Retail topic paper

This topic addresses: Thriving city/local centres, the visitor economy and cultural provision. **SA Objective:** 6. To provide accessible essential **services and facilities.** 11. To achieve sustainable inclusive **economic growth**, including the development and expansion of a diverse and knowledge-based economy and the culture/leisure/ visitor sector. **SEA Theme:** Material assets and population.

Introduction

This topic paper focuses on retail and services and the important contribution it makes to Oxford's economy. As with many towns and cities across the country, Oxford's retail sector has taken a hit. Online shopping continues to boom and the impacts of the Covid-19 are still being realised our high streets are in need of plan moving forwards. An emphasis is being placed on creating inclusive and varied city centres to encourage people to spend time and engage with them. Whether it is to shop, work or spend time with friends and family, Oxford's centres must continue to adapt to provide these services.

Alongside retail, services play a key role in the vitality and viability of the City centre and District centres. Services comprise a wide range of uses including restaurants, pubs, take-aways, offices, banks and estate agents. Given the challenges facing the retail sector services will continue to play an important role in attracting people to centres and helping to meet their requirements providing uses which make the centres 'destinations'.

This paper provides a context for considering this subject by providing a brief summary of the relevant national and local plans, policies and programmes that currently exist and will influence change in the future. There is a section which includes some key headlines on the challenges, issues and future trends that will impact on the retail and service sector. The next section explores what would happen without a plan and the potential difficulties that the city would face. The final section puts forward some ideas for discussion to suggest what the Plan could do to in terms of objectives to meet the plans, policies and programmes.

Policy context

NPPF: The NPPF makes it clear that *the purpose of the planning system is to contribute to the achievement of sustainable development*. The economy has a key role to play in achieving 'sustainable development'. The main focus of the planning policy approach towards the economy should seek to '**build a strong, competitive economy**' and create the conditions in which businesses '**can invest, expand and adapt**'. Economic growth and productivity should be supported.

The NPPF advises that strategic policies should set out '*an overall strategy for the pattern, scale and quality of development, and make sufficient provision for '*amongst other uses *'retail and leisure'*. … (para 20)

Retail is a key land use. Section 7 of the NPPF concerned with *'ensuring the vitality and viability of town centres.'* Planning policies and decisions are required to *'support the role that town centres play at the heart of local communities'* by *'taking a positive approach to their growth management and adaption.'*

Planning policies and decisions should '*support the role that town centres play at the heart of local communities, by taking a positive approach to their growth, management and adaptation.'* Planning policies are required to:

- define a network of town centres and promote their long-term vitality and viability;
- define the extent of town centres, primary shopping areas and range of uses within a positive strategy;
- retain and enhance existing markets;
- allocate suitable sites for a range of uses, including retail, to meet future need;
- Where sites are not available within town centres, other locations such as edge-of-centre or accessible locations should be identified; and
- encourage residential development to add vitality to centres.

A 'sequential test' should be applied to planning applications for main town centre uses which are neither in an existing centre nor in accordance with an up-to-date plan. Main town centre uses should be located in town centres. But if no sites are available then 'edge of centre locations' and lastly out-of-centre sites can be considered, with preference given to sites which are accessible to the town centre.

An 'impact assessment' is required for larger retail developments above 2,500m², unless the Local Planning Authority sets a lower threshold. If a proposal fails the sequential test or is likely to have a significant adverse impact then planning permission would be refused.

National Planning Policy Guidance

This provides further advice and guidance on planning for town centre vitality and viability. It considers the role local planning authorities can play in supporting the management, adaption and growth of town centres, working in partnership with key stakeholders to create an agreed vision / strategy for the centre. It highlights the importance of encouraging a wide range of complementary uses, including residential, and of promoting the economic benefits from an evening and night-time economy.

The NPPG highlights the broad range of uses that are now supported through 'permitted development rights' which allow for a broad range of uses within town centres without requiring planning permission. This includes the Class E category which allows a broad range of commercial, business and service uses to change their use without needing to apply for permission such as a shop being able to change to an office. Advice is provided on assessing proposals for out-of-centre development and in particular the sequential test and impact assessment, which seeks to direct retail and leisure uses to town centres as a first preference.

Changes to the Use Classes Order and Planning White Paper

In September 2020 the government introduced significant change to the Use Classes Order, merging shops, food and drink, services and business uses into a single use class (Class E). The Government has also recently confirmed changes to the 'permitted development rights', which would allow for a change of use from Class E (commercial, business and service uses) to C3 residential (taking effect in 1.8.21). These proposed changes could have a significant impact on the mix of uses within the city and district centres and will limit the scope for local planning authorities to influence the overall mix in centres. There is no specific reference to retail in the White Paper, however whilst the detail is unknown, significant changes to the planning system as a whole, are likely to result in fewer opportunities to manage the mx of uses through local policies.

Oxford Local Plan 2036

Oxford has a hierarchy of town centres that comprise the city centre and a number of district and local centres. The broad policy approach is to seek to maintain and enhance the vibrancy and vitality of these centres, offering a wide range of 'town centre uses' including retail, leisure, entertainment, office, arts, culture and tourism. These uses make a significant contribution to Oxford's economy and job opportunities. New developments that are classed as being 'town centre uses' are directed to these existing centres to help promote their long-term vitality and viability. This is achieved by the application of a 'sequential test' and 'impact assessment' for out-of-centre proposals.

Policies V2 and V4 seeks to ensure an appropriate mix of uses within defined frontages for the city centre and individual district and local centres. The recent introduction of the new Class E category has limited the effectiveness of these policies in seeking to retain certain percentages of retail uses within these centres, but does allow potentially for a greater mix of town centre uses. Policy V3 is concerned with the Covered Market and seeks to ensure that a percentage of retail uses are retained, but again faces the same challenges.

Oxfordshire Local Plan 2050

The Oxfordshire Local Planning Authorities (including Oxford City Council), working together through the Oxfordshire Housing and Growth Deal, are working towards the development of a Joint Statutory Spatial Plan (JSSP), known as the Oxfordshire Plan 2050, which will set out strategic policies for the county to 2050. An initial consultation was launched on the Plan in February 2019 and a further consultation is being launched in the summer of 2021. The summer 2021 consultation will include a number of options, which may cover town centre renewal, supporting new economic initiatives to bring vitality to town centres, responding to the changes within the retail sector that have taken place through Covid-19 and Brexit.

The Oxfordshire Plan will be submitted to the Secretary of State for examination in September 2022. It will be important to ensure that the Oxfordshire Plan and the Oxford Local Plan 2040 work closely together; there will be many common themes and objectives and much shared evidence behind the two plans.

Current situation

Importance of retail to Oxford's economy: Oxford is a sub-regional centre which provides a wide range of services and facilities to both the city's residents and those living in the sub-regional catchment area. As such it plays an important role in Oxford's economy. The vibrancy and vitality of Oxford's centres needs to be maintained and enhanced in the future to ensure that they can continue to perform their function and continue to make a significant contribution towards the economic, social and environmental objectives for achieving sustainable development. Oxford is a world-class city with a prosperous economy and a historic core that attracts tourists from around the world. The city centre fulfils many functions both regional and local and will continue to be the main focus for retail together with a wide range of leisure and cultural uses.

Recent changes in shopping habits: Retail patterns and behaviours have been changing in recent years with a growth in online shopping making the future of high streets uncertain; it appears that the impacts of Covid-19 may be accelerating these changes. However market predictions indicated that there will still be an important role of destination shopping where shopping becomes part of a broader day out linked with eating out and other leisure activities; it remains to be seen whether this will be the case given the impacts of Covid-19, but it seems likely it will be. When online shopping is so easy there must be other draws to encourage people to visit centres. What has been clear though is that during lockdowns many people have missed the opportunities for socialising and interacting with others that centres provide, and perhaps will have a renewed appreciation for this and determination to enjoy it when possible.

Impact of the pandemic footfall and vacancy rates: The Centre for Cities' 2021 report on Fast-growing Cities uses some key indicators to compare Oxford with other fast-growing cities such as Swindon, Norwich, Milton Keynes, Cambridge and Peterborough. This very useful and up-to-date report highlights some common challenges for all the fast growth cities, including the economic impact of the pandemic and its impact on the high street, but then goes on to identify some specific issues for each city. It provides a useful evidence base to focus on both the successes and the challenges to Oxford's economy.

The report notes that the key challenge to post-Covid recovery will be the significant drop in footfall. Oxford and Cambridge are highly reliant on footfall from tourists, students and office workers. Footfall in Oxford fell by 90% during the first lockdown, and if this continues it may have implications for jobs and profits of the high street businesses. However, the impact on spend is not that closely linked to footfall in Oxford, as the majority of those who usually visit the city centre are not high spenders. For example, students, day tourists and office workers contribute to a lot the footfall in the city centre in normal times, but do not spend very much money.

As of September 2020 Oxford city centre[1] had 12.6% of units vacant, compared to 9.8% in March 2020 and 12.4% in March 2019. There was a net increase of 17 vacant units, from the beginning of lockdown. Some vacant uses are occupied on a meanwhile basis, some are under offer or are development sites, so effectively only 6% are vacant. It is true that some businesses have not reopened and may yet become vacant. Also, some businesses negotiated lower rents may not last long enough for the businesses to keep going in the longer term.

However, there are many signs that change can be managed in a way that is bespoke to the city's needs, and that will maintain a successful and vibrant centre. Since the end of the first lockdown, 9 new retail businesses, 6 hospitality businesses and 2 services have opened in units in the city centre.

[1] Surveys of Oxford City Centre undertaken by Oxford City Centre Manager

The flexible policies introduced in the Oxford Local Plan 2036 have enabled us to respond to the changing retail scene in a way that is appropriate to Oxford; for example the conversion of the Boswell's department store to a hotel will maintain an active frontage with a restaurant open to the public on the ground floor. That said, there is a risk that changes to the Use Classes Order and NPPF will limit the application of these policies so much that there will be little scope to provide protection for existing retail units.

Likely trends without a new local plan

It seems that demand for retail and service floorspace in key locations such as the city centre and district centres may reduce and change in the future, reflecting the continued growth in online shopping and changes to working practices. There could be a move of retail towards edge-of-city, depending on how long the reduced use of public transport remains.

Changing work practices may have an impact on local economies and the needs of the centres. There may be fewer office workers around, who won't be spending money at lunchtime or commuting, but this is difficult to predict. There may be changes in the retail and service sector temporarily to make them 'Covid-secure' and this may be more labour intensive, but it is unknown to what extent this will be a lasting impact.

Notwithstanding the Covid-19 pandemic it is likely that, in the longer term, the increased success of the vaccines together with 'social distance' measures will allow restaurants, takeaways and pubs to continue to play a more important role in the High Street. The café culture and outside eating will continue to expand with appropriate facilities provided wherever possible to offer this option.

What could our plan do to achieve policy objectives and programmes

Whilst there may be a move to online shopping, our city centre and local centres have been and will continue to important for people socially. The vibrancy of the city and local centres should be protected.

It will be important to try to understand the impact of the Covid-19 pandemic and Brexit on the high street, how the changes to shopping patterns and behaviour will impact on the retail and service sector, and how the Plan should try to respond to this. It is likely that flexibility will be highly important, as there will be a long stage of flux and uncertainty. However, long-term consideration will also be important. What will be the requirements of the retail and service sectors, how does it operate in Oxford at present, where and how will change take place and what will be the spatial effect?

Likely issues for the emerging Local Plan include:

- Whether there is a need for new retail sites. District centres may play a more important role in the future, with a move towards local shopping, strong neighbourhoods and the idea of the 15 minute city, where needs can be met within a 15 minute walk or cycle from home.
- Whether new types of facilities should be considered in the plan, to allow for continued retail growth, for example 'click and collect' facilities and local distribution facilities.

- Whether a greater range of uses in city and district centres would promote their vitality and viability. This could include a greater range of uses including 'destination' uses, cultural, entertainment and tourist attractions that would draw people into these centres and offer a greater experience.
- How to encourage schemes that provide a genuine mix of uses on development sites or within wider regeneration areas, to respond to the impact of change within the retail and service sector. This could be informed by urban design initiatives by the promoter, in collaboration with the planning authority, key partners, businesses and the local communities.
- What measures are needed to improve the public realm, making it more attractive and encouraging people to stay in the area.
- How to enhance connectivity, providing good and accessible movement links to and within the city and district centres.

Conclusions

The retail and service sector play an important role in Oxford's economy and help to offer a range of job opportunities to local people. The city centre is an important destination for visitors from both overseas and the UK, and is attractive for business trips and conferences. The city centre and district centres provide a diverse range of uses and services, including retail, pubs, restaurants, offices, together with cultural and entertainment venues, which are important to the functioning of a city and people's well-being. These help to meet the needs of local residents, visitors to the city and those working in Oxford.

The city and district centres can help to play a key role in promoting *'an inclusive economy'* by creating more job opportunities for local people. This can be achieved by broadening the range of uses within these centres and encouraging development projects to take part in Employment and Skills Plans that provide job opportunities through both the construction phases of projects as well as the completed development / use. Opportunities for new cultural, community and entertainment uses together with those in the hospitality sector and residential where appropriate could potentially be at the forefront of a renaissance in the city's retail sector.
The city's retail centres are well served by public transport, cycling and walking, and act as transport hubs.

In the city centre, the West End area offers a significant opportunity to introduce some new activity, together with public realm improvements and greater connectivity. The district centres will need to work with local communities and key stakeholders to see how each individual centre can positively embrace changes which will enhance the distinctiveness of their centres.

Sustainability/Plan issues

- The retail and service sector plays a crucial role in Oxford's economy, providing job and leisure opportunities to local people.
- The city must offer a diverse range of uses and services.

- Oxford should be easily navigable by foot and public transport.
- The city must seek to bounce back positively and innovatively especially in response to the Covid-19 pandemic.