

Retail Study Update 2021

Bath & North East Somerset Council

August 2021

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1. Introduction

- 1.1 This report has been prepared by Avison Young ('AY') for Bath & North East Somerset Council ('B&NES') and provides a Retail Study Update 2021 ('the 2021 Study') in order to contribute to the B&NES Local Plan Partial Update ('LPPU'). The LPPU is intended to cover a number of issues including policies to deliver on the Council's declaration of climate and ecological emergencies, along with transport and travel policies, the district's housing and employment land supply, the role of city and town centres in the green recovery and a review of existing allocated sites.
- 1.2 Over recent years, there has been a series of retail study documents prepared by GVA (now AY) for B&NES. These included retail studies in 2014 ('the 2014 Study') and 2018 ('the 2018 Study') which examined issues such as town centre health, the need for new retail development across the four main settlements in the district, an assessment of sites to meet identified needs and advice on planning policy.
- 1.3 In order to make a contribution to the evidence base library for the LPPU, and update the findings of the 2018 Study, B&NES has instructed AY to prepare this 2021 Study to cover the following matters:
- a review of recent and current retail trends, including how the on-going COVID-19 pandemic is affecting the high street, retail and food/beverage sectors.
 - a review of the recent changes in national planning policy and legislation insofar as they relate to retailing and town centres.
 - a review of the retail development strategy for Midsomer Norton, including an update on the issues surrounding the South Road car park for retail development.
 - taking into account the above factors, advice on how local planning policy in B&NES for retail and town centre development may need to adapt to respond to current trends and changes to policy / legislation.
- 1.4 From the outset of this 2021 Study, it should be noted that its preparation began shortly before and then during the latest phase of the COVID-19 pandemic, including the third phase of 'lockdown' measures. The pandemic has had a significant effect upon the UK economy and how the population went about their working and day-to-day lives, with a particular impact upon retailing and town centres. Whilst the immediate effects of the pandemic through 2020 and the early part of 2021 are plain to see, the longer term effects on the UK economy and the retail sector have yet to be fully realised.

- 1.5 In addition to the up-to-date nature of parts of the evidence base information in the 2018 Study, the on-going effect on retail and town centre trading conditions is likely to affect the ability to collect certain areas of data for the 2021 Study. Therefore, this 2021 Study concentrates upon how recent trends, changes to national policy / legislation and the effects of the pandemic have the potential to influence retail / town centre planning policy in B&NES.
- 1.6 As a consequence, the factual content of this Study should be read and understood in this context. Moreover, as will be discussed further later in this report, the impact of the COVID-19 pandemic is, based upon current predictions, likely to have long-lasting effects on the UK economy and how people interact with retail, leisure and wider town centre uses. Therefore, the content of this 2021 Study should be seen as a baseline for the evidence base library for the LPPU and there may be a need to consider updates to the health checks, economic forecasts and shopping patterns in due course, as the preparation of the LPPU progresses.
- 1.7 The remainder of this report is structured in the following manner:
- Section 2 outlines the changes in planning policy and legislation since the completion of the 2018 Study.
 - In Section 3 we outline the recent and current trends in the retail sector, including the on-going effects of the COVID-19 pandemic.
 - Section 4 deals specifically with Midsomer Norton and the existing development plan allocation for retail development on the South Road car park
 - Advice on retail and town centre planning policy matters for the LPPU is contained in Section 5.
- 1.8 Documents referred to in the main text of this report can be found in appendices contained at the rear of this document.

2. Planning Policy

The National Planning Policy Framework ('NPPF') (July 2021)

2.1 At the time of the 2018 Study, the original 2012 version of the NPPF had been revised in July 2018 and that revision was taken in account within the recommendations of the 2018 Study on local planning policy. Since that time, the NPPF has been further revised, in February 2019 and July 2019, although most of the changes between 2018 and 2021 are considered salient to retail and town centre planning policy issues.

2.2 Nevertheless, the changes to certain aspects of national planning policy on retail and town centre land use issues remain relevant given that the B&NES Core Strategy and Placemaking Plan documents were prepared and adopted prior to the July 2018 revisions.

2.3 Therefore, to recap on the 2018 changes:

- Whilst the two main policy tests for proposals outside of town centres (and not in accordance with an up to date development plan) remain the sequential and impact tests, the 2018 and 2019 versions of the NPPF has clarified the issue of availability of alternative sites (in the sequential test) as being available within 'a reasonable period of time'. However, there is no definition (or guidance) as to what is 'a reasonable period of time' in the context of proposals for main town centre uses.
- The revisions to the NPPF have deleted the formal requirement for local authorities to define primary and secondary retail frontages in development plan. The latest NPPF still requires local authorities to define town centre boundaries and primary shopping areas.
- Whilst the requirement to allocate sites to meet identified needs remains, the revised NPPF indicates that this should be at least ten years ahead, rather than the full plan period as previously advised.
- The revised NPPF does not now provide any guidance on how 'needs' should be assessed for main town centre uses (previously quantitative and qualitative indicators were cited).

2.4 Finally, the one notable amendment in the July 2021 version of the NPPF is the revision to national policy on Article 4 Directions. The existence of Article 4 Directions has been in place for some time and they are used to restrict permitted development rights in certain specific instances. The revised version of paragraph 53 of the NPPF notes that:

"The use of Article 4 directions to remove national permitted development rights should:

- *where they relate to change from non-residential use to residential use, be limited to situations where an Article 4 direction is necessary to avoid wholly unacceptable adverse impacts (this could include*

the loss of the essential core of a primary shopping area which would seriously undermine its vitality and viability, but would be very unlikely to extend to the whole of a town centre)

- *in other cases, be limited to situations where an Article 4 direction is necessary to protect local amenity or the well-being of the area (this could include the use of Article 4 directions to require planning permission for the demolition of local facilities)*
- *in all cases, be based on robust evidence, and apply to the smallest geographical area possible”.*

2.5 The updated policy does not loosen the tight controls over the imposition of Article 4 Directions, although given the changes to the use classes order and permitted development rights (see later in this section), the government has acknowledged that Directions may be appropriate in focused parts of certain town centres where the loss of certain main town centre / Class E uses would undermine town centre health.

National Planning Practice Guidance

2.6 Following initial publication in 2014, the NPPG on town centre planning policy was updated in July 2019 and September 2020. The latest version sets out the recommended content of town centre strategies, the indicators which are useful for planning for town centres and high streets, the permitted development rights which are available in relation to main town centre uses and also how local authorities should approach the application of the sequential and impact tests in terms of both plan making and development management issues. The NPPG also provides guidance on setting a locally appropriate impact assessment threshold which is considered in further detail in Section 7 of this document.

Other Considerations

Permitted Development and the Use Classes Order

2.7 In recent years, in response to the on-going challenges faced by town centres and high street retailers (and other commercial uses) national government introduced more flexibility into the permitted development rights system. Permitted development has long been an element of the planning system in England although, over time, further flexibility was been introduced in order to allow for changes, in certain circumstances, between some main town centre land use classes.

2.8 Since the 2018 study there have been two major changes in the use classes order and permitted development right. First, in July 2020, the government introduced a significant change to the land use

classes order. The changes came into effect on the 1st September 2020 and revoked Parts A and D of the existing use classes order. A note summarising these changes can be found in Appendix I.

2.9 In relation to retail and main town centre uses, the changes were as follows:

- A new Class E is to be introduced which will encompass the former A1, A2, A3, B1a, B1b, B1c and part of the D2 use class (for gyms and indoor recreational facilities)¹.
- The former A4 and A5 uses will now become sui generis uses, as will part of the former Class D2 uses comprising cinemas, concert halls, bingo halls and dance halls. The remaining former Class D2 uses (community halls, swimming pools, skating rinks and outdoor sport and recreation uses) are now placed into Use Class F2.
- The uses within the former Class D1 are split between the new Use Class E (health care uses, creches, day centres) and the new Use Class F1 (schools, museums, libraries, halls courts and places of worship).

2.10 Following the September 2020 use class order changes, the Government has now announced permanent changes to permitted development rights (following a transitional period between September 2020 and July 2021), which focus upon changes to residential use, refinement of rights in relation to office to residential use, and the expansion of rights under the new class MA. These came into effect from 1st August 2021.

2.11 The key aspects of the August 2021 changes can be summarised as follows:

- Previous permitted development rights under classes O and M (office to residential and retail to residential) ended on 31st July 2021.
- The introduction of the new class MA (business and commercial to residential) and its expansion to include the whole of Use Class E (shops, offices, restaurants/cafes, health services, gyms, nurseries and leisure).
- Permitted development to change from Use Class E (commercial, business and service) to a use falling within Use Class C3 (dwellinghouses) will be subject, in certain circumstances, a number of prior approvals. There will also be limitations / exclusions, including the introduction of a size limit of 1,500sq m per building. Previously, in relation to the change from office to residential, there was no upper size limit.

¹ Not involving vehicles or firearms

- The automatic exclusions to this new right include buildings on land covered by, or within the curtilage of, designations such as SSSIs, Listed Buildings, a scheduled monument, an AONB, or a World Heritage Site. It is notable that Conservation Areas are not included in these automatic exclusions.
- In order to take advantage of this new right, a developer must apply to the local planning authority for a determination as to whether prior approval of the authority will be required in relation to one or more of the following factors:
 - transport
 - noise
 - flooding
 - contamination
 - residential amenity
 - in the case of buildings located in Conservation Areas² consideration to be given to the impact of the change of use on the character or sustainability of the Conservation Area.
- It will also be noted that there has been a key change by the new Class MA: the removal of any consideration of the impact on the high street (for existing uses falling within the new Use Class E³). This has the potential to be very significant for town centre high streets.
- To benefit from Class MA, the use of the building must have fallen within Class E or one or more of the uses that it replaced for at least two years continuously prior to the date the prior approval application is made. However, there is some debate as to whether the building must have been in the same use or mix of uses for the two year period.
- The building must have been vacant for a continuous period of at least 3 months immediately prior to the date of the application for prior approval. A prior approval application can be made to change the use of part of the building only. The vacancy test applies to the building, but as the definition of a building in the GPDO relates to part of a building this might mean the vacancy test is only required for the part of the building to be converted. However, there is nothing in the regulation to stop a landlord making the property purposely empty, and no requirement to demonstrate the property has been marketed to prospective tenants in its current use, leaving many to suspect it will not present a significant barrier to take-up of the new right.

² involving the change of use of part or all of the ground floor of the building

³ up until 31st July 2021 the 'impact on the high street' was a test for prior approval for uses outside of Class E

- 2.12 It should be noted that these changes have attracted some controversy in some parts of the property and built environment sectors, with a key focus being on their effect on the future of town centres. Whilst limitations and conditions remain in place, there is a general sense of concern in some quarters that some high streets could potentially suffer and this may have prompted the inclusion of specific reference to town centres in Article 4 Direction policy in the July 2021 version of the NPPF.
- 2.13 These changes will have implications for the formulation of development management policies in B&NES and are discussed in more detail later in this Study.

3. Retail and Leisure Trends

Introduction

3.1 A common and necessary introductory part of any retail and town centres evidence base study is to set the context in terms of recent, current and potential future trends in the economy. This section of the Study provides this analysis, although the on-going and uncertain effects of the world-wide COVID-19 pandemic mean that forecasts may be subject to change due to the fast-moving circumstances of the pandemic. Therefore, this section provides the following information and analysis:

- The potential scenarios for the UK economy as a consequence of the COVID-19 pandemic;
- A review of the prospects for the UK economy and retailing in pre-COVID-19 'normal' circumstances; and
- Information on how the COVID-19 pandemic is affecting retailing and town centres.

3.2 Prior to the outbreak of COVID-19 in the UK, the UK economy slowed over 2019, with growth sliding to a 7 year low by the end of the year. The period was dominated by heightened Brexit uncertainty and a weaker global economy. Against this backdrop, business investment declined for the second year in a row and exports remained sluggish. Consumer spending also lost momentum, reflecting low confidence and lacklustre incomes growth. The outcome of the December 2019 general election removed near-term political uncertainty, empowering the government to push forward with spending pledges and EU withdrawal plans. At the start of 2020, the latest indicators pointed to a pick-up in business confidence and investment intentions. Housing market surveys also suggested that activity had been rebounding and consumer sentiment had also improved.

3.3 On the global front, a partial easing in trade disputes and loosening in monetary policy was encouraging. That said, lingering uncertainty over the outcome of the next phase of Brexit negotiations had expected to curb the pace of any investment recovery. Forecasts from Experian assumed an orderly transition to a new deep free trade agreement, but significant risks remain around the process, not least because of the extremely tight timetable (and now heightened by COVID-19). At the time of finalising this 2021 Study, a post-Brexit deal has been reached which has improved business confidence, although early 'teething problems' and the need for businesses to become used to the new arrangements are likely to have an effect on trading conditions through 2021. Alongside this, forecasts on the recovery in consumer spending predict it to remain muted, reflecting modest incomes growth. Against this backdrop, GDP growth was predicted to remain on a slower growth trajectory of 1-1.5% over 2020 and 2021, well below the performance of earlier years.

COVID-19

- 3.4 The advent of COVID-19 has, and continues to have, a huge effect on all aspects of life around the world. Given that the full implications of COVID-19 are not yet able to be fully understood and predicted, Experian have outlined, earlier in 2020, four potential scenarios and their potential characteristics. Experian's analysis and the various scenarios are outlined below.
- 3.5 The outbreak of COVID-19 will have a considerable impact on the UK and global economies. Due to the unprecedented nature of the event and absence of hard data, it is impossible at this point to be confident of the scale and duration of the outbreak and the economic consequences of the measures to limit contagion. Hence, all forecasts will be subject to greater than usual uncertainty and volatility.
- 3.6 Based upon forecasts released earlier in 2020, Experian's view is that the V-shape cases outlined below are, on-balance, the more likely trajectories based on the scale of response from the UK and other governments. However, it should be noted from the outset of this analysis that the UK and global economy has never experienced a pandemic such as this and situation remains fast-moving. Indeed, whilst the UK started to ease certain 'lockdown' measures in June and July 2020, including the re-opening of non-essential shops (in controlled conditions), the prospect of a second wave of infections in Autumn/Winter 2020 is now apparent and a second 'lockdown' was imposed. As a consequence, the content of this analysis should be seen as 'a point in time' and it will be important for the Council to keep matters under review during the life of preparing the Local Plan Partial Update.
- 3.7 The scenarios provided by Experian assume that the government follows the Imperial College ('ICL') recommendations for an Adaptive Suppression approach to managing the epidemic. This would involve an intensive period where a number of interventions (case isolation, household quarantine, social distancing of the whole population and closure of schools and universities) would be implemented until the number of cases falls below an acceptable threshold.
- 3.8 ICL recommended maintaining these interventions for 5 months, which is assumed to be followed in all scenarios except the V-shape case (3 months). To support the effectiveness of the suppression measures, the government has enforced periods of 'lockdown' involving the temporary closure of non-essential businesses and activities. Thereafter, it would be possible to relax these measures as long as hospital cases remained below a target threshold.

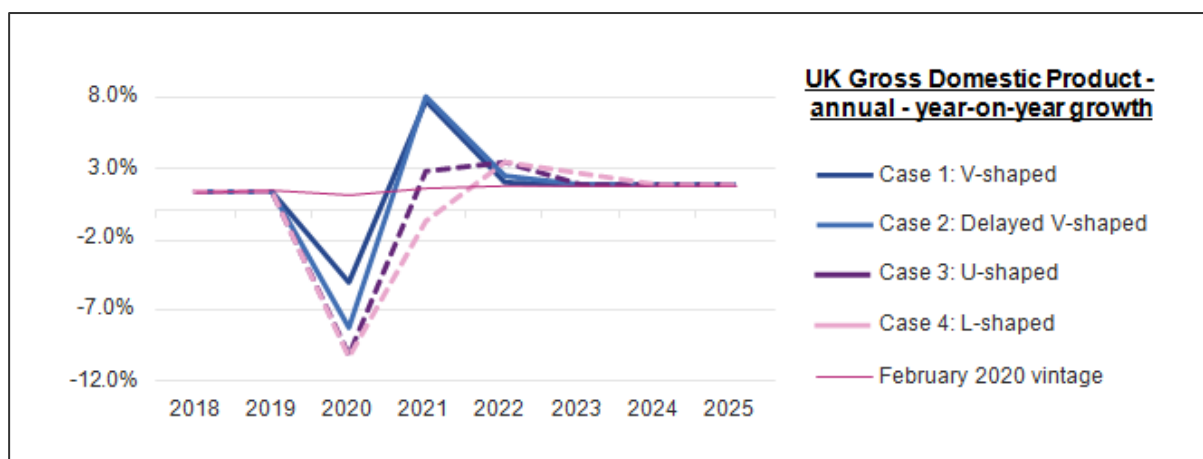
Scenario Overview

- 3.9 Figure 3.1 below shows the various forecast scenarios for year-on-year growth in UK Gross Domestic Product ('GDP') up until 2025. In cases 1 and 2, the COVID-19 outbreak is contained relatively swiftly allowing GDP to rebound strongly in a V-shape following a sharp decline in Q2, with minimal long-term

scarring. Case 3 has the virus contained in the same timeframe as case 2, however the economic impacts are more severe due to additional shocks arising from a tightening in credit conditions and further declines in Sterling. This results in a U-shaped, rather than V-shaped recovery. In case 4, the scale of the credit crunch and the Sterling declines are significantly deeper. As the economy emerges from the severe containment phase, it enters an extended period of stagnation/very subdued growth.

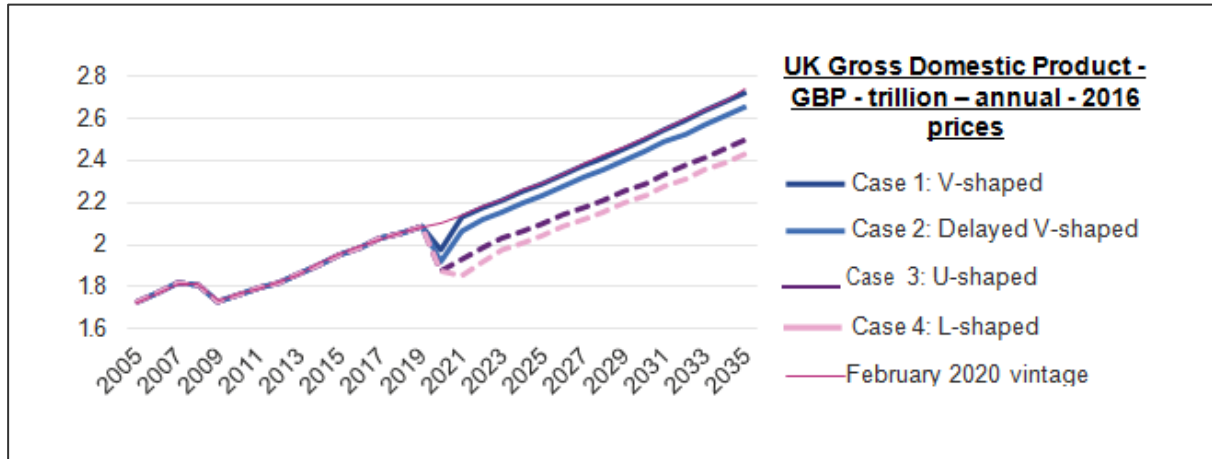
3.10 However, it should be noted that these forecasts were released by Experian earlier in 2020 and the imposition of a second period of lockdown is likely to have put back the period for recovery. As a consequence, the timeframes outlined below may need to be put back several months the advent of a number of potential new vaccines may well assist with the recovery process.

Figure 3.1: forecast UK GDP per annum



3.11 In levels terms, the lost output in the first half of 2020 is quickly recovered in the first two cases. However, it persistently lags behind where Experian were projecting in their February 2020 forecast. The U and L shaped cases show a more gradual recovery. In the former, it takes roughly five years for all lost output to be recovered, broadly in line with the experience following the global financial crisis. In the latter, it takes longer still.

Figure 3.2: GDP growth



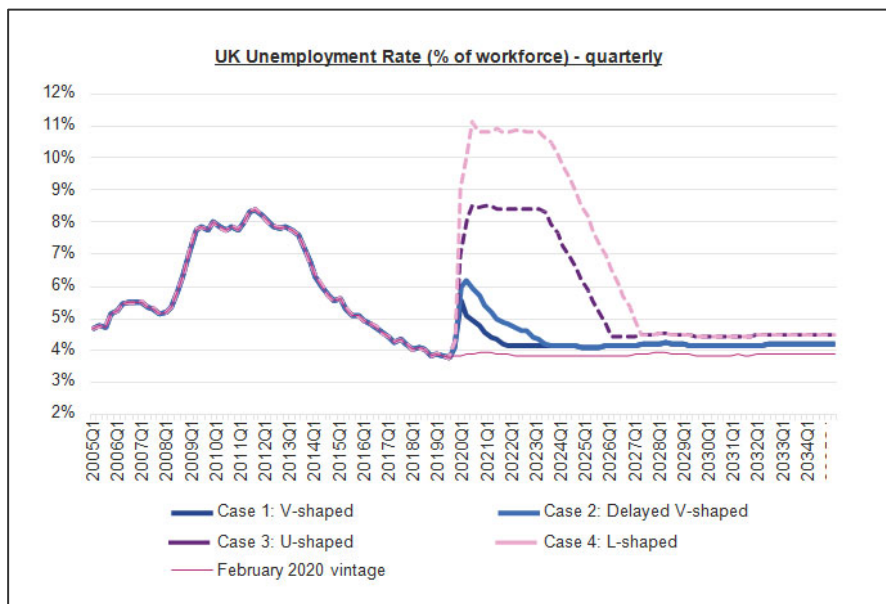
3.12 The government has announced a range of measures to mitigate the impact on households and businesses and, at the time of writing, it appears that further policies may follow.

3.13 In cases 1 & 2, the fiscal response is expected to successfully rein in the rate of job shedding.

3.14 The unemployment rate is anticipated to rise sharply and substantially in the second quarter of the year, as a range of sectors of the economy such as retail, leisure and hospitality, reduce staff.

3.15 In cases 3 and 4, the government measures to protect jobs are assumed to be far less successful, and the unemployment rate holds stubbornly high.

Figure 3.3: forecast UK employment rate



Scenario 1: V Shaped Recovery

- 3.16 In this case, the suppression policy goals are achieved faster than the ICL's estimates and the timescales around securing a vaccine are also at the optimistic end of the estimates. Technology and infrastructure are sufficiently enhanced to enable speedy tracking and response times, so infection rates stay low and incidents remain localised. Wholesale suppression strategies are avoided and intensive global efforts secure a vaccine with sufficient stockpiles built to begin rollout to the 'at-risk' population group before the end of 2020.
- 3.17 In this scenario, the economic impacts are limited by the optimistic timeframes involved in bringing the epidemic under control. The reduction in infection rates triggers a swift rebound in investor, business and consumer confidence. Financial markets rebound and Sterling recovers. The tightening in credit conditions proves mild and short lived. Alongside this, mitigation efforts by the government prevent large scale job shedding and business insolvencies, which enables activity to recover relatively swiftly as workers return to normal working hours, businesses re-open and delayed investments are restarted.
- 3.18 Since devising this scenario, experience throughout 2020 has indicated that it was too optimistic in a number of areas and can now be largely discounted.

Scenario 2: Delayed V Shaped Recovery

- 3.19 In this case, the suppression policy adopted is in line with the ICL's recommendations for 5 months of intensive action. Also, the timescales around securing a vaccine are at the midpoint of the range of the ICL's estimates of 12 to 18 months. Numbers infected reduce rapidly and suppression measures begin to unwind, with the resurgence of cases well controlled. Technology and infrastructure are sufficiently enhanced to enable speedy tracking and response times, so infection rates stay low and incidents remain localised.
- 3.20 Wholesale suppression strategies are avoided and intensive global efforts secure a vaccine and sufficient stockpiles are built to begin rollout to the 'at-risk' population group by the end of 2020. The economic impacts vary from the V-shape case in the following ways:
- 3.21 The longer containment period leaves confidence subdued for longer in 2020, resulting in weaker outcomes for consumer spending and business investment.
- 3.22 The impact of government mitigation policies has a fair amount of success. A tightening in credit conditions proves mild and short lived, while Sterling stabilises. However, due to the longer containment period there are more job losses and business insolvencies than the V-shape case.

- 3.23 The economic recovery is V-shaped but postponed until 2021. The relatively longer period of weakness results in greater scarring than the V Shape case.

Scenario 3: U Shaped Recovery

- 3.24 In this case, the timescales for addressing the pandemic threat are the same as the Delayed V-shape recovery case, but the economic impacts are more severe due to additional shocks arising from a tightening in credit conditions and further declines in Sterling. The suppression policy adopted is in line with the ICL's recommendations for 5 months of intensive action. Also, the timescales around securing a vaccine are at the midpoint of the range of the ICL's estimates of 12 to 18 months.

Scenario 4: L Shaped Recovery

- 3.25 The main difference between this and the U-shape case is that the scale of the credit crunch and Sterling decline is significantly deeper. The assumptions around the timescales for bringing the pandemic under control remain similar. In this case, as the economy emerges from the severe containment phase, it enters an extended period of stagnation/very subdued growth.

Consumer spending

- 3.26 Household spending growth slowed to an 8 year low of 1.2% in 2019. Consumer appetite for durables, property and, in particular, cars was notably muted. Low confidence was a major drag, but tepid growth in household incomes was also a factor behind the lacklustre spending trend. Despite another year of robust labour market conditions, with over 300,000 jobs created, incomes growth averaged a disappointing 1% in 2019. A pick-up in wage growth and receding inflation also provided a boost to earnings growth. However, this was offset by a continued squeeze in welfare benefits and other incomes sources. Looking ahead, prospects for incomes remain mixed. A positive is the very benign inflation backdrop. Combined with the boost to wages from more generous public sector pay and uprating to the National Living Wage, the recovery in real wages should remain intact over the coming year. However, this will be offset by a projected slowdown in the pace of job creation to more sustainable levels. Another positive factor is the end of the freeze on working-age benefits, but the on-going roll out of other welfare reforms will continue to bite. Given this, real incomes is projected to average 1.3% this year and consumer spending growth will remain in sub-1.5% territory.

Retail

- 3.27 Retail sales volumes grew by 3% in 2019, the weakest reading since 2014. There was a marked slowdown in growth over the course of the year, reflecting low confidence and sluggish incomes. The weakening trend was concentrated in non-food stores, which started the year with growth above 4% and ended with declines not seen since early 2012. Department stores and household goods retailers

bore the brunt, suffering from a fall in sales of durable goods. Demand for household goods has suffered as the housing market remained in the doldrums for a second year. In contrast, sales from predominantly on-line retailers picked up momentum with growth rising to 15%, compared with 10% in 2018. As a consequence, even before the advent of COVID-19, prospects for retail sales remained subdued. Household incomes gains were set to remain modest in 2020 although whilst the government's furlough scheme has been hugely ambitious, incomes since March 2020 have been impacted significantly with job losses becoming significant (as certain sectors experience extreme impact on how COVID-19 affects businesses).

Medium term outlook

- 3.28 The UK left the EU on January 31st 2020 and entered a transition period which allows continued access to the European single market while the next phase of negotiations take place. The transition period ended in December 2020 and a trade deal was struck at the end of this period. Experian's forecasts have adopted the assumption that a trade deal is struck.
- 3.29 Experian's forecasts assume an orderly adjustment to the new trading environment. As Brexit related uncertainty ends, business investment should recover. However, the resultant increase in trade barriers will result in lower productivity and export performance than would have otherwise been the case.
- 3.30 Alongside this, Experian predict that fiscal policy will be more supportive than over the past decade. The baseline forecasts only incorporate announced policy so there is scope for upside from the March 2020 Budget. The government's increased majority should clear the path for it to push forward with policy priorities on regional development, infrastructure and health.
- 3.31 At the present time, Experian have not revised their projections for productivity and potential GDP growth, which drive the outlook over the medium/longer term. For the 2022-26 period overall, GDP growth is expected to average 1.8% per annum, compared with 2.0% during 2010 to 2018 and 2.6% from 1981 to 2007. Alongside this, the consumer spending outlook is little changed, forecast to average 1.8%, with retail sales averaging 2.7%.

Long term outlook

- 3.32 The final terms of the new economic relationship between the EU and the UK remains a major consideration for the long term outlook and Experian's assumptions on this front are little changed from previous years. The baseline forecasts assume that the UK will continue to have access to the single market under the new arrangement. However, it is unlikely that the new terms will be as

- favourable as full EU membership, which in turn impacts the long term outlook for trade, investment and GDP.
- 3.33 Population is forecast to expand on average 0.3% per annum over 2030-2040, which is below the average of 0.8% observed during 2005-2016. Productivity growth is expected to recover from recent lows to 1.4%, but will be well below the 2.4% averaged in the decade preceding the last recession. Given this, our long term GDP growth forecast remains at around 1.7%, below the historic long-term trend growth of 2.3%.
- 3.34 Revisions to the consumer spending outlook are minimal, with long term growth forecast at 2.2%, underpinned by gains in population and household incomes. However, downside risks clearly exist from a more marked slowdown in EU migration than projected.
- 3.35 The expansion in comparison goods volumes, averaging 3% per head to 2040 will be similar to the preceding decade but less buoyant than historic trends as key factors that boosted growth, notably the globalisation that subdued audio visual prices significantly, will not be repeated to the same degree.
- 3.36 Per head spending on convenience goods has slowed sharply in the last couple of years. Experian project that growth will remain a modest 0.1% over the long term, which is weaker than experienced in recent years but an improvement on the historic trend of annual 1% declines during 2000-2019.
- 3.37 With regards to retail expenditure, it is useful to compare the forecast annual changes in spending per head on convenience and comparison goods from the time of the 2018 Study and this Update Study. Table 3.1 below shows the year-on-year change from Experian's Retail Planner Briefing Note 15⁴ for 2018-2036, which was used for the 2018 Study, and compares this against the latest forecasts from Experian's Retail Planner Briefing Note 18⁵ for the same time period. Both sets of forecasts exclude spending via the internet except where spending is associated with physical stores⁶.
- 3.38 Both sets of forecasts are similar in that they show no real growth in spending on convenience goods associated with 'bricks and mortar' stores. The latest forecasts are marginally more optimistic, led primarily by growth in 2017 and 2018 and the surge in convenience goods sales in 2020 (notwithstanding a forecast rebound in 2021).

⁴ 2017

⁵ October 2020

⁶ This adjustment is made as a large proportion of convenience goods retail sales is 'picked' from traditional large supermarkets rather than warehouses, the notable exception to this being Ocado

Table 3.1: forecast year-on-year change in per capita convenience goods spending between 2018 and 2036

Year	2018 Study (%)	Update Study (%)
2018	-0.9	0.6
2019	-0.4	-1.3
2020	0.0	6.1
2021	0.0	-5.3
2022	-0.1	0.2
2023	-0.3	-0.3
2024	-0.1	-0.2
2025	0.0	-0.1
2026	-0.1	-0.2
2027	0.0	-0.2
2028	0.0	-0.1
2029	-0.1	-0.1
2030	-0.1	-0.2
2031	0.1	-0.1
2032	0.0	0.0
2033	0.1	0.0
2034	0.1	0.0
2035	0.2	0.1
2036	-0.1	0.0
Change, 2018-2036	-1.7%	-1.1%

Source: Experian Retail Planner Briefing Notes 15 and 18

3.39 Table 3.2 undertakes a similar exercise for comparison goods per capita expenditure, using the same Experian Retail Planner Briefing Notes. Again, the data which is presented excludes spending via the internet which is not associated with 'bricks and mortar' stores.

Table 3.2: forecast year-on-year change in per capita comparison goods spending between 2018 and 2036

Year	2018 Study (%)	Update Study (%)
2018	0.1	2.0
2019	1.5	3.4
2020	2.3	-14.5
2021	2.7	8.1
2022	2.9	2.9
2023	3.2	2.7
2024	3.2	2.0
2025	3.1	1.9
2026	3.1	2.0
2027	3.1	2.1
2028	3.0	2.3
2029	3.1	2.4
2030	3.2	2.5
2031	3.4	2.5
2032	3.2	2.5
2033	3.3	2.6
2034	3.3	2.6
2035	3.3	2.7
2036	3.2	2.7
Change, 2018-2036	+54.2%	+35.4%

Source: Experian Retail Planner Briefing Notes 15 and 18

3.40 The above data shows a material change in the level of forecast growth in per capita comparison goods expenditure over the period 2018-2036. Growth between 2018 and 2019 was better than expected, although the main two drivers of the lower levels of forecast growth are the impact of COVID-19 during 2020 and also a generally lower level of annual growth in the medium to longer term. Overall, the level of growth between 2018 and 2036 is now forecast to be around one third lower than at the time of the 2018 Study.

Retail and Town Centre Trends

Internet Shopping

3.41 One of the key trends that has impacted on the retail sector and shopping patterns over the last decade has been the growth in internet shopping, which forms part of the definition known as 'special forms of trading' ('SFT'). Based on ONS data, Experian estimate that:

- The value of internet sales in 2019 was estimated to be £84.1bn (at current prices). This represents a +45% increase from £58bn recorded in 2016. Total non-store retail sales are estimated to amount to some £90.7bn in 2019 and is set to £203bn in 2036.

- To explain the differential in terms of growth between all retailing and internet retailing, in 2019 overall retail growth was 3% whereas internet sales grew by 9.6%. In 2020, overall retail sales are expected to grow by 2.5% whereas internet sales are likely to increase by 7.9%.
- The overall market share of internet sales, as a proportion of total retail sales, has increased nationally from 5.5% in 2006 to 20.2% in 2019. It is forecast by Experian to grow to 22% by 2021 and to 31% by 2036.

3.42 In relation to on-line grocery sales, most of the main national grocery businesses (apart from ALDI and Lidl) provide a delivery service, with Marks & Spencer recently entering the market in collaboration with Ocado. The entrance of Ocado to the online market in 2002 made a big impact upon the strategies of the traditional 'big four' grocers and led them accelerate plans for the online channel. Ocado has a different type of operation to the traditional grocers whereby its orders are picked from warehouses (via robotics) whereas most orders from Tesco, ASDA, Waitrose etc are picked by staff in-store. The Ocado business model is very efficient but expensive to invest in initially. The in-store grocery picking system is less costly initially but is generally regarded as a loss-maker.

3.43 In 2020 two particular factors have had a key influence on on-line grocery sales. The impact of COVID-19 meant that many people were reluctant to visit shops and the experience of using foodstore, particularly in the first part of 'lockdown' become inefficient and time-intensive. This led to a significantly higher demand for on-line deliveries which the main grocers found it difficult to keep pace with. However, now that the initial shock has passed, grocers are trying to build in additional capacity and online sales have risen from 7% of the total grocery market at the start of 2020 to 13% by May 2020. Research by UBS in the UK found that 71% of those surveyed will shop as often or more after the COVID-19 situation improves.

3.44 The other development in 2020 has been the decision by Amazon to start offering free grocery deliveries to its Prime members. Amazon's grocery offering is sourced from a range of sources including Morrisons, Booths and Whole Foods and is, in due course, likely to add capacity to the delivery network particularly in urban areas. Whilst Amazon customers are paying indirectly for the delivery service, this move does mirror Ocado's entrance into the market although the latter did subsequently introduce charges in line with the other traditional grocery retailers. In addition, Amazon has now opened up its first 'physical' grocery store in London.

3.45 The impact of COVID-19 has been even more significant for non-food shopping. Whilst a small amount of stores (classified as essential) remained open (under very strict controls) there has been a very significant shift to on-line sales, albeit subdued due to the furlough scheme and the risk of job losses.

Initial data suggests that the initial spike will reduce as physical stores re-open although many commentators consider that the upwards trend in online sales is likely to be reinforced by the impact of COVID-19.

Changing Retailer Requirements

- 3.46 The economic downturn, the growth in internet shopping and the continued demand for out-of-centre shopping has resulted in national retailers reviewing and rapidly adapting their business strategies over the past several years, including new store requirements and existing store formats to keep pace with the dynamic changes in the sector and consumer demand.
- 3.47 This is probably best illustrated by the changes in the grocery sector over the last 6-7 years. Following a sustained period of growth over almost 20 years up to 2009/10, principally driven by new store openings, the focus for the main grocery operators (i.e. Tesco, Sainsbury's, Asda, Waitrose and Morrisons) shifted earlier this decade to growing market share through opening new smaller convenience store formats (such as Tesco Express, Sainsbury's Local and Little Waitrose), a better customer experience and online sales. In relation to online sales, following the original entrants into the market (Tesco, Ocado, Sainsburys and ASDA), Morrisons joined a few years ago and Marks & Spencer will start their own sales (in partnership with Ocado) in September 2020.
- 3.48 Over the past several years applications for large store formats have slowed to a virtual standstill and in some cases permissions are not being built out. At the other end of the grocery spectrum, the European-led 'deep discount' food operators (namely Aldi and Lidl) are increasing their market shares through new store openings across the UK. Iceland are also expanding their Food Warehouse format.
- 3.49 In the non-food sector, those retailers that experienced significant growth up to 2007/08 have had to adapt to the very different market conditions over the past dozen or so years. The retailers that have not been flexible enough to respond to changing consumer needs, or are being squeezed in the increasingly competitive 'middle ground' between high-end and value retailing, have largely struggled to maintain market share. In some cases, this has resulted in a series of high profile 'casualties' and a number of key retailers have either disappeared from our high streets altogether, or have significantly reduced their store portfolio in centres across the UK (e.g. House of Fraser and Marks & Spencer).
- 3.50 Research also shows that there is an increasing polarisation and concentration of retailer demand and investment interest in the larger regional and sub-regional centres (i.e. the 'top 25-50' UK centres as defined by Javelin VenueScore rankings). This is because these centres usually have large and established catchment areas, and therefore represent less 'risky' investments in the current uncertain

economic climate. These larger centres have also generally benefitted from recent new shopping centre development and investment over the last decade, and are therefore better placed than smaller and medium sized centres to accommodate retailers' requirements for modern larger format units. At the same time, retailer and investment demand is also mainly focussed on the prime retail pitches, with the secondary and tertiary pitches contracting and deteriorating in some centres due to limited demand, smaller shop units and increasing vacancies. The continuation of these trends will impact on future operator requirements, with retailers looking to satisfy their demand for larger modern premises in prime shopping locations, with strong catchment areas and a good supply of appropriate retail space.

- 3.51 Furthermore, many of the major multiples and traditional high street retailers are changing their store formats and locational requirements. For example, key anchor retailers such as Boots, Next, TK Maxx, John Lewis and Marks & Spencer have been seeking larger out of centre format units to showcase their full product range and to provide an exciting shopper environment backed by the latest (digital) technology.
- 3.52 As a result, it is the larger centres and out-of-centre retail parks that are often best placed to meet this demand; as larger units are difficult to accommodate within existing traditional high streets and town centres, particularly historic areas characterised by conservation areas and listed buildings. As a result, some traditional high street retailers are moving out of town centres to retail parks. For example, over recent years Marks & Spencer has closed a number of traditional variety stores on high streets and opened new M&S Simply Food stores in out-of-centre locations. M&S has also recently announced a further wave store closures. This further underlines the growing demand from multiple retailers for larger format shop units, and the need for town centres to provide a good mix of large modern units to help attract and retain high street retailers, or potentially risk their relocation to new competing shopping destinations as and when leases expire.
- 3.53 The on-going challenging environment facing the comparison goods sector has been exacerbated by the impact of the COVID-19 pandemic and the lockdown periods imposed in March and November 2020. Many comparison goods stores were classified as non-essential shops and have only recently re-opened. Whilst a significant element of sales transferred on-line (to those retailers who had a good online sales platform) overall sales have been affected considerably. Data for July 2020 indicates that some retailers experienced a good initial 'bounce' back, although the second lockdown (and subsequent new 'tiers' in December) will no doubt lead to a reversal in fortunes for many businesses. In addition, the experience surrounding comparison goods shopping trips, which were until recently taken as a quasi-leisure activity, has fundamentally changed which, in the short term, is likely to impact upon the attractiveness of town centres.

3.54 These changes in retailer requirements and market demand will continue to have a significant impact on the UK's town centres and high streets, particularly in those cases where retailers make the decision to relocate from town centres to out-of-centre locations, or even out of the area altogether.

4. Midsomer Norton

4.1 With the Core Strategy and Placemaking Plan development plan documents, the adopted strategy for retail and town centre land use issues in Midsomer Norton is as follows:

- Policy SV2 of the Core Strategy provides the overall strategy for the town centre and notes that one of the key opportunities / priorities is to unlock redevelopment sites in the town centre boundary to avoid the need for out of centre retail development. SV2 goes on to note that the focus for the retail core should be on the southern end of the High Street. One of the several placemaking principles given in part 3 of the policy is to enable more intensive use of the South Road car park providing the opportunity to accommodate a modern foodstore (alongside retaining public car parking provision for the town centre).
- Within the adopted Placemaking Plan, several key development sites are identified. One of these is the South Road car park, where the allocation for a foodstore is re-confirmed by Policy SSV2. Amongst the various requirements for a retail-led mixed use redevelopment, SSV2 notes that the site should continue to offer sufficient public car parking for the town centre through on-site or off-site provision.
- With regards to other allocated sites, Policy SSV4 identifies the former Welton manufacturing site for comprehensive mixed use redevelopment comprising residential, community facilities and employment uses (including small scale retail which does not adversely impact on the existing town centre).

4.2 With regards to the evidence base supporting the above strategy, the Placemaking Plan makes reference to the quantitative floorspace capacity forecasts from the 2014 Study, which indicated a capacity for circa 2,000sq m net in 2014, rising to circa 3,000sq m by 2029. Since that time, the 2018 Study provided updated forecasts (utilising the results of a new survey of household shopping patterns) for floorspace capacity and indicated that there had been a noticeable fall in quantitative capacity for convenience goods floorspace. However, the 2018 Study went on to note that:

"In relation to the Radstock and Midsomer Norton area, the qualitative issues are reasonably similar. For convenience goods retail provision, the combined Midsomer Norton / Radstock area are well provided for in terms of the range of stores and scale of floorspace, albeit it is heavily orientated towards Midsomer Norton, with the Lidl, Tesco and Sainsburys stores. These stores, along with other stores in the town centre, allow Midsomer Norton to retain the majority of grocery shopping trips generated by local residents. They also attract a large proportion of grocery shopping trips from Radstock residents. The general trend in terms of food shopping provision in Radstock (dominated by the Radco store) is for a falling market share with retained trips generally concentrating upon top-up

food shopping. This therefore reinforces the conclusions of previous studies that there is a particular qualitative need for improvement within Radstock in order to rebalance provision.

However, it is also likely that the grocery market could push for qualitative improvement in Midsomer Norton, with interest from ALDI (new store) and Lidl (replacement store). Whilst the quantitative assessment suggests a potentially lower level of surplus baseline capacity in the area, further provision can still be justified on the basis that it can help to reinforce the health and attractiveness of the town centre. A suitable candidate here is the South Road car park which has currently been identified for a foodstore development. Whilst issues such as car parking capacity/provision will need to be dealt with, we consider that there is a qualitative case for provision of a new store so long as it is on South Road car park in order that it can reinforce the health of the town centre”.

- 4.3 Therefore, despite the fall in quantitative capacity, the 2018 Study continued to support the South Road car park allocation in the development plan through a mixture of qualitative factors and the need to place new or replacement provision in close proximity to the core retail area in the town centre.
- 4.4 Before the circumstances surrounding the South Road car park site are re-visited, it is useful to identify whether there any updates to the most recent assessments of ‘need’:
- As noted earlier in this document, the 2021 Update has not commissioned a new survey of household shopping patterns. Therefore there is no evidence to suggest a material change in circumstances on this issue and the shopping patterns data commissioned for the 2018 Study indicates that: (A) Midsomer Norton is able to retain the majority of main food and top-up food shopping trips from local residents; (B) there is some ‘leakage’ of trips to other settlements (such as Frome) although this level is not considered significant; and (C) it remains the case that the out of centre Tesco supermarket has the highest market share of any single store.
 - With regards to expenditure forecasts, Section 3 of this document has compared the forecasts for future change in per capita convenience goods expenditure between those used in the 2018 Study and the latest forecasts available from Experian. It shows that there is no material difference between the two sets of forecasts over the medium to longer term, which suggests that there is no need to re-consider the future level of available convenience goods expenditure available to stores in the local area.
 - Finally, due to the on-going effects of the COVID-19 pandemic, a comprehensive review of town centre health matters has not been undertaken at this time. Therefore, the content of the 2018 Study provides the latest data on the (previously) ‘normal’ trading conditions in Midsomer Norton town centre. The 2018 Study recorded that, between 2014 and 2018, there had been a shift towards an increased amount of convenience goods retail and service uses in the town centre and a fall in the number of vacant units.

- 4.5 In light of the above, there is not any firm evidence to suggest a material change from the circumstances outlined in the 2018 Study with regards to 'need' issues. The overall conclusions on the issue of 'need' derive from a basket of different factors including: (A) the current inability to justify the provision of a new foodstore based upon quantitative factors alone; (B) the ability for a new / replacement foodstore to make a qualitative improvement to convenience goods provision; and (C) the opportunity to support the health and performance of Midsomer Norton town centre through new floorspace provision.
- 4.6 Turning now to the circumstances surrounding the South Road car park, it is to be noted that since the adoption of the Placemaking Plan and 2018 Study retail development proposals have not come forward. It is unclear whether there are any specific reasons for this situation, although the current situation is that the need identified in the Core Strategy and Placemaking Plan has not been met.
- 4.7 One of the key requirements in both development plan documents for the South Road allocation is that redevelopment proposals should retain public car parking provision in the town centre through either on-site or off-site provision. This long-standing requirement is understandable given that the South Road car park provides one of the main car parking areas in the town centre. Over recent years, B&NES has undertaken surveys of the usage of the car park, the results of which have the potential to assist with the formulation of redevelopment proposals / the delivery of the allocation:
- surveys during 2015/2016 revealed that the car park was well used most of the day and there was limited spare capacity.
 - In order to provide further evidence on matters such as the duration of stay and use of the car park, further surveys were undertaken in 2019. This more recent survey re-confirmed that the car park is well used with limited or no spare capacity. The 2019 survey also found that the primary reason for using the car parking was for short-stay visits and little evidence on long-stay commuter use. It is understood that parking surveys conducted elsewhere in the town centre have found that there is also limited spare parking capacity elsewhere.
- 4.8 This new information, particularly the most recent 2019 parking surveys, provides further background information in order to assist with an assessment of the delivery of the South Road car park allocation. As part of the LPPU, consideration is being given to whether the South Road allocation should be rolled forwards into the new plan and, in our view, the information on car parking usage will play a significant role in this decision. A potential change in the existing allocation would, in our

opinion, be influenced by a material change in circumstances and the information on parking capacity has the potential to fulfil this criteria. In particular:

- Whilst it has always been the case that redevelopment proposals should protect the amount of car parking capacity in the town centre, provides a potential constraint to such a redevelopment given the apparent importance of South Road to parking capacity. Unless alternative replacement provision can be provided (and/or the usage of existing parking facilities intensified), this may well constrain the ability to provide retail floorspace on the South Road car park site and the delivery of the existing allocation.
- A related issue is the need to protect the health and attractiveness of Midsomer Norton town centre. Whilst a key element of the rationale for the South Road car park allocation is to provide new retail floorspace to reinforce the health of the centre and to re-balance quality and choice, maintaining a reasonable level and choice of parking provision is also an important attribute. This is recognised in the existing development plan allocation.

4.9 Therefore, if the growing body of information regarding car parking capacity / usage (updated and supplemented since the Placemaking Plan was adopted) is to be afforded greater weight, alongside the importance of parking provision generally, this could be a reason for re-consideration of the existing allocation and could prompt B&NES to consider whether there are any alternative locations which can meet the identified need whilst protecting the health of the town centre. B&NES will also need to consider whether there are any other material changes in circumstance which would reinforce a decision to re-consider the allocation.

4.10 With regards to the assessment of alternatives, it has been agreed with B&NES to consider the following:

- the car parking area adjacent to the Sainsburys foodstore and the former Argos premises (both of which lie within the defined town centre boundary); and
- the former Welton manufacturing site, which lies outside of the northern edge of the town centre.

4.11 The first site to be examined is the existing car parking area adjacent to the existing Sainsburys foodstore on the northern side of the High Street. The car park lies to the north and north-west of the Sainsburys store and is divided into three reasonably distinct areas. Access can be gained from High Street via a one-way system, and also from Pow's Orchard. The northernmost parking area has been used as a private car park, whilst the remaining areas are available for customers to Sainsburys.

There is a two-hour maximum stay on the public parking areas, which has no doubt been imposed in order to ensure that Sainsburys shoppers are able to obtain a parking space.

- 4.12 There are two potential options for this area: (A) maintaining the existing Sainsburys store and redeveloping the car park for an additional store; or (B) expanding the existing foodstore. In relation to the former, due to the size of the parking areas and the general arrangement we consider it difficult to foresee how a new foodstore unit could be successfully placed in this area. The site is an irregular shape and it would appear that a large retail unit, parking and servicing arrangements would be very difficult to accommodate. Moreover, the existing car park serves the adjacent Sainsburys store and its removal may be: (A) impossible in terms of the contractual arrangements with Sainsburys; and (B) the loss of parking provision may be considered harmful to the health and attractiveness of the town centre. Therefore, for all of these reasons, we do not consider that the car parking area adjacent to the Sainsburys store should be actively considered as a realistic possibility for accommodating a new store to meet the identified need.
- 4.13 In relation to the alternative option, a number of the above constraints will also apply. In addition, expanding the existing foodstore is likely to leave insufficient space for an adequate number (and format) of car parking spaces, whilst the change in levels across the site is likely to make it very difficult to expand the existing store in a viable manner. It will also be noted that there is no information to suggest that Sainsburys wish to leave this location and it is investing in very few new or redeveloped stores at the present time.
- 4.14 The former Argos unit⁷ lies within both the defined town centre and primary shopping area boundaries and therefore lies in a first-choice sequentially preferable location. The store is now vacant, following the decision of Sainsburys / Argos to amalgamate the sale of Argos products through the nearby Sainsburys store. The unit extends to circa 870sq m gross⁸ and lies adjacent to a modest-sized surface level car parking area (accessed from High Street). Whilst the unit is vacant and therefore, on face value, available, the ability to make it available for a foodstore use is unclear. Should B&NES wish to pursue the site for an allocation in the LPPU (or alternative future development plan document), whether it be for retail re-use or another land use, then this issue will need to be investigated further.
- 4.15 With regards to the ability of the former Argos unit to accommodate the identified need, the size of the unit (870sq m gross) indicates that, in its current form, it could accommodate a modest sized foodstore. However, this size would suggest that the unit would have a net sales area of circa 500sq

⁷ 32 High Street

⁸ according to Valuation Office Agency records

m and thus would be likely to function primarily as a top-up food shopping destination. The addition of such a store would clearly provide a positive contribution to the health of the town centre although it is not necessarily the size of store which has been suggested to meet the identified need and is unlikely to achieve any significant claw-back of expenditure / trips from the out of centre Tesco store. Nevertheless, this is an important site for the retail function of the town centre and also offers the opportunity for other main town centre uses.

4.16 The final site for consideration is the former Welton manufacturing site, which is located to the north of the town centre. This site has been identified for redevelopment for the past several years and is allocated in the Placemaking Plan for mixed uses including a small amount of retail space. The site lies at the junction of Station Road and North Road, with North Road / Radstock Road separating the site from the town centre. The site is currently vacant and therefore can be considered available to accommodate the identified need. In relation to the suitability of the site, there are a number of factors to consider. First, the former Welton site is not, in principle, the first choice location for retail development, given the South Road car park allocation. Therefore, for it to be actively considered as an allocation for foodstore development a change in approach at South Road would be required (which can be justified by the circumstances outlined above).

4.17 Second, whilst the existing development plan allocation proposes small scale retail uses at the former Welton site, the principles of this element of the allocation remain valid for a larger scale foodstore use. In particular, the existing allocation is supportive of retail uses which do not adversely impact upon the town centre and this will be equally important for larger scale retail uses. In this regard, the following will be key considerations:

- First, the placement of any retail floorspace within the site will be very important in terms of encouraging linkages with the town centre. The distance to the defined town centre boundary from the southern edge of the site via North Road is circa 100 metres and 140 metres from Station Road. The distance from the southern edge of the site to the northern edge of the defined primary shopping area is 180 metres from North Road and 240 metres from Station Road. However, the distance from the central part of the site to the primary shopping area is around 400 metres. As a consequence, it cannot automatically be assumed that the Welton site lies in an edge of centre location. There is a noticeable change in levels across the southern part of the site which may affect the placement of a large retail store and associated parking, meaning that a distance over the 300 metre NPPF edge of centre threshold is possible.
- Second, in addition to the placement of a retail store within the site, the linkages between the site and the town centre (and its primary shopping area) will be very important and will be a key

indicator in determining whether a new retail store on the Welton site can support the health of Midsomer Norton and not adversely affect it. A key aspect of the identified need for a new foodstore in Midsomer Norton is the strategy to rebalance the market share of convenience goods shopping back towards the town centre, to maintain and enhance its health and provide greater choice and competition. If a new foodstore on the former Welton site cannot make a positive contribution to the town centre, and instead simply draws trade away from the centre, then the 'needs' case for the store would, in our opinion, be diminished. Therefore, it will be important that any promotion of the former Welton site for retail uses is able to demonstrate a good level of potential for linkages with the town centre, including where necessary a commitment to improve pedestrian linkages. This issue is explored further below.

- Third, whilst any allocation of the former Welton site (and any subsequent planning permission) would not be operator specific, the possibility of an existing retailer relocating cannot be completely ruled out at this stage. Whilst new investment will be welcomed, the loss of an existing grocery retailer from the town centre is likely to have an effect on how a development at the former Welton site will contribute to the health of the town centre. Therefore, we would recommend that, whilst it cannot be a stipulation of planning policy, any future development proposals at the former Welton site ensure that any retailer relocation which damages the health and attractiveness of the centre are resisted.

4.18 Returning to the issue of linkages between the site and the town centre / primary shopping area, a key issue will be the ease of movement between the two locations. Three aspects are important here. First, North Road / Station Road / Radstock Road can present, in its current form, a barrier to movement between the two locations. North Road and Radstock Road provide a key vehicular east-west route across Midsomer Norton and therefore careful consideration will need to be given to the relationship between vehicles and the ease of pedestrian movement. However, it is likely that significant improvements will be required. Second, improvements to the pedestrian environment / public realm are also likely to extend along High Street as well in order to ensure continued ease of movement into the town centre. Third, in addition to the placement of a retail store in the former Welton site, the internal layout of redevelopment proposals will also be very important to securing and encouraging linkages.

4.19 Therefore, in summary, and in light of the above analysis, the following key issues are important to note:

- The South Road car park site remains the most sequentially preferably location in Midsomer Norton. The provision of retail floorspace on the site has good potential to support the health of the town centre in terms of increased choice and competition and re-balancing the convenience goods shopping trips back towards the town centre.
- However, the lack of delivery of the existing development plan allocation is an important consideration. Whilst the past 3-4 years have seen much reduced activity from a number of grocery retailers, this has not been universal, with retailer such as ALDI and Lidl continuing to open stores. It may be the case that the issue of car parking usage has not been a factor in the decision of retailers not to invest although the car parking capacity issue is salient to the overall suitability of the South Road site. Based upon the additional evidence gathered by B&NES over the past few years, we consider it entirely reasonable to re-consider the existing allocation. As part of this re-consideration it is also salient to note that an adverse impact upon the parking capacity of the town centre could materially dilute the positive weight afforded to providing a new foodstore in the town centre.
- As a consequence, B&NES must consider whether the new information on parking issues, and any other information which it has access to regarding the delivery of the South Road site, is sufficient to consider a change in approach for meeting the need for a new foodstore in Midsomer Norton.
- With regards to the consideration of alternatives in and around the town centre, three locations have been considered. The car park adjacent to the Sainsburys store has been dismissed on the basis of size and car parking issues, whilst the former Argos site is unlikely to be large enough to accommodate the identified need (although it should, in our opinion, be a site which is identified for re-use for an appropriate range of main town centre uses that contribute to the health and attractiveness of the centre).
- The third and final site which has been considered is the former Welton manufacturing site. This is, in our opinion, the next best location (to South Road) to accommodate a reasonable sized foodstore to meet the identified need. It should only be considered as a potential site if there is good evidence to demonstrate a change in approach for the South Road car park site. However, given the distance to the defined town centre and primary shopping area boundaries, providing good and attractiveness linkages are vital. This will include the need to tackle the following issues: (A) the placement of the new foodstore in the site; (B) improvements to the public realm; and (C) consideration as to how an improved pedestrian crossing over North Road / Radstock Road can be achieved.

5. Planning Policy Advice

Introduction

- 5.1 The final part of the brief for the 2021 Update Study provided by B&NES is for AY to review the existing planning policy position in development plan and provide advice on the need for amendments in light of: (A) changes in national planning policy; (B) changes in national legislation; and (C) the on-going retail and town centre trends outlined in this report.
- 5.2 The two main documents in the adopted development plan which contain retail and main town centre land use planning policies are:
- The Core Strategy; and
 - The Placemaking Plan.
- 5.3 Within the Core Strategy, Policy CP12 outlines the four tiers of 'town centre' in the retail hierarchy⁹ and provides encouragement to uses which contribute to maintaining the vitality, viability and diversity of centres, whilst retail development should be assessed in relation to its scale and the function of the 'town centre' that it is proposed to be located in. Apart from boundary designations in Bath city centre, the Core Strategy leaves the content of other 'town centre' boundaries to the Placemaking Plan, along with development management policies for retail and town centre development. Finally, whilst the area-specific sections of the Core Strategy contain a significant amount of detail regarding the strategy for the centres in the defined hierarchy, particularly the four largest centres, although the strategies are generally specific to each centre rather than providing general development management policies.
- 5.4 Within the adopted Placemaking Plan, policies CR1 – CR4 provide general development management policies in relation to proposals for main town centre uses, proposals within the defined primary shopping areas / frontages and proposals for other local shops. These policies are supported by boundary / frontage definitions on the Policies Map.
- 5.5 With regards to the Core Strategy, we do not consider that there is anything in Policy CP12 which requires amendment. Whilst we have not been asked to examine in detail the hierarchy of centres, the four tiers of centre remain, in our opinion, consistent with the current version of national planning policy and the general approach to encouraging main town centre uses is also consistent.

⁹ Bath city centre, town centres, district centres and local centres

However, the defined boundaries in the city centre should be kept under review should there be any future changes in national planning policy in the NPPF.

5.6 With regards to the four 'CR' policies in the Placemaking Plan, and the associated Policies Map designations, we note the following:

- Policy CR1 – the Sequential Test. CR1 sets out the sequence of locations to be applied for proposals for retail and other main town centre uses. The content of the policy remains in line with the latest version of the NPPF and highlights the need for a sequenced search for sites and premises and also the need to determine whether competing edge and / or out of centre have a preference. CR1 also remains in line with national policy in terms of the requirement for flexibility in terms of scale and format. As a consequence, we do not consider that there is a requirement for any material change to Policy CR1¹⁰.
- Policy CR2 – Impact Assessments. Policy CR2 outlines the scope of impact assessments for retail, office and commercial leisure proposals located outside of defined 'town centres'. The criteria for such assessments remain in line with the latest version of national planning policy and therefore do not, in our opinion, require amendment. However, CR2 should be updated to remove reference to impact assessments for office development proposals, a requirement which has been removed in recent updates to national planning policy. In addition, it should also be clarified that the requirement for impact assessments for proposals located outside of defined 'town centres' should not apply to proposals which are in line with an adopted up to date development plan policy.
- Policy CR3 – Primary Shopping Areas and Primary Shopping Frontages. Given the recent changes to national policy, B&NES will need to consider whether to remain with the primary shopping frontage definitions across its 'town centres'. This is no longer a formal requirement in the NPPF although the NPPG indicates that local authorities "may wish" to define primary and secondary frontages in 'town centres'. Of the four main town centres, the case for retaining primary shopping frontages is strongest in Bath, which is likely to retain a strong retail function, and given the size of the centre there is good case for continuing to prioritise former Class A1 retail uses in parts of the central area. This may be an aspect which B&NES want to examine through the new Local Plan rather than the current partial update process. In line with latest NPPF policy, the city centre should also continue with a defined primary shopping area. With regards to the other three town centres, a primary shopping area definition should be retained (in line with NPPF

¹⁰ this advice is based upon the current version of the NPPF and it will be important to take into account the most recent changes in the use classes order when considering the sequential test, including the need to control any planning permissions to the relevant Class E sub-categories to which the sequential test is assessed against.

policy), although on-going changes in the retail and town centre sector would suggest that defined retail frontages in these centres should be removed and replaced by a development management regime which reflects the ability of a wider range of land uses to maintain and enhance the health of town centres. A further discussion on this issue is contained below.

- Policy CR4 – Dispersed Local Shops. This policy allows for the provision of small local shops, under 280sq m gross, serving local needs. We consider that this policy continues to serve a very important purpose and should be carried forwards (with the reminder that local needs shopping should be separate to the catchment of defined district and local centres, and justified based upon a localised need / requirement).

5.7 Returning to Policy CR3 in the Placemaking Plan, we support the qualitative approach which has been adopted as it reflects the general direction of travel in many town centres across the country and also the direction of travel in terms of national planning policy. With regards to the content of the various elements of CR3, we note the following:

- Over many years, the link between the requirements of national planning policy for the various 'town centre' boundary and frontage designations and the use classes order has been reasonably clear. There has been a focus upon (former A1) retail uses in the 'core' parts of town centres and a sliding scale in terms of how retail and other main town centre uses are considered across primary/secondary frontages, plus wider primary shopping area and main town centre boundaries. This approach has been complicated slightly over the past several years as successive changes to some legislative permitted development rights have allowed properties under (former A1) retail use to change to other main town centre uses where (A) certain conditions are met; and (B) in some instances, where prior approvals are provided by local authorities. This has also been accompanied by recent changes in national policy which have removed the formal requirement for the definition of primary and secondary retail frontages.
- However, the changes introduced in 2020 and 2021 mean that the relationship between national planning policy and legislation, and how it translates to plan-making at a local authority level, will need careful consideration going forwards. At the time of preparing this report, the situation can appear complicated. Planning applications submitted before 1st September 2020 for certain main town centre uses should be determined with regards to the use classes in force at the time of submission. Whereas applications submitted after the 1st September 2020 will be determined under the new regime. Finally, the August 2021 changes and updates to permitted development rights will also have an effect upon the operation of town centre development management policies. This situation will have immediate effects for the development management functions of

B&NES in terms of the processing and determination of planning applications over the coming months, but the formulation of future revised retail / town centre policies in any forthcoming B&NES development plan will now have to take into account the August 2021 changes to legislation. This suggests that re-looking at this through the full Local Plan review, rather than the partial update, may be more appropriate.

- For applications for main town centre uses submitted after 1st September 2020 located outside of defined 'town centres' there will be the need to consider whether controls need to be imposed to restrict the proposal to a certain Class E sub-category in order to: (A) ensure that the permission granted by the local authority is consistent with the assessment made by the local authority / the applicant; (B) in the case of retail and leisure uses, it protects the health of, and investment within, defined 'town centres'.
- With regards to the criteria for primary shopping frontages, and taking into account recent changes to policy and guidance, we consider that these remain appropriate should B&NES continue with the shopping frontage designation for Bath city centre. We are supportive of the four separate criteria in this policy as they start from the position of wanting to protect the retail (former Class A1) function of the centre but appreciate that certain appropriate alternative uses can also provide a positive contribution to the overall health and attractiveness of the centre. Quantitative controls should continue to be avoided although, should B&NES wish to continue with the separate frontage and primary shopping area definitions then there is likely to be a requirement for a stronger emphasis on retaining retail uses in the former. There should also be a similar criteria-based approach to the wider primary shopping area boundary although the emphasis of Class E (a) uses will need to be relaxed in order to show a material difference between the shopping frontages and the shopping area. This may be in the form of providing criteria which allow for other Class E uses so long as they do not harm the overall shopping function of the defined area.

5.8 Returning to the issue of Use Class E, Policy CR3 and the newly introduced permitted development rights, the following will be of note:

- In general terms, the introduction of the new Use Class E and the new permitted development rights means that the ability to apply Policy CR3 (or its successor policy) is materially reduced. Changes of use within Class E will not attract the attention of CR3, which will also be the case for changes from Use Class E to residential in certain circumstances (although they will still be subject to the prior approval regime).

- However, Policy CR3 (or its successor policy) will still apply in excluded areas / designations, most notably Bath (as it is a World Heritage Site) and also proposals for a change from E to C3 involving Listed Buildings.
- In relation to the prior approval regime for changes from Class E to C3, the 'impact on the high street' test has now been removed, although there is a broad test of 'impact on character and sustainability' for prior approval for proposals in Conservation Areas. There are no specific criteria associated with this test and, instead, it is sensible in our opinion to base any consideration of the facts and circumstances associated with a specific proposal and the specific Conservation Area. Salient considerations could well include character/appearance associated with the specific building in question and how it relates to the wider area and also the contribution of the existing Class E use to the character/sustainability of the area. On this latter point, there is the potential for any successor policy to CR3 to provide guidance for the prior approval process (even though the policy itself will not directly apply). For example, we consider it appropriate for consideration to be given, as part of the wider balance of consideration, to: (A) how the existing Class E use contributes to the character of the Conservation Area; (B) whether a change to residential use would have a positive, neutral or negative effect upon the character of the Conservation Area; (C) whether there are any identifiable and material characteristics associated with both the existing and proposed uses which have an influence on the sustainability of the Conservation Area (including quality of appearance).

Appendix I

Summary of Changes to the Use Classes Order (September 2020)

Summary of changes to the Class Order Schedule

<i>Uses (description)</i>	<i>Uses (current Class)</i>	<i>Use new class (From 1 September 2020)</i>
<i>Shops</i>		<i>Class E: Commercial Business and Service</i>
<i>Retail warehouse</i>		
<i>Hairdressers</i>		
<i>Undertakers</i>		
<i>Travel and Ticket Agencies</i>		
<i>Post Offices</i>		
<i>Pet Shops</i>	<i>A1 (shops)</i>	
<i>Sandwich Bars</i>		
<i>Showrooms</i>		
<i>Domestic Hire Shops</i>		
<i>Dry Cleaners</i>		
<i>Funeral Directors</i>		
<i>Internet Cafes</i>		
<i>Financial services such as banks and building societies</i>		<i>Class E: Commercial Business and Service</i>
<i>Professional services such as estate and employment agencies (excluding health and medical services)</i>	<i>A2 (Professional and Financial Services)</i>	
<i>Sale of food and drink for consumption on site</i>		
<i>Restaurants</i>		<i>Class E: Commercial Business and Service</i>
<i>Cafes</i>	<i>A3 (Restaurants and Cafes)</i>	
<i>Snack Bars</i>		
<i>Pub or drinking establishment</i>	<i>A4 (Drinking Establishments)</i>	<i>Sui Generis</i>
<i>Takeaway</i>	<i>A5 (Hot Food Takeaways)</i>	<i>Sui Generis</i>
<i>Offices</i>		<i>Class E: Commercial Business and Service</i>
<i>Research and development of products and processes</i>	<i>B1 (Business)</i>	
<i>Light industry appropriate in a residential area</i>		
<i>Clinics</i>		<i>Class E: Commercial Business and Service</i>
<i>Health Centres</i>		
<i>Creches</i>	<i>D1: Non-residential institutions</i>	
<i>Day Nurseries</i>		
<i>Day Centres</i>		
<i>Schools</i>		<i>F1: Learning and Non-Learning Institutions</i>
<i>Art Galleries (other than for sale or hire)</i>		
<i>Museums</i>		
<i>Libraries</i>	<i>D1: Non-residential institutions</i>	
<i>Halls</i>		
<i>Places of Worship</i>		
<i>Church Halls</i>		
<i>Law Court</i>		

<i>Uses (description)</i>	<i>Uses (current Class)</i>	<i>Use new class (From 1 September 2020)</i>
<i>Cinemas</i>		
<i>Music and Concert Halls</i>		
<i>Bingo Halls</i>	<i>D2: Assembly and Leisure</i>	<i>Sui Generis</i>
<i>Dance Halls (not nightclubs)</i>		
<i>Gymnasiums</i>		
<i>Indoor sports and recreation (except for motorsports, or where firearms are used)</i>	<i>D2: Assembly and Leisure</i>	<i>Class E: Commercial Business and Service</i>
<i>Hall or meeting place for the principle use of the local community</i>		
<i>Swimming Pools (indoor or outdoor)</i>		
<i>Skating Rinks</i>	<i>D2: Assembly and Leisure</i>	
<i>Outdoor sports and recreation (except for motorsports, or where firearms are used)</i>		<i>F2: Local Community Uses</i>
<i>Shops (not more than 280sqm mostly selling essential goods, including food and at least 1 km from another similar shop)</i>	<i>A1 (shops)</i>	

Use Classes Orders with No Change

<i>Use for industrial process other than one falling within class B1 (excluding incineration purposes, chemical treatment or landfill or hazardous waste).</i>	<i>B2 (General Industrial)</i>	<i>B2 (General Industrial)</i>
<i>Storage and Distribution Centres (inc. open air storage)</i>	<i>B8 (Storage and Distribution)</i>	<i>B8 (Storage and Distribution)</i>
<i>Hotels, boarding and guest houses (where no significant element of care is provided)</i>	<i>C1 (Hotels)</i>	<i>C1 (Hotels)</i>
<i>Residential accommodation and care to people in need of care, residential schools, colleges or training centres, hospitals, nursing homes</i>	<i>C2 (Residential Institutions)</i>	<i>C2 (Residential Institutions)</i>
<i>Single person, or family houses.</i>	<i>C3 (Dwelling houses)</i>	<i>C3 (Dwelling houses)</i>
<i>Small shared 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</i>	<i>C4 (Small Houses in Multiple Occupation)</i>	<i>C4 (Small Houses in Multiple Occupation)</i>