LONDONASSEMBLY

Planning and Housing Committee

Cornered shops

London's small shops and the planning system

July 2010

LONDONASSEMBLY

Planning and Housing Committee

Cornered shops

London's small shops and the planning system

July 2010

Copyright

Greater London Authority
July 2010

Published by
Greater London Authority
City Hall
The Queen's Walk
More London
London SE1 2AA
www.london.gov.uk

enquiries 020 7983 4100
minicom 020 7983 4458

ISBN

This publication is printed on recycled paper

Planning and Housing Committee Members

Nicky Gavron	Chair, Labour
Jenny Jones	Deputy Chair, Green
Tony Arbour	Conservative
Gareth Bacon	Conservative
Andrew Boff	Conservative
Steve O'Connell	Conservative
Navin Shah	Labour
Mike Tuffrey	Liberal Democrat

The review's terms of reference were:

- What are the benefits of small, local and independent retailers to London? (And in what locations do we define these types of shops?)
- What evidence is there to show that they may be under threat and what are the main threats faced by small, local and independent retailers?
- What policies have been proposed to support small, local and independent retailers and what progress has been made in implementing them?
- What can the Mayor do through the planning system to support small, local and independent retailers?

Assembly Secretariat contacts

Paul Watling, Scrutiny Manager
020 7983 4393 paul.watling@london.gov.uk

Alexandra Beer, Assistant Scrutiny Manager
020 7983 4947 alexandra.beer@london.gov.uk

Dale Langford, Committee Officer
020 7983 4415 dale. langford@london.gov.uk

Dana Gavin, Communications Manager
020 7983 4603 dana.gavin@london.gov.uk

Michael Walker, Administrative Officer
020 7983 4525 michael.walker@london.gov.uk

Table of contents

Chair's foreword		9
Executive summary		11
List of recommendations		15
1	Introduction	17
2	The value of small shops and local shopping centres	19
3	Threats to small shops and local shopping centres	26
4	The definition and control of 'development'	35
5	Small shops and the local planning system	38
6	National planning policy	42
7	London Plan policies	49
8	'Shop local' and supporting local shopping areas	59
9	Conclusion	62
Appendix 1 Town and Country Planning (Use Classes) Order 1987		63
Appendix 2 Sample of London borough small shops planning policies		65
Appendix 3 List of contributors to the investigation		67
Appendix 4 Orders and translations		69
Appendix 5 Principles of scrutiny page		70
Endnotes		71

Chair's foreword

This report shows that small shops provide an invaluable service for local communities in London – easy convenient access to goods and services that are accessible by foot and needed on a day-to-day basis.

We heard evidence that small, independent shops can provide a hub for communities, providing local jobs, promoting local entrepreneurial activity and keeping money circulating in the local economy. We have also drawn on evidence suggesting that they can promote active travel, which makes for healthier and more sustainable communities.

This report builds on the work of the All Parliamentary Small Shops Group, who warned that small independent retailers may have completely disappeared from Britain's streets by 2015. Councillors, town centre managers and planning officers from London boroughs added to evidence from trade bodies about the difficulties small shops face, including an unsupportive planning system.

To survive and flourish small shops urgently need strong support from London's boroughs and Mayor, who in turn need greater powers and flexibility from the Government.

This report makes specific recommendations to the Mayor for his London Plan, which should ensure that small shops are made central to the new concept of 'lifetime neighbourhoods'. It also suggests ways in which the London Plan can provide more support to small shops, including requiring that London's boroughs make best use of their powers in their local planning frameworks.

The report also recommends that the Mayor should lobby the Government to give London's boroughs greater control and flexibility to support small shops through the planning system. The Mayor could play a further role by commissioning evidence to support boroughs in using other means to support small shops, such as 'shop local' reward schemes and campaigns.

Without action from boroughs, the Mayor and the Government, small shops in London may face a dim future. We Londoners, who walk to our local grocers or work in our local newsagents and use essential services in our local post offices, will be the ones to suffer their decline.

Jenny Jones AM

Chair of the Planning and Housing Committee for the small shops investigation

Executive summary

Londoners' shopping habits have changed dramatically since the 1960s. Then the 'corner shop' was the cornerstone of most peoples' shopping experience, and the trip to the local butchers or greengrocers was part of daily life. Now many of us are more likely to drive to the shopping centre or visit an increasingly 'cloned' high street that is dominated by a series of national and international chain stores.

The relentless expansion of the supermarket has prompted the dire warning that by 2015 the small independent retailer may have completely disappeared from our shopping streets, with newsagents, convenience stores, independent petrol stations and grocers the most likely candidates.

The focus of this report is London's 'local' centres, the smaller neighbourhood and local parades that provide convenient access to goods and services that are needed on a day-to-day basis, especially those that are accessible on foot, and also serve as a focus for a local neighbourhood.

The benefits of small shops and neighbourhood shopping areas are extensive and extend beyond the convenience of being able to buy food and access services within walking distance.

They provide a wider social and economic role and one that is central to a sustainable neighbourhood; over 50 per cent of the turnover of independent retailers goes back into the local community, compared to just 5 per cent from supermarkets. They also meet the needs of the disadvantaged, socially excluded and elderly, particularly those with a lack of mobility who cannot access more distant shops.

But despite these benefits, their existence is coming under sustained pressure - and the evidence documenting the decline of the small shop, independent retailer and the local neighbourhood shopping centre is clear.

London lost more than 7,000 individual or family-owned shops in the period 2001 to 2007. Crucially the number of store closures has been far greater in the smaller neighbourhood centres than any other location in both percentage and volume terms. Over the last ten years small shop numbers in these locations have fallen by more than 20 per cent.

Aside from the changes in shopping behaviour, the main threats to small shops come from the supermarkets and rising rents. There is also evidence to show that they are further disadvantaged by the workings of the valuation process and, as a result, pay far higher business rates per square metre than supermarkets.

Both the independent trader and the multiple chain operators have to exist within the planning system which, in part, is supposed to protect local services and amenities and reflect local priorities. But many local councillors have voiced frustrations that the planning system does not give them the ability to support the viability of the smaller shops that are needed for the wellbeing of their local communities.

It is evident from our investigation that it is lawful, and perfectly acceptable in planning terms, for local planning authorities to seek to protect and strengthen established shopping centres through specific planning policies. This legitimacy must be recognised and boroughs must be confident that they can act to protect their small shops.

A number of London boroughs are actively looking at measures to protect small shops through the planning system by defining some retail uses as 'essential services'. These might include a chemist, post office counter, grocer, baker, butcher, greengrocer and newsagent and they are further protected by policies that require some degree of proximity requirement for 'local access' to these essential services – normally within 'walking distance'.

Our report, following a six month investigation recommends that all boroughs ensure that they have policies to:

- Protect retail uses in neighbourhood parades within walking distance;
- Protect small retail units from adverse impacts from new retail development; and
- Reflect the need for local small shops to be easily accessible via a full range of sustainable modes of transport.

This will help to ensure their continued viability.

However, such policies on their own will not be enough to prevent a shift away from traditional 'retail' uses to new 'service' oriented

provision such as coffee shops, internet cafés, sandwich shops, or beauticians.

The current 'Use Class Order' permits the change of retail shops to non-retail uses - for example a butchers or greengrocers can be changed to a coffee shop or internet café without the need to apply for planning permission. Similarly two small shop units (which normally will have lower rents) can be amalgamated into a larger unit (and so become unaffordable) without the need for planning permission.

Our report recommends that the Mayor lobbies Government to amend the Use Classes Order to subdivide the existing A1 Class to separate essential 'retail' shop uses such as grocers, bakers, butchers, greengrocers and newsagents from other more 'service' based uses in order that planning permission is required to change between them. This amended Use Classes Order would give boroughs discretionary new powers to give greater protection to small shops that provide essential retail provision that is needed on a day-to-day basis.

It is possible that the recent national planning guidance (PPS4 Guidance - Planning for Sustainable Economic Growth) may also need to be reviewed once there is evidence of its effect on London's small shops. We believe the Mayor should commission an impact analysis of PPS4 on small shops and local shopping centres with a view to producing guidance to boroughs on implementing the sequential and impact tests. He should also lobby Government to review PPS4 as the current policy does not include a competition test as recommended by the Competition Commission.

The Mayor has expressed his support for protecting the high street by securing affordable retail units for small, independent shops by encouraging planners to use Section 106 contributions to secure affordable shop units in new developments. To that end the Draft Replacement London Plan now contains a small shops policy.

This is a welcome move but our report suggests ways in which the policy approach could be strengthened through Town Centre Supplementary Planning Guidance that might allow local authorities to create a dedicated 'town centre rejuvenation' fund from Section 106 contributions they receive from large retail developments. The purpose of the fund would be to enhance the quality of the local area

to make visiting local small shops a more attractive experience. The fund might be spent on removing litter or graffiti, street planting, repairing or replacing pavements or installing benches.

The Draft London Plan also introduces the concept of 'lifetime neighbourhoods', where access to public transport, basic amenities, local shops, and green and open spaces are within easy reach of homes. Our report sets out ways in which the Mayor can assist boroughs in developing their 'lifetime neighbourhoods' by providing specific advice and guidance.

It further recommends that the Mayor should ensure any future planning guidance on retail policy gives borough planning committees support in the London Plan to confront developments that would threaten the viability and diversity of small and local shopping centres.

Ultimately the fate of London's small shops rests with their ability to persuade Londoners to use them on a regular basis. Numerous schemes such as the 'wedge card', Brixton Pound, and 'shop local' campaigns have been trialled to promote the benefits of shopping locally – their aim is to encourage local spending and 'keep money local'.

Our report recommends that the Mayor should commission an impact analysis of these 'shop local' schemes and make available its findings to boroughs, local shop owners and communities to make future 'shop local' campaigns more effective.

There is scope for improvements in policy at all levels – national, London wide, the borough and local levels. If our suggestions can be recognised in the development of London Plan policy, it will go some way to helping support London's small shops and neighbourhood centres.

However, in the end, it is the responsibility for Londoners to reconnect with their local small shops and to recognise their value once again.

List of recommendations

Recommendation 1

London boroughs should ensure their Local Development Frameworks contain policies that:

- Apply specifically to supporting small shops and neighbourhood shopping centres.
- Identify them as 'key local services' or 'essential services' that are central to the concept of 'lifetime neighbourhoods'.
- Restrict change of use so as to protect shops within walking distance of residential areas (e.g. 400 metres).
- Protect small retail units from adverse impact from new retail development.
- Reflect the need for local small shops to be easily accessible via a full range of sustainable modes of transport in order to ensure their continued viability.

It is suggested that boroughs review policies to encourage the greater accessibility of small shops and investigate further policy initiatives, which might include the need to address short stay parking, bicycle parking, bike lanes, and improved walking routes, amongst others.

Recommendation 2

That during 2010 the Mayor lobbies Government to amend the Use Classes Order to subdivide the existing A1 Class to separate essential 'retail' shop uses such as grocers, bakers, butchers, greengrocers and newsagents from other more 'service' based uses in order that planning permission is required to change between them.

This amended Use Classes Order would give boroughs discretionary new powers to give greater protection to small shops that provide essential retail provision that is needed on a day-to-day basis.

Recommendation 3

By 2012 the Mayor should commission an impact analysis of PPS4 on small shops and local shopping centres from GLA Economics with a view to producing guidance to boroughs on implementing the sequential and impact tests.

The Mayor should also lobby Government to review PPS4 as the current policy does not include a competition test as recommended by the Competition Commission.

A competition test would require local authorities to assess planning applications for new grocery floor space over 1,000 square metres for

their impacts on competition, in consultation with the Office of Fair Trading.

Recommendation 4

The Mayor should, in the London Plan Policy 4.9 or through the forthcoming Town Centre Supplementary Planning Guidance, include guidance for local authorities to create a dedicated 'town centre rejuvenation' fund from Section 106 contributions they receive from large retail developments.

The fund could be managed by the local authority, but directed by a 'Board' of local business people, residents and community groups who decide what improvements they would like to see, provided the money went towards local centre rejuvenation.

The purpose of the fund would be to enhance the quality and attractiveness of the local area to make visiting local small shops a more attractive experience. The fund might be spent on removing litter or graffiti, street planting, repairing or replacing pavements, installing benches.

Recommendation 5

The Committee recommends the Mayor makes it explicit in the London Plan that boroughs should make use of policies 7.1 and 2.15 to support local neighbourhood shops and their role as essential parts of the 'lifetime neighbourhood'.

Recommendation 6

The Mayor should ensure any supplementary planning guidance on retail policy gives borough planning committees support in the London Plan to confront developments that would threaten the viability and diversity of small and local shopping centres.

Recommendation 7

By 2012 the Mayor should commission an impact analysis of existing 'shop local' schemes from GLA Economics and make available its findings to boroughs, local shop owners and communities to make future 'shop local' campaigns more effective.

1 Introduction

1.1 Shopping patterns in Britain have changed dramatically since the 1960s and most food shopping now takes place at the weekends or after the working day, much of it undertaken using a car. Food retailing especially has shifted from the local parade to the superstore with the result that there has been a dramatic reduction in the number of small and specialist local shops.

1.2 Prior to this the local shop was the cornerstone of the British shopping experience and shopping parades, with butchers, bakers and greengrocers all within walking distance, were a common and necessary fact of daily life.

1.3 Our review is prompted, in part, by an alarming warning in the All Parliamentary Small Shops Group report of 2006[1] that small independent retailers may have completely disappeared from Britain's streets by 2015, with newsagents, convenience stores, independent petrol stations and grocers the most likely candidates to be affected by the relentless expansion of the big four supermarkets.

1.4 Does this matter? Well, if you believe that a sustainable and 'lifetime' neighbourhood is one that provides convenient access to goods and services that are needed on a day-to-day basis, especially those that are accessible on foot, then the answer is yes.

1.5 Small shops are central to the concept of 'lifetime neighbourhoods' and provide an invaluable service for local communities and fulfil a variety of social and economic functions.

1.6 **A central theme of this review is to clarify what can be done through the planning system to support small, local and independent retailers. This reflects Assembly Members' and local councillors' frustrations that the planning system does not give local elected representatives the tools they need to be able to support the viability of neighbourhood shops that contribute so much to the wellbeing of local communities.**

1.7 In a manifesto commitment in 2008, the Mayor promised support for small shops through the planning system. He said "coordinated planning and other interventions may be required to retain facilities, such as corner shops or small parades… that provide an essential social function but are on the margins of economic viability.[2]"

1.8 The Mayor is now reviewing the London Plan and there is time to influence the policy process in support of small shops. The draft London Plan contains a policy (Policy 4.9) on small shops. This is a welcome starting point and advances previous policy positions, but our report sets out to do some further thinking about the reasons for the vulnerability of these community assets and how they can be supported.

1.9 As a consequence, this report looks at how the planning system, and other initiatives, can provide support for London's small shops and neighbourhood shopping areas. It seeks to identify the benefits of small, local and independent retailers to London; the evidence there is to show that they are under threat; the policies that have been proposed to support small shops; and what progress has been made in implementing them.

1.10 The report advocates that the London Plan should provide more effective tools for local authorities to use when trying to enhance the quality of life of their communities, particularly when trying to protect local shops from potentially damaging new retail proposals.

1.11 This report will support the Assembly's contribution to policy development as part of the London Plan review process. It makes recommendations to the Mayor and boroughs for changes to local policies but also suggests potential changes to national planning policy.

2 The value of small shops and local shopping centres

Local and neighbourhood shopping centres

2.1 National and London Plan policy define a hierarchy of shopping provision. Each level performs a different function according to the community and area it serves and the London Plan, in the main, spells out specific policies for the largest types of town centres[3].

2.2 The current London Plan recognises that the city has two shopping centres of international importance; 11 metropolitan centres; 35 major town centres and some 146 district shopping centres. But London also has more than 1,200 neighbourhood and local shopping centres made up of small parades and groups of shops[4].

2.3 **The focus of this report is those 'local' centres, the smaller neighbourhood and local parades that provide convenient access to goods and services that are needed on a day-to-day basis, especially those that are accessible on foot, and also serve as a focus for a local neighbourhood.**

2.4 Small shops and local neighbourhood shopping areas are valuable local resources that provide residents, particularly those without a car, with convenient access to goods and services that are needed on a day-to-day basis. This is particularly important in London where car ownership is much lower than in the rest of the country - about 40 percent of households do not own a car[5].

2.5 Many London boroughs have recognised the importance of ensuring people have access to local shops in neighbourhood centres. They have done this by stating that these centres, those closest to where people live, should contain 'essential shops' [6] such as a chemist, a post office counter, grocer, baker, butcher, greengrocer and a newsagent if they are to provide people with the opportunity to access the goods they need on a daily basis.

Definitions – small and independent shops

2.6 There are various interpretations of what constitutes a small shop and, in planning terms, there is no standard definition.

2.7 GLA Economics has suggested a small retailer is one that employs up to ten people[7] although there are other definitions.

2.8 Another common definition, using floor space, is less than 3,000 square feet (278 square metres) in size and has been also used by the GLA and the Competition Commission[8]. However, this threshold is also used to distinguish supermarkets from the smaller format convenience stores (especially Tesco Metro and Sainsbury's Local) which, as is argued later in this report, are not regarded as 'small shops'.

2.9 Research undertaken by the Royal Borough of Kensington and Chelsea suggests a working definition should be a lower floor space of less than 80 square metres and this is the definition used in this report[9].

2.10 In terms of what constitutes an 'independent' store the GLA and Experian Goad[10] use operators with nine units or fewer to distinguish them from 'chain stores'.

2.19 The retail sector also employs more ethnic minorities than the average for all industries in London, with ethnic minorities making up around 35 per cent of the retail workforce, compared to 20 per cent in the rest of the economy. Additionally, ethnic minorities make up around 42 per cent of the self-employed in retail; this is a very high level which contrasts with other sectors of the economy in which ethnic minorities are under represented, particularly in terms of self-employment[20].

2.20 The diversity and choice these shops provide are important for people's quality of life. Small specialist shops are essential to sustain the diversity, vibrancy and character of shopping areas[21] because 'death of diversity' undermines our sense of place and belonging[22].

2.21 The widely discussed New Economics Foundation report "Clone Town Britain – the loss of local identity on Britain's high streets" argued that the spread of chain stores is highly damaging to our shopping streets because of the removal of diversity, in particular the range of distinct types of shop.

2.22 Their report showed how the expansion of big stores has devastated small businesses. It estimated that nationally between 1997 and 2002 independent stores were closing at the rate of 1 per day, and specialist stores at the rate of 50 per week.

2.23 That report also discussed the issue of retaining identity (by resisting chain stores) so that an area is distinctive and recognisable as a unique place, and so encourages people to use local shops.

The sustainable transport role of neighbourhood shopping centres

2.24 The Mayor and boroughs are seeking to encourage more sustainable means of travel in London. One of the main mechanisms to do this is by switching short car journeys to walking, cycling or public transport. This also has a strong knock-on effect for health benefits.

2.25 The Mayor's Transport Strategy recognises that it is more sustainable and less costly for people to access goods and services which meet their needs locally. This saves journey time and reduces demand on the transport system. More specifically, local trips in London are predominantly made by walking and cycling if the distance is less than half a kilometre. "A challenge will therefore be to encourage further modal shift towards walking, cycling and the bus network for those short distance trips[23]".

2.26 Unless local shopping centres provide for basic local needs people will drive to larger shopping centres, making it very unlikely that boroughs and the Mayor will see the eventual shift they need from cars to lower carbon and healthier modes of transport.

2.27 The Mayor's new policy on 'lifetime neighbourhoods' (section 7 discusses this further), recognises the essential part that local shops play in ensuring that nobody has to use a car to meet any of their daily needs. It envisages a London where access to public transport, basic amenities, local shops, and open spaces are within easy reach of homes.

The changing face of London's small shopping parades

These small case studies illustrate changes to local centres over time, based on borough survey information. They show the trends towards the loss of local retail shops and their replacement with non-retail uses or chain stores. Appendix 1 details Use Classes such as A1 retail[24].

Glebe Avenue Parade, Ickenham, Hillingdon

This local parade is within a residential area. It has 14 shops. In 1995 five shops were in A1 retail use, two were cafes or takeaways and one shop was in another use. By 2009 only two shops were still in retail use with more than half the shops now services and 'other uses'.

Swakeley Road, Ickenham, Hillingdon

The shopping area is made up of 22 shops. To the north are a church, housing, residential care homes and sheltered housing. In 1995 17 of the shops were in retail use. By 2009 things had changed and the trend, like many others in London, showed a fall in retail provision and an increase in

chain stores. The parade had lost three shops; an independent grocer had been replaced with a supermarket chain and a butcher and baker had been lost. In their place are now a funeral director and a store for plumbing supplies with a pub and a chip shop further reducing the retail element of the parade.

Cromwell Road neighbourhood centre, Kensington and Chelsea

This local neighbourhood centre comprises a row of 19 shops and offices on the north side of Cromwell Road opposite Courtfield Gardens. Just outside this centre is a large Sainsbury's superstore and a Waitrose supermarket is in walking distance at Gloucester Road Station. Since the 1980s the quality and range of the retail offer has deteriorated. Whereas in the 1980s there was still a gift shop, travel agent, and an antiques shop among some office and restaurant uses, these have been replaced over the years by phone shops, internet cafes, more offices, or become vacant.

Shirland Road/Chippenham Road, Westminster

Between 1997 and 2007 the share of units in retail use fell from 50 per cent to 38 per cent; the percentage of service uses doubled to 10 per cent. Two convenience retailers have been lost since 1997 as well as a few restaurants and cafes. In their place a number of health services have established a presence in this centre (dentists and a GP surgery), adding to the rise in non-shop uses. Vacancy levels are around 16 per cent and remain almost twice as high as the borough average.

[Photos in final printed report of Ickenham centre – showing change between 1995 and 2009]

Conclusion

2.28 The benefits of small shops and neighbourhood shopping areas are extensive and extend beyond the convenience of being able to buy food and access services within walking distance. They provide a wider social and economic role and one that is central to a sustainable neighbourhood.

2.29 One of the key pillars of the London Plan, and one of the Mayor's six objectives, is to make a London for all Londoners where local neighbourhoods provide the opportunities for residents to access the opportunities and facilities they need for their daily lives.

2.30 There are some success stories as the awareness of the benefits of local shopping and increasing demand for it amongst Londoners is reflected in a small but growing number of specialist shops and local farmers, markets in London.

2.31 However, it is also clear that small shops have been steadily losing out to long term changes in our shopping behaviour and that while the focus of retail policy concentrates on the needs of the bigger retailers in new developments, planners and policy makers are at risk of neglecting the threats to these valuable local resources.

3 Threats to small shops and local shopping centres

3.1 Despite the perceived wide ranging benefits of local shops, their existence is coming under sustained pressure - and the evidence documenting the decline of the small shop, independent retailer and the local neighbourhood shopping centre is clear.

3.2 The 'structural' threats are compounded by the economic downturn; the worst effects on retailers are expected to hit in 2010 with over 5,000 shopkeepers in the UK predicted to go out of business[25].

3.3 Small independent retailers are forecast to be the most vulnerable[26] and there is evidence that those in London have performed less well in the recession than in other parts of the country[27]. London itself lost more than 7,000 individual or family-owned shops in the period 2001 to 2007[28].

3.4 A study commissioned by the GLA and published in June 2010 found that "the number of store closures has been far greater in the neighbourhood than any other location in both percentage and volume terms. Over the last ten years store numbers in [neighbourhood locations] have fallen by 20.1 per cent ... neighbourhood locations traditionally featured many independent retailers and growing competition from multiple retailers in the high street and out-of-town has forced many to close down"[29].

3.5 These trends have had the effect of diverting spending away from local shopping parades, which accounted for one in every five pounds spent on UK retail in 1995, but ten years later this had fallen to one pound in every six[30].

3.6 Some of the more specific threats to small shops and local shopping centres are described in detail below.

Changes in shopping behaviour

3.7 Shopping patterns have changed dramatically since the 1960s. Now most food shopping takes place at the weekends or after the working day, much of it using the car[31] or delivered by vans by the stores themselves.

3.8 Food retailing especially has shifted from the local parade to the superstore with the result that many specialist stores no longer exist. There is a trend for traditional A1 retailing[32] being replaced with service-based retailing (e.g. hairdressers, dry cleaners, rental shops, coffee and sandwich shops,

beauticians, and hot food takeaways) as market forces continue to respond to a 'cash-rich-time-poor culture'[33].

3.9 Many local authorities have tried to resist the loss of local retailing and its replacement with non-retail uses[34]. Convenience retail shops are needed throughout London so that all residents, especially people with restricted mobility or without the use of a car, can do their everyday shopping locally. Easily accessible convenience shops are essential for those without the use of a car and do not encourage reliance on car-based transport[35].

3.10 A further change in shopping behaviour affects the way people now access the banking system. With the closure of local bank branches – a result of growing online and telephone banking and the spread of automated cash machines – the premises occupied by former banks have been often taken over by betting shops. This change of use is permissible because, under planning law, they are both classified as offering financial services to visiting members of the public.

3.11 There are growing fears that this trend threatens the character of local shopping areas[36] and has led one London Borough (Hackney) to seek to control the spread of these facilities[37].

3.12 The impact of internet shopping has also obviously had an effect on local shopping with the increase of online purchases.

3.13 Aside from our changing shopping habits the London Chamber of Commerce found that the top two pressures cited by independent shops are competition from supermarkets (78 per cent) and rising rents (67 per cent)[38].

Competition from the supermarkets

3.14 Perhaps the most documented threat to small shops and neighbourhood shopping centres has been the dramatic rise of the supermarket. This rise has been swift and all encompassing.

3.15 In 1929 Jack Cohen opened his first Tesco store in Burnt Oak, Edgware[39]. In 1950 Sainsbury's Croydon store was the first to change to self-service, "bringing an end to queuing at

counters"[40]. In 1958, Marks and Spencer opened its first food self service store in Wood Green. It was, by all accounts, a great success and became a model for all their stores[41].

3.16 By 1961 there were 600 supermarkets in Britain compared to 80 three years before that[42] and the rise of the supermarket has been exponential. Between 2001 and 2006 the rate of new supermarket development was two a week.

3.17 The market share taken by the supermarkets is continuing to grow at the expense of smaller shops. In the grocery sector, despite a five per cent annual growth in the convenience market, independent convenience stores have seen a reduction in sales of five per cent annually[43].

3.18 The impact of competition is widespread. The supermarkets are not only competing with traditional grocery retailing, but they now offer goods and services such as clothing, kitchenware, books, insurance and medical services. Between 2007 and the start of 2010, the number of chemist outlets grew by nearly 20 per cent, but almost half this increase was attributable to openings of in-store units by the 'big four' supermarkets[44].

3.19 The combination of the convenience of being able to meet all shopping requirements under one roof, offered by supermarkets together with the fact that small shops have found it difficult to match the quality, value, marketing and extended opening times of supermarkets means that the big four supermarkets now account for three-quarters of the grocery market. Tesco's share alone represents nearly 31 per cent of this market[45] - one pound in every seven spent in UK retailers is spent in Tesco.

3.20 While there is justifiable concern about the impact of new supermarkets on local shopping areas, local planning committees have to balance a number of considerations. Supermarkets argue that their 'local' branches can act as an anchor tenant in a parade encouraging footfall that benefits other stores[46]. Ultimately, supermarkets believe that providing locals with easy access to products they want should be a

higher priority than ensuring that people use a number of smaller shops to experience variety.

3.21 Compared with smaller local shops, supermarkets appear to have convinced shoppers that they can provide a greater variety of goods at cheaper prices. The fact that the big four supermarkets account for nearly 75 per cent of the grocery market, could suggest that consumers support this view.

Small format supermarkets

3.22 Supermarkets are not confined to London's town centres or out of town retail parks. Expansion of the big supermarkets into the 'convenience store' sector means they now form part most local neighbourhoods in London.

3.23 Tesco Express stores are neighbourhood convenience shops, stocking mainly food with an emphasis on higher-margin products alongside everyday essentials. They are found in city centre districts, small shopping precincts in residential areas, suburban towns and petrol station forecourts. The 1,000th Tesco Express site opened in July 2009[47].

3.24 In 1998, Sainsbury piloted its new, small-size 'Sainsbury's Local' format in Hammersmith's Fulham Palace Road[48]. Sainsbury's Local stores are between 2,000 sq ft and 6,000 sq ft in size, carrying a top-up shop and 'grab-and-go' offer. In November 2008 Sainsbury's announced that 50 convenience stores would open in the 2009/10 financial year, with a further 100 the following year.

3.25 The move into small format stores in local neighbourhoods, together with extended opening hours, has seen small retailers lose much of their previous comparative advantage in terms of location and opening hours[49].

Rates, rent rises and leases

3.26 For the average small business, business rates are their third largest overhead, after rent and wages[50].

3.27 In comparison to other types of small businesses, small shops suffer disproportionately from National Non Domestic Rates (Business Rates) because shops generally have much higher rates than other business properties. This threatens the

economic viability of smaller shops where the rates can easily be the equivalent of the cost of a member of staff. This problem is more pronounced in London because property prices are higher[51].

3.28 Work done by the Royal Borough of Kensington and Chelsea suggests that small shops are also disadvantaged by the workings of the valuation process and indeed pay far higher rates per square metre than supermarkets[52].

The valuation process, business rates and the effect on small shops – Evidence from the Royal Borough of Kensington and Chelsea

Valuations are based on known shop rents for each street, and rents are reviewed for individual stretches of a road because they can vary significantly along a street. Assessments for individual shops are based on dividing the net internal area (excluding service accommodation like toilets and associated lobbies) into 6.1 metre zones. The front part, nearest the window, is zone A and has the highest valuation; the next zone B is lower; and the zones continue until the entire depth of the retail area is allocated to a zone. This assessment method assumes that the most valuable part of the shop is the window and will result in higher valuations for corner shops that have windows on two sides and lower valuations for deep, narrow units.

Unlike shops, superstores are assessed on gross internal area (the whole enclosed area of the building). Superstores are assessed on known rents for other comparably sized and located superstores throughout the London boroughs. This region-wide approach to valuation is taken because there is less rental evidence for superstores as many are held freehold.

It is difficult to make comparisons between the valuations for superstores and other shops, given that the assessments are based on gross internal area (superstores) and net internal area (shops), and the overall size of the superstores is vastly different to small shops. In assessing the rateable value for business rates, it is assumed that the shop, whether a superstore or a small shop, is vacant and to let. It is fair to say that there would be many more tenants for a small shop than a store the size of Tesco. They are in effect two separate markets.

However, the limited investigation we undertook around Portobello Road shows that **small shops in Portobello Road have rateable values per square metre in the range £324 - £955, antiques arcades £499-£795,**

the one large store £159 and Tesco £170. This suggests that the valuation for Tesco is in line with the only other comparably sized store in the street (despite the different assessment method).

From our perspective the current superstore assessment system may be appropriate for out of town superstores but now that supermarkets are concentrating on expanding in town centres a more transparent, comparable system is required. Similarly, a system that puts a premium on shop windows looks outdated when shops have to compete with supermarkets that are designed to maximise sales per square metre across the entire shop floor.

3.29 The 2010 rates revaluation has led to big bill increases for many retailers (London had the highest increase in the country at 32 per cent)[53] and the thresholds for relief are generally too low to assist London retailers.

3.30 Compounding this problem, if a centre becomes more successful as a result of entry into the neighbourhood by the supermarkets, rents rise and small shops can be priced out. Property prices have risen faster than sales growth - and often rents increase to levels which small independent retailers are unable to afford[54].

3.31 Small shops may also face greater problems in dealing with leases on their premises[55]. A significant number of new businesses do not survive for the term of a lease but can find it difficult to assign or sublet an unwanted lease due to restrictions on assignment and subletting[56].

Local environmental factors

3.32 Unfortunately, many of London's smaller neighbourhood shopping centres sit amid a poor physical environment that does not encourage customers. One of the principal factors in encouraging footfall is the existence of a safe, attractive environment in which to shop[57] and the quality of the local shopping environment has a substantial impact on the perceptions of potential users of neighbourhood shopping areas. Improving the quality of the retail environment should be a local authority policy priority[58].

3.33 A number of boroughs have attempted to address the issue of poor shopping environments through policies such as grants and loans in identified parades to improve the appearance of shop fronts[59], funding town centre managers to co-ordinate environmental and community safety measures,[60] street furniture, planting and other public realm investments[61] or to improve the communication of advice[62]. Ways in which these approaches can be better integrated into London Plan policies and extended from the larger town centres to neighbourhood ones are discussed further in chapter 7 below.

Parking policy

3.34 The issue of parking policy, and in particular the lack of free local parking, was inevitably cited as one of the threats to small shops[63]. "One of the biggest problems facing the remaining small neighbourhood shops is the availability of car parking as we need to serve more than those customers who live around the corner[64]".

3.35 In relation to neighbourhood shopping areas this may be seen, in part, as a 'chicken and egg' situation. Our focus is those local shops that are accessible on a daily basis on foot; however, as these may have closed, people are forced to travel further, often by car, to use the surviving shops. Hence, for some of these shops the availability of customer parking may be an issue and this may be a factor affecting Outer London in particular if it is less well served by public transport.

3.36 In 2005 the Assembly's Transport Committee examined the impact of parking controls on businesses in London in its report "Parking enforcement in London". That report found that business fully accepts that there is a need for parking controls in London and parking restrictions can help to reduce congestion. These controls can also assist businesses by ensuring that there is delivery space available and providing a turnover of parking spaces for customers[65].

3.37 There are good reasons why control needs to vary from place to place. It is unlikely that constant hours of operating are appropriate across London and many calls for controls come from specific local demands to meet particular local needs.

3.38 Boroughs therefore have different approaches to parking controls and these are constantly evolving as a result of changing circumstances; for example the London borough of Croydon has recently introduced a policy of allowing the first 30 minutes of parking free in the borough's district centres.

3.39 One of the "Parking enforcement in London" recommendations was that there should be regular reviews on the need for short stay parking in shopping areas and studies should be carried out, both before and after the introduction of controls in shopping areas, to assess the impact of schemes on local business[66].

3.40 The report also noted that "unlike most law enforcement, elected councillors are directly responsible for the policies towards enforcement in their authority. In its own right this provides better safeguards against excesses than might occur elsewhere. It also ensures that there is a proper feedback from voters to the council on policies".

3.41 Consideration of local needs should remain the primary driver for instituting parking controls. In this particular aspect it is right and proper that local authorities decide what is right for their own particular areas in terms of parking policy in relation to the impact on local shopping areas.

Conclusion

3.42 In the past decade the number of small shops in London's local neighbourhoods has fallen by 20 per cent[67]. Much of this decline has been as a direct result of competition from the supermarkets and their recent expansion into the convenience sector. Competition is further hindered by the system of rents and rates that seem to disadvantage them disproportionately compared with the supermarkets and so affects their ability to adapt to competition.

3.43 Both the independent trader and the multiple chain operators have to exist within the planning system which, in part, is supposed to protect local services and amenities and reflect local priorities. But many local councillors have voiced frustrations that the planning system does not give them the

ability to support the viability of the smaller shops that are needed for the wellbeing of their local communities.

3.44 The remainder of this report looks at what can be done through the planning system to support small shops and neighbourhood centres.

4 The definition and control of 'development'

4.1 As set out in the introduction to this report, the central theme of this review was to explore what can be done through the planning system to support small, local and independent retailers in London's neighbourhoods.

4.2 In order to understand how we can improve things through planning policy it is necessary to explain some of the basic functions of the planning system and in particular how it defines and classifies the 'development' it seeks to control.

4.3 The UK planning system helps to ensure that development the country needs, for example, new homes, businesses, offices and schools, is provided, while at the same time protecting and enhancing the environment[68].

4.4 Under this country's 'plan led' system a local authority sets out its policies and proposals for the development and use of land and buildings through a series of Development Plan Documents that outline the key development goals.

4.5 The primary way the system implements these policies is through the control of development, and in most cases 'development' means new buildings or changing the use of any building to a degree that makes a material difference to the way a building is used[69].

4.6 The Town and Country Planning (Use Classes) Order 1987 puts uses of land and buildings into various categories. The full Use Classes Order is set out in Appendix 1.

4.7 **Planning permission is not needed for changes of use of buildings within the same use class but changes between classes generally require planning permission**.

4.8 The Order is divided into four parts which are further sub-divided into different Use Classes:

- Part A deals with high street, retail and service outlets;
- Part B deals with offices and industrial uses;
- Part C deals with residential uses; and
- Part D deals with non-residential uses.

4.9 Part A is further sub-divided into five Use classes:

- A1 Shops
- A2 Financial and professional services
- A3 Restaurants and cafés

- A4 Drinking establishments
- A5 Hot food takeaways.

4.10 The Use Classes specify the particular uses within that class. So, A1 - Shops includes: shops, retail warehouses, hairdressers, undertakers, travel and ticket agencies, post offices, pet shops, sandwich bars, showrooms, domestic hire shops, dry cleaners, funeral directors and internet cafes.

4.11 A2 - Financial and professional services includes: financial services such as banks and building societies, professional services (but not health and medical services), estate and employment agencies and betting offices.

4.12 A3 - Restaurants and cafés includes: premises for the sale of food and drink for consumption on the premises such as restaurants, snack bars and cafes.

4.13 Changes between different types of uses of buildings generally require planning permission. Those changes recognised as 'development' are set out in the Town and Country (Use Classes) Order 1987 (see Appendix 1). In planning terms a change of use is not recognised as development where the former and new use is in the same Use Class.

4.14 Class A1 (shops) is distinct from other classes (e.g. A2 Financial and professional services; A3 Restaurants and Cafes; A5 Hot Food Takeaway). Boroughs can therefore adopt policies that control what permission is given in place of A1 uses – or to refuse permission to change use if A1 is deemed a priority in that area.

4.15 A proposal to change the use of a building from a retail shop, such as a greengrocer, to an internet café would be permissible, and therefore **would not** require planning permission as it is in the same use class (A1). However a proposal to change a building from a use as a baker (retail shop class A1) into an estate agent (financial and professional service class A2) **would** require planning permission, as the two uses are in different classes.

4.16 Local A1 shops also face pressures to change to non-A1 retail uses such as A2 (professional and financial services) and A3 (cafes and restaurants). Moreover, in cases where a change of use has taken place contrary to planning policy, local authority enforcement action has mixed success; this illustrates the difficulties in controlling uses[70].

4.17 The way that national planning legislation permits how buildings are put to different uses and the degree to which these are subject to control through local planning policies are examined in the next sections.

5 Small shops and the local planning system

5.1 A key issue in this investigation is to review the role that the planning system can play in ensuring that there is easy access to local 'retail' shops; for example a chemist, post office counter, grocer, baker, butcher, greengrocer and newsagent. The former are 'retail' uses as opposed to 'service' uses such as internet cafes, sandwich and coffee shops and provide essential goods that are needed on a daily basis, particularly for those who are less physically mobile or do not have access to a car.

5.2 The public often assumes planners have the power to control the precise mix of shop units and to protect small shops. If that were so the simple position would be for local authorities to refuse permission for any new development that would threaten the viability of existing small shops and local shopping parades.

5.3 However, and crucially, it is not the role of the planning system to restrict competition, preserve existing commercial interests or to prevent innovation[71].

5.4 The Committee's inquiry has found that a number of London boroughs are actively looking at measures to protect small shops through the planning system and wider local authority powers.

5.5 A number of boroughs have developed different policy approaches that include some or all of the following (Appendix 2 provides links to the details of the relevant policies of some London boroughs):

- Policies identifying lower level retail areas – parades and corner shops;
- Definition of retail uses as 'essential services';
- Definition of proximity to provide 'local access' to essential services;
- Requirement for A1 to form a certain percentage of the parades;
- Preferential non-A1 uses (i.e. doctor/community use);
- Permitted changes in circumstances of long term vacancy.

5.6 Some boroughs, for example Hackney, Greenwich and Kingston, have tried to ensure a good spread of retail in their

Unitary Development Plans and have designated some types of shops with 'key local service' or 'essential service' status that must be within a certain distance of residential areas (e.g. 400 metres) which restricts change of use.

5.7 Some examples of the policy approaches of these and other London boroughs, are set out below:

- **Hillingdon's** planning policies seek to ensure that all residential areas are within half a mile of at least five essential shop uses[72]. Residential areas which are not within 800 metres of at least five essential shop uses are defined as being deficient in essential shop uses. The plan seeks to protect vulnerable parades and corner shops that have a particularly important role for the local community and to provide opportunities for the establishment of new essential shop uses in Class A1 premises[73].

- **Kensington and Chelsea** is looking at wider issues that go beyond the scope of planning, including rental levels and other business charges. The Royal Borough's proposed Core Strategy includes a series of policies under the heading 'Keeping Life Local' that are designed to enhance neighbourhood centres and ensure that all residents can meet their day-to-day needs locally[74].

- **Greenwich** is considering proposals for neighbourhood parades and freestanding neighbourhood shops where the Council will seek to safeguard existing A1 retail uses and the provision of a minimum range of essential local facilities including a general grocer, newsagent, post office, chemist, doctor and dentist. Change of use in any such facility will be opposed if it would result in the loss without replacement of a valued local service, or its loss would place the surrounding area more than 400 metres from the nearest alternative[75].

- **Hammersmith and Fulham's** policies state that corner shops are important for meeting local needs and will be protected for continued retail use (A1 Class). Changes of use from retail use will not be permitted where there is a shortage of alternative shopping (where town centres, key local shopping centres and protected parades and clusters are not within 300 metres)[76].

5.8 These policies seek to protect vulnerable parades and corner shops from changes of use away from non retail shop uses, and to provide opportunities for the establishment of new essential shop uses in Class A1. However, such policies do not seem to be sufficient to prevent a shift away from traditional A1 shops to new service oriented provision such as coffee shops, sandwich shops, or beauticians.

5.9 The Committee heard that local authorities would welcome additional policy support to provide backing for decisions to protect existing local shopping centres if this is deemed a local priority

Legitimacy of policies to protect established shopping centres

5.10 Despite these welcome local planning policies, the Committee heard that in some cases where local shopping has been deemed to be worth supporting, existing policies may not be always applied consistently because of confusion about how far local authorities can go in protecting existing shopping areas. The following is one example brought to the Committee's attention.

5.11 In Newington Green, north London, two applications were made within 400 metres of each other on almost identical sites of former petrol stations, for residential developments with retail spaces on the ground floor. The area around the Green is a valued neighbourhood shopping area with a wide range of small independent shops. One of these applications was granted, the other refused by a Planning Inspector at an appeal for having a negative impact on the existing local shopping centre.

5.12 In both cases, the size of the proposed new unit was key to the decision, because in the view of the Inspector the larger proposed shop unit would be likely to be operated by a national chain, which would cause a bigger impact. The Inspector confirmed that concern about the future of existing shops is an important issue because of the need to protect the vitality and viability of the area.

5.13 The Inspector was of the opinion that "***It is legitimate for the local planning authority to seek to protect and strengthen established shopping centres****.... The introduction of a further shop unit away from the main shopping frontages around the Green would undermine that objective*[77]".

5.14 Our first recommendation therefore encourages boroughs to stipulate that there should be policies to protect retail uses in neighbourhood parades within walking distance (for example within walking distance anywhere in the borough as do Camden and Lewisham).

Recommendation 1
London boroughs should ensure their Local Development Frameworks contain policies that:

- Apply specifically to supporting small shops and neighbourhood shopping centres.
- Identify them as 'key local services' or 'essential services' that are central to the concept of 'lifetime neighbourhoods'.
- Restrict change of use so as to protect shops within walking distance of residential areas (e.g. 400 metres).
- Protect small retail units from adverse impact from new retail development.
- Reflect the need for local small shops to be easily accessible via a full range of sustainable modes of transport in order to ensure their continued viability.

It is suggested that boroughs review policies to encourage the greater accessibility of small shops and investigate further policy initiatives, which might include the need to address short stay parking, bicycle parking, bike lanes, and improved walking routes, amongst others.

5.15 A degree of monitoring will be required and boroughs should also ensure that 'health checks' on neighbourhood centres are conducted as they are for major and district level centres for the ability to make early 'interventions' to support them.

6 National planning policy

6.1 London boroughs have tried with various planning policy approaches to ensure there is good local access to a range of local shops. They can control this where planning permission is necessary to change the use of premises, however national planning policy permits some changes of use, or other changes to retail premises, without shop owners needing to apply for permission.

6.2 In these circumstances boroughs are powerless to prevent the loss of local shops providing essential services, and so an examination of the impact of national planning policy is required.

6.3 As set out in sections 4 and 5 above, the Town and Country Planning Acts deem any change of use to be development requiring planning permission. The Use Classes Order defines exceptions to this by defining broad classes of use for buildings or other land and provides that a change of use is not 'development' where the former use and the new use are both within the same Use Class.

6.4 The Use Classes Order can be used to provide some control over the mix of activities in a town centre or local shopping parade and also the mix of retail uses (A1-A5). This is normally achieved through the application of development plan policies designed to protect the vibrancy and vitality of shopping centres.

6.5 However the Order does not distinguish between the many types of A1 shop units and takes no account of their ownership or leasing arrangements. It cannot control the mix of A1 shop units or the balance between independent shops and chain stores.

Potential amendments to the Use Classes Order

6.6 In planning law terms the Town and Country Planning (Use Classes) Order 1987 is a Statutory Instrument which revoked and replaced a previous 1972 Order. The 1987 order has been through several revisions itself, in 1991, 1992, 2005, 2006 and 2010 (the last three revisions apply to England only).

6.7 These amendments reflect the changing nature of business types and activities that have existed since the concept of the 'use class' was established in 1944[78]. During this time little used industrial processes such as 'blood boiling', 'grinding or steaming bones' and 'maggot breeding', which appeared in the 1972 Order, have been discarded. The 1987 amendment also specifically excluded mention of 'tripe shops' and 'cats-meat shops' from the new shops class A1[79].

6.8 New uses that have been included as part of the historical development of the Use Class Order are betting shops, hot food takeaways, wine bars, secure residential institutions and houses in multiple occupation. The Committee agrees with many contributors to our inquiry[80] that it is time to revise the Order again to reflect the growing confusion between retail and non-retail uses and to help protect the essential uses needed for sustainable local neighbourhoods.

6.9 The loss of retail shops to non-retail uses that do not require planning permission (for example a butchers or greengrocers can be changed to a coffee shop or internet café) and the loss of small shop units (that have lower rents) through amalgamation into larger are two processes central to this report.

6.10 In most cases these do not require planning permission and so the local authority has no control over changes. An amendment to the Use Classes Order would close these loopholes and give discretionary powers to local authorities to control these changes – protecting small retail shops - **should they think it was appropriate** to protect a neighbourhood shopping area. Such a measure would undoubtedly strengthen local democratic control over the environment.

6.11 The Royal Borough of Kensington and Chelsea (RBKC) believes that until the Use Class Order is amended again authorities will be powerless to prevent the loss of small shops. It has identified changes to the planning system that would help to protect small shops:

- Change the Use Classes Order to create a new class for coffee shops and internet cafes separate from A1 retail. Currently there is an anomaly in that coffee shops where

most of sales are taken away and internet cafes are defined as A1 shops and consequently planning permission for change of use from a retail shop (greengrocers, butchers etc.) to a coffee shop is not required, although permission would be required for change to a restaurant or a cafe[81]. Paragraph 6.15 details a further change.

6.12 The London borough of Redbridge is also thinking along similar lines but by using the Sustainable Communities Act. The borough is proposing measures to improve the influence that the planning system has on the retail mix of town centres to enable it to identify the number of coffee shops and takeaway food shops currently operating as Use Class A1 establishments[82].

Size of units

6.13 Planning policies can be used to control changes to the size of existing shop units and the mix of unit sizes in new developments. This can have an indirect effect on the mix of independent and multiple stores as there is a tendency for independent shopkeepers to occupy smaller units and for multiple chains to occupy larger units.

6.14 Although local shops are often protected within local shopping centres, authorities have limited control over their amalgamation (i.e. converting two shops into one) where planning permission is not required, and which often accompanies a change of shop type away from a local shop[83].

6.15 The RBKC also believes that until the Use Class Order is amended to differentiate between small and large shops, local authorities will remain powerless to prevent the loss of small shops through amalgamation into larger premises. It has also proposed a further amendment to deal with this situation:

- Change the Use Classes Order to create a new use class for small shops (less than 80 square metres so planning permission would be required to amalgamate small units into larger ones, but not to divide a large unit into smaller ones[84].

6.16 The borough has written to other London councils to ask for their support to put forward a new London Local Authorities

Bill to grant these powers to boroughs and it is clear that nearly a third of London councils want to actively protect and encourage the provision of local shops through the assistance of a change in national planning policy, specifically the Use Classes Order[85]. A discretionary power would enable them to control, should they wish, the growth of non-retail uses in local shopping areas.

6.17 We call on other boroughs to support the RBKC proposals, and further recommend that the Use Class Order be amended to separate essential 'retail' shop uses such as grocers, bakers, butchers, greengrocers and newsagents from other more 'service' based uses in order that planning permission is required to change between them.

6.18 Yet more assistance could be provided if there were provisions in the London Plan that recognised the importance of small shops as a genuinely strategic planning issue and supported policies that could mitigate against any negative impact on these services.

Recommendation 2
That during 2010 the Mayor lobbies Government to amend the Use Classes Order to subdivide the existing A1 Class to separate essential 'retail' shop uses such as grocers, bakers, butchers, greengrocers and newsagents from other more 'service' based uses in order that planning permission is required to change between them.

This amended Use Classes Order would give boroughs discretionary new powers to give greater protection to small shops that provide essential retail provision that is needed on a day-to-day basis.

Planning Policy Statements

6.19 In December 2009 the Labour Government published PPS4 Guidance (Planning for Sustainable Economic Growth). It draws together a number of existing planning policies into a streamlined document and contains some policies that apply to town centres, including local centres, that might contain a range of small shops of a local nature serving a small catchment area.

6.20 PPS4 says that, typically, local centres might include, amongst other shops, a small supermarket, a newsagent, a sub-post office and a pharmacy. Other facilities could include a hot-food takeaway and launderette.

6.21 The revised guidelines retain the 'sequential test'[86] for planners that require retail, leisure and offices to be developed in town centres ahead of out-of-town sites. However, PPS4 also features a 'tougher' impact test[87]. This will replace the needs test - the requirement for developers to demonstrate a 'need' for a new retail development as part of the planning application process.

6.22 The Association of Convenience Stores has said PPS4 is 'ambitious, contradictory and highly subjective', that the removal of the needs test was a "huge error" and that "Ministers have a long way to go to convince us that the new policy will be effective in preventing the highly resourced and determined supermarkets from imposing unwanted new developments on communities[88]".

6.23 Others believe that "the removal of the needs test will open the floodgates for more superstore development…. It is always the small independent retailer or the small chains that suffer[89]".

6.24 It is too early to say whether the new PPS4 will be used by boroughs to support a strong local retail mix so that the range and quality of the comparison and convenience retail offer meets the requirements of the local catchment area[90]. However, it does explicitly recognise the fact that smaller shops can significantly enhance the character and vibrancy of a centre and seeks to support important small uses in local centres.

6.25 The Mayor has an interest in the role that these small shops play in London's wider economy. GLA Economics[91] provides expert advice and analysis on London's economy and the economic issues facing the capital. Data and analysis from GLA Economics form a basis for the policy and investment decisions facing the Mayor and, as such it would be relevant

for the Mayor to commission a study of the impact of PPS4 on London's small shops.

Recommendation 3

By 2012 the Mayor should commission an impact analysis of PPS4 on small shops and local shopping centres from GLA Economics with a view to producing guidance to boroughs on implementing the sequential and impact tests.

The Mayor should also lobby Government to review PPS4 as the current policy does not include a competition test as recommended by the Competition Commission.

A competition test would require local authorities to assess planning applications for new grocery floor space over 1,000 square metres for their impacts on competition, in consultation with the Office of Fair Trading.

A note on forthcoming changes to Government planning policy

6.26 On 25 May 2010, the Queen's Speech outlined the Government's policies and proposed legislative programme for the new parliamentary session. It contained an announcement that "a Bill will be introduced to devolve greater powers to councils and neighbourhoods and give local communities control over housing and planning decisions".

6.27 This builds on an earlier published commitment[92] to "radically reform the planning system to give neighbourhoods far more ability to determine the shape of the places in which their inhabitants live, based on the principles set out in the Conservative Party publication *"Open Source Planning"*[93]".

6.28 In that document there is a proposal to amend the Use Classes Order 'so that people can use land and buildings for any purpose allowed in the local plan'.

6.29 More specifically it states "We will amend the Use Classes Order so that people can freely (i.e. without planning permission) change the use of buildings within a range allowed by the local community in its local plan. We will retain the

current categorisation of uses (and start with an explicit assumption that all current approved existing uses are legitimate), but allow councils to specify in their local plans the kinds of use they are content to permit for the buildings and land in each given part of their area".

6.30 The overall objective seems to be "to allow councils to retain control over changes of use when this is deemed to be socially or environmentally necessary and will mean that developers are not able to force through development such as inappropriate conversions where these are not in the interests of the local community".

6.31 In relation to planning policy support for small shops and local centres both the Committee's proposals and early Government thinking seem to be in tune with one another. **Whether the Use Class Order is amended to sub-divide the existing A1 Class, as we suggest, or relaxed to allow local authorities to specify preferred uses within their local plans, the Committee believes it is vital that small shops are given encouragement and more protection through the planning system.**

6.32 Beyond planning policy there is an expectation that measures will be developed that seek to protect small shops by giving neighbourhoods "a right to take over and run vital commercially-owned community assets when they shut down – for example, those post offices, pubs and shops whose continued survival is of genuine importance to the local community[94]".

6.33 There is now an opportunity to influence this debate in relation to small shops planning policy at the highest level. **Our report recommends the amendment of the Use Classes as a way of supporting the Government's overall policy objective of using the planning system to support and protect small shops in the interests of the local community. This recommendation (recommendation 3) will contribute to that debate.**

7 London Plan policies

7.1 The London Plan – London's Spatial Development Strategy – is perhaps the most important policy document that the Mayor is required to produce. It sets out an economic, environmental, transport and social framework for the development of London over the next 20-25 years and provides the strategic, London-wide context within which boroughs must set their planning policies.

7.2 Launching his review of the London Plan, the Mayor expressed his support for protecting the high street by securing affordable retail units for small, independent shops and encouraging planners to use Section 106 contributions (or planning obligations)[95] to secure affordable units for small shops.

7.3 *"Our small shops add real character and diversity to the capital's high streets but they are finding themselves squeezed out by competition from supermarkets and rising unsustainable rents.*

7.4 *My proposals aim to help reverse this trend, offering small retailers the opportunity to make a success of their enterprise both by making more suitable premises available and taking steps to level the playing field by securing affordable rents"*[96].

7.5 On 12 October 2009, the Mayor published the latest version of the draft London Plan for public consultation which contains a policy (Policy 4.9) on small shops.

Draft Replacement London Plan Policy 4.9

A Planning decisions

In considering proposals for large retail developments, the Mayor will seek contributions through planning obligations where appropriate, feasible and viable, to support the provision of affordable shop units suitable for small or independent retailers.

B LDF preparation

In LDFs, Boroughs should develop local policies where appropriate to support the provision of small shop units.

7.6 The Plan states that "Coordinated planning and other interventions may be required to retain facilities, such as corner shops or small parades (such as those in housing estates) that provide an essential social function but are on the margins of economic viability[97]".

7.7 Including this issue in the London Plan secures recognition that the cumulative impact of shop closures across London and the effect on the viability of local centres is genuinely a strategic planning issue and one that must be recognised by all local authorities.

Is this policy sufficient?

7.8 Planning obligations or 'Section 106 agreements' are used to mitigate potentially negative impacts of development or to compensate for loss or damage caused by a development[98].

7.9 Policy 4.9, as it stands currently, would enable boroughs to seek Section 106 contributions to provide small shop units in proposed large new retail centres[99]. However, this only deals with part of the problem (the availability of affordable units for small shops) and would do so only for new retail developments that are most likely to be in existing town centres.

7.10 Specifically, the policy appears to apply only to contributions in large new retail developments over 2,500 square metres. There are very few applications in London for developments of this size and therefore the opportunities for supporting the provision of affordable shop units suitable for small or independent retailers would be limited.

7.11 The Mayor needs to explore the potential for this policy to apply to new retail, or mixed development, proposals that are smaller than 2,500 square metres if boroughs believe there will be a negative impact on existing local and neighbourhood shopping areas.

7.12 Another consideration is the reference to 'contributions' in the draft policy. This is an important point given the strict guidance provided on how Section 106 can be used, the limitations on the types of Section 106 agreements that can be negotiated and what can be included in them. The Secretary

of State's guidance sets out that a Section 106 agreement can only be sought where it meets a number of tests including that "it must be directly related to the development[100]".

7.13 While the Mayor's policy would allow new affordable units to be provided in large new developments, the strict guidance on how Section 106 contributions can be used may restrict the ability of local authorities to mitigate the impact of large new developments on small shops outside the immediate area.

7.14 The lack of affordable shop units is only one of the threats facing small shops (the other threats have been outlined in section 3 of this report). But there are other factors that need to be addressed and this requires the scope of Policy 4.9 (and other approaches) to be broadened to meet the range of challenges identified.

7.15 One approach could use the analogy of 'off site' provision of affordable housing where it is permissible to mitigate the effects of a development outside the immediate area if that development has a wider effect, so in this case for example where a new retail centre will adversely affect small local centres. Therefore the effects should be mitigated by securing Section 106 funds to support small shops.

7.16 The Committee believes there should be a debate on clarifying the circumstances in which contributions are provided under Section 106. Should they be onsite or offsite affordable shop units? Would financial contributions to mitigate the effects of new large retail developments be more appropriate?

7.17 There are numerous potential alternative ways that Section 106 contributions from large new retail developments could support small shops and local shopping centres since, whilst there is a shortage of affordable units for small shops in some places, in others there is an overprovision and as a consequence some remain empty and unused. Part of the reason for small units being underused in these locations is because there is not the footfall or customer base to make a small business viable.

7.18 Small shops are often unlikely to be able to compete on price, therefore it is especially important for them to be able to offer a pleasant shopping experience to local consumers.

7.19 Many local high streets and shopping parades are in a poor state of repair and may well suffer from problems of litter, graffiti, anti-social behaviour, unattractive street scenes and so on. These issues mean that for shoppers visiting a run-down local high street to buy something from a small retailer is a far less attractive prospect than visiting a newly developed well-maintained, large shopping mall and purchasing goods from a chain store or supermarket.

7.20 The viability of small shops could be aided by improving local high streets and shopping parades, particularly in or near town centres. Local high streets could be improved by a range of environmental enhancements.

7.21 The maintenance of local high streets is already the responsibility of local authorities, however it might well be possible to support many authorities to increase their efforts still further and they would be more likely to improve local high streets if they had additional dedicated resources to draw upon[101].

7.22 While most local authorities already insist that housing developers contribute to the provision of affordable housing through Section 106 funding, the same standardised use of Section 106 is not derived from retail developments for assistance to small shops.

7.23 The Mayor could, in the London Plan or through the forthcoming Town Centre Supplementary Planning Guidance, include guidance for local authorities to create a dedicated 'town centre rejuvenation' fund from Section 106 contributions they receive from large retail developments. Potential uses of this fund could cover a range of environmental improvements and other supportive measures as outlined in paragraph 3.33 above.

7.24 Such funds could be administratively managed by the local authority, but directed by a 'Board' of local business people,

residents, community groups and other relevant stakeholders who decide what improvements they would like to see, provided the money went towards neighbourhood shopping area rejuvenation.

7.25 These funds would help ensure that local choice was provided to residents of a community within town centres and that people had a diversity of options when considering which retailer to purchase goods from.

7.26 Recommendation 4 therefore strengthens the ability of local authorities to mitigate the likely impact of new retail centres over a much wider area and would help protect small shops in neighbourhoods outside of the new development by funding improvements or projects that would directly benefit small shops in neighbourhood shopping areas.

Recommendation 4
The Mayor should, in the London Plan Policy 4.9 or through the forthcoming Town Centre Supplementary Planning Guidance, include guidance for local authorities to create a dedicated 'town centre rejuvenation' fund from Section 106 contributions they receive from large retail developments.

The fund could be managed by the local authority, but directed by a 'Board' of local business people, residents and community groups who decide what improvements they would like to see provided the money went towards local centre rejuvenation.

The purpose of the fund would be to enhance the quality and attractiveness of the local area to make visiting local small shops a more attractive experience. The fund might be spent on removing litter or graffiti, street planting, repairing or replacing pavements, installing benches.

Lifetime neighbourhoods

7.27 The Mayor's Policy 4.9 is a welcome starting point and advances previous policy positions and there is the opportunity to develop this policy further to address other reasons for the vulnerability of small shops and how they can be supported.

7.28 The Mayor's policy can be further developed and there is scope for other policies, elsewhere in the London Plan, that boroughs can use to assist small shops and local neighbourhood centres.

7.29 Aspects of local diversity and choice are contained in Policy 7.1 (Building London's neighbourhoods and communities) which introduces the concept of 'lifetime neighbourhoods', where access to public transport, basic amenities, local shops, and green and open spaces are within easy reach of homes. The Plan says that the Mayor will assist boroughs and other agencies in developing 'lifetime neighbourhoods' by providing advice and guidance in updated supplementary guidance.

Draft Replacement London Plan Policy 7.1

Strategic

A. In their neighbourhoods, people should have the best possible access to services, infrastructure and public transport to wider London. Their neighbourhoods should also provide a character that is easy to understand and relate to.

Planning decisions

B. New development should be designed so that the layout, tenure, mix of uses and interface with surrounding land will improve people's access to community infrastructure (including green spaces), commercial services and public transport.

C. New development should maximize the opportunity for community diversity, inclusion and cohesion and should contribute to people's sense of place, safety and security. Places of work and leisure, streets, neighbourhoods, parks and open spaces should be designed to meet the needs of the community at all stages of people's lives, and should meet the 'lifetime neighbourhoods' criteria.

D. The design of new buildings and the spaces they create should help reinforce or enhance the character, legibility and permeability of the neighbourhood.

E. The policies in this chapter provide the context within which the targets set out in other chapters of this Plan should be met.

LDF preparation

F. Boroughs should prepare plans to ensure infrastructure and services will be delivered to meet the needs of new development and regeneration.

G. Boroughs should work with their local communities to set goals for their neighbourhoods and strategies for achieving them.

7.30 'Lifetime neighbourhoods' is an exciting concept. The Committee wants to see the Mayor develop this policy and ensure that the planning system can contribute to the wider duties of local authorities to improve quality of life and wellbeing in London.

7.31 The Mayor now appears to recognise the potential of this policy and in May 2010 published some early suggested changes to the consultation draft replacement London Plan that incorporate references to small shops in Policy 7.1 (b). This specifically recognises people's access to local shops needs to be improved as part of lifetime neighbourhoods[102].

7.32 Yet further progress can be made in recognising the role that small shops make to shaping sustainable neighbourhoods in London. Parallels can be drawn with the opportunities given by the Sustainable Communities Act 2007; for example, policies could be developed that reflect local priorities, access to amenities, local impacts on vitality, diversity and local character.

7.33 While no proposals have yet been approved under the Sustainable Communities Act 2007 a number of local authorities in London and elsewhere in the UK, are exploring the potential of the Act to introduce measures to protect small shops and local shopping areas. For example:

- **Hackney:** Is seeking to introduce wider powers for councils to be able to reflect residents' views and influence the shape of local high streets where the concentration of particular kinds of businesses can mean that the needs of local people are not met and local communities cease to be sustainable. In this instance in an attempt to control betting shops[103].
- **Islington:** Wants to protect and promote vibrant neighbourhood local shopping centres where smaller shops significantly contribute to consumer choice. The borough is seeking a number of changes such as: making access to Rate Relief automatic; the sustainability of a neighbourhood shopping area is a strong material consideration in planning decisions; removal of a developers' right of appeal (if a supermarket is refused planning permission) and measures against 'clone high streets'[104].
- **Redbridge:** Is examining the potential to introduce a new subsection to the Use Class Order to identify the number of coffee shops and takeaway food shops currently operating as Use Class A1 establishments. Such a change to the Use Class Order will allow Local Planning

Authorities to protect through planning policy the number of A1 convenience and comparison units in a centre, to the benefit of the local community[105]. This is a similar proposal to that suggested by the Royal Borough of Kensington and Chelsea (as detailed in section 6 of this report).

7.34 Similar proposals have also been developed outside London[106]

7.35 Boroughs should be imaginative in the use of the opportunities provided by the Mayor's draft policy on lifetime neighbourhoods and the Sustainable Communities Act to develop policies that protect and develop small shops and local shopping areas.

Town centre policy

7.36 The London Plan Draft Policy 2.15 (Town Centres) states that there is the potential for boroughs, in coordination with neighbouring authorities, to identify other, smaller centres to provide convenient access, especially by foot, to goods and services needed on a day to day basis, to develop their role as a focus for local neighbourhoods.

7.37 Boroughs should use this policy for their smaller shopping centres particularly in supporting their functions as foci for local neighbourhoods.

Recommendation 5
The Committee recommends the Mayor makes it explicit in the London Plan that boroughs should make use of policies 7.1 and 2.15 to support local neighbourhood shops and their role as essential parts of the 'lifetime neighbourhood'.

Recommendation 6
The Mayor should ensure any future Supplementary Planning Guidance on retail policy gives borough planning committees support in the London Plan to confront developments that would threaten the viability and diversity of small and local shopping centres.

London Plan Examination in Public

7.38 As set out in the introduction, the purpose of this report is to support the Assembly's contribution to policy development as part of the London Plan review process.

7.39 The Assembly has been invited to participate in the London Plan Examination in Public (EiP) on a number of matters, including the formal discussion on Policy 4.9 – Small shops, which took place in July 2010.

7.40 This report and its conclusions will allow the Assembly to influence the final shape and clarify details of various aspects of the policy at the EiP. These include[107]:

- Exploring the potential for this policy to apply to new retail, or mixed development proposals that are smaller than 2,500 square metres if boroughs believe there will be a negative impact on existing local and neighbourhood shopping areas.
- Clarifying the circumstances in which onsite/offsite/financial contributions would be more appropriate if local authorities can successfully mitigate the impact of large new developments on small shops outside the area.
- Discussing how local authorities can mitigate the likely impact of new retail centres over a much wider area than the site of any new proposal, to help protect small shops in neighbourhoods far from any new retail development.
- Providing further Mayoral guidance through Supplementary Planning Guidance to local authorities to create a dedicated 'town centre rejuvenation' fund from Section 106 contributions they receive from large retail developments.
- Assessing the potential for the strategic objectives of Policy 4.9 to be linked more closely with the concept of 'lifetime neighbourhoods' (Policy 7.1) in order to deliver sustainable neighbourhoods where access to local shops is within easy reach.

8 'Shop local' and supporting local shopping areas

8.1 This review started with the aim of seeking to understand what could be done through the planning system to support small, local and independent retailers. There are other actions, alongside the planning regime, that could support the viability of these resources.

8.2 One key benefit of local shops is the effect of keeping 'spending local' – money locally circulating within the community. Over 50 per cent of the turnover of independent retailers goes back into the local community, compared to just five per cent from supermarkets - and shopping locally helps reduce unnecessary journeys.

8.3 Various schemes are being devised and trialled towards this end. They include the 'wedge card', Brixton Pound, and numerous 'shop local' campaigns organised to promote the benefits of shopping locally. All of these campaigns aim to encourage local spending and 'keep money local'.

The Wedge Card

The Wedge Card is a type of loyalty card that aims to re-vitalise local communities by offering a reward to customers choosing to shop locally. It was launched in December 2006 offering discounts and special offers from hundreds of local shops and independent businesses in London with the network of businesses growing all the time. There is an annual fee of £10, £5 of which goes to a local charity.

Wedge Card Areas with more than 5 participating businesses operating in London include parts of Tower Hamlets (Bethnal Green, Broadway Market), Islington/Hackney (Upper Street, Stoke Newington), Camden (Camden Town, Hampstead), Peckham, Lambeth, Greenwich, Westminster (Marylebone, Strand, Covent Garden), Hammersmith and Fulham, Brentford and Kensington and Chelsea.

In March 2010 Kensington and Chelsea distributed some 150,000 Wedge Cards free to local residents (also to students and workers in the borough), giving them access to discounts and special offers at over 500 independent retailers, restaurants and cafes in the Borough[108].

The Brixton Pound (B£)

The Brixton Pound is a local currency, working alongside pounds sterling, for

use by independent local shops and traders in Brixton only. Launched in September 2009 it is designed to support Brixton businesses and encourage local trade and production.

The scheme aims to ensure that more of the money spent in Brixton stays there, helping local businesses thrive in the face of recession and fierce competition from chain stores. At the same time it might help reduce Brixton's carbon footprint by supplying more of people's needs locally.

'Londoners' Card'

8.4 There is also potential for the Mayor to be involved in encouraging Londoners to use their local shops. The Mayor's draft cultural strategy[109] contains an idea to promote a 'Londoners' Card' that will help improve access to culture, including free events, and is working with partners on the development of a card that will incentivise participation in cultural activities. There is no reason why this, if successful, could not be extended to the concept of 'shopping local' in the same way as the Wedge Card does.

'Shop local' campaigns

8.5 The London Evening Standard launched a campaign in March 2006 called "Save Our Small Shops". Its aim was simple - to preserve London's small shops in districts across the capital[110]. As well as an online petition the paper has run stories encouraging people to use their local shops to preserve the diversity that small and independent stores give London's neighbourhoods.

8.6 There are numerous other 'shop local' campaigns organised to promote the benefits of shopping locally. These range from 'walk to shop weeks', 'shop local days', entry into raffles for those spending above a certain limit in local shops, production of local business directories and maps. All of these campaigns aim to encourage local spending and 'keeping money local'.

Recommendation 7

By 2012 the Mayor should commission an impact analysis of existing 'shop local' schemes from GLA Economics and make available its findings to boroughs, local shop owners and communities to make future 'shop local' campaigns more effective.

9 Conclusion

9.1 This report explores how the planning system could improve support for London's small shops and neighbourhood shopping areas.

9.2 It concludes that there is scope for improvements in policy at all levels – national, London wide, the borough and local levels. If our suggestions can be recognised in the development of London Plan policy, it will go some way to helping support London's small shops and neighbourhood centres.

9.3 However it is not the role of the planning system to preserve existing commercial interests or to support operations that are not economically viable – no matter how valuable a resource small shops might be.

9.4 Ultimately it is the responsibility for Londoners to reconnect with their local small shops and to recognise their value. We issue that call.

Appendix 1 Town and Country Planning (Use Classes) Order 1987

The classes of use for England are set out in the Town and Country Planning (Use Classes) Order 1987 and its subsequent amendments. The following list gives an indication of the types of use which may fall within each use class. Please note that this is a guide only and it's for local planning authorities to determine, in the first instance, depending on the individual circumstances of each case, which use class a particular use falls into.

A1 Shops - Shops, retail warehouses, hairdressers, undertakers, travel and ticket agencies, post offices (but not sorting offices), pet shops, sandwich bars, showrooms, domestic hire shops, dry cleaners, funeral directors and internet cafes.

A2 Financial and professional services - Financial services such as banks and building societies, professional services (other than health and medical services) including estate and employment agencies and betting offices.

A3 Restaurants and cafés - For the sale of food and drink for consumption on the premises - restaurants, snack bars and cafes.

A4 Drinking establishments - Public houses, wine bars or other drinking establishments (but not night clubs).

A5 Hot food takeaways - For the sale of hot food for consumption off the premises.

B1 Business - Offices (other than those that fall within A2), research and development of products and processes, light industry appropriate in a residential area.

B2 General industrial - Use for industrial process other than one falling within class B1 (excluding incineration purposes, chemical treatment or landfill or hazardous waste).

B8 Storage or distribution - This class includes open air storage.

C1 Hotels - Hotels, boarding and guest houses where no significant element of care is provided (excludes hostels).

C2 Residential institutions - Residential care homes, hospitals, nursing homes, boarding schools, residential colleges and training centres.

C2A Secure Residential Institution - Use for a provision of secure residential accommodation, including use as a prison, young offenders institution, detention centre, secure training centre, custody centre, short term holding centre, secure hospital, secure local authority accommodation or use as a military barracks.

C3 Dwellinghouses - this class is formed of 3 parts:

- C3(a) covers use by a single person or a family (a couple whether married or not, a person related to one another with members of the family of one of the couple to be treated as members of the family of the other), an employer and certain domestic employees (such as an au pair, nanny, nurse, governess, servant, chauffeur, gardener, secretary and personal assistant), a carer and the person receiving the care and a foster parent and foster child.
- C3(b): up to six people living together as a single household and receiving care e.g. supported housing schemes such as those for people with learning disabilities or mental health problems.
- C3(c) allows for groups of people (up to six) living together as a single household. This allows for those groupings that do not fall within the C4 HMO definition, but which fell within the previous C3 use class, to be provided for i.e. a small religious community may fall into this section as could a homeowner who is living with a lodger.

C4 Houses in multiple occupation - small shared dwelling houses occupied by between three and six unrelated individuals, as their only or main residence, who share basic amenities such as a kitchen or bathroom.

D1 Non-residential institutions - Clinics, health centres, crèches, day nurseries, day centres, schools, art galleries (other than for sale or hire), museums, libraries, halls, places of worship, church halls, law court. Non residential education and training centres.

D2 Assembly and leisure - Cinemas, music and concert halls, bingo and dance halls (but not night clubs), swimming baths, skating rinks, gymnasiums or area for indoor or outdoor sports and recreations (except for motor sports, or where firearms are used).

Sui Generis - Certain uses do not fall within any use class and are considered 'sui generis'. Such uses include: theatres, houses in multiple occupation, hostels providing no significant element of care, scrap yards. Petrol filling stations and shops selling and/or displaying motor vehicles. Retail warehouse clubs, nightclubs, launderettes, taxi businesses, amusement centres and casinos.

Source:
http://www.planningportal.gov.uk/england/public/planning/smallbusiness/bg13commontypesofapplication/bg138changeofuse/

Appendix 2 Sample of London borough small shops planning policies

Below are internet links for a sample of London borough small shop policies.

Barking and Dagenham
http://www.barking-dagenham.gov.uk/8-leisure-envir/planning/unitary-development-plan/pdf/udp-chapter3.pdf

Bexley
http://udp.bexley.gov.uk/bexleyudp.asp?mode=text&page=chapter9#SHO5

Camden
http://www.camden.gov.uk/ccm/navigation/environment/planning-and-built-environment/our-plans-and-policies/camden-s-unitary-development-plan--udp-/;jsessionid=08DA45C8C45D53B52D6808A72C149F67

Croydon
http://www.croydon.gov.uk/contents/departments/planningandregeneration/pdf/Chapter_12_Shopping.pdf

Greenwich
http://www.cartoplus.co.uk/greenwich/text/08_tc_town.htm

Hammersmith and Fulham
http://www.lbhf.gov.uk/Images/CH_09_Shopping_tcm21-136428.pdf

Hillingdon
http://www.hillingdon.gov.uk/media/pdf/3/7/saved_policies_udp_sep07.pdf

Islington
http://www.islington.gov.uk/DownloadableDocuments/Environment/Pdf/ldf_pack/chapter_08.pdf

Kingston
http://www.kingston.gov.uk/browse/environment/planning/planningpolicy/udp_review.htm

Richmond
http://www.cartogold.co.uk/Richmond/text/11_tc_town_centres.htm#tc7

Southwark
http://www.southwark.gov.uk/uploads/file_13292.pdf

Waltham Forest
http://www.walthamforest.gov.uk/udp-chapter4-tc-retail-leisure-feb07.pdf

Westminster
http://www3.westminster.gov.uk/docstores/publications_store/planning/udp/UDP_Chapter_07_Shopping_&_Services.pdf

Appendix 3 List of contributors to the investigation

Written views received from	Reference
Alicia Trimingham	SSLC029
Arthur Breen	SSLC027
Association of Convenience Stores Ltd	SSLC016
British Council of Shopping Centres	SSLC009
British Retail Consortium	SSLC040
Campaign for Better Transport	SSLC008
Campaign to make Camberwell New Road a Local Centre	SSLC019
Cathy Hughes & Neil Crosby, Reading University	SSLC050
City of London	SSLC002
City of Westminster	SSLC05
Competition Commission	SSLC010
D Jones	SSLC015
E Posner	SSLC032
Enfield Business & Retailers Association	SSLC042
Gary Butler	SSLC043
Gary Shaw	SSLC036
Independent London/Store Guide	SSLC014
Jean Murphy	SSLC021
Jenny Ellis Partnership	SSLC038
Jessica Learmond-Criqui	SSLC031
John Lewis Partnership	SSLC012
John Simnett, WiZZBiKE	SSLC023
Kilburn Business Association	SSLC039
Liz Pilgrim, Babye Boutique	SSLC022
London Borough of Camden	SSLC003
London Borough of Hillingdon	SSLC025
London Borough of Islington	SSLC007
London Borough of Lewisham	SSLC006

London Borough of Redbridge	SSLC013
London Borough of Southwark	SSLC051
London Borough of Wandsworth	SSLC011
London First	SSLC071
Lynda Everett	SSLC026
Mark Blackburn	SSLC041
Royal Borough of Kensington and Chelsea	SSLC001
Sandra Shevey	SSLC033
Sidcup High Street Promotions Group	SSLC020
Sustain	SSLC004
T Parker and Sons, Bakers	SSLC028
Teresa Vanneck-Surplice	SSLC035
Tescopoly	SSLC018
Tiddlywinks	SSLC034
Ulla Thiessen	SSLC030
V Concerned: A Southwark Resident	SSLC017
Veronica Wray	SSLC024
Violet Hills Studios	SSLC037

Expert participants at Planning and Housing Committee meetings

10 November 2009

- Councillor Tim Ahern, Royal Borough of Kensington and Chelsea
- Stephanie Butcher, Brixton Town Centre Initiative
- Jo Hammond, Royal Borough of Kensington and Chelsea
- Emma Reynolds, Tesco
- Nick Winch, Federation of Small Businesses

14 January 2010

- Helen Hayes, Urban Practitioners
- Ged Lawrenson, London Borough of Hillingdon

Appendix 4 Orders and translations

How to order

For further information on this report or to order a copy, please contact Michael Walker, Administration Officer, on 020 7983 4525 or email: Michael.Walker@london.gov.uk

See it for free on our website

You can also view a copy of the report on the GLA website: http://www.london.gov.uk/assembly/reports

Large print, braille or translations

If you, or someone you know, needs a copy of this report in large print or braille, or a copy of the summary and main findings in another language, then please call us on: 020 7983 4100 or email: assembly.translations@london.gov.uk.

Chinese

如您需要这份文件的简介的翻译本，
请电话联系我们或按上面所提供的邮寄地址或
Email 与我们联系。

Hindi

यदि आपको इस दस्तावेज का सारांश अपनी भाषा में
चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये
गये डाक पते या ई मेल पते पर हम से संपर्क करें।

Vietnamese

Nếu ông (bà) muốn nội dung văn bản này được dịch sang tiếng Việt, xin vui lòng liên hệ với chúng tôi bằng điện thoại, thư hoặc thư điện tử theo địa chỉ ở trên.

Bengali

আপনি যদি এই দলিলের একটা সারাংশ নিজের ভাষায় পেতে চান, তাহলে দয়া করে ফো করবেন অথবা উল্লেখিত ডাক ঠিকানায় বা ই-মেইল ঠিকানায় আমাদের সাথে যোগাযোগ করবেন।

Greek

Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί μας στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.

Urdu

اگر آپ کو اس دستاویز کا خلاصہ اپنی زبان میں
درکار ہو تو، براہ کرم نمبر پر فون کریں
یا مذکورہ بالا ڈاک کے پتے یا ای میل
پتے پر ہم سے رابطہ کریں۔

Turkish

Bu belgenin kendi dilinize çevrilmiş bir özetini okumak isterseniz, lütfen yukarıdaki telefon numarasını arayın, veya posta ya da e-posta adresi aracılığıyla bizimle temasa geçin.

Arabic

إذا رغبت في الحصول على ملخص لهذا المستند بلغتك،
فرجاء الاتصال برقم الهاتف أو الاتصال على
العنوان البريدي العادي أو عنوان البريد
الإلكتروني أعلاه.

Punjabi

ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਸੰਖੇਪ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਲੈਣਾ ਚਾਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਉਪਰ ਦਿੱਤੇ ਡਾਕ ਜਾਂ ਈਮੇਲ ਪਤੇ 'ਤੇ ਸਾਨੂੰ ਸੰਪਰਕ ਕਰੋ।

Gujarati

જો તમારે આ દસ્તાવેજનો સાર તમારી ભાષામાં
જોઈતો હોય તો ઉપર આપેલ નંબર પર ફોન કરો
અથવા ઉપર આપેલ ટપાલ અથવા ઈ-મેઈલ સરનામા
પર અમારો સંપર્ક કરો.

Appendix 5 Principles of scrutiny page

An aim for action

An Assembly scrutiny is not an end in itself. It aims for action to achieve improvement.

Independence

An Assembly scrutiny is conducted with objectivity; nothing should be done that could impair the independence of the process.

Holding the Mayor to account

The Assembly rigorously examines all aspects of the Mayor's strategies.

Inclusiveness

An Assembly scrutiny consults widely, having regard to issues of timeliness and cost.

Constructiveness

The Assembly conducts its scrutinies and investigations in a positive manner, recognising the need to work with stakeholders and the Mayor to achieve improvement.

Value for money

When conducting a scrutiny the Assembly is conscious of the need to spend public money effectively.

Endnotes

[1]House of Commons All-Party Parliamentary Small Shops Group, High Street Britain: 2015, 2006

www.nfsp.org.uk/uploads/pdfs/High%20Street%20Britain%202015%20report.pdf

[2] The draft replacement London Plan http://www.london.gov.uk/shaping-london/london-plan/docs/chapter4.pdf

[3] Planning Policy Statement 4 defines the range of town centre hierarchies but does not cover small parades of shops of purely neighbourhood significance. http://www.communities.gov.uk/documents/planningandbuilding/pdf/planningpolicystatement4.pdf

[4] Annex 2 London's Town Centre Network, http://www.london.gov.uk/shaping-london/london-plan/docs/london-plan.pdf

[5] Travel in London - Key trends and developments, TfL 2009 http://www.tfl.gov.uk/assets/downloads/corporate/Travel-in-London-report-1.pdf

[6] A number of boroughs have defined a range of shops deemed 'essential' for day-to-day purchases e.g. Greenwich, Hillingdon, Croydon, Waltham Forest, Bexley etc.

[7] Greater London Authority (2006): GLA Economics *Retail* in *London*: Working Paper G. *Small Retailers*

[8] http://www.competition-commission.org.uk/rep_pub/reports/2008/fulltext/538.pdf

[9] Written submission SSLC01, Royal Borough of Kensington and Chelsea, 3 November 2009

[10] National providers of retail data

[11] Retail Enterprise Network http://www.retail-network.org/index.asp?s=section

[12] London Small Shops, Roger Tym and Partners, June 2010

[13] The economic and social role of small stores: a review of UK evidence. Clarke and Banga, The International Review of Retail, Distribution and Consumer Research, 20 April 2010

[14] Federation of Small Businesses (2008) – Keep Trade Local Manifesto

[15] Federation of Small Businesses, Planning and Housing Committee meeting, 14 January 2010

[16] Office of National Statistics (2007): Annual business inquiry

[17] Federation of Small Businesses, Planning and Housing Committee meeting, 14 January 2010

[18] Federation of Small Businesses, Keep Trade Local Manifesto, 2009 http://www.fsb.org.uk/keeptradelocal/images/ktl%20manifesto.pdf

[19] Department of Health (1999) - Improving shopping access for people living in deprived neighbourhoods (Discussion paper)

[20] http://legacy.london.gov.uk/mayor/economic_unit/docs/retail-in-london.pdf

[21] Commission on Retail Conservation: A balance of trade, Royal Borough of Kensington and Chelsea, 2007

[22] The New Economics Foundation (2005) - Clone town Britain

[23] Section 3.1.5 Local Travel, Mayor's Transport Strategy, May 2010 http://www.london.gov.uk/sites/default/files/MTS_part_one_0.pdf

[24] These case studies were based on information supplied by various London boroughs from various shopping centre 'health checks' 1997 - 2009

[25] Industry Watch report http://www.bdo.uk.com/bdo-stoy-hayward/live/news/2009/over-5-000-retailers-to-go-out-of-business-next-year.html

[26] CB Richard Ellis , Market View, Multiple Expansion Activity, March 2010

[27] http://www.localdatacompany.com/storage/Openings_and_Closures_Report_2009_Final.pdf

[28] Evening Standard, Save Our Small Shops 12.9.07

[29] Neighbourhood retailing, Verdict 2005 (London Small Shops Study, GLA June 2010 http://www.london.gov.uk/shaping-london/london-plan/docs/london-small-shops-study.pdf)

[30] Neighbourhood retailing, Verdict 2005 (London Small Shops Study, GLA June 2010 http://www.london.gov.uk/shaping-london/london-plan/docs/london-small-shops-study.pdf)

[31] Food shopping and town centre vitality: exploring the link , The International Review of Retail, Distribution and Consumer Research, April 2002

[32] Use Classes Order 2005: A1 Retail sale of goods to the public -Shops, Post Offices, Travel Agencies & Ticket Agencies, Funeral Director & Undertakers, Hairdressers, Domestic Hire Shops, Dry Cleaners. Sandwich Bars (or cold food purchased and consumed off the premises) & Internet Cafes.

[33] London borough of Hillingdon, written evidence 3 November 2009

[34] Appendix 2 references London borough shopping policies many of which are explicit in the desire to protect local retail shops

[35] London borough of Croydon www.croydon.gov.uk/contents/departments/planningandregeneration/pdf/Chapter_12_Shopping.pdf

[36] 'Our high streets don't need the Las Vegas gambling effect', Evening Standard 25 February 2010 http://www.thisislondon.co.uk/standard/article-23809766-our-high-streets-dont-need-the-las-vegas-gambling-effect.do

[37] Paragraph 7.33 provides more details of this policy initiative

[38] London Chamber of Commerce, London Small Shops Survey, 2007

[39] www.tescopoly.org/index.php?option=com_content&task=view&id=657&Itemid=158

[40] http://www.j-sainsbury.co.uk/index.asp?pageid=188

[41] http://corporate.marksandspencer.com/HTML/index.html#/1940s

[42] http://archive.timesonline.co.uk/tol/viewArticle.arc?articleId=ARCHIVE-The_Times-1961-09-01-11-010&pageId=ARCHIVE-The_Times-1961-09-01-11

[43] National Federation of Retail Newsagents 2006

[44] CB Richard Ellis, Market View, March 2010

[45] http://www.supermarket.co.uk/news/2009/Nov/tesco-increases-market-share-for-first-time-in-two-years.html

[46] Tesco, Planning and Housing Committee meeting, 14 January 2010

[47] http://tesco.totallyexplained.com/

[48] The Sainsbury Archive, Story of a supermarket

[49] Retail in London: Working Paper G - Small Retailers, GLA Economics (March 2006)

[50] Federation of Small Businesses, Planning and Housing Committee 10 November 2009

[51] Royal Borough of Kensington and Chelsea, written evidence, 3 November 2009

[52] Royal Borough of Kensington and Chelsea, letter to the Planning and Housing Committee, 19 January 2010

[53] www.voa.gov.uk/publications/statistical_releases/VOA_Statistics_Release_Final.pdf

[54] London Small Shops, Roger Tym and Partners, June 2010

[55] Reading University written evidence SSLC050, 21 October 2009

[56] Crosby C et al (2005) Monitoring the 2002 Code of Practice for Commercial Leases, ODPM

[57] Final Report of the Commission into small shops in the high street, July 2008 http://www.philipdunne.com/pdf/Shops_Commission_Report.pdf

[58] Planning and Housing Committee meeting 14 January 2010

[59] London borough of Wandsworth, written evidence, 4 November 2009, SSLC011_LB Wandsworth

[60] London borough of Lewisham, written evidence, 5 October 2009, SSLC006_LB Lewisham

[61] London borough of Southwark, written evidence, 8 December 2009, SSLC051_LB Southwark

[62] London borough of Islington, written evidence, 2 November 2009, SSLC007_LB Islington

[63] For example written submissions from the London Borough of Wandsworth and individual comments SSLC021, SSSLC022, SSSLC027, SSSLC029, SSSLC036, SSSLC041

[64] Northfield Avenue Businesses and Traders Association, written submission SSLC028

[65] Parking enforcement in London, London Assembly Transport Committee, June 2005 http://legacy.london.gov.uk/assembly/reports/transport/parking.pdf

[66] Recommendation 14, ibid

[67] London Small Shops Study, GLA June 2010 http://www.london.gov.uk/shaping-london/london-plan/docs/london-small-shops-study.pdf

[68]

http://www.planningportal.gov.uk/england/public/planning/smallbusiness/bg11howplanningworks/

[69] Development is defined in Section 55 of the 1990 Town and Country Planning Act

[70] Westminster City Council, written evidence 5 November 2009

[71] Planning Policy Guidance Note 6: Town Centres And Retail Developments 1993

[72] 'Essential Shops' are defined as a chemist, a post office counter, grocer, baker, butcher, greengrocer and a newsagent.

[73] http://www.hillingdon.gov.uk/media/pdf/3/7/saved_policies_udp_sep07.pdf

[74] Royal Borough of Kensington and Chelsea, written evidence SSLC001_RBKC

[75] http://www.cartoplus.co.uk/greenwich/text/08_tc_town.htm

[76] http://www.lbhf.gov.uk/Images/CH_09_Shopping_tcm21-136428.pdf

[77] http://www.tescopoly.org/index.php?option=content&task=view&id=480

[78] The Evolution of the Use Class Order, R Home, The Town Planning Review, Vol. 63 No. 2 April 1992

[79] Other amendments of The Town and Country Planning (Use Classes) Amendment (England) Order 2005 introduced new A4 and A5 classes and placed motor car showrooms and night clubs in the Sui Generis category. The 2006 amendments moved casinos from D2 to Sui Generis, introduced C2A for secure residential institutions and law court as a D1 specified use. The 2010 amendments restated Use Class C2A (secure residential institutions) to clarify that this Class is not confined to Crown land; amended Use Class C3 (dwellinghouses) to remove from its scope certain small scale houses in multiple occupation and introduced a new Use Class (houses in multiple occupation).

[80] For example, Royal Borough of Kensington and Chelsea, and the London boroughs of Richmond, Harrow, Hammersmith and Fulham, Brent, Camden, Islington, Hackney, Redbridge, Bexley, and Lewisham

[81] Written evidence Royal Borough of Kensington and Chelsea SSLC001

[82] Further details of this, and other opportunities given by the Sustainable Communities Act 2007, can be found at paragraph 7.33 below.

[83] Westminster City Council, written evidence 5 November 2009

[84] Royal Borough of Kensington and Chelsea written evidence SSLC001

[85] As of June 2010, 11 London boroughs positively support the Royal Borough of Kensington and Chelsea's proposal to amend the Use Classes Order. Only three boroughs have so far expressed opposition.

[86] A planning principle that seeks to identify, allocate or develop certain types or locations of land before others. For example, brownfield housing sites before greenfield sites, or town centre retail sites before out-of-centre sites.

[87] Planning applications for main town centres uses that are not in a centre and not in accordance with an up to date development plan should be assessed against a variety of impacts on centres including the impact of the proposal on town centre vitality and viability, including local consumer choice and the range and quality of the comparison and convenience retail offer.

[88] New Town Centre Policy Weakens Protection of UK High Streets http://www.acs.org.uk/en/Press_Office/details/index.cfm/obj_id/18149AE6-9B33-45F4-A8D2772C74A5076E

[89] Tescopoly, written evidence, December 2009 SSLC018_Tescopoly

[90] Planning and Housing Committee 14 January 2010 http://legacy.london.gov.uk/assembly/planning/2010/jan14/minutes/transcript.pdf

[91] The unit is funded by the Greater London Authority, Transport for London and the London Development Agency.

[92] www.cabinetoffice.gov.uk/media/409088/pfg_coalition.pdf

[93]

www.conservatives.com/news/news_stories/2010/02/~/media/Files/Green%20Papers/planning-green-paper.ashx

[94] Building a Big Society, March 2010 http://www.conservatives.com/news/news_stories/2010/03/~/media/Files/Downloadable%20Files/Building-a-Big-Society.ashx

[95] Section 106 of the Town and Country Planning Act 1990 allows local authorities to negotiate agreements with developers that require them to make some form of financial commitment if planning permission is obtained

[96] Boris Johnson's 'business summit', July 2008 http://www.thisislondon.co.uk/standard-mayor/article-23524079-boris-plan-to-help-small-shops-with-low-rent-pledge.do

[97] Paragraph 4.48 Draft Replacement London Plan

[98] The future of Section 106 agreements is uncertain. The Conservative Party Green Paper on planning suggests the system will be modified by limiting Section 106 to stipulations relating directly to site-specific remediation and adaptation. A potential replacement would introduce a single unified local tariff applicable to all residential and non-residential development at graded rates depending on the size of the development. Each local planning authority will set its own local tariff rates and will publish them in its local plan. A percentage of the money raised by the tariff from each building constructed will be passed down to the community in which the development takes place. http://www.conservatives.com/news/news_stories/2010/02/~/media/Files/Green%20Papers/planning-green-paper.ashx

[99] In the Plan it would apply to new retail developments over 2,500 square metres

[100] DCLG Circular 05/05: Planning Obligations, 18 July 2005 www.communities.gov.uk/documents/planningandbuilding/pdf/147537

[101] London borough of Camden, written evidence, 3 November 2009 SSLC003_LB Camden

[102] http://legacy.london.gov.uk/mayor/planning/london-plan-review/docs/early-suggested-changes-schedule-may2010.pdf

[103] www.lga.gov.uk/lga/core/page.do?pageId=2706552

[104] www.lga.gov.uk/lga/core/page.do?pageId=2960668

[105] http://www.lga.gov.uk/lga/core/page.do?pageId=2960928

[106] For example, Bristol proposes changes to the Use Class Order and General Permitted Development Order to facilitate the development of sustainable and diverse local shopping centres. The Local Planning Authority would need to take into account the following local impacts: vitality, diversity and character of a centre, economy, employment, number of multiples already in the centre and proportion of space already occupied by multiple retailers in considering planning applications www.lga.gov.uk/lga/core/page.do?pageId=2959165

[107] London Assembly written statement on EiP Matter 4F Retailing (small shops) http://www.london.gov.uk/sites/default/files/eip/02LondonAssembly4F.pdf

[108] http://www.rbkc.gov.uk/newsroom/councilstatements/wedgecard.aspx

[109] Cultural Metropolis: The Mayor's Draft Cultural Strategy: 2012 and Beyond, June 2010 http://www.london.gov.uk/sites/default/files/04%20Culture%20Strategy%20final1.pdf

[110] http://www.thisislondon.co.uk/standard/article-23411591-save-our-small-shops.do

Greater London Authority

City Hall
The Queen's Walk
More London
London SE1 2AA

www.london.gov.uk

Enquiries 020 7983 4100
Minicom 020 7983 4458