

## **Response to the Barker review**

Boots operates some 1600 stores throughout the UK and Eire, of which 120 are located in out of town developments, typically retail parks. Boots proactively supports town centres or Edge of Town locations, and helps fund 150 town centre management schemes, and supports a further 50 schemes by contributing its time and business experience. Our retail strategy is driven by our customer needs, and Boots will continue to invest in both in town and out of town locations.

### **Out of town retailing (and Edge of Town)**

Today there are more retail locations out of town (OOT) than town centres, and approximately 50% of retail sales take place out of town as consumers choose the accessibility, choice and convenience offered in these locations. OOT stores are efficient to operate, with regular shaped units, efficient use of space and unrestricted goods access.

Over the last 5 years, 80% of new retail development has taken place out of town. Planning policy designed to restrict the development of OOT shopping has at best restricted the supply.

There are some 2600 (Source Property Market Analysis) out of town retail locations including single units, clusters and retail parks throughout the UK. Of these there are 1360 EOT/retail warehouse developments with 2 or more units. There are 258 with open A1 consent and 579 with open A1 non-food consents. The attached table provides a summary, which shows significant regional variation in the distribution of schemes resulting from inconsistency in the application of planning guidance.

We consider that there are only around 150 retail parks throughout the UK that have the right locational and catchment characteristics to support a 'traditional high street' retail offer such as Boots. Many of these parks are not new – most are older parks that have been 'softened' through the introduction of high street names and refurbished to modern standards. The supply of brand new retail parks remains very restricted, leading to very high levels of rental growth (typically double the average for high streets, and for the most popular parks running at 30% pa)

### **Supermarkets**

In contrast, there are 2,500 supermarkets (Source Experian ShopPoint, April 2006) operated by the 'Big 5' supermarket groups. The majority of these supermarkets are located out of town. Current planning policy has allowed supermarkets with open planning consents to develop trading formats with extended general merchandise ranges, in locations where other retailers are

prevented from trading due to planning and freehold occupation by the superstores, and or physical site constraints. The application of PPG6 has inadvertently granted a trading advantage to the supermarket operators that could be said to be anti-competitive – existing occupiers have ‘slipped beneath the wire’ drawn by PPG6.

The supermarket operators are also advantaged in their ability to offer generous Section 106 ‘benefits’ due to the scale of future returns generated by their major developments, when compared to alternative retail uses.

We also believe that penalties available to Local Authorities for breaches of planning restrictions in the area devoted to non-food sales are completely inadequate, and will never deter operators from abusing their consents. They should be in line with the benefit derived by the retailer.

### **Town centre retail provision**

Planning policy has generally supported in town development. Most towns in the UK have evolved over time and are defined by their historic street patterns, buildings and infrastructure. Town hierarchy in planning fails to take into account OOT retail provision, which fossilises town centre networks. It assumes that the town centre provision that was there 30 years ago is still appropriate. New retail provision generally has to ‘fit round’ the existing town pattern, and comprehensive redevelopment is always some form of compromise. Developers have to maximise the use of space to cover the very high land assembly and construction costs involved, which usually involves constructing multi-floor developments’ including car parking.

Retailers are operating in a very competitive world, and continually strive to operate efficiently from buying, distribution through to selling. Property is the second highest cost to retailers, and securing well-located, right sized property is of key importance. The supply of prime large space in most town centres is very restricted, and as retailers demand efficient space, so property costs rise. Because ground floor space is at a premium, many retailers have to trade from multiple floors, but this is never as efficient as ground floor space. Our own figures for sales intensity of secondary floors as a percentage of main floor sales are set out below.

Location	Access to secondary floor	Secondary floor sales intensity
High street and shopping centres	Access within store only	23.8%
Shopping Centres	Mall access both levels	33.6%
Regional shopping Centres	Mall access both levels	52.5%

Town centre retailing will always involve compromises on space, but many locations also suffer from poor accessibility, expensive parking and poor shopping environment when compared to OOT locations.

## **Regeneration**

Increasingly supermarkets are behind the redevelopment of declining town centres – we believe this to be ‘fake regeneration’ and has little to do with the creation of sustainable communities. The provision of housing over town centre schemes is more a function of economics rather than a genuine attempt to create a sustainable community. We are aware of examples of such developments in Streatham, Sutton, Tiptree, Pollock and Easterhouses (Scotland).

The answer to regeneration may not always be in the town centre – it may be more effective to recognize that the existing town centre is no longer able to provide the needs of the community, and a new, possibly OOT development may provide a better solution.

## **Retail impact studies**

Understanding the impact of new retail development is a specialised and complex exercise. There is no consistent approach to the preparation of impact studies, and it is unrealistic to expect Local Authorities to be able to recruit and retain the staff to match the capability of specialized employees of developers and the major supermarket groups. Local Authorities are also disadvantaged by the threat of the financial consequences of planning disputes.

New town centre developments can also have a significant impact upon the immediate surrounding retail pattern, and the wider area. The same rigour should be applied to the impact assessments of town centre schemes. For example the development of the Birmingham Bullring has had a major impact on the shopping patterns in the established New Street and High Street locations, and reduced footfall as far away as Solihull by up to 15%. We have secured rating reductions in towns surrounding Birmingham due to the impact upon trade.

## **Recommendations**

- The distribution of planning consents shows that there is inconsistency in the provision of open A1 retail consents throughout the UK. Whilst we do not advocate significant lifting of restrictions on the growth of OOT retail development, we do recommend more consistent application of current guidance.
- We believe that there should be much tighter control over the space allocated to non-food retailing by the superstores, and much more effective remedies for breaches. The use of Section 106 ‘benefits’ beyond necessary infrastructure changes potentially distorts planning decisions.
- There should be a consistent framework applied to the preparation of Retail Impact studies. Town centre schemes should be subject to the same process.
- There should be review of the effectiveness of supermarket led ‘regeneration’ schemes to measure the overall economic impact.

### Trading EoT Retail Parks/Retail Warehouse Developments with 2 or more units

Government Region	Open A1	Open A1 %	Open A1 Non Food	Open A1 Non Food %	Total A1	Total A1 %	Non A1	Non A1 %	Grand Total	Grand Total %	A1 as a % of all Parks
EAST ANGLIA	6	2%	13	2%	19	2%	35	7%	54	4%	35%
EAST MIDLANDS	20	8%	47	8%	67	8%	30	6%	97	7%	69%
GREATER LONDON	13	5%	51	9%	64	8%	42	8%	106	8%	60%
NORTH	18	7%	23	4%	41	5%	25	5%	66	5%	62%
NORTH WEST	45	17%	69	12%	114	14%	46	9%	160	12%	71%
SCOTLAND	24	9%	66	11%	90	11%	33	6%	123	9%	73%
SOUTH EAST	42	16%	111	19%	153	18%	109	21%	262	19%	58%
SOUTH WEST	8	3%	41	7%	49	6%	71	14%	120	9%	41%
ULSTER	8	3%	7	1%	15	2%	27	5%	42	3%	36%
WALES	21	8%	35	6%	56	7%	29	6%	85	6%	66%
WEST MIDLANDS	27	10%	52	9%	79	9%	39	7%	118	9%	67%
YORKSHIRE	26	10%	64	11%	90	11%	37	7%	127	9%	71%
Grand Total	258	100%	579	100%	837	100%	523	100%	1360	100%	62%

Source: Trevor Wood (April 2006)

'Big 5' Supermarkets (High Street and Out of Town)												
Government Region	ASDA		MORRISONS		SAINSBURYS		TESCO		WAITROSE		Total	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
CHANNEL ISLANDS		0%	1	0%		0%		0%		0%	1	0%
EAST ANGLIA	8	3%	13	2%	21	3%	36	4%	11	6%	89	4%
EAST MIDLANDS	16	6%	44	7%	37	6%	46	6%	8	5%	151	6%
GREATER LONDON	18	6%	58	9%	156	26%	99	12%	37	21%	368	15%
NORTH	24	8%	58	9%	13	2%	23	3%		0%	118	5%
NORTH WEST	52	18%	60	9%	50	8%	65	8%	4	2%	231	9%
REPUBLIC OF IRELAND		0%		0%		0%	47	6%		0%	47	2%
SCOTLAND	39	14%	123	19%	28	5%	81	10%		0%	271	11%
SOUTH EAST	43	15%	82	12%	146	24%	169	21%	82	47%	522	21%
SOUTH WEST	21	7%	54	8%	47	8%	62	8%	14	8%	198	8%
ULSTER	1	0%	12	2%	15	2%	31	4%		0%	59	2%
WALES	14	5%	28	4%	10	2%	43	5%	3	2%	98	4%
WEST MIDLANDS	24	8%	57	9%	49	8%	54	7%	9	5%	193	8%
YORKSHIRE	26	9%	73	11%	30	5%	50	6%	6	3%	185	7%
Grand Total	286	100%	663	100%	602	100%	806	100%	174	100%	2531	100%

Source: Experian ShopPoint (April 2006)