strongly endorsed in both the questionnaire surveys and in the discussion groups included within the research. Although some practitioners identified a role of RIA as a tool for development plan formulation (along the lines set out above in para 6.34 above) this was seen to be of limited/moderate importance. Indeed the principal role in development plan formulation identified by practitioners in Scotland was when new retail floorspace is proposed as part of the development plan (in other words to assess whether the scale of impact arising from the proposed allocation is sufficiently modest to justify the allocation). It is important to recognise that RIA in this context does not direct policy, rather its role is for testing alternative policy choices/intervention against policy objectives set out in the development plan/national policy.

Basic Requirements for Techniques

6.38 For RIA to be effective in support of decision-making the technique should meet the following requirements:

- **Accurate**: given the general sensitivity of the results to assumptions used in the analysis measures should be incorporated to increase the accuracy of data inputs including, for example, the role of surveys and other data inputs.

- **Thorough**: it should be robust and comprehensive for example Drivers Jonas emphasise the importance of a wide study area for the analysis.

- **Consistent**: both in overall methodological approach and in the identification of assumptions.

---

139 ibid Scottish Office/Drivers Jonas, 1992
- **Capable of testing sensitivity**: it is suggested by some that thoroughness will reduce the sensitivity of results – this will not always be the case but it is important to establish how reliable the results of a method are through incorporating sensitivity testing. Ideally this should indicate limited sensitivity in results increasing the weight which can be placed on the results generated.

- **Capable of Agreement**: parties are encouraged to seek agreement of data as much as possible and planning authorities are encouraged to make data available to applicants/consultants.

- **Transparent**: the approach adopted, data inputs and assumptions employed in undertaking the assessment should be transparent and clearly justified to enable them to be tested.

- **Efficient and effective**: the method adopted should be consistent with the scale of proposed development and purpose of RIA, i.e. primarily to aid decision-making. This implies that it would be inappropriate for detailed, slow and expensive techniques to be used for comparatively modest retail proposals.

6.39 The above principles should be adopted for the overall preferred approach for RIA and also for each stage or task included within the preferred RIA technique.

**Need for Good Practice Advice**

6.40 Prior to considering the scope of RIA it is important to establish whether there actually is need for good practice guidance. As noted above, research was undertaken in 1992 on behalf of the Scottish Office and the principles underpinning the approach advocated and the specific tasks identified at that time remain robust. However, the report itself remains a research report and does not have status as a Planning Advice Note or similar. In addition, since 1992 there have been considerable changes in both retailing as an industry and the availability of information. The growth in the internet from the 1990s has been a major factor in influencing both. As a result, it is appropriate to review the relevance of specific tasks required for RIA and also the availability and scope of data to support RIA.

6.41 This conclusion is consistent with the views of a range of organizations and the responses of planning practitioners in Scotland about the need for advice on recommended RIA techniques. The review of NPPG8 on behalf of the Scottish Government in 2004 identified that such advice would be beneficial and was supported by both the public and private sectors.

6.42 The desire for good/best practice advice for the preparation of RIAs is longstanding:

- In 1994 the House of Commons Select Committee on the Environment called for clearer and more detailed retail planning guidance for planning inspectors and planning authorities, especially on the anticipated impacts of proposed retail developments.
• The Review of the Impact of Large Foodstores\textsuperscript{140} in 1998 concluded that “our research suggests that a combination of the absence of a consistent and workable methodology to assess impact and dearth of available base data has led to significant failings in proper planning control in the past”. They also stated “there is a pressing need for a common basis for assessment. We consider that this would assist greatly in enabling local authorities and the private sector to work together more effectively, and reduce unnecessary time and cost at public inquiries spent deliberating issues which could and should be dealt with at an earlier stage” (ibid p93).

6.43 It is also clear that retail impact assessments follow a generally accepted method albeit with some variations in the order of steps taken and the omission of certain steps for more straightforward development proposals. Some commentators have indicated that practice could be improved through a better retail information base, better training, and an improvement in qualitative analysis\textsuperscript{141}. Drivers Jonas in their review for the Scottish Office concluded that, given that most practitioners adopt a similar approach to RIA, they did not consider that “methodological prescription was necessary”.

6.44 The general conclusion that can be drawn from these comments is that, for those practitioners who regularly undertake RIAs, the basic components or tasks required to be undertaken for RIA are reasonably well established and have been established for a considerable period of time. For these practitioners the concern is primarily with information sources and qualitative analysis issues. However, for the majority of planners, who have only limited involvement with RIA, whether planning authority officers, reporters or consultants, there is an inherent uncertainty with the use of RIA and there is a desire for clearer guidance regarding the appropriate approach to adopted for RIA. This conclusion is supported by the findings of the surveys and discussion groups undertaken in the current research. Only half of respondents undertook or reviewed 5 or more RIAs each year – this is significant in that all respondents were responsible for retail planning applications/approvals in their respective organisations. From the survey there was a general consensus that there is a need for guidance to be issued for the preparation of RIAs. Many considered that guidance should prescribe the tasks that should be undertaken however the broad view of those who undertook RIAs on a regular basis and were more aware of need to adapt techniques to reflect local circumstances was that there was a clear preference for a more flexible approach.

6.45 It is the study team’s view that the latter is more appropriate. Although SPP8 indicates that RIAs are primarily to be used for larger scale retail developments it is evident that RIAs are also required by planning authorities for smaller developments. Whereas there may be legitimate concerns on the part of planning authorities for assessing smaller proposals it may not be necessary for all the possible tasks that could be included within an RIA to be undertaken for the smaller proposals. This would suggest that a flexible

\textsuperscript{140} Dept of Environment and Transport, 1998, Impact of Large Foodstores on Market Towns and District Centres, Ex Sum para 14
approach should be identified but the advice should indicate the types of circumstances that would be appropriate for including or excluding specific tasks within RIA.

Recommendation RIA 3: Scope of RIA Advice

1. Advice for good practice for Retail Impact Assessment should be prepared.

2. This advice should not be prescriptive in terms of identifying all steps that should be undertaken for all types of retail development – it should adopt a flexible approach that can be adapted to suit local circumstances and the scale of the proposed development and sensitivity/significance of centres potentially affected by the proposed development.

General Approach for Method

6.46 Recommendation RIA2 identified that a step-by-step approach should be adopted for the RIA techniques. This reflects that this type of approach is more able to meet the basic requirements than other techniques, notably gravity weighting models. These requirements are: accuracy, thoroughness; consistency in application; capable of sensitivity testing; limited sensitivity; transparency, capability for agreement; efficiency; and effectiveness.

Scope of Step-by-Step Approaches

6.47 A number of step-by-step approaches for RIA have been proposed and used over the past 25 years. These include the following:

- The generic “step-by-step” method identified by Breheny et al (1981);
- Drivers Jonas recommended method (1992);
- Norris’s “refined quantitative approach” (1992);
- Norris and Jones proposals for a more qualitative type of appraisal (1993);
- Hillier Parker’s “CREATE” (1998);
- England’s recommended “best practice” approach in 1999; and

142 References include the following:
Dept of Environment and Transport (1998) Impact of large Foodstores on market towns and district centres

Examination of practice in Scotland indicates that most of the steps that are identified in the above methods are included within RIAS prepared in support of planning applications. Figure 6.1 sets out a comparison of the basic steps identified in the above approaches. The figure simplifies the advice contained in each of the original documents and, where appropriate, further consideration will be given to the precise advice given for each of the stages or steps identified. At this stage the purpose of the figure is to indicate the degree of similarity between approaches to the overall process proposed to be included within RIA.

Figure 6.1: Tasks in Step-by-Step RIA Approaches

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify catchment/study area</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Household surveys</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimate turnover of existing centres</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Future available expenditure</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total available expenditure in zones</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment of Retail “need”/deficiency/capacity</td>
<td></td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimate turnover of store</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identify trade draw from catchment zones</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identify market share in catchment zones</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Identify trade diversion from competing stores by each catchment zone</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Calculate impact on existing centres</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of sensitivity testing</td>
<td></td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interpretation of Impact</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Quantitative Retail Need as Part of RIA Techniques

Examination of the figure indicates how approaches advocated by different individuals and organisations have a broadly consistent approach to RIA. There are important differences in relation to individual tasks and the issues associated with these will be addressed in the following sections of this chapter. At this stage the role of retail “need” or “capacity” and its inclusion within RIA should be considered. Examination of Figure 6.1 shows that a
number of the approaches developed in England have expressly included a form of “needs” or “capacity” assessment as an early stage of the RIA.

6.50 This approach is consistent with initial work undertaken for the Department of Communities and Local Government for the development of guidance for assessing the need and impact of main town centre uses (including retail) which considered that need and impact assessments should not be undertaken separately i.e. that they should be considered as part of the same process. Furthermore this initial research considered that the same technical analysis which is used to establish whether there is a need for additional retail provision must also consider the consequences of meeting that need i.e. impact. These comments need to be considered in the light of the prevailing English town centres and retail national policy set out in Planning Policy Statement 6 (PPS6). This differs significantly from that contained in SPP8 for Scotland in relation to the requirement for a “needs” test and has been considered in detail in chapter 3 of this Report. In summary it should be noted that whereas the existence of a retail deficiency can be a material consideration for the determination of applications in Scotland there is no initial requirement (at national policy level) to demonstrate a quantitative “need” for the development. In contrast PPS6 requires applicants to demonstrate each of (a) the need for the development (b) that the development is of an appropriate scale and (c) that there are no unacceptable impacts on existing centres. In the light of this advice it is perhaps not surprising that the aim would be to address all three aspects of this policy requirement in one composite technique.

6.51 In Scotland, the position is different and the issues of retail deficiencies and retail impact can be separated because they entail significantly different concepts.

6.52 Finally, as will be demonstrated in later parts of this chapter, an understanding of the characteristics of existing retailing within a defined area will, if the RIA is carried out with sufficient rigour, be provided through the RIA process. In this way the turnover of existing shops, their relationship to available expenditure and flows into and out of an area of expenditure should be identified from the RIA. This will provide a certain amount of information that will inform whether or not there is quantitative retail deficiency which may, or may not, be a material consideration in the determination of an application or appeal. This is addressed further below.

**RIA Tasks Common to Different Approaches**

6.53 Apart from the issue of quantitative retail “need”, examination of Figure 6.1 identifies a range of tasks that are, in essence, the same for the different approaches. There is some variation in the order in which tasks are undertaken and a number of differences about the details of each task identified.

---

143 These comments are taken from an unpublished working paper for discussion for Stakeholder Workshops on developing guidance for assessing the need and impact of main town centre uses, DCLG October 2005.

144 DCLG, 2005, PPS6 Planning for Town Centres para 3.4
Examination of practice in Scotland together with the responses to the questionnaire survey and discussion groups reveals a similar approach to the key tasks that require to be undertaken for RIA. These tasks are:

- Understanding the existing and future retail characteristics of the area. This includes identifying existing and future population, available expenditure, floorspace and retail turnover.

- Understanding the characteristics of the proposed development and how it interacts with existing and future retail in the area. This includes identifying the turnover of the proposed development and the areas from which it draws trade.

- Identifying the impact of the proposed development on existing and future floorspace. This includes identification the amount of trade diverted from existing floorspace, the impact and the significance of impact that this has on the operation of that floorspace or centres.

From the above the principal stages to be included within a step-by-step RIA technique can be grouped in broad terms as follows:

1. **Understand the existing and future retail characteristics of the area:**
   - Identify the study/catchment area.
   - Implement surveys to understand existing retail characteristics.
   - Identify existing and future available expenditure.
   - Identify existing and future turnover of centres and other key retail floorspace within the study area.

2. **Understand the characteristics of the proposed development and how it will interact with existing and future retailing in the area:**
   - Confirm the catchment area for the proposed store.
   - Identify trade draw from residents within the catchment area.
   - Identify turnover of the proposed store.
   - Identify trade diversion from competing retail locations within and outwith the catchment area.

3. **Identify the impact of the proposed development on existing and future retail floorspace:**
   - Calculate retail impact.
   - Use sensitivity tests to establish robustness of retail impact findings.
   - Interpret significance of impact on existing centres.
Recommendation RIA4: Key Stages for Retail Impact Assessment

The RIA technique should be based on a step-by-step approach incorporating the following key stages:

- Identification of study/catchment area.
- Estimation of existing and future population and available expenditure.
- Estimation of existing and future floorspace and turnover of centres.
- Identification of the turnover of the proposed development.
- Estimation of trade draw from the catchment and beyond.
- Estimation of trade diversion from competing retail locations.
- Calculation retail impact.
- Assess the significance of impact.

Criticisms of Step-by-Step Approaches

6.56 Although step-by-step approaches are the prevailing RIA method they have been the subject of significant criticisms. These criticisms should be considered to assess the extent to which amendments to the technique or individual stages are able to address potential difficulties. The principal criticisms relate to the following issues.

RIA Assumptions

6.57 These criticisms include the following:

- The use of a wide range of assumptions at many stages of the analysis create considerable areas of doubt in the accuracy and reliability of forecasts. This is supported by the few comprehensive before and after studies comparing forecasts with actual impacts where the level of accuracy has been found to be limited. In the survey of practitioners in Scotland there was wide divergence in views on the reliability of RIAs. The general view was that RIA results can be regarded only as indicative but, as such, they are relevant for the decision-making context for which they are normally provided.

- The lack of justification for the assumptions used.

- One area of particular dispute relates to the use of trade diversion assumptions. Whereas many of the other assumptions used can be compared to similar developments or complementary techniques can be used for establishing potential ranges in assumptions (for example comparing market share approaches and national averages for deriving development turnover) trade diversion assumptions are probably areas where there is greatest level of disagreement between practitioners and are the subject of argument at inquiry. This is particularly significant because, in many cases, trade diversion assumptions can have a profound impact on the RIA calculations of impact.
RIA results are sensitive to changes in the assumptions used in the methods. Even modest changes in assumptions about trends in turnover, population, expenditure and the efficiency of use of existing floorspace can lead to a wide range of forecasts.

Data

Data weaknesses are identified by commentators and practitioners as compounding the uncertainties associated with assumptions used in RIA and, in some instances can undermine the confidence in an RIA.

Lack of Independence of RIAs

This has been noted by both commentators and practitioners as a potential problem. One extreme interpretation of this issue is that “there is a motive to ‘begin at the end’ – to decide what the outcome of the impact study is going to be at the outset and to gear the calculations towards the chosen ends”145. Whether or not this comment is valid there is undoubtedly a suspicion on the part of many planning authority officers that RIAs could be biased in favour of developments. It is suggested by some that, the fact that RIAs are never submitted identifying a significant adverse impact, is indicative of bias. One response to this is that schemes which were identifying as having a significant adverse impact would be very unlikely to be granted planning permission and so are not submitted for planning approval. Wherever the truth of the situation lies it is evident that there is a level of distrust regarding the reliability of RIAs submitted in support of applications.

Other Issues

Other criticisms that have been raised include the following:

- It has been suggested by some commentators146 that approaches to RIA have not kept pace with changes in the policy context for retail. A particular criticism is the focus of RIA on economic impacts with little development of environmental and social issues.

- The focus in RIAs is still on the development of sophisticated techniques, statistical accuracy and numerical quantification of impacts often at the expense of the qualitative stage of the analysis. The limited qualitative assessment of impacts has been noted by a number of current practitioners in Scotland. Linked to this is a lack of review of existing shopping patterns and the strengths and weaknesses of existing centres.

- Limited attention is paid to cumulative impact issues.

---

Addressing the Criticisms

6.60 In establishing a preferred technique for RIA it is important to establish approaches that are able to meet, in part or in full, the criticisms identified above. Some of the themes that are raised in the criticisms (e.g. data availability) have been noted in other chapters of this report and will, therefore, also be considered in the final chapter.

1. Post Development Impact Assessments

6.61 The role of post development assessments to verify the accuracy or otherwise of RIAs was debated at some length in the discussion groups for this research. The general conclusions were that more information should be provided assessing changes in centres that have been affected by proposed developments but, due to the complex and rapid changes in retailing both in local areas and at a national level, this makes it very difficult to isolate the effects of one development on trading conditions in town centres. It is noted that recent research has sought to assess impacts but these studies have not been able to confirm the extent to which impacts are from individual proposals and do not compare impacts arising with the forecasts contained in RIAs. There is, however, the potential for a wider role for developers and/or retailers contributing to data collection on the vitality and viability of centres potentially impacted upon as part of the wider issue of identifying changes in town centres (see also recommendation TCHC10 in chapter 4).

2. Provision of Up to Date Data

6.62 There are a range of approaches for assessing and improving the reliability of RIA forecasts. One of these has been discussed which relates to the role of post-development studies with the aim of improving the assumptions used for later RIAs. A second is to improve data that is used in RIAs. Quality data is a crucial requirement for RIAs especially for: population and available expenditure; and for existing floorspace and turnover.

6.63 There are clear opportunities for improving some of this base data which will reduce the potential disagreement about assumptions used in RIAs. Data on floorspace is addressed in some detail in chapter 4 of this Report in the context of town centre health checks and there is some potential for improved floorspace information to be collected by planning authorities from the Regional Assessor and making this available to those preparing RIAs. Other data sources for floorspace are described below. However, one key source that can provide information for a number of aspects of the RIA is the use of quality household surveys. These surveys are also described in some detail below but they can be used to inform each of the following:

- Potential catchment area for the proposed development.

---

147 For example: Roger Tym & Partners for Federation of Small Businesses (Scotland), 2006, The Effects of Supermarkets on Existing Retailers.
• Existing expenditure flows – supporting the identification of catchment areas for existing centres; expenditure retention and leakage and so on. They will also assist in ensuring that RIA assumptions reflecting up to date shopper behaviour taking into account responses to national changes in retailing.

• Estimates of actual turnover in shops in existing centres.

• Behavioural information about residents within the study/catchment area.

6.64 It is appropriate, therefore, for RIAs techniques to make use of improved data sources subject to the resources required for the RIA being appropriate to the scale of development proposed/sensitivity of centres potential affected.

3. Sensitivity Testing

6.65 The third approach to assessing the reliability of RIA forecasts is the use of sensitivity tests. These tests can be used as a statistical approach to examine the variability of impact results based on the systematic alteration of assumptions. Sensitivity tests do not permit comment on the reliability of the assumptions used in the RIA, rather they allow an examination of how results change based on altering assumptions. In this way if the sensitivity tests indicate that percentage impacts on a certain centre (for example) range from 8% to 10% one can conclude that, even in the absence of robust data inputs into the RIA that there is a high level of confidence that the impact would be in the region of 9%. If however a much wider variation is found (e.g. from 3% to 15%) the confidence in the results is much lower and the response to this may be to try and increase the reliability of data sources or to treat the results of the RIA with some caution.

4. Justifying Assumptions

6.66 Careful justification of assumptions for data used in an RIA is important to assist those reviewing the RIA in understanding the approach used and the reasons why assumptions have been made. In situations where assumptions are not justified sufficiently it is perhaps not surprising if there is some scepticism regarding the results generated by the RIA.

5. Independent RIAs

6.67 A number of respondents to the research survey called for RIAs to be prepared independently from those submitting planning applications or appeals. Some suggestions were for planning authorities to prepare their own assessments or for third party consultants to be commissioned by the planning authority (but normally it is suggested that they are paid for by the applicant). In response to planning authorities preparing RIAs it is evident that most planning authorities in Scotland do not have either the skills or resources to prepare RIAs. In terms of independent RIAs a key difficulty is that there are nearly always interests that would dispute the findings of any RIA. This may be the applicant if the RIA reaches an unfavourable conclusion or a third party retailer (seeking to protecting their existing market share) if it is favourable. The result of this is, therefore, likely to be the production of other RIAs contradicting the position of the “independent”
review. The variability in the assumptions used within RIAs always creates some room for disagreement within RIAs and the use of “independent” assessments is unlikely to resolve this problem.

6.68 The most common approach to resolving this issue is the use of third party consultants to review RIAs submitted on behalf of applicants. This is particularly the case in smaller authorities who do not have specialist staff with sufficient experience or time to undertake reviews for the authority. In larger authorities with specialist staff reviews of RIAs are normally undertaken in-house. It would appear that this approach based on expert critical review is the most practical approach to addressing the issue of the independence of RIAs. It is notable that this approach is comparable to that used for other types of technical information submitted in support of planning applications including Environmental Impact Assessments, Transport Assessments etc.

6. Qualitative Interpretation

6.69 Experience of RIAs in Scotland still reveals that a significant proportion have limited interpretation of the significance of impacts arising. There are two aspects to this. The first relates to the quantitative impacts identified on the condition of centres, notably their vitality and viability. The second aspect concerns a consideration of the practical implications of the changes within the centres affected. For example PPS6 para 3.22 identifies a range of issues to be considered for the interpretation of the significance of impact. These are described in detail later in this chapter but they include factors such as impacts upon investment in the centre, effect on service provision and vacancies within a centre. There is no equivalent paragraph in SPP8. The recommended RIA technique can emphasise the importance of interpreting the impacts on a centre on the future health of the centre.

7. Agreeing Assumptions

6.70 An additional approach to improving RIAs is to seek to agree as many assumptions between the applicant and the planning authority in advance of the submission of the RIAs. This does not, of course, mean that the assumptions used are necessarily correct, but this will reduce the scope for disagreement regarding the results of the RIA.

6.71 The incorporation of all of the above will not fully address all the criticisms that have been directed towards step-by-step approaches but they should, if implemented diligently, increase the reliability of the results generated and allow a clear understanding of the implications that the proposed development will have for town centres and other centres of acknowledged importance. This will, therefore, assist decision-making in relation to proposals for new retail floorspace.
Recommendation RIA5: Key Principles for RIA

The preferred technique for RIA should include, where practical, each of the following to improve the reliability of RIA results, confidence in RIA as a technique and its value as a tool to support decision-making:

- Agreement of assumptions between planning authorities and applicants
- Encouragement of improved data to be derived from a range of sources including increased use of household survey data
- Justification of assumptions used in RIAs
- Qualitative interpretation of the quantitative impacts identified
- Use of sensitivity testing in RIA

Step-by-Step RIA Method

Overview

6.72 The following paragraphs consider each of the stages for inclusion within the recommended RIA technique taking into account the foregoing recommendations. The basic structure of the technique reflects recommendations RIA4 and RIA5 and is set out in Figure 6.2. The arrows indicate linkages between stages (for example information from surveys feeds into a number of others stages in the RIA). Numbers are used for the identification of stages rather than indicate the order in which stages need to be implemented. It should be recognised that stages do not need to be implemented in the order presented. It is, however, important that information generated from one stage is able to feed into all other relevant stages in the RIA process.

6.73 It should be noted that, in the subsequent paragraphs, reference is made to planning authority officers and consultants as the principal parties involved in the preparation of the RIA. These references should be taken as short-hand for all who may be involved in the RIA including developers, retailers, agents, other local authority staff and other public and private sector officers including those from LECS.
Figure 6.2: Diagram of RIA Process

1. Scoping
2. Surveys

EXISTING MARKET

3. Define Catchment Area
4. Population
5. Available Expenditure
6. Floorspace and Turnover

PROPOSED DEVELOPMENT

7. Development Turnover
8. Trade Draw
9. Trade Diversion

ASSESSMENT OF IMPACT

10. Calculation of Impact
11. Sensitivity Tests
12. Vitality and Viability of Centres
13. Assessment of Significance of Impact

Existing and Future (Test Year)
Stage 1: Scoping of RIA

6.74 A number of retail planners in Scotland indicated the merits of undertaking a scoping of the RIA with planning authorities in advance commencing the RIA. This is not seen as a formal process (for example as found with EIA scoping) but as an opportunity to agree a range of issues in advance of preparing the RIA. The issues that can be addressed at this stage can include the following:

- The level of detail required for the RIA: for example, it could be agreed in advanced that a full RIA (i.e. one including all of the stages identified in Figure 6.2) is not necessary for the development proposed.

- Existing centres that could, potentially, be affected by the proposal to be included in the assessment.

- Existing information sources that could be used for the RIA e.g. relating to floorspace or earlier RIAs recently undertaken and accepted by the planning authority and on town centre health check indicators.

- Base and test dates for the assessment.

- Requirements for additional surveys including household surveys.

6.75 The scoping can also address other issues for review e.g. initial assumptions about the catchment area served by the proposed development. It may be possible for the planning authority officer to bring local knowledge and understanding of local retailing patterns in the local area that can improve the RIA.

6.76 The principal argument against scoping the RIA is that it increases time and resource requirements at an early stage of the process when there are other commitments on staff time. It is considered that the potential benefits in agreeing information sources, stages for inclusion within the RIA and the level of detail required will save significant time and reduce disputes at later stages of the process. Furthermore, scoping as described here does not necessarily require face-to-face meetings and can, if necessary, be undertaken by telephone conversation, exchange of e-mails/correspondence or similar.

6.77 A second issue arising from scoping is the limited skills and experience of planning authority staff receiving enquiries regarding retail planning applications. The provision of a PAN setting out good practice would provide the basis for officers to identify the scope of RIAs for proposed developments.

Base and Design Years

6.78 One of the issues to be agreed at scoping is the design or test year for the proposed development that should be included within the RIA. Normal practice in Scotland is the identification of two dates in the RIA. These are the current position without the proposed development (the base year) and a
second date in the future which identifies the effect of the proposed development (test or design year). Occasionally more than one test year may be used, for example with phased development, where a cumulative assessment with different years of development opening, or associated with other factors affecting the catchment area (for example the future opening of a new road link could materially affect the catchment area for a development).

6.79 In general there is limited variation in practice for the selection of the test year. Factors that will require to be considered will include the time required for securing planning permission and other consents, the period for development and thereafter for time for trading patterns to settle. The minimum period adopted is typically 2 years after submission of the planning application for comparatively straightforward schemes to 5 years after opening (7-8 years after application) for complex schemes. There is a concern that the adoption of a date a significant period after opening will increase the potential for growth in available expenditure over the intervening period, particularly if the proposal is for comparison goods shops, and that this could result in an under-estimate of the impacts of the proposed development. The argument against using the year of opening as a test year is that most retail schemes take a period to develop a settled trading pattern. In some cases trading levels are initially very high, whereas for other developments the opposite occurs especially if the proposal is for a type of retailing with which local shoppers are unfamiliar (this has been known to happen, for example, with discount foodstores).

6.80 Other factors could relate to the availability of data, for example, strategic retail studies may assist in pointing to a date for which planning authorities have estimates for floorspace, turnover and available expenditure and these may provide a convenient date for assessing the impact of a proposed scheme.

Recommendations RIA6: Scoping RIAs

1. Planning authorities and applicants for retail planning applications should be encouraged to scope the RIA in advance of preparation and submission. This can be used to agree the stages to be undertaken, base data and assumptions to be used in the RIA (see SPP8 para 40).

2. RIAs should include an assessment of the current position within a study area and the position with the proposed development for an agreed test or design year. Normally one test year would be required (typically 1-2 years after development opening) but in certain cases a longer period may be appropriate. In complex schemes or where there are other external factors more than one test year will be appropriate.

Stage 2: Surveys

6.81 The use of up-to-date survey information on a range of issues will increase the accuracy and reliability of RIA results. Surveys that can be considered in the context of RIAs include the following:
Household surveys.

Shopper/town centre user surveys.

Business surveys.

Surveys of comparable developments elsewhere.

Floorspace surveys. These will be considered as part of Stage 6 below.

Household Surveys

6.82 The importance attached by practitioners and commentators to the role of household surveys varies considerably. There are a significant number who consider that household surveys are essential for the production of a reliable RIA whereas others who consider that such surveys are only necessary for large and complex retail developments.

6.83 Household surveys can be used to derive a wide range of information including:

- Choice of main and subsidiary shopping locations.
- Information on travel characteristics to centres including mode and frequency of trip.
- Information on expenditure by households including patterns of main foods shopping and additional shopping (frequently referred to as “top-up” shopping).
- Attitudinal information about the characteristics of a centre – this can contribute to information on centres’ vitality and viability (and is addressed in chapter 4).
- Household characteristics (size, socio-economic information etc).

6.84 Household surveys have the major advantage over other types of survey in that they can identify those who do not shop in local town centres (and other locations). They allow (subject to resources being available) the identification of potentially all significant destinations for retail spend. In this respect they present significant advantages over town centre surveys (which cannot survey those who do not shop in a centre) and the resource requirements for shopper surveys in all retail locations and centres within an area will be substantial. They do not normally identify those who shop in centres within the study area but originate from outwith that area.

6.85 Information from household surveys can be used in a variety of ways in RIA including:

- Information on expenditure patterns can be used to estimate actual turnover in shops in existing centres.
• The survey information can be used to identify existing catchment areas for centres within the study area. This will assist in informing the catchment area for proposed new floorspace. It should be recognised that, where there is some doubt, or potential dispute about the catchment served by a proposed development, a household survey should cover a wide area and using information provided from the survey (as well as other factors identified below) the potential catchment area for the development can subsequently be identified.

• The information on expenditure can contribute to the trade draw and anticipated market share that could be achieved by a proposed development. From the estimate of market share the anticipated turnover of the proposed development can be forecast. This can complement information on published national average information on turnover.

• Information on both shopper behaviour and attitudes/perceptions can be used to identify qualitative deficiencies in retail provision and from this one can establish the extent to which a proposed development is, or is not able to address such deficiencies.

• The information can also be used directly in assessing certain indicators of town centre vitality and viability (see chapter 4).

6.86 The design and implementation of household surveys requires experience and some understanding of statistical analysis. Although there are a range of market research organisations that can be commissioned to implement surveys (these predominantly use telephone – based surveys) and who will ensure that questions satisfy market research requirements (for example providing information on respondents profiles and comparing these to the population of the study area) the scope of questions to be asked and the sample size of the survey is generally the responsibility of those commissioning the survey.

6.87 A balance will need to be struck between the length of a survey, and complexity of questions asked, cost and the reliability of responses. Survey information will inevitably be subject to error from a range of sources including:

• Errors from respondents not knowing the correct answers to questions. Survey organisations should ensure that the appropriate respondent in a household answers the questions, normally the individual primarily responsible for managing shopping expenditure. However, complex or detailed questions may produce poorer results than simple questions.

• Errors arising from questions imprecisely matching shopper behaviour, for example questions that seek information on only “main food shop” and “top-up shop” will create difficulties for those who use more than one supermarket for main food shopping. In general respondents normally have a better understanding of convenience goods shopping habits because they have a tendency to regularly use the same shops or locations for routine purchases. This allows the potential for more detailed questions about the characteristics of, for example main
food/grocery shopping trip. However, for comparison goods there is much greater variability in the range of goods purchased, the amount spent per trip and the location of shops visited. As a result household shopping surveys tend to use simpler questions in relation to the location of comparison goods shopping trips.

- Errors from poorly expressed questions. The use of professional market research organisations with extensive experience should reduce errors from this source.
- Statistical errors. A key aspect of household surveys for RIA purposes is to identify turnover of existing shops and centres based on the mean levels of spending between defined locations (origin and destination). The statistical reliability of the answers (i.e. the confidence limits for the population mean derived from the sample mean) will depend both upon the sample size (for the particular statistic being collected not the total survey sample) and the variability of the response received. The precise statistical test to be applied depends upon the nature of the data being collected but would, more often than not, require the application of student’s t-test. There have been examples in Scotland where statistics have been produced at planning inquiries based on samples of less than 5 responses which have, unfortunately, somewhat undermined the confidence with which one can place on the answers derived from the questions.

6.88 It is not possible to state the minimum sample size that should be used for household surveys. This will depend upon the nature of the questions asked and the variability of the answers received, the ways in which the information is to be used and the level of reliability that one is willing to pay for. All other things being equal the standard error of sample means from surveys will be related to the square root of the sample size. In other words, there are diminishing returns in terms of additional reliability as samples increase in size: a sample of 1000 is approximately three times more reliable that a sample of 100 and the latter is approximately three times more reliable than a sample of 10.

6.89 Household surveys cannot provide 100% accurate information on expenditure flows and therefore turnover of existing shops and centres. In the case of food shopping the limited range of questions has a tendency to result in an underestimate of the turnover of less frequently visited shops since these will only very rarely be identified as principal destinations and therefore recorded in the survey response (the effect here is similar to that found with first-past-the-post voting systems compared to forms of proportional representation where the former results in an under-representation of minority parties). However, in the absence of other direct information sources they can prove to be a useful input into the data used for RIA.

148 Other factors that regard should also be had to are: the effect of increasing the degrees of freedom with larger samples, the standard deviation of the sample and also the confidence limits that one is prepared to accept for the particular statistic that one is considering.
6.90 The principal disadvantages of household surveys are:

- Cost and resources required for implementing surveys, particularly for applicants who are required to fund the surveys as well as other studies and application fees.

- Additional time required for implementing and analysing the results of the surveys.

- The generation of misleading survey information as a result of poor survey design.

6.91 On balance it is considered that, in many instances, household surveys are the only method for gaining up-to-date and moderately reliable information on key issues relating to existing shopping patterns and the turnover of centres. However, caution is required for the interpretation of the information generated by surveys and the resource, cost and time implications can be significant. For this reason although it is considered that Household Surveys offer clear benefits it is considered that they would not be necessary for all RIAs, in particular it is considered that household surveys would not be necessary where:

- There is general agreement at scoping regarding the general patterns of retailing, catchment area and broad levels of trading in existing centres within the study area.

- Recent household surveys covering most of the relevant issues have been carried out and which are considered acceptable to the planning authority within the past 2-3 years, and possibly longer where there have been no significant changes to the pattern of retail provision affecting the study area.

- Where retail proposals are modest (for example less than 2500 sq m GFA or thereabouts) or the turnover from the development would be small compared to the turnover of centres potentially impacted upon (for example the turnover of a proposed 5000 sq m GFA bulky goods development would be modest when compared to the total turnover of a major town centre).

6.92 Household surveys also have a significant potential value in support of other retail planning techniques including retail capacity/strategic retail models and town centre health checks. The role of such surveys is therefore addressed in chapters 3 and 4 of this report and increased use of household surveys by planning authorities (and other organisations) could reduce the need for household surveys in support of RIAs for proposed retail developments.

---

149 The cost of implementing the surveys is only a part of the cost associated with these but recent quotes obtained for surveys in Scotland suggest that current (2007) telephone based household surveys would be in the region of £5000-£10000 for ca 500 interviews with approximately 20-25 questions (including basic profiling questions).
Recommendation RIA7: Household Surveys

The use of household surveys for RIAs should be encouraged particularly where:

- Development proposals are for large and/or complex retail developments;
- There is no up-to-date existing household expenditure information; or
- There is significant uncertainty about the catchment area or trading characteristics of the proposed development.

Town Centre/Shopper Surveys

6.93 Surveys of town centre shoppers are particularly relevant in identifying the catchment area of existing centres especially where these may cover wide areas or where a significant proportion of trade is generated by visitors/those originating some distance from the centre. The latter may be reflected in centres which are major tourist destinations or where there are particular facilities in a centre (e.g. leisure facility, unique shop etc) that draw visitors from an area wider than would otherwise be expected. As noted, the principal weakness of shopper surveys is that they cannot identify the characteristics or importance of those living in areas close to the centre but who choose not to visit the centre or its shops. As a result, although it is possible to identify the catchment area served by a centre (based on a profile of the origin of those surveyed in the centre) and trade draw characteristics within this catchment it is not possible to use town centre surveys alone to identify expenditure retention or leakage from a catchment area. For this reason the general consensus of retail planning practitioners in Scotland is that town centre/shopper surveys are less useful than household surveys for RIA.

6.94 The scope of town centre/shopper surveys should be comparable to that identified for household surveys. Given that the respondents are all users of the centre it is also possible to obtain more information about the characteristics of the centre which will be useful for town centre health checks and the profiling of users of the centre (demographics, socio-economic information etc).

6.95 The same survey design issues arise with town centre/shopper surveys as have been described for household surveys. In general, the same difficulties also arise with the surveys as with household surveys and the cost of surveys tends to be higher given the use of face-to-face interview techniques rather than telephone based surveys.

Business Surveys

6.96 The principal purpose of surveys of businesses within a centre relates to town centre health checks and the development of town centre strategies.
The scope of these surveys is therefore addressed in detail in chapter 4 of this report. In the context of RIA they will provide information on the centre’s vitality and viability which will assist in interpreting the significance of impact.

6.97 Business surveys introduce additional difficulties for effective implementation when compared to household and town centre/shopper surveys. In general, experience is that these are best implemented by means of self-completion questionnaire with resistance encountered with telephone surveys. As a result response rates are low and resources are required for following up surveys. Low response rates limit the statistical reliability of results obtained. Furthermore although surveys can be used to identify changes in business turnover over time there is usually strong resistance to the provision of direct information on actual turnover. These surveys therefore have limited information to contribute to RIA and as a result the general consensus is that these surveys have only a limited role but they can be relevant if very large developments are proposed where they can assist in assessing the vulnerability of town centre businesses to adverse impact.

Surveys of Comparable Developments

6.98 In situations where novel forms of retailing are proposed there can be merit in providing information on the trading characteristics of comparable developments elsewhere. For example in the mid-1990s surveys were undertaken of factory outlet centres in England to support RIAs undertaken for factory outlet centres in central Scotland because, at that time, there were no such centres in the country and, without this information, it was not possible to establish with any certainty how these centres may trade. Similarly in 2003 evidence of shopper characteristics was provided for a tourist outlet centre proposed in Deesside based on a survey of shoppers using a comparable facility in Moray.

6.99 The primary function of these surveys is to establish the trading characteristics of the proposed development by focusing on the origin of shoppers, distance travelled and spend. If this information is combined with information on the population and available expenditure for the surveyed retail facility then this can assist in identifying the catchment area and market share achieved by the development which can feed into an assessment of turnover and trade draw for the proposed new facility.

6.100 The catchment area and market share factors of a development will be affected by the geography of the area and the location of competing retail facilities. For this reason these surveys will provide limited additional information except where they represent a significantly new form of retailing. As a result the surveys and discussions with stakeholders in Scotland considered that these surveys will only contribute significantly to RIAs in a limited number of instances.

Floorspace Surveys

6.101 These are addressed under Stage 6 below.
Recommendation RIA8: Additional Surveys

Additional surveys of town centre users/shoppers, businesses and comparable developments elsewhere have a limited role in RIAs and should only be expected to be provided occasionally. Examples where these should be encouraged include:

- Town centre user/shopper surveys: where catchment areas of centres reflect unusual characteristics with a significant proportion of trade derived from a wider area (including tourists) and where this is relevant to the proposed development.
- Business surveys: if very large retail developments are proposed.
- Surveys of comparable developments: where the proposed development is a novel form of retailing.

Stage 3: Catchment/Study Area

6.102 An important stage in the preparation of the RIA is the identification of the catchment area that the proposed development would serve. The catchment area is effectively the area from which the proposed development draws all or most of its trade (i.e. the location from which shoppers using the new development originate their journeys to the development). Different types of development will have different catchment area characteristics:

- Some may be expected to have limited catchments which will provide all of the trade for the development.
- Others may have extensive catchments which may be subdivided to assist the calculations in the RIA (for example using “primary” and “secondary” catchment areas).
- For some developments although a single catchment area may be identified there may be a limited proportion of trade that originates from a very wide area (e.g. associated with pass-by trade) which is not practical to include within the RIA because impacts are distributed over a very large number of dispersed centres.

6.103 The identification of the catchment area, and the proportion of trade drawn from this area, is an important stage in the RIA and it will directly affect the assessment of trade diversion from competing centres and consequently retail impact. A range of approaches have been used for the identification of catchment areas.
Isochrones

6.104 A number of commentators have recommended the use of isochrones for the definition of catchment areas\textsuperscript{150}. This approach was particularly popular during the 1980s and is widely used for RIAs in England. The principle supporting the use of isochrones is that one should anticipate that a retail development is expected to possess similar trading characteristics as other comparable developments elsewhere. Drivers Jonas point out\textsuperscript{151} the use of experience elsewhere needs to be treated with caution because regard needs to be had to differences relating to factors such as population density and distribution, levels of car ownership and competition. For much of Scotland there is considerable variation in these factors in particular relating to geography and the distribution of population centres. Although some support for the use of isochrones was identified in the questionnaire survey of practitioners this was tempered when examined in the discussion groups with the key factor identified to be the location of competing developments. The prevailing view was that isochrones have limited relevance in Scotland where many towns have wide rural catchment areas. Compared to Scotland, England has significantly higher population densities and greater development within densely populated urban areas and this may be a factor resulting in greater use of isochrones south of the border.

6.105 In large urban areas (notably the Glasgow conurbation and Edinburgh) or where modest retail developments are proposed in large towns (where the catchment area is expected to be small compared to the urban area) isochrones may be useful. However, for many retail developments and in other areas consideration will need to be given to other techniques for identifying catchments.

Household Surveys

6.106 The use of household surveys has been described above. These will only provide direct information on existing catchment areas rather than new development proposals but if similar developments already exist to those proposed the survey information will provide some assistance in interpreting the catchments for new proposals. For example, if a town currently has a single superstore the catchment area for this can be ascertained from a survey. Proposals for a second comparable superstore can be expected to share similar catchment characteristics. Household surveys may also reveal local geographical or historic factors that provide links between communities for the identification of catchments which may not be apparent on the ground.

Competing Retail Locations

6.107 Greatest weight is placed by retail planning practitioners in Scotland on the location and characteristics of competing retail floorspace for the identification of catchment areas for proposed developments. Practice in

\textsuperscript{150} Including England (1999) recommended the use of 5- and 10-minute isochrones others include Davies and Donaldsons.

\textsuperscript{151} Scottish Office 1992
Scotland recognises that a number of factors need to be taken into account in establishing the importance of competing retail locations for identifying catchments, these include:

- **Similarity of retail offer.** This is the principle that “like competes with like”. Although some planning officers consider that the importance of this is overstated, there is no doubt from a retailer and consumer perspective that the similarity of retail offer will be a major factor especially in the convenience goods sectors. The Competition Commission, for example, identifies clear categories in the types of shopping trip for groceries and identifies four broad sectors namely convenience shops, mid-range supermarkets (e.g. many Somerfield and Co-op supermarkets), one-stop superstores (typically Tesco, Asda and Sainsbury) and “Limited Assortment Discounters”. Similarity of retail offer may, in certain situations also need to take into account the actual retailer that is proposed for a development (although the operator of a development normally lies outwith planning controls). Where there is strong brand loyalty this can be an important factor in the identification of catchment areas.

- **Distance from competing location.** The general prevailing view is that, for most types of retailing, the strength of competition will increase with shorter travel distances. This reflects the assumptions that, with longer travel distances for shoppers the resource costs for traveling increase (combining actual journey cost and value of time). Traditionally this is referred to as “gravity-weighting” which implies a relationship similar to that found with gravity\(^\text{152}\). A common response to this is the use of equi-drive catchment boundaries particularly when considering the catchment area for a development where there are directly comparable existing developments in locations around the proposed development. This approach assumes that the proposed new development would have the same level of attractiveness as competing stores and, therefore, the catchment boundary between the new and existing stores can be identified at the points where it is equally easy to travel to both locations.

6.108 Although these factors are frequently used for RIAs in Scotland some caution is required and regard needs to be had to the type of retailing under consideration. By definition “convenience” retailing will largely be defined by the type of competing locations and ease of travel to these (taking into account retail offer in competing locations). Where there are elements of comparison shopping (which can also mean comparing retail offer at certain times in competing supermarkets and superstores) catchment areas for developments and centres are expected to overlap with those of other centres.

6.109 In addition to the above, discussions with planning officers with detailed local knowledge may provide a useful source of information which can contribute to the identification of the potential catchment area of the proposed

---

\(^{152}\) I.e. force of attraction is directly related to the mass of bodies and inversely related to the distance between them.
development. Catchment areas can, therefore, be agreed at the scoping stage of the RIA.

6.110 In one sense the use of “catchment areas” and the implication that all (or most) of the expenditure generated within that area is directed to a single centre or retail location is a misrepresentation of how retailing and expenditure flows operate. The concept of “market share” (and related to this “trade draw”) provides assistance in this in that it expresses clearly that, within a defined catchment area, the turnover of a centre will account only for a certain percentage of expenditure generated. To varying degrees other centres will also account for proportions of the expenditure (i.e. also have some market share within that area). Equally, catchment areas, although a useful tool in RIA (and useful for other purposes such as marketing by retailers) rarely have fixed boundaries, they will change over time and the proportion of trade generated from areas outwith defined catchment boundaries will vary significantly between different localities.

Conclusions

6.111 Catchment areas are a useful tool for RIA and are, because of their links to other RIA tasks, an important stage in RIA. Care is needed in understanding precisely what the defined catchment area actually means and that the proposed new retail development catchment area will not, necessarily, reflect the catchment areas for existing floorspace or centres. A number of techniques are available for identifying catchment areas and regard should be given to each of these, including the use of information provided through household surveys as well as the location and characteristics of competing retail developments. The use of isochrones should be treated with caution but may be relevant in certain instances.

Recommendation RIA9: Defining Catchment Areas

Catchment areas for proposed developments should be carefully identified as an important stage of RIA. Tools for the identification of these include:

- Information provided from household surveys.
- Examination of the location and characteristics of competing retail locations.
- Local knowledge of the characteristics of the area - from discussions with planning officers and others.
- The role of isochrones for identifying catchment areas should be used with caution but could be appropriate in certain situations.

Assumptions for catchment areas should be fully justified in RIAs.
Stages 4/5: Population and Available Expenditure Estimates

6.112 The identification of existing and future population and estimates of available expenditure is a key element in the understanding of existing trading conditions. Furthermore, if estimates of the turnover of existing centres are derived from surveys then accurate estimates of total available expenditure are required for the calculation of turnover. The same is true for the forecasts of the turnover of the proposed development if these are based on market share approaches (see below).

6.113 There are two components to the stage. The first relates to population estimates and the second concerns estimating available expenditure per capita and from the combination of these components – total available expenditure.

6.114 Drivers Jonas\textsuperscript{153} summarise the essential tasks for this as follows:

- Confirm the design year.
- Obtain the population estimate for the design year.
- Obtain expenditure per head estimate for the local/catchment/study area for the most recent available year.
- Estimate the growth in expenditure per head to the design year.
- Multiply the design year population by the design year expenditure per capita to calculate total available expenditure for the design year \textit{(this should, of course, be expressed in constant prices to assist in calculation of impact and interpretation)}.

Population Estimates

6.115 The existing and future population for the identified catchment area can be derived from a range of information sources including:

- Planning authority estimates and forecasts.
- Census information.
- General Registrar Office for Scotland (GRO(S)).
- Commercial data providers such as MapInfo, CACI, and Experian.

6.116 Planning authorities. Planning authorities differ in the information that they have available for both existing population and forecasts of future population. Generally, authorities are able to provide census information for local authority areas and many have census population information for subdivisions for authority areas including wards or other divisions within the

\textsuperscript{153} Ibid Scottish Office, 1992
authority. This information is often provided in combination with other census information including socio-economic information through, for example, ward profiles.

6.117 Information on population forecasts from planning authorities is generally more limited and in many cases reliance is placed on GRO(S) sub-national forecasts. To date it is unusual for planning authorities to provide population forecasts for areas smaller than council areas although exceptions to this may be associated with the preparation of Local Plans which cover only part of a council area. The approach to population forecasts will vary between authorities. Where authorities do prepare their own forecasts they are able not only to take into account demographic factors (birth and death rates etc) but also factors relating to the effect of planning policies and proposals, notably the effects of proposed new housing development which can have a significant impact on population in local areas. Where this is undertaken the approach can be more sophisticated than that adopted by other organisations and will provide the opportunity of ensuring that the RIA which is prepared is consistent with the assumptions which underpin the development plan.

6.118 It should also be noted that it will be unusual for information to be available from planning authorities for geographical areas that precisely match the identified catchment area(s) for the proposed development. Furthermore, the catchment areas for many developments will straddle planning authority boundaries and information sources may vary in type and quality in different authorities’ areas.

6.119 The availability of information on population will vary between authorities and is likely to change in the future. It would, therefore, be inappropriate to identify specific sources of information in this Report. It is evident that good practice would be to encourage those preparing RIAs to enquire of planning authorities about what information is available for existing and future population and the extent to which this can be used for this stage of the RIA.

6.120 **Census information.** Information from the 2001 Census for all geographical levels is currently available from the Scottish Census Results Online (SCROL) website. An important feature of this site is that is the “SCROL Analyser” tool. This allows the identification of all Census information for any geographic area within Scotland, built up from the smallest area used for the collection of data in the census i.e. the Census Output Area with a typical resident population of about 100 persons. Again there are likely to be differences between the identified catchment area and Output Areas but these are likely to be modest in comparison to the total population of catchment areas and examination of the maps of the Output Areas (again provided through SCROL) can improve the estimate of population within the area.

6.121 The principal difficulty with Census information is that it only provides information for 2001 and equivalent information for 2011 is unlikely to be available until some time after the next Census is completed. It is therefore
becoming increasingly out of date for both the base year of the RIA and for the test year.

6.122 **General Register Office for Scotland (GRO(S)).** The GRO(S) is the national agency responsible for government population forecasts for Scotland. For RIAs the GRO(S) provides a range of information on population and forecasts for sub-national areas including the following which were available at the time of preparing this Report:


6.123 In addition, the GRO(S) has provided estimates of population for Council wards for 2002 and for postcode sectors in 2000. It is expected that the above forecasts and estimates will continue to be updated in the future.

6.124 The principal difficulty with GRO(S) estimates and forecasts (with the exception of the 2000/2002 estimates for small areas) is that these are for local authority areas and will not relate directly to identified catchment areas. GRO(S) forecasts are less sensitive to detailed planning information related to future housing allocations which will affect the forecasts generated.

6.125 In the absence of detailed and reliable local area forecasts the GRO(S) provides a key source of information for population forecasts which can be used (with appropriate adjustments) to reflect existing and future population forecasts for catchment areas. This information can be used in tandem with population estimates for Output Areas provided through SCROL to provide estimates of population for defined catchment areas.

6.126 **Commercial Data Providers.** A number of commercial organisations provide estimates of population for defined areas as well as other information (including available expenditure). These organisations include MapInfo (formerly URPI), CACI and Experian and it is possible that other organisations may provide similar information in the future. MapInfo is probably the most frequently used source for this type of information but there is no evidence available to suggest that this is any more or less reliable than other organisations.

6.127 MapInfo “TargetPro” reports are an example of this type of information. These reports can be commissioned for defined areas (i.e. in this case defined catchment areas) and population is provided for both 2001 (from the Census) and the base year used for expenditure estimates (typically 2-3 years prior to the date when the report is commissioned). Population estimates are derived from census Output Areas for the 2001 Census and, in effect, commissioning a report for this data is equivalent to using SCROL.
Analysers for the defined catchment. At a cost the population information can also be provided in TargetPro Reports for postcode sectors and this can be useful if combining this information with household survey information.

6.128 Population projections contained in TargetPro reports are based on demographics rather than on planning information. Details on the method used for the population forecasts are not provided in supporting information for TargetPro reports and a brief comparison of forecasts produced in TargetPro Reports indicate some differences from forecasts provided by GRO(S)\textsuperscript{154}. No rigorous analysis has been undertaken in this research comparing forecasts of the various data providing organisations but given that population information is available for the periods covered it is considered that GRO(S) should be preferred for population forecasts in the absence of detailed local forecasts. Estimates of population for 2001 appear to be consistent with information contained in the 2001 Census as provided through SCROL and GRO(S).

**Recommendation RIA10: Population Estimates**

**Forecasts of existing and future population in catchment areas should be based, in the first instance, on information provided through planning authorities. In the absence of these information can be provided through GRO(S) and SCROL. Commercial data providers also provide reliable estimates for catchment area populations for 2001. Some caution should be used if using sources other than planning authorities or GRO(S) for forecasts of future population levels.**

**Available Expenditure Forecasts**

6.129 Estimates of available expenditure are primarily provided through commercial data providers such as MapInfo, CACI and Experian. These organisations derive estimates of available expenditure per capita by combining information from a number of sources including the Census, National Accounts, Expenditure and Food Survey, and the Annual Business Inquiry. This information is combined with data on the socio-economic characteristics of the study area to provide estimates for the identified area. Estimates for expenditure are normally only provided for the base year presented in the reports, typically 2-3 years prior to the commissioning of the report. As a result expenditure estimates need to be updated to the RIA base year and then to the RIA test year.

6.130 Although it is possible for applicants, consultants and planning authorities to undertake a similar analysis this is not a practical or realistic option. As a result it is considered that initial estimates of available expenditure per capita should be obtained from these commercial organizations, unless reliable

\textsuperscript{154} For example comparison of a TargetPro Report for the Scottish Borders issued in April 2006 identified population growth between 2001 and 2003 (projected) as +1.36% compared to GRO(S) population estimates published by 2006 identify changes of +1.24% for the same period.
estimates are already available. The source of this information can be agreed at the scoping stage of the RIA.

6.131 It has been reported that that there appears to be some variation in the estimates of available expenditure per capita between different data providing organisations\textsuperscript{155}. The research team are not aware of any systematic or reliable analysis as to which data sources, if any, are more reliable.

6.132 In addition, it is evident that there is some variation in the definition of convenience and comparison categories between these three data providers. On the basis of the information available at the time of the assessment CACI’s definition of convenience goods is significantly wider that that used by MapInfo or Experian. The differences between the latter two are very limited. This can have a significant effect on RIA calculations\textsuperscript{156}.

\textbf{Recommendation RIA11: Estimating Available Expenditure}

The most practical source for estimates of available expenditure per capita are available from the commercial data providers such as MapInfo, CACI and Experian. Others may provide similar data in the future. Although there appear to be differences identified in estimates provided by these organisations no preference is expressed for any individual organisation’s figures.

\textit{Special Forms of Trading}

6.133 Special forms of trading (“SFT”) refers to consumers’ available retail expenditure which is not spent through conventional shops. This includes purchasing goods through a range of different outlets including the internet, mail order, party plan and vending machines, and other non-store activity such as market and road-side stalls. An allowance for SFT expenditure should be deducted from the available expenditure estimates since this expenditure will not be directed through conventional shops. Although there has been significant debate recently about the growth of internet shopping and its likely growth in the future there has been comparatively little discussion about the overall impact that this will have on total levels of expenditure by SFT. Some retail planners have assumed in analyses that, because of internet growth, that SFT will increase as a proportion of total available expenditure over the coming years\textsuperscript{157}. In part this view reflects

\textsuperscript{155} For example see Scottish Office (Drivers Jonas), 1992 ibid p66 and Stock, 2003 in Planning 12/9/2003 p19.

\textsuperscript{156} At the time of the research definitions used by CACI resulted in 20-25% higher levels of convenience goods expenditure than either Experian or MapInfo. The former identified each of medical products, spectacles, pet food, pet care, miscellaneous printed material and stationery and personal care goods all as convenience whereas Experian and MapInfo classified these as comparison goods. The differences between Experian and MapInfo were small relating to minor differences in the categorisation of household cleaning goods.

\textsuperscript{157} For example see Glasgow and Clyde Valley 2006 Structure Plan Technical Report 07/2006 p47 which considers that SFT for comparison goods should increase from 7% to 10%.
considerable attention to the growth in internet sales but it should be noted that these sales include a significant proportion of purchases for services as well as retail goods and are not, therefore, directly comparable to retail sales.

6.134 Estimates for SFT are provided by commercial data providers, the most commonly used source being that produced by MapInfo. MapInfo’s most recent estimates are provided in their “Expenditure Explanatory Volume 2004 Expenditure” published in 2007 and in this they provide estimates for each category of goods. Interestingly this estimates a lower level of SFT for comparison goods compared to earlier estimates (5.8% of total expenditure currently compared to over 7% in previous estimates) but an increase in convenience goods SFT (estimated at 1.5% compared to previously less than 1%). In addition, it is noted that Mintel’s Retail Rankings 2005 edition, advise that the growth in internet shopping is offsetting the decline in mail order shopping. At this stage it is not possible to conclude that SFT will inevitably increase. At this stage it is therefore considered that the most appropriate approach is to adopt the most recent estimates of SFT available and apply these to both the RIA base and test years. Changes in SFT need to be monitored to see if any clear trends can be identified.

**Recommendation RIA12: Special Forms of Trading**

Allowances for special forms of trading (SFT) should be deducted from estimates of available expenditure per capita. At this stage it is not clear whether or not SFT will increase in the future as a result of internet spending. As a result the most recent estimates available should be used for both the base and test years. The future importance of SFT should be regularly monitored.

**Price Base**

6.135 It is important to note that information on available expenditure is provided with reference to a specific year’s price base. This is normally identified in the information on available expenditure from the data provider. To ensure consistency in the treatment of demand for retail (i.e. as expressed as turnover) and supply (i.e. the turnover of shops) all prices should be expressed in a constant price base. This may require adjustment to data from different sources to ensure that a consistent approach is maintained.

6.136 Different types of retail goods experience different levels of price inflation. In recent years convenience goods have had inflation rates of 1-2% pa whereas comparison goods have experienced price deflation with prices peaking in 1998. National indicators of inflation (RPI and CPI) tend to be higher as a result of higher levels of inflation for the provision of services. Indices of inflation are provided from a number of sources. A frequently used source being MapInfo Information Briefs (the most recent being 06/2 published in October 2006) which identifies price indices for convenience and comparison goods separately.

6.137 There is no correct price base to be taken for RIAs. In general the use of current or recent price bases assist in the understanding of the information
contained in RIAs by non-specialists (since the information can be compared to their own direct experience) but the provision of data that can be compared to other studies or RIAs will ease comparison and should, therefore be encouraged. The price base to be used for the RIA can be agreed with planning officers at the scoping stage.

**Recommendation RIA13: Use of Constant Price Base**

Monetary information in RIAs should be presented in a constant price base and this should be easily identifiable. The appropriate price base should be agreed with planning officers at the scoping of the RIA.

**Forecasting Expenditure Growth**

6.138 Information on available expenditure per capita is usually provided on a historic basis, typically 2-3 years prior to the commissioning of expenditure data reports. It is necessary therefore to update this information taking into account growth in expenditure per capita up to the RIA’s base date and the RIA’s test date. For example, an RIA being prepared for a development being submitted in 2007 may result in expenditure data being purchased which is available for 2004 and expressed in 2004 prices. This information will require to be adjusted to provide estimates of available expenditure for the base year (say 2007 being the date of application) and for the agreed test year (which could be agreed to be, for sake of argument, 2010). There may also need to be an adjustment of the price base of the information from 2004 to another date (which could be more up to date say 2006 or older to provide consistency with earlier studies, for example undertaken with a 2001 price base).

6.139 The issue of price base was considered above. Updating the available expenditure to the RIA base and test dates requires consideration of the growth in expenditure per capita between (in this example) 2004 and 2007 and then to 2010.

6.140 Normally there are two components to forecasting the growth in expenditure. Both of these involve the use of national data on expenditure growth and use information that can be obtained readily from commercial data providers notably MapInfo Information Briefs\textsuperscript{158}. The first part relates to known changes in available expenditure per capita. In the example set out above (para 6.137) examination of MapInfo Brief 06/2 Table 1 identifies the actual national average growth in available expenditure per capita, in constant prices, for the period 2004 to 2005. This is an observed statistic rather than a forecast. This can be used to estimate expenditure for 2005. For the period from 2005 to 2010 forecasts of expenditure growth require to be made using either an extrapolation of historic trends or information provided by macro-economic models. Considerable debate has taken place between retail planners at public inquiries about which growth forecast should be used.

\textsuperscript{158} At this stage reference is only made to forecasts for expenditure goods categories. The role of the goods as opposed to business base for assessing expenditure growth is considered in a later part of this chapter.
and it has been noted that “this element can attract a wide range of different assumptions about annual growth rates for convenience and comparison goods expenditure”\textsuperscript{159} although it should be noted that strong views on this topic were not generated in either the questionnaire surveys or in the discussion groups.

6.141 **Expenditure Trends.** MapInfo Briefs have provided information on trend growth rates for convenience goods and comparison goods (and businesses) for a number of years. A series of different trends have been identified ranging from ultra-long term trends (1964 – 2005) to short-term trends (1998-2005) together with a number of intervening time periods as well. Trends are statistical analyses simply derived from the application on regression lines to different data sets (in this case available expenditure expressed in constant prices). They do not provide any interpretation of the factors underpinning observed changes nor do they consider how underlying factors may change in the future. Although it may be considered that the statistical reliability of these trends would increase with larger datasets the key social and economic changes that have occurred over the past 40 years lead one to question the relevance of trends that derive a significant degree of influence from data that is over 20 years old. On this basis trends that utilise data over 20 years old should not be used.

6.142 Information Brief 06/2 and its predecessors provide information on the statistical reliability of the forecasts for goods based expenditure forecasts\textsuperscript{160}. These show that:

- For convenience goods the correlation coefficient for the forecasts increase with the shorter time period used for the regression. The Brief confirms that ultra-long term trends are statistically unreliable and none of the forecasts achieves particularly high correlation coefficients.

- For comparison goods the position is less clear cut and are statistically robust for all periods but the strongest relationship is with the short-term data.\textsuperscript{161}

6.143 Although short term trends are currently the most reliable they are, because of the nature of the small data set, more likely to change significantly from year to year. In this way short-term trend growth for convenience goods has changed from 1.0% pa in the 2004 Brief to 0.8% in the 2005 Brief and 0.9% in the 2006 Brief. More significantly, comparison goods trends have changed from 7.3% pa, to 8.5% pa to 7.7% pa. for the same years. Furthermore, although the short-term data provides the highest correlation coefficients the limited data series results in comparatively wide confidence limits, for example the 95% confidence limits for most recent short-term convenience forecasts are +/-0.37%, in other words statistically one is 95% confident that the short term growth lies between 0.53% pa and 1.27% pa.

\textsuperscript{159} CBRE in Scottish Executive, 2004  
\textsuperscript{160} MapInfo Brief 06/1 provides similar information for business based forecasts  
\textsuperscript{161} MapInfo Brief 06/2 page 3
6.144 **Macro-Economic Models.** In recent years Oxford Economic Forecasting have produced forecasts derived from the UK-spending model which are presented in the same MapInfo information briefs as an alternative to trend based forecasts. The Brief considers that the forecasts are “consistent with past trends” and build in expected changes in key economic variables. In this way the model considers that short-term growth in comparison goods spending (for example) is unsustainable and that lower growth is forecast to occur. The current OEF forecasts are for convenience expenditure to grow at about 0.8-0.9% pa and comparison goods by 4.1%-4.4% pa. The forecasts also provide limited breakdown by goods type within these categories.

6.145 The principal difficulty with these forecasts is that it is difficult to establish the basis for the forecasts and to judge their reliability. The latter will only be possible in the future when early forecasts can be compared to actual growth over the same time period. The forecasts have only been produced over the past three years and it is notable that forecasts for convenience goods have been revised downwards significantly (initially they were about 1.2% pa) and comparison goods increased (originally they were about 3.5% pa). This may reflect short term economic factors but significant changes in forecasts from one year to the next for what are, essentially, medium to long term forecasts (they provide forecasts for the next 10-12 years) will undermine the confidence that can be placed in the models.

6.146 At this stage it is difficult to advise on a preferred forecasting basis for expenditure growth. There are clear difficulties with trend based forecasts and their limited statistical reliability and the reliability of the model forecasts and limited understanding of their derivation can limit the confidence in these techniques. This would suggest that growth in available expenditure would be an appropriate candidate for sensitivity testing for assessing the robustness of the results generated.

6.147 It should be noted that the direct impact that changes in total available expenditure on the results of an RIA are limited. This is because the amount of available expenditure would be expected to have an impact on both the demand for retail goods and on the turnover achieved by shops in centres in response to that demand. It would also have a direct impact on the turnover that could be achieved by a proposed development particularly if one adopts a market share approach to the new development turnover rather than the use of average turnover rates (this is considered in detail below) and the amount of trade that would be diverted from existing shops. As a result the proportionate loss of trade to the new development would be reasonably insensitive to the available expenditure within the catchment, but the absolute amount of trade loss would vary according to total available expenditure\(^{162}\).

---

\(^{162}\) For example – using a market share approach higher expenditure growth will result in both higher turnover of existing centres (i.e. making them less sensitive to adverse impact) and in the turnover of the proposed development (thereby increasing the magnitude of impact because more trade will be diverted from these centres to the new development). These two effects will, to a degree cancel
Recommendation RIA14: Assumptions about Expenditure Growth

There are significant uncertainties associated with the use of either trend based forecasts or economic models. Assumptions for growth in available expenditure should therefore be carefully justified and should also be considered as appropriate for sensitivity testing.

Stage 6: Existing Floorspace and Turnover

6.148 The identification of existing floorspace and its turnover is central to the assessment of retail impact. For many developments where there is the potential for the development to “clawback” expenditure currently leaking to locations outwith the catchment area it will be necessary to consider centres located outwith the identified catchment area. This can include centres located in different planning authority areas from that in which the development is proposed.

Scope of Retail Locations to be Covered

6.149 The range of centres to be included within the RIA can be agreed at the scoping stage of the RIA. This can be restricted to include only those centres for which there is policy protection (but regard should be had to the full range of retail locations covered in the development plan and national policy e.g. this could include “other commercial centres” referred to in SPP8 and the role of rural centres referred to in both SPP8 and SPP15).

6.150 The exclusion of non-protected retail locations will provide for a quicker, simpler and more cost-effective RIA and this approach should be supported in a planning system aiming for the efficient determination of applications and appeals. It should be noted though, that the exclusion of key retail locations (especially out-of-centre supermarkets or retail parks/warehouses) will limit the accurate understanding of the operation of retailing within the catchment area and between the catchment area and other areas. This will reduce the reliability of other assumptions used in the RIA (notably trade diversion assumptions) and may also limit any analysis of the extent to which proposed developments can address quantitative and qualitative deficiencies. These factors will need to be balanced and agreement established at the scoping of the RIA regarding the range of existing centres and floorspace to be included within the RIA.

Types of Retail Floorspace

6.151 The extent to which a RIA should distinguish between different types of retail floorspace will depend upon the specific development proposal. For example, for a proposal for a supermarket it will probably be necessary to distinguish between convenience and comparison goods shops. For a DIY/bulky goods proposal a more refined approach may be appropriate to each other out. Conversely lower growth in available expenditure will have the opposite effects on the turnover of existing centres, the turnover of the development and trade diversion.
subdividing comparison goods into bulky goods and even DIY goods. The purpose for providing more detail is to establish more accurately the basis for identifying the characteristics of the particular retail sector being impacted upon and the significance of that sector in the wider retail context of the centre as a whole. However, as has and will be demonstrated in this chapter there are significant uncertainties about the reliability and accuracy of data used in RIAs. Greater disaggregation of data will normally result in reducing the accuracy of small sectors since there is greater potential for estimates to be incorrect by a considerable margin. As a result a balance should be aimed at between disaggregation and the reliability of the analysis.

6.152 In most RIAs a subdivision based on convenience and comparison goods (and, in certain instances a further subdivision between general comparison and bulky comparison goods) is sufficient. This is, for example, similar to advice contained in PPS6 (para 2.34) which advises use of broad categories of goods in the context of assessing retail “need”.

6.153 Further comment on retail goods categories and the use of goods and business bases for RIAs is discussed towards the end of this chapter.

**Recommendation RIA15: Disaggregating Retail Floorspace**

**Analysis of existing floorspace should be based on the use of broad categories of goods and should be agreed at the scoping stage of the assessment.**

**Identifying Existing Floorspace**

6.154 Surveys of existing retail units can provide an up to date assessment of types of retail floorspace, their location and a range of qualitative and quantitative factors which will be relevant to the RIA. These factors include:

- Operators – including the role of multiple traders and independents.
- Vacancies – notably those on the market, those exhibiting long term vacancies and those which are undergoing refurbishment and investment.
- Investment in shops including recent refitting of units.
- Level of business and activity in existing units – for example identified through car park utilisation, number of checkouts open, queues etc.
- Ranges of goods sold.
- The role of retail service units.
- Distribution of retail activity within a centre.
6.155 Even if surveys of floorspace are undertaken more than once in support of a planning application they will not be able to provide a reliable assessment of broader changes affecting a centre and reliance will need to be placed on health check information that can be provided through the planning authority. This is addressed both in stage 12 discussed below and in chapter 4 of this report.

6.156 Many retail proposals, notably proposals for supermarkets and superstores, will affect local shopping provision including rural/village shops. Depending upon the sensitivity of this floorspace and its importance to local communities it may be necessary to include surveys of this dispersed local floorspace within this stage of the RIA.

6.157 A key requirement is the identification of the amount of retail floorspace (net and gross) in a centre. In general it is difficult to assess this accurately from site visits without detailed measurement which will generally prove impractical in the preparation of an RIA. Principal sources of information that can be used for the identification of floorspace include:

- Planning authority surveys and data.
- Third party information sources – notably Experian Goad centre surveys and similar.
- Information from planning applications, retail studies, earlier RIAs and similar.

6.158 **Planning Authority Data.** Many planning authorities collate information on gross and/or net floorspace within centres and can make this available to those preparing RIAs. Ideally this will utilise information provided by the Regional Assessor which has been verified by survey work. Further information on this is provided in chapter 4 of this report. Planning authorities may also be able to provide information on the size of out-of-centre floorspace, district centres and even local centres.

6.159 **Commercial Information Sources.** Experian Goad centre plans and reports can be used for the identification of floorspace within centres. Goad surveys are limited in their accuracy as measurements reflect the use of scaling from comparatively small scale base plans and are not based on a detailed examination of individual properties. In addition areas covered in Goad reports do not necessarily match defined centres in Local Plans or other reports. In most centres there will also be a number of retail units which do not easily fit into Goad retail categories and different individuals can, legitimately categorize the same retail units in different ways. However, in the absence of better quality information on floorspace, Goad plans provide a useful starting point for identifying floorspace in centres. In general, it is considered that Goad plans should always be combined with direct surveys to ensure that the information collected matches that which is found at the time the RIA is prepared. Further information of Goad reports is provided in chapter 3.
Other commercial sources can provide some limited data, for example data from the Scottish Property Network has been cited by some practitioners as valuable although this appears to have more value in contributing to town centre health checks and is discussed in chapter 4. In general it is considered that commercial sources tend to be more reliable for larger retail units and less accurate in their assessment of secondary pitches or those occupied by independent traders.

Other Sources. A range of other reports and sources including planning applications, recent RIAs which were considered acceptable to planning authorities and retail studies undertaken for authorities or other organisations can be used to provide retail floorspace information. As with Goad reports information should be verified through site visits to ensure that the information remains up to date.

**Recommendation RIA16: Estimating Retail Floorspace**

Centres and retail floorspace to be included with RIAs should be agreed at the scoping stage of the RIA. Information sources that are available for floorspace can include: retail floorspace surveys; planning authority information and other commercial sources such as Goad reports and other retail studies.

Floorspace estimates should include “committed” floorspace for the test year.

**Treatment of Committed Floorspace**

In the assessment of future turnover of the centre (i.e. at the test date) it is appropriate to include retail commitments since there is an expectation that this floorspace will be implemented prior to the test date. Some care should be adopted here in that there is a possibility that the development of the proposed scheme could undermine the implementation of these schemes.

In general commitments are normally identified by retail planners as schemes for which planning permission exists and for which there are “firm” allocations in development plans. The reference to “firm” allocations reflects concerns expressed by practitioners that certain allocations (and in some cases planning consents) are aspirational rather than committed. All consents and allocations should, therefore, be carefully reviewed. Any decision not to include proposals should be justified.
Two principal approaches are normally adopted for the calculation of turnover. Firstly the use of national average turnover estimates (provided by organisations such as Verdict and Mintel) which are adjusted in the light of observed trading characteristics. Secondly the use of household survey information to identify market share achieved by centres and, combining this with available expenditure forecasts, to estimate actual turnover achieved. Where surveys of businesses have been undertaken this can support estimates of turnover from either source. Information from these different sources can be combined to provide a more rigorous assessment of turnover.

In addition estimates of centres’ turnover may be available from retail studies undertaken on behalf of planning authorities of other organisations.

The use of national average data, adjusted to reflect observed trading characteristics, will provide only an indicative assessment of turnover. National average data is generally only available for national multiple retailers. Reports such as Retail Rankings (Mintel) or Verdict's review of retail sectors can provide some information on sectors with a high proportion of independent traders but the applicability of this information to independent traders, especially in smaller town centres, is limited.

Authors of RIAs will also often have limited information for adjusting the national averages to local circumstances. For example, it will be very unusual for the author of an RIA to have direct experience of the trading characteristics of stores in a centre throughout the trading year. Different centres will benefit from seasonal trading patterns from example at Christmas time or during the summer holiday season.

The principal advantage of adopting an approach based on averages is that it can be undertaken quickly at limited cost. Therefore, for small developments, or where centres are not considered to be unduly sensitive, estimates based on average turnover rates may be appropriate and this could be combined with sensitivity testing to test the robustness of the results.

The use of household surveys for the estimation of existing turnover is favoured by a number of practitioners. With well designed household surveys (if necessary reinforced with shopper surveys if a significant proportion of trade is from outwith a wide area e.g. from holiday makers) these can provide a reasonable estimate of the turnover of centres. As noted earlier these can be expensive and add considerable time required for the preparation of the RIA. They are therefore more appropriate for more complex or larger schemes, or where centres are considered to be particularly sensitive.

In conclusion, household surveys, if well designed, will provide reasonable estimates of the turnover of existing floorspace. For small developments, or where centres are large compared to proposed developments and/or existing centres are not considered to be unduly sensitive to impact the use of
estimates based on averages may be appropriate. Full use should be made of existing surveys and studies that have already provided estimates of turnover and which are considered to be reasonably reliable by planning authorities.

Recommendation RIA17: Estimating Existing Turnover

Household surveys, if well designed, should be used to provide estimates of the turnover of existing floorspace. For small developments, or where centres are large compared to proposed developments and/or existing centres are not considered to be unduly sensitive to impact the use of estimates based on averages may be appropriate. The appropriate approach should be agreed at the scoping stage of the RIA.

Data from the Annual Business Survey (see recommendation TCHC9) should be used if available.

Over- and Under-Trading

6.171 An issue that frequently arises in RIAs is the assertion that existing shops are either under- or, more frequently cited, over-trading. The relevance of these issues is that these concepts imply a weakness or strength in existing businesses which should be taken into account in the appraisal of the significance of the impact identified. In addition, these conditions may also be indicative of a deficiency, or otherwise, of certain types of retail floorspace. Notions of over- or under-trading imply that an “average” or “equilibrium” level of trading can be identified for retail space in different locations including that operated by known traders. For example Mintel and Verdict both produce reports identifying national average trading levels for different retail operators.

6.172 A key difficulty in the use of average rates is their applicability to local circumstances. Examination of Retail Rankings, for example, indicates that there is considerable variability in “average” turnover rates achieved by retailers in the same retail sector and there will, inevitably be considerable variation in the actual turnover rates achieved by the same retailer in different locations. The comparison of actual to average turnover rates is normally undertaken on the basis of assessing the viability of businesses and therefore their vulnerability to adverse impact. Turnover, although of key importance, is not the only factor affecting viability but regard also needs to be had to the costs of operation and in part, this will relate to accounting practices used by individual businesses. In smaller centres generally (but not always) running costs will be lower associated with lower rents and rates and possibly other factors but distribution costs could be higher. Another factor is the type of retail operation. It has already been noted that deep

---

163 These concepts are discussed in Chapter 3.
164 Mintel: Retail Rankings published annually as a single volume covering most retail sectors covering approximately 1000 retailers in the UK. Verdict produce a wide range of reports providing more detailed information for each retail sector. In 2007 key reports relevant to this topic normally cost in the region of £1000 to £2000 each.
discounters, for example, can operate profitably on turnovers lower than mainstream supermarkets despite having significantly lower turnover rates. The key point is that information on the viability of businesses is rarely available to retail planners preparing RIAs and so firm conclusions about the significance of trading levels compared to averages are difficult to establish.

6.173 Notwithstanding the above a number of features are identified by practitioners for indicating whether a store is, or is not overtrading, including:

- Constant restocking by staff (or failure to restock resulting in empty shelves165).
- Long queues at checkouts – especially if all or most check-outs are open.
- Products on display in aisles/crammed aisles.
- Busy car parks.
- High turnover level identified from surveys.

6.174 The above primarily relate to supermarkets but the principles can be applied to other types of retail floorspace.

6.175 There is a danger in relying on observed conditions in stores if only a limited number of visits are made. The busy-ness of shops will vary during the week (e.g. at weekends or associated with markets/special events) and year and indicators of over- or under-trading identified from a limited number of visits may not be indicative of the general position in shops. This information is best gained from other sources including survey information or comments from traders.

6.176 In a small number of instances in RIAs over-trading has been used in a particular way in RIA calculations. Rather than incorporate actual turnover in the assessment of existing turnover of centres notional average turnovers have been incorporated into the assessment. In this way, if stores are identified as over-trading by, say £Xm, the approach adopted by the RIA is that all of this “surplus” turnover (i.e. surplus to average) is available for the trading of the new store. This issue is primarily concerned with trade diversion assumptions and so is considered in Stage 9 below but it is important to note this concept at this stage. As has already been commented reliance on the concept of an “average” or “equilibrium” turnover creates significant difficulties in establishing what actually is an appropriate “average” turnover. As a result most practitioners who contributed to this research considered that the focus should be on the estimation of actual turnovers in the RIA and that, where appropriate, comparison between actual turnovers and notional averages may be one factor (of a number) used for assessing the significance of the identified retail impacts.

165 Provided that empty shelves are not indicative of supply chain difficulties in the store.
Recommendation RIA18: Using Estimates of Actual Turnover

Estimates of turnover for existing centres should focus on actual rather than average or equilibrium turnover. Concepts of over- and under-trading are relevant but should be addressed as part of the understanding of the vitality and viability of the centre and in assessing the significance of impact. Various indicators of over-or under-trading can be used but these should be treated with caution because they do not necessarily indicate that existing shops are, or are not, viable and may reflect conditions prevalent at the time of survey rather than longer term conditions prevalent in the shops or centre.

Net and Gross Floorspace

6.177 For the purposes of RIAs Gross Floorspace normally refers to gross internal floorspace and is, therefore, slightly different from the gross external floorspace which is relevant, for example, for establishing planning application fees. Definitions for gross external and gross internal areas are provided by the RICS Code of Practice\textsuperscript{166}. By way of comparison Goad reports refer to “footprint” floorspace i.e. the area measured off Goad plans\textsuperscript{167}. The limited accuracy of this method of measurement means that the figures should be treated as an approximation of both gross internal and external floorspace.

6.178 For RIA the more critical consideration is net or trading floor area. In the RICS definitions the retail area of the shop is the Net Internal Area which includes store rooms etc formed by non-structural partitions and recessed and arcaded areas of shops created by window display frontage\textsuperscript{168}. This definition is less helpful for RIA purposes.

6.179 In SPP8 reference is made to trading area for the purpose of defining Superstores\textsuperscript{169}. Although trading is not defined it is generally viewed by practitioners as that part of the shop from which goods for sale are on display and can be purchased. This definition would not normally be expected to include, for example, areas to the rear of check-outs – although in many supermarkets there will be small areas used for retail (e.g. booths) outwith the main sales floorspace.

6.180 In a key respect detailed arguments about what constitutes net and trading floorspace is not important in the preparation of RIAs. Net/trading floorspace is really only relevant when one is relying on sales density ratios to establish the total turnover of a store or centre. In assessing existing floorspace the use of household surveys combined with other information will provide estimates of turnover without detailed reference to sales densities.


\textsuperscript{167} From explanatory notes at the beginning of Goad reports.

\textsuperscript{168} RICS 2001 ibid p28.

\textsuperscript{169} SPP8 Town centres and Retailing 2006 Annex p13
Net/trading floor areas are relevant when comparing estimated turnover with national average densities or when average sales densities are being used as a key input for estimating total turnover. In these situations the approach that is adopted should reflect the approach adopted by the retailers of those stores.

6.181 It is important to recognise that different retailers use different definitions of “net”. Some reflect the RICS definition, some use this but exclude storage/meeting rooms/cafes etc, and others limit net to that area only used for the display and sale of goods. In the grocery sector it is understood (from examination of RIA s submitted on behalf of different retailers) that, for example Morrisons and Asda use a stricter definition of net than Tesco. Similarly Aldi uses a stricter definition than Lidl\textsuperscript{170}. For the purposes of the RIA this does not matter. If reference is made to sales densities achieved by these companies (for example as reported in Retail Rankings) then the \textit{same} definition should be used on which those sales densities are based i.e. this definition will vary (slightly) between operators.

6.182 The issue of the differences between “net” and “trading” becomes relevant only when establishing whether or not a development is or is not a “superstore”, in which case some care is need to establish whether “net” is the same as “trading”.

6.183 For the majority of retail businesses only estimates of net floorspace are available and detailed information regarding what is or what is not included is not possible to establish with any degree of accuracy. This is not only the case with independent/local traders in centres but even with multiples who trade from a wide variety of retail units (including those who trade from prime town centre units). In these cases there will be considerable variation in net/trading floorspace. Traditionally the following provide typical net to gross ratios used in RIAs:

- Supermarkets/superstores – varies from 50\% (and occasionally less than this) to 65\% according to operator definitions.
- Discount foodstores – from 65\% - 80\% according to operator and age of development.
- Retail warehouse units – from 70-85\% according to operator and age of development.
- Town Centre units – from 60\% - 65\%.

6.184 The above should be taken as indicative only and could alter over time. Any assumptions used in RIAs should be carefully justified.

\textsuperscript{170} From examination of inquiry evidence in relation to proposed retail developments in Scotland including Arbroath (Tesco/Asda 2003-2006) Fraserburgh (Aldi, 2006), Irvine (Lidl, 2006)
Recommendation RIA19: Net to Gross Floorspace Assumptions

Assumptions about net to gross floorspace ratios should reflect the known characteristics of particular retailers and, where reliance is placed on estimated or average sales densities, assumptions should be fully justified.

Sales Density Growth Assumptions (Sales Productivity Growth)

6.185 The sales turnover per square metre of trading area is normally referred to as sales density. Examination of documents such as Retail Rankings shows that sales densities vary considerably between retail sectors and between retailers within the same sector. For example sales densities achieved by major superstore operators can be a number of times greater than food discounters and that food discounters trade at levels significantly higher than bulky goods retailers. These differences do not, necessarily make one sector more or less efficient in business terms even if they are in terms of the use of space.

6.186 One issue that has raised some debate is the use of assumptions about increases in sales densities between the base year and the test year (that is increases in real terms i.e. with constant prices). Although this is more relevant for retail capacity assessments (chapter 3) it is also relevant for RIA. Increased sales densities can be used to indicate that retail impacts are less significant than appear initially, for example if the turnover of centre is claimed to increase by some 10% between base and test year and the impact of a development is identified as 15% loss of trade from a centre it could be argued that the centre will only be trading at about 5% lower than the base year and therefore the significance of impact would be less than initially appeared.

6.187 The use of increasing sales densities receives widespread support. For example, para 2.34 of PPS6 refers to the role of "forecast improvements in productivity in the use of floorspace" when considering the role of assessing need for new retail floorspace. Although a number of those responding to the questionnaires used in this research adopted a similar view when this was examined in the discussion groups the conclusion tended to be that the inclusion of sales density growth can result in the protection of existing retailers (particularly when used in assessing retail need) and that the evidence in support of such growth is unclear:

- Higher sales densities do not necessarily make retail businesses more efficient. For example, in Retail Rankings 2007 Sainsbury is identified as achieving sales densities of £950 psf but an operating margin of 2.2% and sales per employee of approximately £96,000 (the latter is for 2003/04 whereas the others are for 2005/06). Waitrose achieves a similar sales density (£979 psf) but an operating margin of 5.4% but lower sales per employee (ca £86k). In a different sector IKEA achieved an operating margin of 11.3%, on sales densities of £340psf and sales per employee of £123k pa. What is evident is that the efficiency of business
relates to the whole business model including products sold, pricing, marketing, internal organisation as well as the use of space.

- Examination of Retail Rankings data for the period 1998 to 2004 undertaken for this research examined the reported sales densities for retailers in each retail sector. This identified that retailers in convenience sectors experience real “growth” in sales densities of between +0.9% and -2.2% pa with the average at a decline in densities of -1.1% pa. In contrast comparison goods sectors did grow over the same period ranging from -7%pa to +12%pa with the highest growth in toys retailers and greatest decline in health and beauty. The average growth was approximately +0.9% pa at constant prices.

6.188 It is also apparent that in some areas where there is limited new additional floorspace being provided but a rapid growth in available expenditure (particularly for comparison goods) there will either be a substantial increase in the leakage of expenditure or sales densities will increase. Even if leakage increases, if there is no new additional floorspace provided in the destination locations for this expenditure, then this will also be translated into increased sales densities. In practice a combination of both is likely to happen.

6.189 In conclusion, there may be circumstances encountered where increased sales densities may result. This is not primarily as a result of increased efficiency in the use of space per se (although this may happen in certain retail sectors) but as a result of changes in demand and supply within a local area. If increased sales densities are to be used in RIAs with consequent effects on the overall turnover of a centre then these should be carefully justified.

**Recommendation RIA20: Growth in Sales Density Assumptions**

The application of sales density increases should not be applied automatically to existing floorspace from the base to test years. It may be appropriate reflecting local circumstances based on an analysis of supply and demand but, if used, this should be fully justified in the RIA.

**Comparison of Available Expenditure and Turnover**

6.190 The analysis of the combined information from Stages 2 to 6 set out above will provide a clear understanding of retailing and expenditure flows within the catchment area at the base year and through to the test year without the proposed development. A review of this information is helpful to provide the full context for assessing the impact of the proposed development. Factors that can be included within this include:
• Existing market share by shops and centres.
• Trading levels and sales densities, including reference to notional average levels.
• Leakage and retention of expenditure for different goods types.
• Anticipated future changes in demand (available expenditure) and supply.
• Existing and potential future retail deficiencies within the catchment.

6.191 This information will inform the role of the centres within the broader network and can also be combined with information on the vitality and viability of centres (Stage 12) for assessing the significance of the impact of the proposed development (Stage 13).

Stage 7: Turnover of Proposed Development

6.192 It has been argued (e.g. Roberts 1982) that the turnover of a proposed store is the single most important variable in assessing its impact. This comment is simplistic and a mathematical case can be put forward that in many circumstances trade diversion assumptions will have a greater impact on RIA results than store turnover. Nonetheless development turnover will be an important factor in determining the calculation of retail impact.

6.193 In practice a range of factors are used for assessing the turnover of the proposed development including company national average rates, market penetration/share approaches and/or competition within the local market (combined with the use of market share concepts).

Retailer Information

6.194 For many retailers, particularly in the grocery sector, operators will prepare their own analysis of potential development turnover, normally prepared on the basis of a detailed market share analysis. This information is normally considered to be commercially confidential and only occasionally will retailers release this information. If this is available, this will provide the best estimate of development turnover. In most cases the estimate of turnover is the responsibility of those preparing the RIA and will need to be based on the range of sources of information noted above.

National Average Turnover Rates (Sales Densities)

6.195 From the surveys the most common factor used in assessing the turnover of the proposed development is by reference to national average figures (e.g. by reference to Retail Rankings or Verdict). Reliance on this as the sole or predominant source has been subject to criticism. The principal alternative approach advocated strongly in some quarters is to consider market share/penetration of the store, including its relationship in turnover with competing stores.
6.196 Criticisms relating to the use of national averages relate to the fact that actual rates vary and that regard should be had to local circumstances and the market in which the retailer is operating. For example, one response to this issue in the survey was that it is “nonsense to insist that a supermarket development will achieve the company average of the operator regardless of the level of available spending and the nature of the existing competition”. Additionally, some caution is required in the use of operator averages given that planning permission is normally sought for a retail use rather than a specific operator. As a result turnover assumptions require to be fully justified.

Local Factors and Market Share

6.197 These criticisms of the use of averages are consistent with the views of Drivers Jonas who summarise the key components to be used in assessing development turnover as comprising both a reference to the characteristics of the catchment area (e.g. population density and available expenditure) as well as referring to published information on the performance of the relevant retailers or retail sector under consideration (e.g. by reference to Retail Rankings or Verdict). Some care is needed with the data to treat VAT in a consistent manner and to exclude petrol sales from supermarket operators’ sales (normally Retail Rankings and Verdict exclude VAT from turnover figures for stores). The latter is straightforward and, in the case of single operator developments (e.g. supermarkets) can be identified. However, as Drivers Jonas point out this approach “does not take into account the characteristics of the catchment area and the amount of spending likely to be available to support the development”. One danger of placing weight on the latter is that there is a tendency in practice for proposers of schemes to identify turnover rates at or below national averages but rarely above – this is obviously inconsistent in that, for a sales density to be an average there must be some stores selling above the average as well as below the average.

6.198 The approach to market share/penetration would normally have regard to existing and estimated future spending, the strength of competition and the level of market share being achieved by that competition in each of the spending zones from which the new development will take trade, the type and scale of development being proposed compared with those which already exist, and other factors such as accessibility. It is also suggested that this approach can overcome the problem of the potential for operators to change. The role of market share is particularly important in parts of rural Scotland where there is current market pressure for new supermarkets. In these areas catchments are often well defined and have low population density and available expenditure which will limit the potential turnover that can be achieved and consequently sales densities, often at rates significantly lower than national averages.

171 ibid Scottish Office, 1992
172 e.g. Retail Rankings 2007 p278 provides estimates of sector sales for grocers excluding non-retail turnover
An additional benefit of this market share approach is that it allows a combination of development proposals to be tested realistically. Working on the basis that two or more competing developments are likely to compete with each other so that, in most cases the combined development turnover is likely to be less than the sum of the turnover of both stores developed on their own. This will not, of course, always be the case. For comparison goods developments combining developments can increase critical mass which could increase the attractiveness of the retail location to shoppers and potentially increase the catchment area served by the combined development.

**Analysis of Comparable Developments**

Market share approaches can also be based on an analysis of the characteristics of comparable developments elsewhere. This is based on the assumption that, if a similar development achieves a known market share (i.e. percentage of available expenditure) in a different location one can apply a similar market share assumption to the proposed development. A variation to this approach is the “Donaldsons’s method” which uses a formula to adjust market share levels for each drive-band according to the size of the proposed store and the density of the catchment population and is commented upon by Drivers Jonas in their review of RIA methods\(^{173}\). Drivers Jonas report that this was rarely used in the early 1990s and it does not appear to have been used in recent years.

The principal difficulties of this comparable development market share approach are that (i) it presumes that market share information is actually available for a comparable store. This type of information is not widely published which means that special household surveys would need to be commissioned for the comparator store and (ii) for comparators to be valid not only does the comparator store need to be similar but so too must the demographics, social-economic profile and geography of the catchment area need to be similar. Furthermore, the level of competing retail provision within and outwith the catchment needs to be comparable for the result to be valid. This is only likely to be achieved occasionally in the context of retail development proposals in Scotland.

**Conclusions**

To establish the forecast turnover of new floorspace a combination of these techniques should be considered reflecting the scale and sensitivity of the proposed development. Where comparatively new forms of retailing are proposed (i.e. new to the general area of region in which the development is proposed) analysis of comparators including their market share can be advantageous. For developments of limited scale a more straightforward approach utilising known “average” trading conditions are likely to be sufficient. Combining this information with known data on existing market shares from household surveys (if these are available) will significantly improving the robustness of the estimates. An analysis based on a

---

\(^{173}\) ibid Scottish Office, 1992
consideration of the potential market share achieved by the development will provide an important benchmark for assessing turnover. This can take into account existing and potential future competition (both within and outwith the catchment). An illustration of the latter would be, for example, a proposal for a new superstore serving a catchment in which there are no major supermarkets and significant expenditure is identified. In this situation it is possible that the proposed new superstore, if it is able to compete with locations outwith the catchment could dominate the market and achieve market shares significantly in excess of 50%. In contrast if the existing market already has one superstore and the proposal would provide a second, although these two stores, in combination are likely to dominate the market (potentially achieving a joint share in excess, say, of 70%) one would need to consider what proportion of the 70% market share would be achieved by the new proposal compared to the existing superstore (this will reflect factors such as retail offer provided by the store, operators if known and local geographical factors affecting accessibility to the existing and proposed stores.

6.203 A combination and comparison of conclusions from the above techniques will provide the most robust basis for assessing development turnover.

### Recommendation RIA21: Estimating Turnover of the Proposed Development

The estimate of the turnover of the proposed development should utilise a range of techniques including reference to market share within the catchment, average turnover levels and comparable developments elsewhere (the latter particularly for new forms of development). For small scale developments the use of national average figures combined with sensitivity tests may be appropriate for the purposes of RIA.

### Stage 8: Trade Draw

6.204 In this report “Trade Draw” refers to the origin of turnover of the proposed development in terms of the available expenditure generated within different parts of the identified catchment area and, where appropriate, beyond the catchment area (e.g. as a result of pass-by trade). Many commentators and respondents to the surveys identify trade draw as a key stage within RIA and, as has been noted, it is a factor that can feed into market share analysis for estimating the proposed development turnover (and in this regard would come before calculation of development turnover rather than after it).

6.205 In addition to market share analysis the concept of trade draw is a particularly useful concept where catchment areas for proposed developments are wide and it is seen that there are benefits in subdividing

---

174 including England (1999) and Drivers Jonas (Scottish Office, 1992)
175 although it should be recognised that certain respondents to the survey were confused between the concept of trade “draw” and trade “diversion” which is addressed in Stage 9.
the catchment into smaller parts. This could be based on a notion of primary and secondary catchments (with the latter providing a minority of the turnover for the store because it is more remote from the proposed development than the primary catchment) or based on different geographical factors (e.g. associated with local communities or accessibility). In these cases the subdivision of the catchment can simplify the assessment of impact by breaking down the problem into constituent parts. In this way the characteristics of Zone A may indicate a greater level of trade diversion from certain existing centres which may be different from those that would relate to Zone B. Trade draw would be used to identify the total amount of trade that would originate from Zones A and B and this would allow a clearer estimate of the trade that would be diverted from the different existing centres.

6.206 Trade draw is therefore a tool that has value for assisting other stages of the RIA process rather than generating output information for its own benefit. Where simple catchments are used (for example if all trade is assumed to originate from one catchment area) there is little benefit from undertaking trade draw as a separate stage in the RIA analysis.

**Recommendation RIA22: Trade Draw**

Trade Draw is a useful concept as a tool for assisting with other stages of the RIA including the estimate of proposed development turnover and estimation of trade diversion. For small or straightforward development proposals trade draw does not require to be undertaken explicitly as part of the RIA.

---

**Stage 9: Trade Diversion**

6.207 Trade diversion is distinct from trade draw and identifies the source of turnover of the proposed development from existing shops and centres. There is general agreement amongst commentators that at this stage RIA can become highly subjective and there is no doubt that this stage is fundamental to the calculation of retail impact. England (1999) states that trade diversion is the "crucial and most contentious element of impact assessment". Similarly Roberts (1982) states "the 'science' of retail impact analysis rapidly transforms into subjective assessment at this stage in the process".

6.208 In effect, the identification of trade diversion is the identification of the source of new development turnover from existing retail centres and floorspace. A range of factors are identified for assessing trade diversion assumptions:

- Characteristics of the competing shopping locations based on those which are most likely to be in competition with the development.

\[176\] Ibid England, 1999
\[177\] quoted by Drivers Jonas, ibid Scottish Office, 1992 p77.
• Scale of centres.
• Intervening distance.
• Existing shopping patterns.
• Inclination of shoppers to travel.
• The relative attractiveness of centres.

6.209 There have been attempts adopted based on a more mechanistic allocation of trade diversion to try and reduce the subjectiveness of conventional approaches. For example, Drivers Jonas\textsuperscript{178} reported that Strathclyde Region considered that a specific method could be used which was the “trade share approach” which considered that each centre or store would lose trade in proportion to its existing trade share – this approach has also been referred to as the “retention level” approach by Breheny. Drivers Jonas point out that this can only be useful as an initial assessment because it follows that, in the case where the catchment for existing centres lies entirely within the catchment of a proposed development, then all centres will lose the same proportion (percentage) trade, which is highly unlikely since different centres will have a different range of goods on offer and have different levels of accessibility vis-à-vis the new development.

6.210 Some assessments and commentators\textsuperscript{179} seek to simplify this stage by dividing the catchment area into separate areas or zones and this can assist in grappling with the complexities of flows and assist in estimating trade diversion but even with this Schiller notes that the reallocation of spending cannot be done with any precision.

6.211 The principal factors used for identifying trade diversion in practice in Scotland are:

• Nature of competing retail offer: in particular adopting the principle that “like competes with like” for example a superstore is more likely to compete with (and divert trade from) other supermarkets and superstores catering for main food shopping trips than local convenience stores or (as an extreme illustration of this principle) a furniture store. In the surveys undertaken for this research there was a concern expressed by some retail planners that there is an over-reliance on this principle for identifying trade diversion.

• Known expenditure patterns for the catchment area: this will also assist in understanding the nature of shopping trip that is catered for by existing shops and centres. This information would be provided through the household survey identified in Stage 2.

\textsuperscript{178} ibid Scottish Office 1992 p81
\textsuperscript{179} e.g. R. Schiller 1983 quoted in ibid Scottish Office 1992
• Distance to competing stores or centres: i.e. that more trade would be diverted from shops close to the proposed development compared to those further away. More precisely it is the degree to which the catchment areas overlap between the existing and proposed retail development which would influence the level of trade diversion.

• Size of competing centres: i.e. in terms of the turnover of the goods categories that would be the subject of competition. This assumes that, all other matters being equal, a centre which trades in a large amount of goods that would be provided by the new development would suffer more trade diversion than a centre that has a lower turnover in these goods.

6.212 Apart from those historic techniques identified above there do not appear to be any standard approaches available for the identification of trade diversion assumptions. The sub-division of the catchment area and the use of trade draw can assist, especially for schemes drawing trade from a wide area and other methods such as indicative weighting of the variables listed above may provide assistance and support for identifying assumptions but the identification of trade diversion remains an essentially subjective process based on the expertise and experience of those preparing the RIA.

6.213 Impact results can, in certain circumstances, be highly sensitive to trade diversion assumptions. For example, consider the development of a superstore serving a modest sized town and rural catchment which currently suffers a high level of expenditure leakage for convenience goods. One could expect in this type of situation for a significant proportion of trade to be diverted from superstores located outwith the catchment area i.e. this would be clawback of leakage. In this situation one might argue that the clawback of leakage (i.e. the sum of trade diverted from locations outwith the catchment) could be between 50% and 90% of the total turnover of the proposed development. In terms of impact on shops within the catchment even slight differences in the assumption about clawback of leakage will have a major effect on trade diversion from shops within the catchment and therefore on retail impact levels. For example, at one extreme, one could argue that 90% of store turnover is clawback of leakage and 10% diverted from local shops. However, at the other extreme the split could be argued to be 50% and 50%. These different assumptions result in a five-fold difference in the level of impact on existing local shops.

6.214 Because of the potential sensitivity of results to trade diversion assumptions as discussed above it is essential that assumptions are fully justified with reference to the range of issues identified above.

**Recommendation RIA23: Trade Diversion**

*Trade diversion assumptions will need to be fully and carefully justified. If necessary, sensitivity tests should also be undertaken testing different sets of assumptions. Factors that should be considered for assessing trade diversion include:*

- Characteristics of the competing shopping locations based on those
which are most likely to be in competition with the development including similarity of retail offer

- Scale of centres (in particular turnover in relevant goods categories)
- Intervening distance
- Existing shopping patterns
- Shoppers’ travel habits and patterns
- The relative attractiveness of centres

**Clawback of Leakage**

6.215 The example provided above illustrates that clawback of leakage is a specific aspect of trade diversion assumptions that can be highly controversial. Leakage is existing expenditure which is generated within a defined catchment/study area but spent in shops outwith the area\(^\text{180}\). Expenditure generated within a catchment and spent in that area is normally referred to as trade retention. Clawback of leakage is the amount of expenditure which is attracted to the proposed development which originates from residents within the catchment (i.e. identified as trade draw) but is diverted from those centres currently outwith the catchment (or could also include increases in the inflow of expenditure from residents living outwith the main catchment area).

6.216 There is little doubt that clawback of leakage occurs. Hillier Parker in their review of the impact of large stores comment that “highly accessible superstores are likely to achieve higher levels of clawback than smaller less accessible stores” and they identify one store at Fakenham where 46% of its trade was clawback of leakage\(^\text{181}\). They emphasise though that expectations as to the prospect for clawback of trade must be realistic and reflect the centre’s position in the retail hierarchy relative to other centres. It is notable that this is an area of frequent disagreement between planning authorities and proposers of new developments. England\(^\text{182}\) concludes that “the best advice is to look for clear justification of a predicted high level of clawback, preferably based on household survey evidence of shopping patterns and leakage”. Furthermore, it must be recognised that clawback of leakage is still representative of an adverse retail impact albeit on centres located some distance away from the proposed development. It will be appropriate at the scoping stage to establish which centres outwith the catchment area should be included within the assessment and, if such centres are included, although there may be clawback of leakage the assessment will need to identify what proportion of this is from these external centres and identify the retail impact resulting from this.

\(^{180}\) Distinctions can be made between net and gross leakage given that in most catchments there will be some inflows of expenditure as well as outflows – net leakage would be the net amount of flow (i.e. outflow – inflow) gross leakage would be the total outflow of expenditure (regardless of inflows).

\(^{181}\) Ibid DETR 1998

\(^{182}\) ibid England 2001
Recommendation RIA24: Clawback of Leakage

Assumptions about clawback of leakage will need to be the subject of particularly careful justification. Where clawback is identified it is still appropriate to consider where this trade will be diverted from and the impact that the development will have on these centres or floorspace. The scoping of the RIA will establish which centres external to the catchment area should be included within the RIA.

Treatment of Over-Trading

6.217 One approach that is occasionally adopted in RIAs is to treat shops that are identified to be over-trading to be contributing a form of surplus expenditure which is available for new stores. This approach implies that any store which is suggested to be over-trading will automatically have that trade diverted to the proposed development. Only when all this surplus has been used for the new development is trade diversion assumed to occur from other shops. This approach is often associated with RIAs that identify average existing turnover rather than actual estimated turnover.

6.218 Apart from the difficulties associated with identifying average turnover this type of approach is fundamentally flawed in that little or no regard is given to the full range of factors that can influence trade diversion. The result is typically a distortion of trade diversion assumptions that, on closer examination, bear little relevance to the reality of the retail situation within the catchment area. In effect the approach is a mathematical manipulation of the retail data which effectively misrepresents the impacts likely to arise.

6.219 It recommended that this approach should be discouraged. Where over-trading is claimed to exist it is more appropriate to take this into account in the assessment of the significance of impact (stage 12) rather than earlier stages of the RIA.

Recommendation RIA25: Use of Over-Trading for Trade Diversion

RIAs should not use “over-trading” as a basis for the identification of trade diversion assumptions.

Stage 10: Calculation of Impact

6.220 The actual calculation of retail impact is comparatively straightforward and is based on the deduction of the trade diversion identified (from stage 9) from the turnover of centres in the test year (from stage 6). As well as identifying the absolute loss of trade from a centre there are a number of additional ways in which this impact figure can be measured including:

- Percentage loss of trade.
- Residual turnover.
Impact on market share of centres.

6.221 In addition, it is appropriate to consider whether the above impacts need to be presented for certain retail sectors within a centre and how to address changes in the turnover of a centre between the base year and the test year without the proposed development.

Percentage Loss of Trade

6.222 The most commonly used measure of impact is the percentage of trade lost from existing centres and/or shops.

6.223 In 1996 the draft NPPG8 suggested that impact figures of 10-15% would be likely to be regarded as significant. This comment drew significant levels of criticism and, reflecting comments on the draft NPPG8, reference to specific percentage impact figures were not included in the final version of NPPG8. Nonetheless, there still lingers a perception with retail planners in Scotland that adverse impacts in excess of 10% can be regarded as significant.

6.224 In the survey undertaken for this research a significant proportion of planners in Scotland indicated support for an indicative threshold of percentage impact for identifying significant impacts. This view was not, however, upheld in the discussion groups when the issue was examined where the general view was that a single threshold is unduly simplistic and that a range of factors need to be considered when identifying the significance of the impact. This is consistent with the research by Hillier Parker in 1998 which considered that, in every case, it is the implications and interpretation of the forecast level of impact which determines the acceptability or otherwise of the proposals. This reflects the position that, according to Hillier Parker “there is no available ‘benchmark’ to determine what percentage decline in turnover will lead to an unacceptable fall in profitability. It will depend upon the particular circumstances of individual retailers. A significant fall in turnover can lead to a disproportionately high impact on the profitability of stores, influencing the ability of retailers to reinvest in store improvements/refurbishment, and ultimately to continue trading. In other circumstances, reduction in turnover has no adverse consequences.”

6.225 In contrast to this view, England adopts a more deterministic stance relating significance of impact to percentage impact and an overall measure of vitality and viability. His premise is “because there is a direct relationship between quantitative impact and the vitality and viability of a centre, it follows that significance of a particular level of impact on a particular centre can be judged by a ‘model of significance’ of impact. The ‘model’ is a graphical

---

183 R Drysdale (2001) commented that “a survey of appeal decisions in Scotland shows that impacts of less than ten per cent have been deemed unacceptable while impacts of well over 20% have been approved as acceptable. So there is no emerging evidence to give support to the 10-15 percent range cited by the Scottish Office”.

184 For example some respondents to the questionnaires referred to 10% and 15% impacts and above as potentially significant.

185 Ibid DETR, 1998, Executive Summary para 27
representation of the relationship between percentage trade diversion and the vitality and viability index based on the town centre appraisal\(^{186}\) (He adopts two different models – one for foodstores and one for non-foodstores (this is on the assumptions that “foodstores can often withstand higher percentage impacts”).

6.226 England’s approach presents a number of difficulties related both to his concept of a single overall score or indicator of vitality or viability (which is discussed in chapter 4) and also his assertion that there is a direct link between quantity of impact and vitality and viability. Vitality and viability can relate to a wide range of factors and measures and the viability of businesses in a centre may vary according to the retail sector under consideration. In this way it is possible that some sectors may be performing strongly (e.g. associated with a successful comparison shopping) and other poorly (e.g. convenience sector). A proposal which results in a loss of trade from the convenience sector may have different consequences for the town centre than a similar level of impact for comparison shops and, contrary to England’s model, the same level of impact on the convenience goods sector may have more serious consequences for the town centre as a whole. This is a simplification of the issues that arise and it could be argued that, even if the turnover of the comparison shopping is robust and can, itself, easily withstand the adverse impact the loss of trading associated with linked trips could still have adverse implications for other shops in the centre. This of course presupposes that there is a significant level of linked trips in the centre and this could only be established from detailed survey work. Nonetheless, the key principle is that regard should be had to different sectors within the centre and a consideration of the role of these sectors to the vitality and viability of the town centre as a whole is required.

6.227 The view of the study team is that the adoption of impact thresholds based on percentage loss of trade is too simplistic and fails to consider a wide range of factors that will need to be considered in the assessment of the significance of impact. This includes the use of other measures, in addition to percentage impacts, for assessing the magnitude of retail impact. The range of factors to be considered for significance of impact are considered in detail under Stage 13 below.

**Residual Turnover**

6.228 A range of commentators advise that percentage impact alone is not sufficient for assessing retail impact\(^{187}\). Residual turnover (i.e. the turnover of retail units/centres after the impact of the proposed development, especially the sales densities compared to national averages) is a useful measure that was identified by both commentators and during discussions with practitioners. In part this relates to the concept of “average” turnover (or “equilibrium” turnover) discussed above and to the concept of over- or under-trading.

\(^{186}\) Ibid England, 1999, pp 131-132

6.229 The key principle underlying the use of residual turnover and, perhaps more importantly, residual sales densities, is that an impact on a centre that is performing poorly will be more significant than one that is performing strongly. The use of sales densities is a measure of the relative trading strength of centres and when one identifies the residual turnover of the centre/floorspace impacted upon one this can assist in understanding the significance of impact.

6.230 Residual sales densities can be calculated easily. They are the post-impact turnover of a centre/floorspace/shop divided by the net sales area.

6.231 The principal disadvantages with this as a measure of impact are associated with the concept of “average” turnovers. For one to draw any conclusions about residual turnovers one needs a benchmark for assessment i.e. national average or some asserted average or equilibrium levels. Discussion earlier focussed upon the difficulties of average levels for individual shops and the problems and lack of information are compounded when applying the concept to centres as a whole. The position could be improved with increased use of household surveys for retail studies for different centres throughout Scotland, which will improve the benchmarking of centres' turnover or the use of other information sources for centres' turnover (this is considered further in chapter 4).

6.232 The use of residual turnover sales densities (and by implication actual turnover) can support analysis on the significance of impact and is, therefore, in many instances a useful addition to the measurement of percentage impact.

**Impact on Centres' Market Shares**

6.233 A third measure of impact that was raised by practitioners was the impact of a development on the overall role of a centre as expressed by its market share. This was proposed in the context of long term changes affecting centres following the cumulative effect of impacts from a large number of developments. The principal concern was that individually, developments were identified to have very small (1-2%) direct impacts on major centres and that this is outweighed by the overall growth in turnover of shops associated with growth in available expenditure but, gradually, the role of the centre has declined when compared other out-of-centre retail locations. The principal measure of this relative decline is the use of market share.

6.234 This issue also overlaps with the treatment of changing turnover between base and test years. As noted previously there are situations in which turnover for existing floorspace can increase as a result of higher sales densities. This is particularly relevant for comparison goods. If allowance is made for this growth (and justified) the turnover of the centre will increase in real terms between the base and test dates. As described earlier this can reduce the adverse impact of a development when one compares the residual turnover compared to the base turnover level (an example of this was shown earlier). Although the percentage impact is identified to be more limited than would otherwise be the case (and possibly the adverse impact
from the development will result in a turnover higher than the base year) an examination of the market share of the centre will be able to indicate a comparative decline.

6.235 This measure can be useful in examining changes resulting to a centre in terms of the role of the centre in the wider network of retail locations and centres.

6.236 A key difficulty with this measure is that, for most developments the impact on market share will generally be modest. The issue identified above for the gradual decline of a major centre will not be revealed by the examination of market share changes since the key issue that needs to be addressed is the change affecting the centre over a long time period i.e. it is the gradual erosion of the role of the centre over a number of years or possibly decades.

6.237 Nonetheless, an examination of the resultant effects of the development on the market share of centres does provide additional information that can assist in measuring resultant impact and interpreting the significance of this impact. Its measurement is straightforward using information from earlier stages of the RIA.

Treatment of Retail Sectors

6.238 There has been some discussion whether retail impact should focus on specific retail sectors affected by a new development or on the trade of the town centre as a whole. From observation the most common practice is to identify impact on the particular sector (e.g. on convenience goods/businesses in a centre if considering the impact of a supermarket). Some suggest that this approach could be misleading and the overall impact on the centre as whole would be significantly lower. For example, England considers though that, on balance “although it is necessary to assess impact separately for convenience and comparison shopping in some situations it is advisable also to consider the overall impact in terms of total trade”. CBRE in their review of NPPG8 refer to “category exposure” in which they pose the question: “is it an impact of convenience turnover on the convenience turnover of the centre? – if so, is the impacted convenience turnover of the centre the mainstay of its overall turnover, or a small fraction of a much larger non-food presence?” The implication of this question is that, if it is the latter then the impact may be less significant.

6.239 An extension of the approach is the identification of impacts on individual shops within centres. Normally this would imply the introduction of a degree of precision that is not justified by the accuracy of the data available for the RIA. In certain situations if there are particular impacts on stores that have a key role in centres (e.g. act as an anchor retailer in a centre) it will be important to identify impacts on individual shops. This will assist in the assessment of the wider impact of the development on centres as a whole.

---

188 ibid England, 1999
189 ibid Scottish Executive, 2004 p99
At the same time it should be recognised that competition, per se, is not a planning matter.

6.240 This approach reflects comments of practitioners in Scotland where there was significant support for assessing impact on the centre as a whole (not just individual retail sectors).

The Basis of Comparison – Base Year or Test Year

6.241 The issue of addressing changes in turnover of centres between the base year and test year have been discussed above. From this discussion it is evident that assessments of changes in turnover relevant to both base year turnover and the test year turnover are relevant and can assist in the assessment of retail impact.

Recommendation RIA26: Calculating Retail Impact

A range of measures should be used for calculating retail impact. These can include the following:

- Percentage loss of trade from centres/shops
- Residual turnover of existing shops/centres
- Changes in the market share of centres

It will be appropriate to consider impacts both on broad retail sectors and, in certain cases, individual key or anchor retailers.

Regard should be had to changes in the turnover of centres with and without the proposed development (i.e. referring to turnover in both the base and test year) when significant changes are forecast to occur.

Stage 11: Sensitivity Testing

6.242 The preceding review has indicated that, in a number of areas, there are significant uncertainties regarding the reliability of the data used in an RIA. Areas that are subject to particular uncertainty include:

- Estimates of existing centres’ turnover.
- Turnover of the proposed development.
- Trade Diversion assumptions.

6.243 Although detailed analysis can result in some improvements uncertainties about the data will remain. It has been noted (see para 6.65 above) that sensitivity testing is a useful technique for establishing how robust an assessment is. The results of sensitivity testing can be used either to inform the level of reliance that should be attached to the results of an RIA analysis.
or assist in identifying those areas where additional work should be undertaken to improve the reliability of the assessment.

6.244 Not all practitioners surveyed considered that sensitivity testing was either important or necessary. The principal argument against sensitivity testing was that more effort should be placed on providing reliable assumptions and data and this would make sensitivity testing unnecessary. Another area of doubt was identifying which variables should be included with testing and that really all variables should be tested and this would create so many permutations with tests that this is impractical.

6.245 In contrast others have considered sensitivity testing to be important. England considers that sensitivity testing is always useful and can overcome the concerns of local authorities and Inspectors about the degree of confidence to be attached to the conclusions of an RIA. He considers that “it should be an essential component of the methodology.”

6.246 In response to the criticisms it should be noted that most RIAs are now prepared using spreadsheets. These make systematic sensitivity testing straightforward and will take minimal resources. Focusing sensitivity tests on the three main areas identified above will limit the range of tests required and provide a structure for the controlled testing of the RIA. In relation to devoting more time and effort in improving the assumptions this should always be encouraged but in reality resources will be limited and in a number of areas uncertainty will always remain (for example sample error will always be present with household surveys). As noted already, tests can assist in the effective use of resources and it can, therefore, be a useful tool for improving accuracy. On balance, therefore, sensitivity tests should be encouraged to assist in the interpretation of the reliability of the RIA results and to assist in improving their robustness.

**Recommendation RIA27: Using Sensitivity Tests**

*It is recommended that systematic sensitivity tests are used to indicate how robust the RIA results are to changes in assumptions. If appropriate the tests can also be used to indicate where greater resources should be directed to addressing key assumptions and data to improve the reliability of the RIA.*

**Stage 12: Condition of Centres: Health Check Information**

6.247 In the survey of the views of practitioners in Scotland it was evident that there was a concern on the part of many that insufficient attention has been given to the role of the qualitative aspects of the impact of a proposed development i.e. that the focus of attention of an RIA was on the numerical calculation of impact and little attention was given to the broader consequences of that impact. Examination of RIAs produced in Scotland does reveal that a

---

190 Ibid England, 2001
significant minority do fail to discuss the implications of the impact identified in existing centres.

6.248 There are two components to assessing the broader implications of the impact of a new development on existing centres and floorspace. The first is to place the impact and the centres in an appropriate context, primarily with reference to the overall vitality and viability of the centres. The second is to review the quantitative impacts in the light of this information on the town centres to identify the full range of issues and impacts that will arise. These will include both qualitative and quantitative effects.

6.249 The collection of information through town centre health checks using vitality and viability indicators is addressed in detail in chapter 4 of this report. Where town centre health checks are prepared routinely by the planning authority or other organisations this information can be utilised by those preparing the RIA, otherwise it will be necessary for information to be provided by those preparing the RIA. The scope of indicators for which information should be provided is set out in chapter 4.

Recommendation RIA28: Role of Vitality and Viability Indicators

Information on vitality and viability indicators of existing centres should be provided to support the analysis of the significance of retail impact. Advice on the scope of this information is provided in chapter 4 of this Report.

Stage 13: Significance of Impact

6.250 The importance attached to providing an interpretation of the significance or retail impact within RIAs has been identified in a range of reports and advice. This includes the advice in the research carried out by Drivers Jonas, CBRE (both for the Scottish Office/Government) as well as by others including England and in retail planning policy in England and Ireland and by other commentators. For example, as England pointed out in 1999 “Inspectors will attach more weight to the interpretation of the figures than to the figures themselves”. It is perhaps surprising therefore that the lack of a consideration of the significance of impact and qualitative issues arising has been highlighted as a concern by many practitioners in Scotland.

Issues to be Addressed

6.251 The types of issues that are highlighted for consideration include the following:

- The existing conditions and strengths of the centre (especially the viability of businesses) which could be manifested in over- or under-trading.

---

191 References are: ibid Scottish Office 1992; ibid Scottish Executive 2004; DCLG, PPS6 para 2.34; and ibid England (1999).
• Impact on residual turnover.
• Impact on shop vacancies in the centre.
• Impacts on key anchor stores in the centres (recognising that competition per se is not a planning matter).
• Prospects for re-occupation of units to new occupiers (often in different retail sectors).
• Effect of the loss of trade on the turnover of the centre as a whole and the role of non-retail functions (including retail services) within the centre.
• The physical location of the development and the potential for linked trips (see below).
• The anticipated competitive response of businesses to the development (improvements/reinvestment, extension of the range of services etc) which could result in an overall improvement of shopping facilities in the centre.

6.252 Broader relevant issues include:

• The extent to which the development would affect the wider spatial planning strategy for the area, centre or network of centres.
• Effects on future public or private sector investment in the centre(s).
• Changes to the range of services provided by centres that could be affected including effects on rural shopping provision.
• Potential changes to the physical condition of centres including their attractiveness and environmental quality).
• Impacts on the role of the centre in economic and social terms for the community.

6.253 Drivers Jonas put forward a series of issues that should be considered in assessing the significance of impact:

• Existing conditions of centres: the extent to which the centre is fulfilling important community functions; it’s current performance (e.g. turnover, congestion, multiples representation – typical Vitality and Viability indicators); is it improving or declining?
• The effects of the new development: residual turnover levels; impacts on anchors; the prospects for re-occupation of vacated units; impact on potential development commitments in the centre; the importance of the impacted retail sector in the context of the shopping centre as a whole; the role of other unaffected functions (such as services) in the centre on

---

193 These are largely taken from PPS6 paras 2.34
its vitality and viability; the potential for linked trips; the benefits of the new development in its own terms; the potential for competitive response by existing retailers; the overall effect of the development on the range and quality of shopping facilities in the area.

6.254 Frequently attention is given to the closure of shops resulting from the development of new retail floorspace. Hillier Parker also point out 194 that there may still be a concern even when shops do not close that the impact will result in a general decline in activity elsewhere in the centre and adversely affect the vitality and viability of the centre. Drivas Jonas 195 considered that there is little evidence for a causal relationship between the opening of new retail developments and the closure of existing shops except where the new development is physically close to existing shops. There may be time lags before the effects of trading are felt in terms of closures and vacancies. Independent traders may continue to operate even though their businesses are not viable or retailers may operate under long leases that discourage them from closing less profitable branches in town centres until the end of their lease period.

Geographical Factors

6.255 New developments can have impacts on the distribution of activity within centres. These may be negative (as a result of lost trade) or positive (e.g. as a result of linked trips from edge-of-centre development. These will be relevant considerations for inclusion in the interpretation of the significance of impact. The issue of RIAs identifying quantitative impacts is addressed further below.

Impacts on Employment

6.256 Impacts on employment are frequently a concern in planning authorities, especially in the context of developments which are claiming a “clawback of leakage” argument. It is argued that, as a result of clawback of leakage there will be a net increase in local employment in the retail sector. The issue of employment generation is the subject of debate and dispute. Some, for example Hillier Parker 196, refer to research by the National Retail Planning Forum which concluded that there is strong evidence that new food superstores have, on average, a negative effect on retail employment. Others suggest otherwise. Guy comments “since large foodstores are more labour efficient than small shops (measured in terms of sales per employee) one would expect an overall decline in retail employment following the impact of a new store. However there is evidence that the initial increase in retail employment following the opening of a new store is maintained for several years” 197.

194 ibid DETR 1998
195 ibid Scottish Office, 1992
196 ibid DETR, 1998
If significant clawback of leakage can be clearly demonstrated as a result of a development, it is entirely likely that (within the catchment area for the new store) there can be a net increase in employment in both the short and long term. There will, of course, be adverse employment effects in those centres outwith the catchment that have suffered loss of trade which had been derived from residents within the catchment.

The above debate tends to focus on direct employment effects. Regard should be had also to indirect and induced employment effects but very little evidence is available for assessing these effects.

The key economic premise that underpins nearly all RIAs is that a new retail development simply redistributes trade and does not generate new trade at a global economic level. This is reasonable as a practical working assumption for the purposes of RIA but it may overestimate impacts marginally because pure redistribution of trade is not entirely consistent with a rapidly growing retail sector and as a growing retail sector as a key driver of overall economic growth in the economy.

Recommendation RIA29: Assessing the Significance of Impact

RIAs should include an interpretation of the significance of the impact arising from a proposed development. This should include reference to vitality and viability indicators of centres and addressing potentially a wide range of issues, insofar as these are relevant to the proposal, including:

- The turnover of the centre
- The occupation of units in a centre
- Changes in the range of services provided by centres
- The role of the centre in the wider network of centres
- Physical changes in centres including resulting from changes in investment decisions
- Impacts upon employment
- Changes in the geographical focus of centres
Other Issues

6.260 Before completing the review of RIA there are a number of general issues that require to be considered relating to both data availability for RIAs, the applicability of RIA to different types of development and broader principles underpinning RIA as a technique. The specific issues addressed here are as follows:

- The role of cumulative RIA.
- Treatment of secondary retail impacts.
- Business and Goods based approaches.
- Data availability.
- The requirement for RIA for different types of development.
- Post development surveys and the accuracy of RIA.

Cumulative RIA

Requirement for Cumulative RIA

6.261 There is a general consensus amongst practitioners that assessing the cumulative impact of a number of development proposals should be undertaken. Scenarios where cumulative RIA is considered appropriate have been identified to include the following:

- When more than one proposal is applying for planning permission (and there is the possibility that more than one could gain consent).
- Where recent consents have been granted and schemes have not yet reached their test year.
- Where there have been significant changes over a recent time period and the town centre(s) are still adjusting to impacts.

6.262 Cumulative RIA is also relevant in the context where there is a gradual impact of a number of schemes affecting a centre for considerable period of time. This is a more difficult scenario to deal with since the impact of each additional development on the centre is comparatively modest. Hillier Parker concluded that the long term cumulative impact of a succession of new foodstores can serve to undermine a store or centre over a number of years. This supports the view of Drivers Jonas that if there is an outstanding planning permission for a retail development and that there is reasonable prospect that it will be built then it will be necessary to build this commitment into the assessment of retail impact.

198 Ibid DETR, 1998
199 Ibid Scottish Office, 1992
Approach to Undertaking Cumulative RIA

6.263 Criticisms of cumulative RIA techniques have been made in both the research by Hillier Parker\(^{200}\) and Drivers Jonas\(^{201}\). For example in 1992 Drivers Jonas commented:

“In our experience the most common “manual” approach to cumulative retail impact is to total the combined estimated turnover of the new proposals and then apply a discount to that total, on the basis that each new development will impact upon the other and in combination they will effectively reduce each others turnover potential.

“This approach has its weaknesses in particular the assumption that all of the proposals will come on stream together and will immediately impact upon each other prior to impacting upon other existing centres. In reality each new scheme will open separately from the others and with each opening a fresh “wave” of impact on existing centres, diminishing in intensity but still adding to “net” impact”. (SO 1992 p85)

6.264 The above criticism is really only valid if the developments are in the same retail sector. Cumulative impacts can of course, occur, where there are proposals which are not competing but affect the same town centre. For example, proposals for an out-of-centre supermarket and non-food retail park may both affect the same town centre. In this case there will be limited competition between the developments and the impact is more likely to be the direct sum of the two separate impacts\(^{202}\).

6.265 There are two basic approaches for dealing with cumulative impacts in the above RIA method. The first approach is to extend the use of market share analysis to establish the turnover of the competing schemes. It has already been noted that regard should be had as to whether adjustments need to be made to the catchment area in the light of the effect of the combined development. The alternative approach is to apply the RIA to the developments sequentially. This approach could be appropriate where the developments are anticipated to be completed at different times. In this way the RIA can adopted the following sequence:

- Stages 1-6: establish existing centres’ turnover for base year, test year for scheme A (say year 3) and test year for scheme B (say year 5).

- Stages 7-10: establish the impact of scheme A for its test year (year 3). This therefore provides the base position for the incorporation of scheme B

- Repeat Stages 7-10 for scheme B. The turnover for scheme B will need to take into account the existence of scheme A as well as other existing centres. At Stage 8 trade will be diverted from scheme A to scheme B.

\(^{200}\) ibid DETR, 1998
\(^{201}\) ibid Scottish Office 1992
\(^{202}\) Excluding the fact that the superstore may retail some non-food goods
• Complete Stages 11-13.

6.266 In terms of the assessment of impact there is no fundamental difference between the two approaches. The first can be carried out more quickly but the second may be easier to understand and reflect how development will actually occur and retail impacts arise over time.

Recommendation RIA30: Cumulative Retail Impact

In the following situations RIAs should be undertaken identifying the cumulative effects of more than one development on existing centres/floorspace:

• When more than one proposal is applying for planning permission (and there is the possibility that more than one could gain consent). This can include developments in different retail sectors.

• Where recent consents have been granted and schemes have not yet reached their test year.

• Where there have been significant changes over a recent time period and the town centre(s) is still adjusting to impacts.

The approach for undertaking cumulative RIA should be based upon the recommended method for RIA either by using a market share approach for identifying the impact for all the developments proposed together or applying stages 7-10 sequentially for each proposal.

Secondary Impacts

6.267 RIA techniques are primarily concerned with the direct impact of stores on existing shops. There is some debate as to the role of secondary impacts with particular attention focussed on the role of linked trips (primarily in relation to edge of centre developments but also in the context of out of centre stores) and the extent to which existing shops are able to respond to competition from new retail floorspace. In the survey of practitioners in Scotland the majority of respondents considered that the beneficial and adverse effects of linked shopping trips should be taken into account in RIAs as should the potential competitive response to new competition by existing retailers. Only a minority considered that induced effects should be considered.

6.268 Other types of secondary effect were also identified by practitioners as potentially important including: the cluster effects of grouping similar retailers; changes to a centre’s catchment area; the creation of investor confidence in

---

203 Induced effects are the effects on local businesses arising from the impact of expenditure from those employed in the new development.
a locality; physical improvements to infrastructure around a proposed store; and other investment by retailers responding to increased competition.

Linked Trips

6.269 There is evidence of the role of linked trips benefiting some centres as a result of edge-of-centre development. The Hillier Parker study\(^{204}\) observed a significant level of walking between a new edge-of-centre store in Warminster and the town centre and they also found that between 25% and 65% of people visited an out-of-centre foodstore and the town centre during the same trip. Despite this they concluded that “the introduction of a new out-of-centre store does not appear to have a significant effect on the propensity to link visits to the foodstore and the town centre during the same trip…there is no evidence of any significant increase in the use of centres for non-food shopping”\(^{205}\).

6.270 Evidence at a recent inquiry in Huntly in 2006\(^{206}\) has provided some limited data on the value of linked trips between an out-of-centre store and a town centre linked to an initiative by one supermarket operator to try and support town centre trade. This showed (for quite limited time series data) that the scale of benefit to a town centre is likely to be modest even when there is a financial incentive to undertake some linked trips.

Competitive Response

6.271 The ability of a retailer to respond to new competition will depend upon a range of factors including the financial resources available to the retailer. Responses can include extending the range of goods sold, price responses, increase in the services available to shoppers and altering hours of opening. Brown comments that “a competitive reaction by existing retailers…should ensure that the loss is less than the full amount [than would be indicated in conventional RIA methods]”\(^{207}\).

Conclusions

6.272 Secondary impacts, particularly in terms of linked trips and competitive response to competition appear to be real although the evidence for the scale of these and the extent to which they can mitigate adverse impact is uncertain. Although the majority of practitioners in Scotland consulted in this study consider that these issues should be addressed in RIA no methodologies have been put forward that are able to reliably quantify these issues. As a result although consideration of secondary impacts is to be encouraged in RIAs limited weight should be given to any quantification of impacts at the current time.

\(^{204}\) ibid DETR, 1998
\(^{205}\) ibid DETR 1998 Exec Sum para 48
\(^{206}\) Appeal reference P/PPA/110/583, 2006
\(^{207}\) Reported in ibid Scottish Office, 1992 p80
Recommendation RIA31: Secondary Retail Impacts

The assessment of secondary impacts from retail developments including the beneficial and adverse impacts of linked trips and competitive response from existing retailers are to be encouraged in RIAs. Notwithstanding this, at the present time reliable quantitative techniques are not available and so limited weight should be given to quantitative assessment of these impacts. Therefore potential secondary impacts (beneficial and adverse) should be limited to a general description of impacts rather than a quantification of impacts.

**Goods Based Approaches v Business Based Approaches**

6.273 There is a debate as to whether RIA should be undertaken on the basis of the types of goods that are retailed from shops dividing goods sold according to convenience, general and (in some cases) bulky comparison goods. With this *goods based approach* the goods sold in a superstore, for example, will need to be separated between convenience and comparison goods and impacts identified separately for each. The alternative *business based approach* is to regard the retail unit as a single *business* entity taking into account that the superstore (in this example) sells both convenience and comparison goods as part of the retail convenience business.

6.274 Considerable debate has taken place both in the literature and at inquiries about the merits of adopting either a goods or business based approach for undertaking RIAs. England argues that although a goods-based definition should certainly be used in relation to comparison shopping analyses he considers that a business base is relevant for assessing superstore proposals\(^{208}\). In practice the issue of adopting a business or goods base tends only to be a key issue in superstores where there is a clear mix of convenience and comparison goods. In some cases it can be relevant where there is a mix of comparison and bulky goods retail from, for example, a retail warehouse unit/park but the difference in identified impacts in this latter example tends to be less critical than for supermarkets or superstores.

6.275 In the case of convenience retail units the adoption of a business or goods base can make a significant difference to the results of the analysis. This primarily reflects that available expenditure growth for convenience businesses (for example as forecast by MapInfo Briefs) is significantly higher than for convenience goods\(^{209}\). The effect of this can be to identify a greater level of growth between the base year and test year in turnover of existing centres and/or identify greater levels of deficiencies for convenience retail up to the test year. The net effect tends to be that a business based approach

\(^{208}\) ibid England 1999 p106 and ibid 2001

\(^{209}\) For example comparison of MapInfo Briefs 06/1 for business based forecasts and 06/2 for goods based forecasts is: 1.5% pa v 0.9% pa for convenience; and 7.8% v 7.7% for comparison
will tend to reduce adverse impacts for convenience and (slightly) increase impacts for comparison retail.

6.276 The reasons for adopting a business based approach include the following:

- A business base reflects the reality of how people shop. They use a supermarket or superstore for a range of different types of goods (convenience and comparison) and therefore the adoption of a goods based approach is based on an artificial distinction.

- Whilst it is comparatively straightforward to get estimates for turnover rates for shops as a whole it is more difficult to get reliable estimates for convenience and comparison goods separately for the same business. For example Retail Rankings figures for sales densities are for all goods. In contrast Verdict provide estimates of sales densities for different types of goods category although the cost of purchasing this data is significantly higher than if a business base is adopted.

6.277 In practice where RIAs do adopt a goods-based approach and utilise different sales densities for convenience and comparison goods for supermarkets the comparison goods rate is typically estimated at between one third and one half of the convenience goods sales densities. On the basis that comparison goods sales densities are significantly lower than convenience goods sales densities it inevitably follows that convenience goods sales densities must be higher than the average (all goods) sales densities which are identified in reports such as Retail Rankings.

6.278 In the survey and discussions undertaken for the current research the vast majority of respondents indicated that, notwithstanding the above advantages for a business based approach, the use of a goods based approach is to be favoured. The benefits of a goods based approach are identified to include the following:

- For the convenience sector, a goods based approach will identify higher or more significant impacts than business based approaches. The adoption of a goods based approach is, therefore, consistent with the precautionary principle.

- The planning system can be used to control ranges of goods retailed, rather than business models. The use of a goods-based approach is, therefore, consistent with conditions (or S75 agreements) limiting ranges of goods sold.

- Forecasts of expenditure growth for business-based approaches are based on the current UK retail stock and the goods range mix currently found in businesses and the application of trends in this total retail stock mix. This retail-mix will not be the same as a specific proposal, for example a major superstore may incorporate up to 50% of the net floorspace for comparison goods, whereas a small supermarket/convenience store may include up to only 10% comparison goods. Therefore the adoption of the same business-based growth to both proposals will be incorrect. This issue is even more problematic.
when considering convenience businesses in existing centres, for those which do not have major superstores located within the centres the convenience sector is dominated by shops only retailing convenience goods. The application of business-based expenditure growth would therefore be inconsistent with the nature of the businesses found in the existing centres. The goods base overcomes this difficulty.

6.279 In response to these issues PPS6 refers to the use of a goods basis for assessing retail capacity although no specific reference is made for assessing retail impact.

6.280 In conclusion, it is recommended that RIAs should utilise a goods-base for the estimation of both available expenditure and for the turnover of existing and proposed floorspace.

**Recommendation RIA32: Using the Goods base Approach for RIAs**

RIAs should utilise a goods-based (and not business-based) approach for the estimation of both available expenditure, the turnover of existing centres, the identification of potential deficiencies, and the turnover of the proposed development. This will require the disaggregation of existing and proposed floorspace into broad retail goods categories.

**Availability of Data**

6.281 RIAs require a considerable range of data, both for establishment of base information and for justifying assumptions. In order to reduce disputes about RIAs the use of common sources of information, or using information from sources that have been agreed with planning authorities (at scoping) will assist in reducing debate and argument about the reliability of data. Information sources include primary research undertaken for the RIA (e.g. household survey), use of research provided through the planning authority (e.g. vitality and viability indicators, floorspace) or third party data and forecasts (e.g. Goad and others for floorspace, MapInfo/CACI/Experian expenditure data and forecasts, earlier Retail Studies, Retail Rankings/Verdict data for sales densities and so on).

6.282 It is neither possible nor appropriate to identify all potential sources for retail data for use within RIAs. It is likely that these will change over time so any list provided will quickly become out of date. The key principles that should be adopted in relation to retail data are:

- Agreement at scoping as to appropriate information sources, including where appropriate review of potential alternatives.

---

210 PPS6 paras 2.34 and 3.10. Given the thrust of PPS6 that retail need is a key part of retail impact it would, however, be inconsistent to adopt a goods-base for the assessment of need but a business-base for the assessment of impact.
• Clear statement of information sources, prices bases and assumptions underpinning data so that these can be reviewed in a straightforward manner.

• Ensuring that data should be utilised in a consistent manner, for example common price base and units of measurement, or adjustment for different goods categories.

• Where there is significant uncertainty consideration should be given through sensitivity testing to assess the effects of different data assumptions.

6.283 Information on vitality and viability indicators including sources of data and definitions of types of floorspace are addressed in detail in chapter 4 of this report. This includes the definition of centres for which information is collected.

**Recommendation RIA33: Data Sources**

Where possible data sources should be agreed at the scoping stage of the RIA. Data sources should be clearly identified, expressed in consistent units and, where there is significant uncertainty about the reliability of data, consideration should be given to sensitivity testing to assess how significant this data uncertainty will be on the results of the RIA.

**RIA for Different Types of Development**

6.284 Para 40 of SPP8 identifies the situations in which RIA would be expected to be undertaken:

“an impact analysis should be undertaken in support of applications for retail and leisure development over 2500 sq m gross floorspace outwith a defined town centre and which are not in accordance with a development plan”.

6.285 This requirement is clear in that only a certain proportion of developments over 2500 sq m GFA should be the subject of an impact analysis. This approach has been criticised, for example, CB Hillier Parker criticised the use of a similar threshold in PPG6 to be “confusing and inappropriate…there is no basis for such an arbitrary threshold”. They suggested that all retail developments regardless of size should be accompanied by a statement addressing the key issues of need, sequential approach and impact but the level of detail would depend upon the likely significance of the proposal211. CB Hillier Parker have also argued that all foodstore proposals over 1000 sq m, net sales outwith town centres should be the subject of a combined retail, economic and traffic appraisal212. England has also commented that local authorities tend to be over-zealous in their requirements for information

---

211 ODPM 2004 “Policy Evaluation of the Effectiveness of PPG6” para 3.54-55
212 DETR 1998 “Impact of large food stores on market towns and district centres”
demanding a level of detail which is unreasonable or unjustified, often seeking a level of detail that is inconsistent with the inherent quality and accuracy of the data itself\textsuperscript{213}.

6.286 Experience in Scotland is that most planning authorities will expect RIAs or retail statements to be prepared for foodstores greater than 1000 sq m GFA. It should be recognised that if the development plan identifies RIA for a development is a policy requirement then this will carry more weight than para 40 of SPP8 (which is, of course, a material consideration). It is not appropriate for this report to assess the validity of that policy requirement.

6.287 In considering the need for RIA regard should be had, not only to the size of the proposed development but also its relationship to existing centres and retail floorspace that receive policy protection and the vulnerability of that floorspace to impact. In this respect it is quite possible that a modest development, less than 2500 sq m GFA may require a full RIA whereas a larger development may not.

6.288 The consensus of retail practitioners who took part in this research is that a flexible and pragmatic approach is required subject to the requirements of the development plan, as well as SPP8. For developments less than 2500 sq m GFA, or for development located in town centres or otherwise not contrary to the development plan, then a shortened or indicative RIA may be appropriate rather than the full RIA prepared in accordance with all the stages identified above. The precise content of the indicative RIA should be agreed at scoping but stages that could be omitted from RIAs for smaller developments could include:

- Stage 2 – Household and Shopper Surveys
- Stages 3 to 5 – it is possible that, for limited developments, a detailed assessment of the catchment area, including available expenditure estimates is not necessary.
- Stage 8 – Trade Draw (this tends to be unnecessary for simple development proposals)

6.289 Conversely in areas where there are centres that are considered by the planning authority to be at risk (especially if this is supported by information provided through comprehensive town centre health checks – see chapter 4) or where centres are small in relation to the proposed development (for example a development of a 1500 sq m GFA supermarket may have a large turnover compared to small rural town centres) then full RIAs may be required for modest retail proposals.

6.290 These principles apply to proposed new developments in all retail sectors.

6.291 As has been stated, the preparation of RIAs, particularly full RIAs incorporating all of the stages identified above, will require significant

\textsuperscript{212} ibid England 2001
resources and take some time to complete. Therefore, requests for full RIAs should only be made by planning authorities where there is either a clear requirement to do so in the development plan or SPP8, or where there are clear concerns about the existing and future condition of centres that benefit from policy protection.

**Recommendation RIA34: Requirement for RIA**

Requests for full RIAs should only be made by planning authorities where there is either a clear requirement to do so in the development plan or SPP8, or where there are clear concerns about the existing and future condition of centres that benefit from policy protection.

For developments less than 2500 sq m GFA, or which are located in town centres or otherwise not contrary to the development regard should be had to the preparation of an indicative RIA which does not include all the stages described earlier. Tasks required for indicative RIAs should be agreed at the scoping stage.

**Measuring the Accuracy of RIAs**

**Retail Development in Town Centres**

6.292 As noted above SPP8 does not expect RIAs to be prepared for retail developments located within town centres. One argument justifying this approach is that a retail development will not, in overall terms, detract from the turnover of the centre but add to it (albeit there may be some relocation of activity from existing shops to the proposed development). Competition between retailers within a centre is not a planning matter and therefore this issue does not need to be addressed in RIAs. National policy in SPP8 is also concerned with wider economic and social issues arising from town centre and retail development.

6.293 However there are two potential impacts arising from town centre development that question this assumption:

- That development in a town centre could affect other town centres affecting the overall balance and function of centres within the wider retail network. For example, the development of a superstore in a small town centre could adversely affect a larger centre and affect its viability and vitality.

- Development within a centre could affect the balance and distribution of uses within that centre. The development of retail mall or superstore could draw trade away from those parts of the centre located furthest away from the new development resulting in decline in these areas that would become peripheral to the relocated centre of activity. Certainly centres do evolve over time in response to new investment, for example following the development of the Bon Accord and St Nicholas Centres retail activity in Aberdeen city centre has become focussed at the eastern
end of Union Street and has, over time, resulted in comparative decline in the western part of the street.

6.294 The first of these issues can be addressed through RIA through the inclusion of town centres outwith the catchment area within the assessment (i.e. by identifying the “clawback of leakage” of expenditure which is currently directed to these external centres).

6.295 The second however, requires a sophisticated approach to the RIA diagggregating the centre into different zones for the identification of impact. Although this is possible the use of smaller zones within the centre (effectively dividing the existing town centre into a series of separate “mini-centres” this may require a level of data accuracy that is not available for the RIA). There are, therefore, some doubts as to whether this type of analysis could be undertaken reliably and may only be appropriate for larger scale development proposals located in larger centres. In the case of large comparison developments (e.g. new shopping malls or retail parks) uncertainty about the potential occupiers of the new scheme would introduce considerable uncertainty about the localised impacts on the development on businesses in different parts of the centre. In conclusion, although theoretically possible, it is probably more appropriate to consider in depth the qualitative interpretation of impacts on the centre rather than detailed quantitative analysis.

6.296 The above discussion confirms that, in certain situations and despite the comment of SPP8, it may be appropriate to undertake an RIA for a retail proposal located within existing town centres.

Recommendation RIA35: RIA for Town Centre Development

Notwithstanding para 40 of SPP8 it may be appropriate, in certain situations to undertake full or indicative RIAs, of retail developments proposed to be located in town centres. Such requests should reflect the concerns of the development plan and should be justified by the planning authority (for example based on TCHC/V&V information).
7  CHAPTER SEVEN: SUMMARY AND CONCLUSIONS

7.1 This chapter sets out a summary of the findings of the research and addresses a number of common themes emerging from the different techniques to identify implications for a co-ordinated approach for town centre and retail planning, information and data collection and training.

Overall Findings

Study Approach

7.2 The overall objective for this study identified in the research specification is to provide clear and up-to-date guidance on the range of methodologies identified in SPP8. The primary focus is on town centre and retailing methodologies with particular focus on the following:

- Retail Impact Assessment.
- Retail Capacity Assessment and other Strategic Retail Planning techniques.
- Town Centre Health Checks and Vitality and Viability Indicators.
- Town Centre Strategies

7.3 In the review of these techniques a key theme is that these techniques are complementary and should be used, where appropriate, in combination with each other. This includes, in addition to the above techniques, the use of market assessments for commercial retail, leisure and other town centre uses, assessment of qualitative aspects of retail (and other town centre uses) and appraisal of the development capacity of town centres to accommodate potential new development. They will, of course, include reference to other techniques such as environmental and transport appraisals.

7.4 The study has identified that town centres and retailing are of key importance for access to and the provision of, services and goods to the wider community in Scotland. This importance is despite the fact that these land uses occupy comparatively limited land area within towns and cities and the scale of new development (as measured by development area or floorspace) is significantly less than other land uses. It should be recognised that retail activity is a key mechanism by which goods and services are provided to the community as a whole. Furthermore retailing is rapidly changing and current changes associated with the rapid growth of the internet have the potential to fundamentally alter the character of retail and service provision and role and function of the nation’s town centres.

7.5 For this research it is important to recognise the highly dynamic state of the retail industry (in particular) and that town centre and retail planning techniques need to be reviewed to ensure that they are up to date and relevant to the industries and land uses that they are designed to evaluate. This is necessary to ensure that they are valuable for the purposes of land
use planning, town centre management and strategy formulation and implementation. In other words, it is important to ensure that techniques that are used are fit for the purpose for which they are intended.

**Key Themes**

7.6 A number of key themes have emerged from the research which are summarised below.

*Promoting Town Centres and their Regeneration*

7.7 At the outset of this report the importance of town centres and retailing as a key means by which goods and services are provided to the public was highlighted. It was also noted that the role of town centres has been highlighted by various political groups in the Scottish Parliament and the importance attached to town centres is also emphasised in SPP8. The various techniques which have been reviewed in this report will assist in the effective planning of town centres and for retailing. A key theme in this review is that, for planning to be effective, both in terms of statutory planning functions and also for proactive strategies for regeneration it is important that town centres and retailing are given the appropriate priority and resources by planning authorities and other agencies responsible for planning and managing the future of town centres. It has been shown that, for example, despite national planning policy emphasising the role of town centres, key activities such as the systematic collection of data through town centre health checks or the effective implementation of town centre strategies, has been undertaken only on a limited basis throughout Scotland.

7.8 Therefore, prior to the consideration of the techniques themselves, the Scottish Government should focus on ways to increase the profile and importance of town centres and retailing in planning authorities and other agencies responsible for town centres in the country. If town centres are made a high priority and resources are made available then the full benefits associated with the techniques described in this report will be realised. This could include a range of measures including the publication and promotion of the a PAN for the suite of techniques for town centres and retailing, promotion of training for professionals for these techniques, data collection on the state of town centres. These measures are addressed in detailed in the remainder of this chapter.

**General Recommendation: G1 Raising the Priority for Town Centres and Retailing in Scotland**

It is recommended that the Scottish Government should identify means by which the role and importance of town centres and retailing is fully realised by the appropriate public sector agencies such as planning, regeneration and economic development, to ensure that town centres and retailing are made a high priority for resources to support the effective implementation of all of the techniques reviewed in this Report.
Application of Techniques in Scotland

7.9 The research shows that the level of use of town centre and retail planning techniques varies considerably in Scotland:

- Retail Impact Assessment has widespread use. Indeed it is suggested that, in some cases, RIA is used more frequently than is envisaged in national planning policy set out in SPP8. Despite this the numbers of planners in both the private and public sectors with regular experience with RIA is limited, with many planners assessing or preparing RIAs only on an infrequent basis.

- Retail Capacity Assessment is used regularly across Scotland as studies undertaken for planning authorities or as part of RIAs despite the lack of express national policy requirement for this type of analysis. In development planning such studies are carried out only every few years with the result that most planners have only limited experience with this type of analysis.

- Other Strategic Retail Planning Techniques and other complementary planning methods are used generally only occasionally in Scotland.

- For Vitality and Viability Indicators nearly all authorities collect a limited range of information for principal town centres and most RIAs (but not all) include some information on V&V indicators. Despite this, very few authorities or consultancies undertake routine and regular town centre health checks for centres which cover a wide range of V&V indicators and in a manner which provides collection of a consistent dataset over a significant time period. This is despite encouragement to do so set out in national planning policy for the last decade.

- Experience with Town Centre Strategies is also comparatively limited. Many studies looking at potential strategies have been prepared but few of these are translated into effective and implementable strategies.

7.10 From these findings the principal conclusions are:

- There is a clear need for a Planning Advice Note to be prepared to provide advice on good practice for undertaking the full range of techniques reviewed in this research.

- There is also a role for the Scottish Government to further encourage planning authorities, and other organisations where appropriate, to utilise the full range of techniques available to support planning for town centres and retailing. This role could include the promotion of seminars and training and highlighting examples of good practice as well as the preparation and promotion of the proposed PAN on this topic.
General Recommendation: G2 Promotion of Town Centre and Retail Techniques

It is recommended that:

- A Planning Advice Note is prepared that sets out good practice for each of the techniques reviewed in this report based on the foregoing recommendations.

- The Scottish Government considers ways and means for further encouraging the use of Town Centre and Retailing techniques to improve the basis of land use planning for town centres and other centres within Scotland. This could include the promotion of seminars and training and highlighting examples of good practice as well as the preparation and promotion of the proposed PAN.

Town Centres and Retail Planning Complementing Other Activities

7.11 It should be emphasised that town centre and retail planning does not operate in a vacuum. The techniques should be implemented in full recognition that there are many other organisations (public and private sector) that are actively involved in managing, investing and developing town centres. These include:

- Town centre management and BIDs.
- Town centre investment by public sector organisations for example Local Enterprise Companies and various joint partnerships.
- Groupings of private sector/commercial businesses for example Chambers of Trade and similar.
- Individual businesses.
- Private sector land owners, investors and property developers.
- Various local authority departments (e.g. ranging from street cleansing through to traffic management and economic development).
- Central Government and associated Agencies.

7.12 Many of the above will be actively involved in the formation of Business Improvement Districts.

7.13 Each of the above organisations will be important in the town centre and retail techniques which are the subject of this research in the following ways:
• Through the provision of data. This is particularly important for town centre health check information but can also feed into RIA, RCA and SRP and other techniques.

• They have skills and expertise that can assist in interpreting data and review the current state and future prospects for town centres.

• They are stakeholders with a direct interest in the future of town centres. They will, therefore, need to be directly involved in the formulation and implementation of town centre strategies.

• They will have investment plans and proposals which will need to be considered as part of proposals for the future planning of centres.

**General Recommendation: G3 Working with Other Organisations**

It is recommended that those responsible for planning for town centres, including statutory planning functions and proactive strategies should ensure joint working with other organisations in the public and private sector to support: sharing of data and information; sharing skills and expertise; identifying complementary or competing proposals; establishing common objectives and aims for town centres.

**Complementary Techniques**

7.14 A key theme from the research is that the techniques reviewed are complementary. This is seen in the following:

• Town centre health check information provides a key baseline of information that supports a wide range of functions especially for the identification of plans and proposals for development plans purposes and for the formulation and monitoring of town centre strategies. Health check information is also important for assessing the significance of potential retail impacts of new developments.

• Town centre strategies are dependent on good quality information on the current position of centres as a baseline for the formulation of strategies. Furthermore, future health checks will also provide important measures of the success, or otherwise, of strategies.

• Strategic retail capacity and other complementary techniques will utilise information from health checks in support of establishing the strategic context for centres and their role in the wider network. The quantitative techniques require information on market potential and development capacity to place their findings in an appropriate context. Information from RIAs will also be important where developments are to be treated as commitments for assessing potential changes in the future to the role and function of centres.
• RIA techniques are dependent on strategic retail planning (and potential retail capacity) techniques for the identification of key information relating to the existing retail expenditure patterns and turnover for centres potentially affected by the proposed development. They also require information from town centre health checks on vitality and viability indicators to assess the significance of retail impacts arising.

7.15 From this it is evident that town centre and retail planning techniques should be used as a suite of techniques which, if used in combination, will provide a significantly improved understanding of the existing function and future role of centres both individually and as part of the wider network of centres. The absence of analyses using other techniques should not be a reason for failing to undertake assessments, it simply reduces the weight that can be attached to the findings of any one particular study. For example, the lack of a strategic study or health check for a centre is not a reason to avoid preparing a retail impact assessment for a proposed development, rather the absence of this additional information reduces the weight that can be attached to conclusions of the RIA.

General Recommendation: G4 Complementary Role of Techniques

The different types of town centre and retailing techniques are complementary in that when carried out in combination there will be a significant improvement in the understanding of the current and future role and function of centres. Therefore the full range of techniques should be encouraged to be used to support of both statutory planning functions and for the development of proactive plans and proposals for centres.

These techniques include each of the following: town centre health checks/vitality and viability indicators; town centre strategies; retail capacity or strategic retail planning techniques; qualitative appraisals; physical development capacity; market assessments and retail impact assessment.

National Data Sources

7.16 During the research consideration has been given to the potential role of the Scottish Government to support town centre and retailing techniques through establishing national data sources and related activity. This is particularly important and includes consideration of each of the following:

• Provision of nationally sourced data.
• The role of data collection and collation from planning authorities.
• Establishing a database for benchmarking vitality and viability indicators for centres.
• Training planners.
7.17 **Nationally Sourced Data:** in the research a number of respondents highlighted the potential for the Scottish Government to provide data which will be useful for supporting town centre and retail planning techniques. This included suggestions for the re-establishment of the Census of Distribution, the creation of a national strategic retail model through to the provision of information from the Annual Business Survey to identify key information for defined town and city centres. The last of these has been addressed in chapter 4 and is identified in recommendation TCHC9. In relation to the role of the Census of Distribution data on retail (and other) floorspace can be made available through Regional Assessors and the combination of this with the Annual Business Survey and/or household surveys will provide estimates of retail turnover.

7.18 **National Retail Model:** in terms of the development of a national retail model, although this would provide a good understanding of the dynamics of retailing across the whole of Scotland it is evident that this would require significant resources for implementation and to be effective will require regular updating. It is considered by the study team that a greater priority is for planning authorities to identify fully the function and operation of the centres in accordance with SPP8 and to use the full range of techniques that are available (as set out in Recommendation G4).

7.19 **Collection and Collation of Data from Planning Authorities:** at present the Scottish Government collects information on retail planning applications from planning authorities. Although this provides useful information on the direct application of retail planning policy it does not address the fundamental issues which are relevant to town centres which relate directly to the range of vitality and viability indicators of the centres. How planning applications are determined is a very important aspect of the operation of the planning system in the way that it influences the future role of town centres but this information does not directly measure the performance or state of town centres which is at the heart of the objectives of national planning policy. Furthermore the determination of planning applications is only one of a number of factors that influences the future of town centres (others will include national trends relating to consumer choice, transport and access, retailer dynamics and investment and town centre strategies). This information is measured using vitality and viability indicators. Therefore it is considered that information on vitality and viability indicators should be collected from planning authorities.

7.20 This recommendation is consistent with recommendation TCHC8 which seeks to raise the profile and importance of town centre health checks and the collection of data on vitality and viability indicators. This approach will also provide the basis for the establishment of a national database of V&V indicators which will support benchmarking of centres.
General Recommendation: G5 Data Collection from Planning Authorities

The Scottish Government should consider the routine (annual) collecting of information on indicators of town (and other) centre vitality and viability from planning authorities or the relevant body. This information will seek to establish a clearer understanding of the condition of town centres in Scotland.

7.21 National Database of V&V Data: following on from recommendation G5 the Scottish Government should publish information on vitality and viability indicators for town (and other) centres in Scotland. This can be based on annually published reports but consideration should be given to the establishment of a website that sets out this information which can be updated as and when information is made available from planning authorities. Consideration should be given to the potential for planning authorities (and possibly other organisations) to update this information. A website is preferred because it can be flexible in its format and would be easily accessible for planners and other practitioners / researchers interested in the condition of Scotland’s town and city centres.

General Recommendation: G6 National Database for Vitality and Viability Information

The Scottish Government should consider the establishment of a national database of vitality and viability indicators for town (and other) centres in Scotland. This would utilise information provided from recommendation G4. The preferred format for this database would be a publicly accessible website.

Training and Education

7.22 As has been noted most professional planners in both the public and private sectors have limited experience with town centre and retail planning techniques. In addition to the establishment of good practice guidelines in a Planning Advice Note consideration should be given to training for planners in the full suite of relevant town centre and retail planning techniques including:

- Retail Impact Assessment.
- Strategic retail planning techniques and retail capacity assessment.
- Town Centre Health Checks: including understanding and interpreting vitality and viability indicators.
• Process and content of Town Centre Strategies: including implementation issues for example, the role of public sector assets for promoting regeneration.

• Qualitative appraisal of retail and leisure provision.

• Understanding the development process and the dynamics of the commercial property market. This is to assist in the management and interpretation of market assessments and the identification of development capacity for commercial uses. This aspect should also address key commercial indicators of town centre viability including rental and yield indicators.

• Design and implementation of surveys: including statistical analysis of results obtained.

General Recommendation: G7 Training and Education

The Scottish Government should consider supporting further training and education for professional planners for the full range of relevant town centre and retail planning techniques reviewed in this report.

Further Research

7.23 The review undertaken has established that in certain areas town centre and retail planning techniques are well established or evolving as practice increases. It is also evident that there are key gaps in the techniques that are available. Consideration should, therefore, be given to reviewing the potential for the development of other complementary techniques which appear to be limited in their development at this stage including:

• Commercial leisure development (impacts and identifying quantitative deficiencies).

• Assessing qualitative deficiencies for retail and commercial leisure provision.
General Recommendation: G8 Further Research

The Scottish Government should consider further research for the review of techniques for assessing commercial leisure development quantitative deficiencies and impacts and the assessment of qualitative deficiencies for retail and commercial leisure development. This should assess both the need for such techniques as well as recommended good practice.

Summary of Recommendations

7.24 This research has identified a large number of recommendations for practice for town centre and retail planning techniques. Many of these are linked to recommendations for different techniques and will affect different participants in the development/planning process. Figure 7.1 summarises the full range of recommendations identifying the principal links between them, who they primarily affect and the potential resource implications of the recommendations.
<table>
<thead>
<tr>
<th>Reference</th>
<th>Title</th>
<th>Responsibility</th>
<th>Key Links to Other Refs</th>
<th>Resource Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>RCA1</td>
<td>Clarification of SPP8 Policy Requirements</td>
<td>Scottish Executive</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>RCA2</td>
<td>Role of surveys</td>
<td>Planning authorities</td>
<td>RIA7, RIA8</td>
<td>Yes for designing, implementing and analysing surveys</td>
</tr>
<tr>
<td>RCA3</td>
<td>Defining Study Areas</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>RCA4</td>
<td>Population and Available Expenditure</td>
<td>Applicants, agents, planning authorities</td>
<td>RIA10, RIA11, RIA12, RIA13, RIA14</td>
<td>Yes - for data purchase</td>
</tr>
<tr>
<td>RCA5</td>
<td>Floorspace Estimates</td>
<td>Applicants, agents, planning authorities</td>
<td>RIA15, RIA16, RIA19, TCHC14</td>
<td></td>
</tr>
<tr>
<td>RCA6</td>
<td>Treatment of vacant floorspace</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>RCA7</td>
<td>Use of Actual Turnover</td>
<td>Planning authorities</td>
<td>RIA17, TCHC9, TCHC22</td>
<td>None</td>
</tr>
<tr>
<td>RCA8</td>
<td>Treatment of Expenditure Flows</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>RCA9</td>
<td>Calculation of Floorspace Deficiencies</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>RCA10</td>
<td>Sensitivity Testing</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>RCA11</td>
<td>Role of RCA</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>SRP1</td>
<td>Role of SRP</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>CRT1</td>
<td>Appraisal of qualitative deficiencies</td>
<td>Applicants, agents, planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>CRT2</td>
<td>Market Assessments</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>CRT3</td>
<td>Appraisal of physical development capacity</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC1</td>
<td>Definition of town centre health checks</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC2</td>
<td>Increasing the profile for TCHCs</td>
<td>Scottish Executive</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC3</td>
<td>V&amp;A Indicator requirements</td>
<td>Scottish Executive</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC4</td>
<td>Scope of PAN</td>
<td>Scottish Executive</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC5</td>
<td>Single Indices</td>
<td>Planning Authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC6</td>
<td>TCHC Database</td>
<td>Scottish Executive</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC7</td>
<td>Frequency of TCHCs</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC8</td>
<td>Role of PAN for promoting TCHCs</td>
<td>Scottish Executive; Planning Authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC9</td>
<td>National Data Sources</td>
<td>Scottish Executive</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC10</td>
<td>TCHC Resource issues</td>
<td>Planning authorities; private and public sector businesses and agencies</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC11</td>
<td>Data Interpretation</td>
<td>Scottish Executive</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC12</td>
<td>Pedestrian Flow/Counts</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC13</td>
<td>Rental values</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC14</td>
<td>Space in use</td>
<td>Planning authorities</td>
<td>RIA15, RIA16, RCA5, TCHC14</td>
<td>None</td>
</tr>
<tr>
<td>TCHC15</td>
<td>Retailer representations and intentions</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC16</td>
<td>Commercial yield</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC17</td>
<td>Vacancy rates</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC18</td>
<td>Physical Structure of a Centre</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC19</td>
<td>Consumer and Other Surveys</td>
<td>Planning authorities</td>
<td>RIA7, RIA8, RCA2</td>
<td>None</td>
</tr>
<tr>
<td>TCHC20</td>
<td>Crime and safety</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC21</td>
<td>Accessibility</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC22</td>
<td>Environmental Quality</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC23</td>
<td>Turnover, catchment and competition</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCHC24</td>
<td>Tourism</td>
<td>Planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCS81</td>
<td>Scope of PAN</td>
<td>Scottish Executive</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCS82</td>
<td>Definition of TCS</td>
<td>Agencies involved in preparing TCS</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCS83</td>
<td>Basic requirements for TCS</td>
<td>Agencies involved in preparing TCS</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>TCS84</td>
<td>Stages for preparation of TCS</td>
<td>Agencies involved in preparing TCS</td>
<td>See TCHC recommendations for baseline</td>
<td></td>
</tr>
<tr>
<td>TCS85</td>
<td>Scope and content of TCS</td>
<td>Agencies involved in preparing TCS</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>TCS6</td>
<td>Consultation and Stakeholder engagement</td>
<td>Agencies involved in preparing TCS</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>TCS87</td>
<td>Sustainable and Innovative Resourcing</td>
<td>Agencies involved in preparing TCS</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>TCS88</td>
<td>Funding sources</td>
<td>Scottish Executive</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>TCS89</td>
<td>Guidance on CPO</td>
<td>Scottish Executive</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>TCS10</td>
<td>Monitoring and reviewing TCS</td>
<td>Agencies involved in preparing TCS</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>TCS11</td>
<td>Characteristics for successful TCSs</td>
<td>Agencies involved in preparing TCS</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>TCS12</td>
<td>Action Plans</td>
<td>Agencies involved in preparing TCS</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>TCS13</td>
<td>Delivery Vehicles</td>
<td>Agencies involved in preparing TCS</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>TCS14</td>
<td>Resourcing</td>
<td>Agencies involved in preparing TCS</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Reference</td>
<td>Title</td>
<td>Responsibility</td>
<td>Key Links to Other Refs</td>
<td>Resource Implications</td>
</tr>
<tr>
<td>-----------</td>
<td>-------</td>
<td>----------------</td>
<td>-------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>RIA1</td>
<td>Definition of RIA</td>
<td>-</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>RIA2</td>
<td>Overall RIA Approach</td>
<td>Applicants, agents, planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>RIA3</td>
<td>Scope of RIA Advice in PAN</td>
<td>Scottish Executive</td>
<td>Limited (short term)</td>
<td></td>
</tr>
<tr>
<td>RIA4</td>
<td>Key Stages for RIA</td>
<td>Applicants, agents, planning authorities</td>
<td>See TCHC recommendations</td>
<td></td>
</tr>
<tr>
<td>RIA5</td>
<td>General Approach for RIA</td>
<td>Applicants, agents, planning authorities</td>
<td>RIA4; 6-35</td>
<td>Limited</td>
</tr>
<tr>
<td>RIA6</td>
<td>RIA Scoping</td>
<td>Applicants, agents, planning authorities</td>
<td>Limited</td>
<td></td>
</tr>
<tr>
<td>RIA7</td>
<td>Household Surveys</td>
<td>Applicants, agents</td>
<td>RIA6, RCA2</td>
<td>Yes for survey design and implementation</td>
</tr>
<tr>
<td>RIA8</td>
<td>Additional Surveys</td>
<td>Applicants, agents</td>
<td>RIA6, RCA2</td>
<td>Yes but only occasionally for survey design and implementation</td>
</tr>
<tr>
<td>RIA9</td>
<td>Defining Catchment Areas</td>
<td>Applicants, agents</td>
<td>RIA6</td>
<td>None</td>
</tr>
<tr>
<td>RIA10</td>
<td>Population Estimates</td>
<td>Applicants, agents</td>
<td>RIA6, RCA4</td>
<td>Limited</td>
</tr>
<tr>
<td>RIA11</td>
<td>Estimates of Available Expenditure</td>
<td>Applicants, agents</td>
<td>RIA6, RCA4</td>
<td>Yes for data purchase</td>
</tr>
<tr>
<td>RIA12</td>
<td>Special Forms of Trading</td>
<td>Applicants, agents</td>
<td>RCA4</td>
<td>None</td>
</tr>
<tr>
<td>RIA13</td>
<td>Price Base</td>
<td>Applicants, agents, planning authorities</td>
<td>RIA6, RCA4</td>
<td>None</td>
</tr>
<tr>
<td>RIA14</td>
<td>Expenditure Growth Assumptions</td>
<td>Applicants, agents, planning authorities</td>
<td>RIA6, RCA4</td>
<td>None</td>
</tr>
<tr>
<td>RIA15</td>
<td>Disaggregation of Retail Floorspace</td>
<td>Applicants, agents, planning authorities</td>
<td>RIA6, RCA5, TCHC14</td>
<td>None</td>
</tr>
<tr>
<td>RIA16</td>
<td>Retail Floor space Estimates</td>
<td>Applicants, agents, planning authorities</td>
<td>RIA6, RCA5, TCHC14</td>
<td>None</td>
</tr>
<tr>
<td>RIA17</td>
<td>Estimates of Existing Turnover</td>
<td>Applicants, agents, planning authorities</td>
<td>RIA6, RIA17, RCA7, TCHC9, TCHC22</td>
<td>None</td>
</tr>
<tr>
<td>RIA18</td>
<td>Use of Actual Turnover</td>
<td>Applicants, agents</td>
<td>RIA6, RIA17</td>
<td>None</td>
</tr>
<tr>
<td>RIA19</td>
<td>Net to Gross Floor space Assumptions</td>
<td>Applicants, agents</td>
<td>RCA5</td>
<td>None</td>
</tr>
<tr>
<td>RIA20</td>
<td>Sales Density Growth</td>
<td>Applicants, agents</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>RIA21</td>
<td>Development Turnover</td>
<td>Applicants, agents</td>
<td>RIA6</td>
<td>None</td>
</tr>
<tr>
<td>RIA22</td>
<td>Trade Draw</td>
<td>Applicants, agents</td>
<td>RIA6</td>
<td>None</td>
</tr>
<tr>
<td>RIA23</td>
<td>Trade Diversion</td>
<td>Applicants, agents</td>
<td>RIA6</td>
<td>None</td>
</tr>
<tr>
<td>RIA24</td>
<td>Clawback of Leakage</td>
<td>Applicants, agents</td>
<td>RIA6</td>
<td>None</td>
</tr>
<tr>
<td>RIA25</td>
<td>Use of average turnover for development</td>
<td>Applicants, agents</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>RIA26</td>
<td>Calculating Retail Impact</td>
<td>Applicants, agents, planning authorities</td>
<td>RIA6</td>
<td>None</td>
</tr>
<tr>
<td>RIA27</td>
<td>Sensitivity Tests</td>
<td>Applicants, agents, planning authorities</td>
<td>RIA6</td>
<td>None</td>
</tr>
<tr>
<td>RIA28</td>
<td>Role of Vitality and Viability Indicators</td>
<td>Applicants, agents, planning authorities</td>
<td>TCHC12-22</td>
<td>None</td>
</tr>
<tr>
<td>RIA29</td>
<td>Significance of Impact</td>
<td>Applicants, agents</td>
<td>RIA6</td>
<td>None</td>
</tr>
<tr>
<td>RIA30</td>
<td>Cumulative Retail Impact</td>
<td>Applicants, agents, planning authorities</td>
<td>RIA6</td>
<td>Yes for undertaking cumulative RIA where required</td>
</tr>
<tr>
<td>RIA31</td>
<td>Secondary Retail Impacts</td>
<td>Applicants, agents</td>
<td>RIA6</td>
<td>None significant at this stage</td>
</tr>
<tr>
<td>RIA32</td>
<td>Goods Base for RIA</td>
<td>Applicants, agents, planning authorities</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>RIA33</td>
<td>Data Sources</td>
<td>Applicants, agents, planning authorities</td>
<td>RIA6</td>
<td>None - should facilitate efficient production of RIA</td>
</tr>
<tr>
<td>RIA34</td>
<td>Requirement for RIA for types of development</td>
<td>Applicants, agents, planning authorities</td>
<td>None compared to existing practice</td>
<td></td>
</tr>
<tr>
<td>RIA35</td>
<td>RIA for town centre developments</td>
<td>Applicants, agents, planning authorities</td>
<td>Yes in limited number of cases for the preparation of RIA for town centre developments</td>
<td></td>
</tr>
<tr>
<td>G1</td>
<td>Priority for Town Centres and Retailing Techniques</td>
<td>Scottish Executive</td>
<td></td>
<td>Potentially</td>
</tr>
<tr>
<td>G2</td>
<td>Promotion of Town Centre and Retail Techniques</td>
<td>Scottish Executive</td>
<td>RIA5, RCA11, TCHC2, TCS1</td>
<td>Limited</td>
</tr>
<tr>
<td>G3</td>
<td>Working with other Organisations</td>
<td>All parties involved in town centres</td>
<td></td>
<td>Limited</td>
</tr>
<tr>
<td>G4</td>
<td>Complementary Role of Techniques</td>
<td>Planning authorities and others</td>
<td>Various</td>
<td>Yes</td>
</tr>
<tr>
<td>G5</td>
<td>Data Collection from Planning Authorities</td>
<td>Scottish Executive</td>
<td>G5</td>
<td>Yes</td>
</tr>
<tr>
<td>G6</td>
<td>National Database for Vitality and Viability Information</td>
<td>Scottish Executive</td>
<td>G4</td>
<td>Yes</td>
</tr>
<tr>
<td>G7</td>
<td>Training and Education</td>
<td>Scottish Executive</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>G8</td>
<td>Further Research</td>
<td>Scottish Executive</td>
<td></td>
<td>Yes</td>
</tr>
</tbody>
</table>
### ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABS</td>
<td>Annual Business Survey</td>
<td>PPG6</td>
<td>Planning Policy Guidance 6: Town Centres and Retail Developments</td>
</tr>
<tr>
<td>BIDS</td>
<td>Business Improvement Districts</td>
<td>PPS6</td>
<td>Planning Policy Statement 6: Planning for Town Centres</td>
</tr>
<tr>
<td>CBRE</td>
<td>CB Richard Ellis</td>
<td>RCA</td>
<td>Retail Capacity Assessment</td>
</tr>
<tr>
<td>COICOP</td>
<td>Classification of Individual Consumption by Purpose</td>
<td>RIA</td>
<td>Retail Impact Assessment</td>
</tr>
<tr>
<td>CPO</td>
<td>Compulsory Purchase Order</td>
<td>URPI</td>
<td>Unit for Retail Planning Information <em>(now MapInfo)</em></td>
</tr>
<tr>
<td>EOC</td>
<td>Edge of Centre</td>
<td>SFT</td>
<td>Special Forms of Trading</td>
</tr>
<tr>
<td>GFA</td>
<td>Gross Floor Area</td>
<td>SPP</td>
<td>Scottish Planning Policy</td>
</tr>
<tr>
<td>GRO(S)</td>
<td>General Register Office (Scotland)</td>
<td>SRP</td>
<td>Strategic Retail Planning</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicators</td>
<td>SPP8</td>
<td>Scottish Planning Policy 8: Town Centres and Retailing</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
<td>Sq M</td>
<td>Square Metre</td>
</tr>
<tr>
<td>LA</td>
<td>Local Authority</td>
<td>TCHC</td>
<td>Town Centre Health Check</td>
</tr>
<tr>
<td>LEC</td>
<td>Local Enterprise Company</td>
<td>TCS</td>
<td>Town Centre Strategy</td>
</tr>
<tr>
<td>NFA</td>
<td>Net Floor Area</td>
<td>V&amp;V</td>
<td>Vitality and Viability</td>
</tr>
<tr>
<td>NPPG8</td>
<td>National Planning Policy Guideline 8: Town Centres and Retailing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OOC</td>
<td>Out of Centre</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Association of Town Centre Managers (2004) Gathering and Using Key performance Indicators


BDP Planning & Oxford Institute of Retail Management (1992) The effects of major out of town retail development: a literature review for the Department of the Environment

Colliers CRE (2006) Dundee City Region Study


Department of Communities and Local Government (2005) PPS6 Planning for Town Centres

Dept of Environment and Transport (1998) Impact of large Foodstores on market towns and district centres

Dept of Environment (1994) Vital and viable town centres: meeting the challenge (URBED et al)

Dept of Environment (1995) Response by the Government to the Environment Committee’s fourth report: Shopping Centres and their Future


Federation of Small Businesses (Scotland) (2006) The effect of supermarkets on existing retailers (report by Roger Tym & Partners)


Government of Ireland (2005) Retail Planning: Guidelines for Planning Authorities

GVA Grimley/Roger Tym & Partners (2005) Study of Black Country Centres


Historic Burghs Association (1996) Sustainable transport and retail vitality: state of the art for towns and cities (HBAS research paper no 2)


MapInfo (2006) Information Brief 06/01 Business based retail expenditure estimates and price indices

MapInfo (2006) Information Brief 06/02 Goods based retail expenditure estimates and price indices

Mintel (2007) Retail Rankings


New Economics Foundation (2003) Ghost Town Britain II: Death on the High Street


Norris S. (1992) Regional shopping schemes - impact studies (the South, the Midlands, the North and Scotland)


Scottish Executive (2006) Scottish Planning Policy 8: Town Centres and Retailing

Scottish Executive (1999) Planning Advice Note 59 Improving Town Centres

Scottish Executive, Town Centre Uses in Scotland. Development Department Research
programme – Research Findings No. 59

Scottish Office (1992) Retail Impact Assessment Methodologies: Research Study for the Scottish Office Environment Department (Drivers Jonas)


Welsh Office (1996) Planning Guidance (Wales) Technical Advice Note (Wales) 4 Retailing and Town Centres