



Action for Market Towns Position Statement & Background information. (February 2009)

Part 1. Promotion of Independent Retail & Vibrant Town Centres

Introduction

Action for Market Towns (AMT) is an independent, membership supported, charitable organisation that works to promote the interests of small rural towns across the UK and maximise the opportunities open to them.

AMT's members regularly raise concerns about the impact of supermarket location and development on the sustainability of the independent retail sector within their towns. This is a critical issue because of the fundamental social and economic role that retail plays within a small town. The traditional role of market towns was the provision of a 'market' for the trade in goods and services at the interface of urban and rural populations.

While the historical concept of this 'marketplace' role may have become more complex as retailing has developed and the nature of the relationship between urban and rural communities has shifted, the mark left on our national cultural and social identity by it remains important. This cultural and social heritage is to a large extent what continues to attract people to market towns; surveys repeatedly show high percentages of urban respondents indicating the desire to live in such communities.

Against this background come new Local Government practices and policies, such as those affecting what is called sub regional strategy, being implemented throughout the UK. They are intended to enhance the role of local authorities and local strategic partnerships in economic development through Local Area Agreements and Multi Area Agreements and encourage dialogue with local communities.

Another major influence over the town centres of rural market towns, are the planning policies that affect developments, particularly those to do with Supermarkets, whether in or out of towns.

In light of the recent publication of CLG's (Department of Communities & Local Government) draft proposals for revised Town Planning Guidance (PPS6) and the earlier Competition Commission's report on their inquiry into the UK grocery market, AMT's Policy Working Group has agreed the following on which to base our responses to policy consultations on these issues.

Positioning Statement

The overall aim of policies should be to:

- A. Sustain Town Centres as vibrant places at the heart of their communities.
- B. A commitment to retail diversity and enhancement of the local economy, with a balance between different sized providers.
- C. The importance of Town Centres as “Places” for economic, social and other needs.

A. Sustaining Town Centres as Vibrant Places

AMT recognises the distinctive nature of small rural towns (market towns) and of the challenges facing them. AMT supports the principle of community inspired and led solutions being adopted at a local level with the support of local authorities and strategic agencies.

Both research studies and the experience of our members indicate that the growth of supermarket retail operations has coincided with the decline of traditional town centre focused independent retailers.

AMT is confident that the growth of out of town supermarket development has negatively affected the profitability of town centre independent retailers to an unsustainable extent. AMT accepts that consumers have chosen to vote with their feet and that supermarkets have offered a retail model which is popular because of its convenience, price and uniformity of standards. AMT is unable to match the resources deployed by the Competition Commission in its inquiry into the UK grocery trade and therefore must accept its findings that, in terms of the limited scope of the inquiry, supermarkets have not **unfairly** competed with town centre independents. However, AMT would question the value of any inquiry into the effect of supermarkets that did not take into consideration their diversification into product ranges beyond groceries. The sale of alcohol, tobacco, newspapers and magazines, household wares, DIY tools and clothes from larger outlets clearly offers a far wider potential for the creation of a potentially monopolistic advantage than just grocery sales.

AMT advocates supporting a robust Town Centre First Policy, reinforced by planning guidance and control, to achieve policy aims, especially by ensuring development not in accordance with the local plan is very carefully tested.

B. A commitment to retail diversity and enhancement of the local economy, with a balance between different sized providers.

However, AMT members’ experiences of supermarket developments are not universally negative and AMT therefore recognises the potential for mutually beneficial retail developments within a ‘town centre first’ context. Sites must be close enough to add to the town centre but not compete; evidence shows that even 200m from town centres sees a rapid tail-off in walking.

When this situation is considered in relation to the difference between a shopper and a consumer our position can be clarified quite simply. Considering a person as a logically acting consumer, that person might be expected to prefer a large, fully stocked, one stop shop; while considering them as a shopper, that person becomes perhaps a little less logical, preferring to wander leisurely past a variety of distinctive shops, some offering goods of no immediate value to them, using their time inefficiently by stopping to compare similar products and then discussing their relative merits with the shop keeper. The first model totally neglects the 'shopping experience' and social interaction dynamics that are so pivotal to the second. The effective combination of the two offers convenience and value for everyday items, while for more specific requirements and for simple enjoyment there remains the more traditional approach.

Through the continuation of the 'needs' and 'sequential' tests alongside the robust defence of farsighted planning regimes, AMT sees the potential for towns to prosper from the development of centrally located and appropriately sized and stocked supermarkets. We would also argue that supermarkets that work cooperatively with town partnerships to deliver such developments would benefit from the uplift in independent retail activity generated around their stores.

AMT strongly believes that towns should not be seen as 'open' to supermarket development in the name of competition (between the big retailers). In most cases a town will only be able to support one outlet based in a central location before the virtuous circle outlined above is broken and independent retailers are again squeezed out.

AMT recognises that in many towns the independent retail offering has deteriorated over time as a result of underinvestment, tightening profit margins and the unattractiveness of independent retail as a career option for younger people due to the long hours, high costs of entry and limited returns. Evidence from the AMT BASE initiative indicates the potential for reversing this decline in standards through training.

AMT supports the creation of a scheme that would offer training to independent retailers and will/is seeking the support of the major retailers to facilitate it. We believe this will show their commitment to the communities who buy their goods and will ultimately benefit them through improving the overall standard of retailing in market towns across the country.

C. The importance of Town Centres as “Places” for economic, social and other needs.

Policies should focus on place and planning for economically successful places. Overall a balance of retail attractiveness needs to be secured, in which edge of town centre or town centre investments are made with an integrated intent, linked to other town centre facilities and attractors.

Other factors having a strong influence in Town centres have been: the tendency to strongly support Regional Hub development, for shopping, employment, education and transport infrastructure investment. This has often been at the expense of smaller towns and villages,

which surround these regional centres: Infrastructure in the form of government offices, centres for secondary & adult education and health are often closed and turned over to residential development.

Commercial office development similarly thins out and over time the retail offer weakens and concern at “Sustainability” emerges. The transport infrastructure that would fit such a Regional Hub master plan is not there in today’s carbon footprint conscious world and needs a rethink. The cost of transport also becomes a potential issue. Both point towards maintaining a higher level of smaller town centre prosperity by encouraging the maintenance of infrastructure, retail choice and attractive environments. A commitment to ensuring new town centre development mitigates and adapts to the impacts of climate change, should be a high priority.

Other attractors for smaller towns from the market town heritage can be a mix of alternative forms of retail, particularly street and covered markets and farmers’ markets. These should continue to be supported and encouraged.

Action oriented support from AMT

A Policy into practice paper, describing many approaches that have been tried successfully around the UK, was published in February 2009. It and other useful information can be found at www.towns.org.uk

Tools and actions to help Town Centre’s to understand their relative strength’s and weaknesses have emerged through the AMT Healthcheck exercise, the community Led planning exercise involving communities in a collaborative study of their area is an example.

In particular a set of 14 key performance indicators (KPI’s) have been chosen to track Town Centre performance, from a group of East Midlands towns in the Welland Area. This initiative is being made available elsewhere via AMT and will help towns to track and improve overall performance over time.

Training to help town retail development is available.

Detailed individual case studies of towns that have implemented a variety of support schemes, such as loyalty cards, business start-ups and overall regeneration initiatives to help promote the vitality and sustainability of their Town Centres are all available.

This paper and other information is available via the AMT web site for members. Home page: <http://www.towns.org.uk>

Paper redrafted by Chris Windridge. February 2009, based on early 2008 policy paper from Robert Brady.

Part 2. Earlier comments provided to the Competition Commission's report on the inquiry into the UK grocery market.

Introduction

Action for Market Towns (AMT) is an independent, membership supported, charitable organisation that works to promote the interests of small rural towns across the UK and maximise the opportunities open to them.

AMT's members regularly raise concerns about the impact of supermarket location and development on the sustainability of the independent retail sector within their towns. This is a critical issue because of the fundamental social and economic role that retail plays within a small town. The traditional role of market towns was the provision of a 'market' for the trade in goods and services at the interface of urban and rural populations. This 'marketplace' role has changed and become more complex with developments in retailing (particularly the challenge small, independent retailers face from large multiples) and greater personal mobility. The nature of the relationship between urban and rural communities has also shifted. Nevertheless, the cultural and social heritage of our market towns continues to be a great attraction, with surveys repeatedly showing high percentages of urban respondents indicating the desire to live in such communities.

Key to the future of market towns as sustainable communities is a varied and vibrant retail offer in town centres. In light of the recent publication of the Competition Commission's report on their inquiry into the UK grocery market, AMT's Policy Working Group has considered how policy recommendations designed to improve competition between supermarkets may lead to prescriptions which, while workable in cities, may have a major adverse impact on the independent retail sector in smaller towns.

Position statement

Both research studies and the experience of AMT members indicate that the growth of supermarket retail operations has coincided with the decline of traditional, town centre-focused independent retailers. Research commissioned by the Competition Commission as part of its inquiry (Appendix 5.3 Trends in entry and exit of small stores) concludes that the convenience goods sector is not in broad-based decline and, other than greengrocers and fishmongers, it is not possible to observe a correlation between supermarket entry and the exit of independent retail stores.

However, AMT would make four points based on the experience of the 400 towns throughout the country which are in membership.

Firstly, that the impact of a supermarket based within walking distance of the town centre, with a car park which may be used for general access to town centre shops, is radically different from the impact of a supermarket either out of town or on the edge of town. Providing that a town centre supermarket is appropriately sized in relation to its catchment, the increased footfall produced in the town can be beneficial to independent retailers. However, supermarkets situated either out of town or on the edge of town do not bring the benefits of increased footfall

to the town centre and, indeed, may have precisely the opposite effect and reduce town centre footfall. The beneficial effect of increased town centre car parking is also lost with an edge of town or out of town supermarket. It is in the nature of rural life that people are much more dependent on cars in order to access services – including shops - than in cities.

Therefore, in relation to 16(a) of the Notice of possible remedies under Rule 11 of the Competition Commission Rules of Procedure, AMT is opposed to distinguishing edge of town from out of town sites.

Secondly, because of the smaller size of towns, the independent retail sector is much more sensitive to the introduction of a large supermarket than would be the case in cities. It is important that, through the process of producing the Local Plan (or Local Development Framework), an assessment is made of the retail profile which is sustainable within each town and its rural hinterland and that this be able to inform planning decisions. While issues of effective competition between supermarkets may lead to certain policy prescriptions for cities, the same policies may not be appropriate for smaller towns, where introducing a second supermarket in the name of competition may have a devastating effect on independent retail. This is particularly the case if, because of site availability questions, a second supermarket could only be located on an edge of town site.

For this reason, in relation to 17(a) of the Notice of possible remedies, AMT is strongly opposed to the abolition or weakening of the ‘needs’ and ‘sequential’ tests.

Thirdly, issues of competition need to be set in a wider social and sustainability context. AMT members’ experiences of supermarket developments are not universally negative and AMT therefore recognises the potential for mutually beneficial retail developments within a ‘town centre first’ context.

The diversification of supermarkets into product ranges beyond groceries, including the sale of alcohol, tobacco, newspapers and magazines, household wares, DIY tools and clothes, clearly offers a far wider potential for the creation of a potentially monopolistic advantage than just grocery sales.

AMT sees the potential for towns to prosper from the development of centrally located and appropriately sized and stocked supermarkets. We would also argue that supermarkets that work cooperatively with town partnerships to deliver such developments would benefit from the uplift in independent retail activity generated around their stores.

AMT strongly believes that towns should not be seen as ‘open’ to supermarket development in the name of competition between the big retailers. In most cases a town will only be able to support one outlet based in a central location before independent, small retailers are squeezed out. AMT believes that it is in the interests of supermarkets themselves to see a thriving independent retail sector in towns; a town with boarded up shops or a preponderance of charity shops does not provide an attractive environment within which to locate a supermarket.

Therefore, in relation to section 18 of the Notice of possible remedies, AMT is opposed to a competition test which, while intended to introduce further competition between supermarkets, may have the effect, by introducing too much retail capacity or encouraging

supermarkets to spread out from core grocery items, of further damaging the independent retail sector in market towns.

Fourthly, AMT recognises that in many towns the independent retail offering has deteriorated over time as a result of underinvestment, tightening profit margins and the unattractiveness of independent retail as a career option for younger people due to the long hours, high costs of entry and limited returns.

Supermarkets have the ability to employ specialists in various business and marketing disciplines which, in the independent retail sector, are often combined in the single person of the owner. For this reason, AMT believes that effective training is of crucial importance to the ability of independent retail to identify and prosper in changing market niches.

AMT has recently delivered a training programme for independent retailers in the East of England – the BASE (Business and Social Enterprise) initiative. Evidence from the evaluation of this programme indicates the potential for reversing this decline in standards through training.

AMT believes that, as with other employers, supermarkets have a responsibility for the vitality of the communities in which they operate. This includes measures to support the viability of town centres. AMT therefore proposes the creation of a scheme to offer training to independent retailers and seeks the support of the major retailers to facilitate it. We believe this will show their commitment to the communities who buy their goods and will ultimately benefit them through improving the overall standard of retailing in market towns across the country.

Therefore, in relation to section 29 of the Notice of possible remedies, AMT asks the Competition Commission to consider whether, as a measure to improve competition, a levy (whether voluntary or compulsory) should be made on larger retailers to support a national scheme of training for small, independent retailers.

Paper provided by John Pole. Mid 2008. AMT Communications Manager.

Part 3

Discussion of CLG's outline revisions to PPS6 policy. October 28th 2008 Roundtable hosted by TCPA and attended by CLG to obtain feedback.

Conclusion of meeting notes from The chair Gideon Amos of Town & Country Planning Association. Attended by: CPRE, FoE, AMT, ACS (Association of Convenience Stores), BCSC (British Council of Shopping Centres), John Lewis Group, Tesco and CLG.

There are aspects of PPS6 that do not currently put enough compulsion on local authorities to safeguard high streets.

Need diversity of format as well as fascia and support for a complete retail mix.

Need to concentrate on how can the Town Centre First Policy and impact test be further strengthened

Work ahead by CLG will be to develop clear and transparent best practice guide and engage with and address the concerns of stakeholders.

AMT joined with others in supporting these.

Key Words: Retail, Supermarkets, PPS6, Town Centres

Notes provided by attendee Chris Windridge. February 2009. AMT Associate

Part 4

PPS6 for Dummies

National Guidance □ ***from PPS6 (2005)***

Planning Policy Statement 6: Planning for Town Centres (PPS6) (2005) sets out the Government's national policies and principles on planning in town centres.

The Government's key objective for town centres is to promote their vitality and viability by focussing a range of new developments in such centres, and in this respect promotes the sequential approach, which must be applied in selecting sites for new retail, leisure and entertainment, commercial and cultural developments.

This means that the first preference is for town centre sites, followed by edge of centre sites that are well connected to the town centre and only then on out of centre sites in locations that are or will be well served by a choice of modes of transport. It states that local planning authorities should actively promote growth and manage town centres and also identify opportunities for developments in town centres.

It goes on to state that local planning authorities must follow the following process in selecting sites for development in town centres. They should:

- a) assess the need for the development (placing greater emphasis on quantitative rather than qualitative need);
- b) identify the appropriate scale of development;
- c) apply the sequential approach to site selection;
- d) assess the impact of the development on existing centres; and
- e) ensure that locations are accessible and well served by a choice of means of transport.

The statement also promotes high quality urban design in town centres, which helps to provide a sense of place and focus for the community, which is accessible and safe. □

Notes provided by Chris Windridge. February 2009. AMT Associate