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Planning. Design. Economics.

Powys Retail Study

Powys County Council

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Contents

| | | |
|-----|---|-----------|
| 1.0 | Introduction | 2 |
| | Study Objectives | 2 |
| | Report Structure..... | 3 |
| 2.0 | The Shopping Hierarchy | 4 |
| | Centres in Powys and the Surrounding Area..... | 4 |
| 3.0 | Assessment of Retail Needs | 7 |
| | Introduction | 7 |
| | Retail Trends | 9 |
| | Population and Expenditure | 10 |
| | Existing Retail Floorspace 2011 | 11 |
| | Existing Spending Patterns 2011 | 11 |
| | Quantitative Capacity for Convenience Floorspace..... | 13 |
| | Quantitative Capacity for Comparison Floorspace | 14 |
| | Qualitative Need for Retail Floorspace | 15 |
| | Non-Retail Services | 18 |
| | Local Shopping Provision..... | 18 |
| 4.0 | Strategy for Accommodating Growth | 20 |
| | Floorspace Projections..... | 20 |
| | Accommodating Future Growth..... | 21 |
| 5.0 | Conclusions and Recommendations | 25 |
| | Introduction | 25 |
| | Meeting Shopping Needs in the County | 25 |
| | Accommodating Future Growth..... | 26 |
| | Convenience Goods Development..... | 26 |
| | Comparison Goods Development | 27 |
| | Scale of Development..... | 28 |
| | The Designation of Centres and Boundaries..... | 29 |
| | Future Strategy Implementation and Monitoring..... | 34 |

1.0 Introduction

Study Objectives

- 1.1 Nathaniel Lichfield & Partners (NLP) has been commissioned by Powys County Council to prepare a County wide Retail Study. This study updates and supersedes the Powys Retail Study – January 2006 prepared by NLP.
- 1.2 The key objective of the Retail Study will be to provide a robust and credible evidence base to inform the Council’s work on the next stages of the Local Development Plan, taking into account changes since the previous study. The objectives of the study are to:
- 1 assess the future need and (residual) capacity for retail, distributed by town centre for the period up to 2026;
 - 2 review and analysis of the existing Unitary Development Plan retail and town centre policies and proposals, most specifically the appropriateness of the Primary Shopping Frontage and Retail Core Area approach, to provide conclusions and recommendations;
 - 3 evidence based recommendations on sustainable retail provision in remote rural areas;
 - 4 assess the existing supply and demand for retail uses and the role played by each of the centres, and the potential for centres to claw back expenditure leaking to other centres;
 - 5 assess the role, vitality and viability of the main centres and where appropriate measures to reinvigorate centres or manage decline;
 - 6 review the existing retail hierarchy and identify any deficiencies in the network including, where appropriate, the scope for extending the primary shopping area and/or town centre;
 - 7 consider the impact of additional overheads associated with maintaining retail premises in town centre conservation areas and listed buildings and the future role and impact of the transition towns initiative in Powys;
 - 8 conclusions and recommendations on the opportunities for, and impacts of, retailing associated with online and home shopping within the County;
 - 9 identify, where appropriate, the scope and implications for accommodating potential growth and meeting the identified need; and
 - 10 provide advice on policies to be included in LDP documents to address future needs.
- 1.3 The findings of this report will need to be monitored particularly in terms of the recovery from the recent recession. An update is likely to be required in 4-5 years.
- 1.4 The County of Powys includes part of the Brecon Beacons National Park (BBNP). This retail study has been commissioned specifically to assess the

Powys Local Planning Authority Area, ie. it excludes the areas of the County that are within the BBNP area, including Brecon and other smaller centres. Unless specified, where this report refers to “Powys” or “the County”, this excludes the area within the BBNP.

Report Structure

- 1.5 Section 2.0 provides a description of the hierarchy of centres within and surrounding the County. Section 3.0 sets out an analysis of retail trends and shopping needs within Powys. Section 4.0 assesses the strategy to accommodate the future need for new retail development and options for retail frontages and centre boundaries. Section 5.0 sets out recommendations and conclusions.

2.0

The Shopping Hierarchy

Centres in Powys and the Surrounding Area

2.1

Powys is a large County bounded by a number of neighbouring authorities. Shopping patterns within the County will be influenced by a large number of shopping destinations both within and outside the County.

2.2

Management Horizons Europe's UK Shopping Index 2008 ranks retail centres across Great Britain. Each centre is given a weighted score for multiple retailers present ie. each retail multiple is given a score related to its importance eg. a department store has a higher score than other high street retailers. The MHE score does not necessarily reflect the overall size of the town centre or the number of shops, but the presence of national multiples. Towns with a larger number of independent shops may have a low MHE in relation to their overall size. Management Horizon's rank for centres in Powys and centres surrounding the County as shown in Table 2.1 below. It should be noted that as the MHE data is from 2008, it will not take into account recent developments that may have had an effect on a centre's ranking.

Table 2.1 Management Horizons Europe Shopping Index (2008)

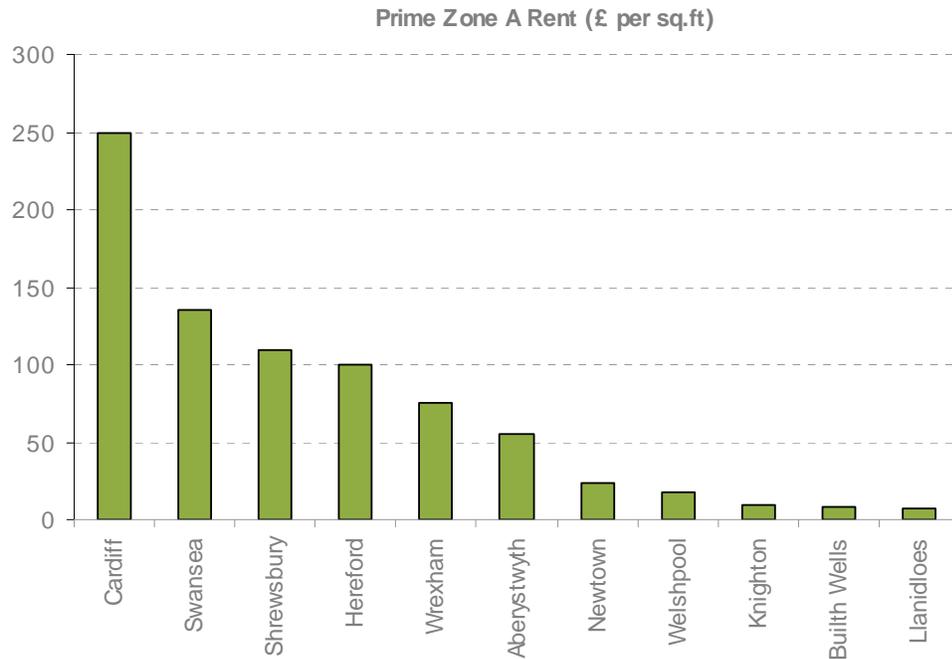
| Centre | Rank | MHE Index Score |
|--------------------------|-------------|-----------------|
| Cardiff | 21 | 348 |
| Hereford | 66 | 241 |
| Swansea | 93 | 212 |
| Shrewsbury | 108 | 201 |
| Wrexham | 171 | 156 |
| Neath | 266 | 114 |
| Oswestry | 314 | 100 |
| Aberystwyth | 458 | 74 |
| Merthyr Tydfil | 532 | 65 |
| Newtown | 629 | 55 |
| Leominster | 914 | 39 |
| Ammanford | 985 | 36 |
| Welshpool | 1095 | 33 |
| Brecon (BBNP) | 1247 | 29 |
| Porthmadog | 1247 | 29 |
| Ludlow | 1290 | 28 |
| Dolgellau | 2779 | 10 |
| Builth Wells | 2988 | 9 |
| Llanidloes | 3120 | 8 |
| Hay on Wye (BBNP) | 3120 | 8 |
| Llandoverly | 3321 | 7 |
| Machynlleth | 3575 | 6 |
| Knighton | 3870 | 5 |
| Llandrindod Wells | 3870 | 5 |
| Craven Arms | 4666 | 3 |
| Rhayader | 4666 | 3 |
| Ystradgynlais | 5275 | 2 |

| Centre | Rank | MHE Index Score |
|---------------------|------|-----------------|
| Montgomery | 5720 | 1 |
| Presteigne | 5720 | 1 |
| Llanfair Caereinion | 5720 | 1 |
| Llanfyllin | 5720 | 1 |
| Crickhowell (BBNP) | 5720 | 1 |

Source: Management Horizon Europe 2008

- 2.3 Based on MHE's scores(excluding those centres within the BBNP), Newtown and Welshpool are the main shopping centres within Powys, followed by Builth Wells, Llanidloes, Machynlleth, Knighton and Llandrindod Wells. Newtown and Welshpool attract shoppers from across the north of the County, while other centres perform a more local shopping function, with a more limited range of comparison goods retailers. Residents in the County are attracted to major shopping destinations outside the County, including Cardiff, Swansea, Shrewsbury, Hereford and Aberystwyth, particularly for higher order comparison retailing.
- 2.4 Management Horizon's index ranks Newtown as the main centre in Powys and is ranked 629th of all centres in the UK, followed by Welshpool which is ranked 1,095th. However these two centres are ranked well below the nearest competing centres outside the County, ie. Shrewsbury, Oswestry, Hereford and Swansea. Cardiff is ranked 21st, at the top of the shopping hierarchy in Wales, and has a strong influence on shopping patterns in the south and central parts of the County. All other centres in the County are ranked well below Newtown and Welshpool, reflecting their local role and function in comparison with other larger centres in the sub-region area.
- 2.5 The relative performance and importance of town centres can be demonstrated by reviewing commercial property values for example Zone A rental levels achieved for retail property. Prime retail yields for selected centres are shown in Figure 2.1.

Figure 2.1 Retail Zone A Rents



Source: Valuation Office (2010) and Colliers CRE (2010)

2.6

Newtown achieves the highest prime Zone A rent in the County (£24 per sq.ft), compared with £18.50 per sq.ft in Welshpool. All other centres in the County achieve less than £10 per sq.ft. The retail rents are much higher in larger centres outside the County, which reflects their position in the hierarchy. These figures indicate that commercial property values are much lower in the County's centres, which will affect the viability of new development.

3.0

Assessment of Retail Needs

Introduction

3.1

This section assesses the quantitative and qualitative scope for new retail floorspace in the Powys County in the period from 2011 to 2026. It sets out the methodology adopted for this analysis and provides a quantitative capacity analysis in terms of levels of spending for convenience and comparison shopping. A qualitative assessment of the range and scale of existing shopping facilities has been undertaken as part of the town centre health check work in Appendix 3.

3.2

The quantitative analysis is based on a defined study area that covers the catchment areas of the main shopping destinations in the County. The study area is sub-divided into seven zones as shown in Figure 3.1. The methodology is summarised in Figure 3.2 and set out in more detail in Appendix 1.

Figure 3.1: Study Area

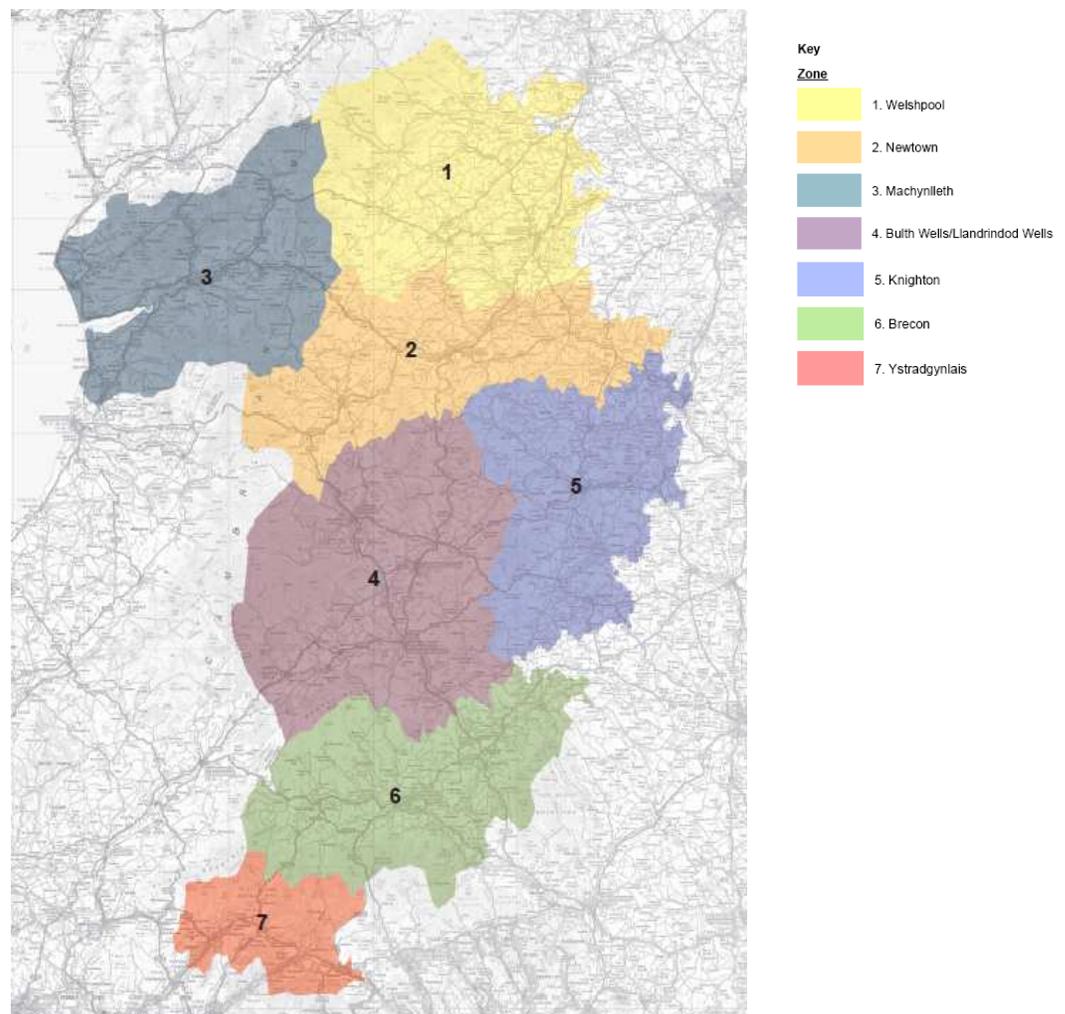
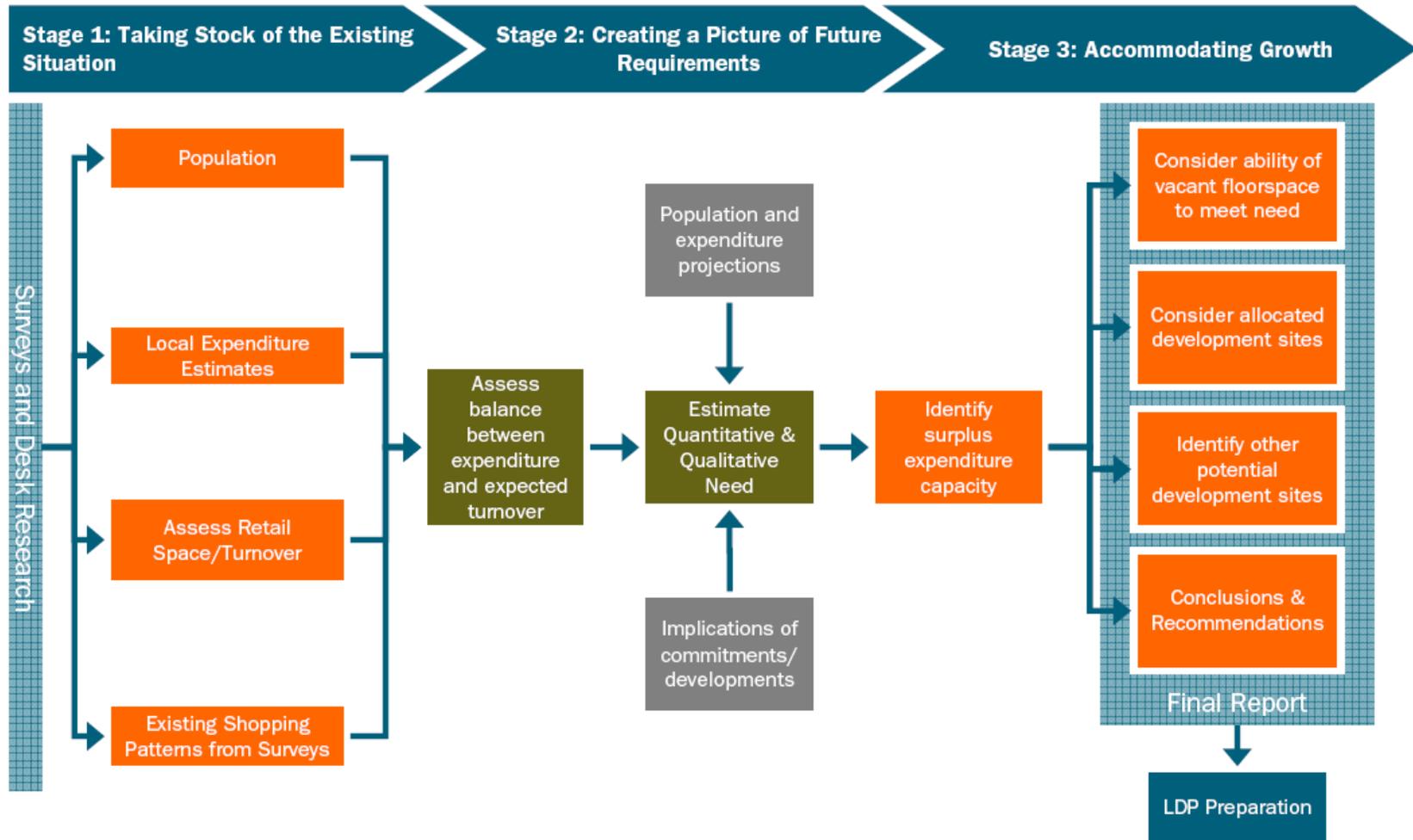


Figure 3.2 Methodology for Estimating Future Requirements for Retail Floorspace



Retail Trends

- 3.3 Past retail trends indicate that expenditure has consistently grown in real terms in the past, generally following a cyclical growth trend. The underlying trend shows consistent growth and this trend is expected to continue in the future. However, the current economic downturn is expected to lead to limited growth over the next few years.
- 3.4 In the past expenditure growth has fuelled the growth in retail floorspace, including major out-of-centre development particularly in the 1980s and 1990s. The economic downturn suggests that recent rates of growth during the past few years are unlikely to be achieved in the short term. However, the underlying trend over the medium and long terms is expected to lead to a need for further retail floorspace. We anticipate these wider trends will be mirrored in Powys.
- 3.5 New forms of retailing have emerged in recent years as an alternative to more traditional shopping facilities. Home/electronic shopping has also emerged with the increasing growth in the use of personal computers and the internet. Trends within this sector may well have implications for retailing within Powys. The growth in home computing, internet connections and interactive TV may lead to a growth in home shopping and may have effects on retailing in the high street. Powys includes remote areas where access to retail facilities is limited and we would anticipate that home shopping will be high, and therefore growth in home shopping needs to be considered.
- 3.6 On-line shopping has experienced rapid growth since the late 1990s but in proportional terms the latest available data suggests it remains around 9.6% of total retail expenditure (source: Experian). Recent trends suggest continued strong growth in this sector. However, there is still uncertainty about its longer-term prospects and the potential effects on the high street.
- 3.7 In addition to new forms of retailing, retail operators have responded to changes in customers' requirements. For example, extended opening hours and Sunday trading increased significantly in the 1990s. Retailers also responded to stricter planning controls by changing their trading formats. For example, some major food operators have introduced smaller store formats capable of being accommodated within town centres, such as the Tesco Metro, Sainsbury Central/Local store and Marks and Spencer's Simply Foods formats. Food operators have also entered the local convenience store market, for example Tesco Express store and convenience stores linked with petrol filling stations. The entrance of European discount food operators Aldi and Lidl has also been rapid during the last decade, but this trend has to date been less evident in Powys. The main food store operators (eg. Tesco, Sainsburys and Asda) have increasingly sought representation in small towns in predominantly rural areas and this has been evident from recent proposals in Newtown, Machynlleth, Welshpool and Ystradgynlais.

- 3.8 Food store operators have also commenced a programme of store extensions, particularly Tesco, Sainsbury and Asda. These operators, faced with limited growth in food expenditure, have attempted to increase the sale of non-food products within their food stores, including clothing and electrical goods.
- 3.9 Comparison retailers have also responded to market conditions. The bulky goods warehouse sector has rationalised including a number of mergers, eg. there are fewer DIY operators, following the acquisition of Do It All, Great Mills and Wickes by Focus DIY. B&Q and Homebase developed very large 'category killer' retail warehouses (some exceeding 10,000 sq.m gross), but more recently have scaled down or closed their stores. Other traditional high street retailers have sought large out-of-centre stores, for example Boots, TK Maxx and Poundstretcher. Matalan has also opened numerous discount clothing stores across Great Britain. Sports clothing retail warehouses including JJB Sports and Decathlon have also expanded out-of-centre.
- 3.10 The economic downturn has had, and is likely to continue to have, an impact on the retail sector, eg. Woolworths, Borders and MFI are notable victims. Many town centre development schemes have been delayed and the demand from traditional retail warehouse operators has also been affected. Even some of the main food store operators have seen a reduction in growth.
- 3.11 Within town centres, some high street multiple comparison retailers changed their format. High street national multiples have increasingly sought larger modern shop units (over 200 sq.m - 2,150 sq.ft) with an increasing polarisation of activity into the larger regional and sub-regional centres. The continuation of these trends may also influence future operator requirements in Powys. Multiple retailers may prefer to locate in larger centres eg. Shrewsbury, Cardiff, Swansea or Hereford, which may constrain demand in Powys. Newtown and Welshpool will probably have better prospects for attracting multiple retailers than other towns in the County.

Population and Expenditure

- 3.12 The study area population for 2011 to 2026 is set out in Table 1B in Appendix 4. Experian provides population estimates for each of the survey zones at 2001 based on Census data. These have been projected forward between 2001 and 2026 based on the Welsh Assembly Government Statistics (2008-based local authority population projections for Wales, produced May 2010) and Herefordshire and Shropshire Council population projections. Population within the study area is expected to increase between 2011 and 2026 by 7.1%.
- 3.13 Table 2B in Appendix 4 sets out the forecast growth in spending per head for convenience goods within each zone in the study area up to 2026. Forecasts of comparison goods spending per capita are shown in Table 1C in Appendix 5.
- 3.14 The levels of available spending are derived by combining the population in Table 1B with per capita spending figures in Tables 2B and 1C (Appendices 4 and 5).

- 3.15 As a consequence of growth in population and per capita spending, convenience goods spending within the study area is forecast to increase by 12.1% from £367.91 million in 2011 to £412.28 million in 2026, as shown in Table 3B (Appendix 4). Population growth accounts for about 60% of this expenditure growth, and 40% relates to growth in expenditure per capita.
- 3.16 Comparison goods spending is forecast to nearly double between 2011 and 2026, increasing from £440.88 million in 2011 to £836.27 million in 2026, as shown in Table 2C (Appendix 5). Population growth accounts for just 8% of this expenditure growth, and 92% relates to growth in expenditure per capita. These figures relate to real growth and exclude inflation.

Existing Retail Floorspace 2011

- 3.17 Existing convenience goods retail sales floorspace within Powys (excluding the National Park) is 25,620 sq.m net as set out in Table 1A, Appendix 2. This floorspace figures excludes comparison sales floorspace within food stores/shops (5,280 sq.m net).
- 3.18 Comparison goods retail floorspace within Powys is estimated as 39,407 sq.m net as shown in Table 2A, Appendix 2.

Existing Spending Patterns 2011

- 3.19 The results of the household shopper questionnaire survey undertaken by NEMS in October 2011 have been used to estimate existing shopping patterns within the study area shown in Figure 3.1 above. A summary of the methodology and results is shown in Appendix 6.

Convenience Shopping

- 3.20 The results of the household shopper survey have been used to estimate existing convenience goods shopping patterns. The estimates of market share or penetration within each study area zone are shown in Table 4B, Appendix 4.
- 3.21 Table 4B (Appendix 4) indicates that, with the exception of Zone 7 (Ystradgynlais), the majority of residents within all zones carry out their convenience retail shopping within the study area (ranging from 56.4% to 98.0%). Within the County, and excluding the National Park, these figures drop to between 2.8% (Zone 6 – Brecon) to 94.6% (Zone 2 – Newtown).
- 3.22 The level of convenience goods expenditure attracted to shops/stores in Powys (excluding the BBNP and shops/stores within the study area but outside of the County) in 2011 is estimated to be £203.57 million as shown in Table 5B, Appendix 4. This includes estimates of inflow from beyond the study area, applying the market shares, identified in Table 4B, Appendix 4. The market share of total convenience expenditure generated within the study area that is retained by shops/stores in Powys (ie. excluding any inflow to these shops/stores from beyond the study area) is estimated to be about 52% (£191.94 million of £367.91 million, derived from Tables 5B and 3B, Appendix 4).

Consequently, 48% of available expenditure in the study area is leaking to facilities beyond Powys, including those shops/stores within the BBNP.

- 3.23 The total benchmark turnover of the existing convenience sales floorspace within Powys, excluding local shops, is £192.07 million at 2011 (Table 1A, Appendix 2). The actual turnover of convenience floorspace within Powys, excluding local shops, is £187.63 million (Table 5B, Appendix 4).
- 3.24 These figures suggest that collectively convenience retail facilities in the County are trading reasonably, about 2% below average, with a deficit of available convenience expenditure of -£4.44 million.

Comparison Shopping

- 3.25 The estimated comparison goods expenditure currently attracted by shopping facilities within Powys (excluding the BBNP and shops/stores within the study area but outside of the County) is £121.86 million in 2011, as shown in Table 3C, Appendix 5. This includes estimates of inflow from beyond the study area. The market share of total comparison goods expenditure generated within the study area that is retained by centres/facilities in Powys (ie. excluding any inflow to these shops/stores from beyond the study area) is 26% (£115.77 million out of £440.88 million derived from Tables 2C and 3C, Appendix 5). This reflects the influence of higher order centres outside Powys, such as Shrewsbury, Swansea and Hereford.
- 3.26 Based on this expenditure estimate, the average sales density for existing comparison sales floorspace (39,407 sq.m net) is £3,092 per sq.m net. The analysis of existing comparison shopping patterns in 2011 suggests the following average sales density figures for the centres in the County shown in Table 3.1.

Table 3.1: Defined Centres Comparison Average Sales Densities

| Centre | Average Sales Density 2011 (£ per sq.m net) |
|-----------------------|---|
| Welshpool | £3,836 |
| Newtown | £5,333 |
| Llanidloes | £2,760 |
| Machynlleth | £1,177 |
| Builth Wells | £2,808 |
| Llandrindod Wells | £3,890 |
| Rhayader | £2,490 |
| Knighton | £3,490 |
| Presteigne | £4,541 |
| Ystradgynlais | £3,458 |
| County Average | £3,092 |

- 3.27 Table 3.1 indicates that trading levels amongst comparison facilities in the County vary significantly from area to area. The average sales density figures should be viewed in the context of the type of floorspace in each area. Comparison facilities in Newtown are trading at the highest density, which reflects Newtown town centre's role as the main comparison shopping destination in the County.
- 3.28 Llandrindod Wells, Welshpool, Presteigne, Knighton and Ystradgynlais are also trading at reasonably high sales densities, above the County average figure, while Machynlleth, Rhayader, Llanidloes and Builth Wells all have average sales densities below the County average. This difference in sales densities between the centres is due primarily the type of retail floorspace/offer of the centres. The centres with the lowest sales densities predominantly contain a higher proportion of small independent shops, which have lower sales densities than national multiples.
- 3.29 Overall comparison shopping facilities within the County appear to be trading satisfactorily, primarily providing a lower order comparison retail offer than larger centres outside of the County. There is no evidence of over-trading in any part of the County. Where stores are trading at a level above expected company average turnover (over-trading), this is an indication that there is a qualitative need for additional floorspace.

Quantitative Capacity for Convenience Floorspace

- 3.30 The level of available convenience goods expenditure in 2011, 2016, 2021 and 2026 is shown at Tables 5B, 6B, 7B and 8B, in Appendix 4. These tables are based on constant market shares, established through the household survey results (Table 4B, Appendix 4).
- 3.31 We have also undertaken an assessment with adjusted market shares from 2016 (Table 10B, Appendix 4) which takes into account food store commitments. Food store commitments in the County are shown in Table 3A in Appendix 2.

Constant Market Shares

- 3.32 The total level of convenience goods expenditure available for shops in the County between 2011 and 2026 is summarised in Table 9B (Appendix 4). Convenience expenditure available to shopping facilities in the County is expected to increase from £203.57 million in 2011 to £228.73 million in 2026.
- 3.33 Table 9B (Appendix 4) subtracts the benchmark turnover of existing floorspace from available expenditure to calculate the amount of surplus expenditure that may be available for further new development. Within the County, there is a deficit of surplus convenience goods expenditure in 2011, as a number of centres are trading at below benchmark levels. Future expenditure growth will generate an expenditure surplus of +£0.78 million in 2016, increasing to +£11.05 million in 2021 and +£20.72 million in 2026.

3.34 The surplus expenditure projections have been converted into potential new floorspace estimates in Table 9B (Appendix 4). Surplus expenditure is converted into floorspace estimates based on an assumed average sales density figure, which is based on the current mix of food stores and small shops in the County. An average sales density of £8,000 per sq.m net has been adopted.

3.35 Based on these assumptions, surplus expenditure at 2016 could support 98 sq.m net of sales floorspace (140 sq.m gross) in the County as a whole, or 1,382 sq.m net by 2021 (1,974 sq.m gross), as shown in Table 9B, Appendix 4. The projection to 2026 is 2,590 sq.m net (3,700 sq.m gross).

3.36 However, for individual centres, the figures vary considerably, with some centres showing a negative requirement for additional floorspace, and this is addressed in the next section.

Adjusted Market Shares

3.37 Table 10B (Appendix 4) estimates adjusted market shares from 2016 onwards. These have been estimated to take into account the recent food store developments at Llandrindod Wells and Welshpool. Although these stores were open and trading at the time of the household survey, we do not consider that they will have achieved a settled shopping pattern in 2011. We have also adjusted the shares to take into account the convenience goods commitments at Machynlleth and Ystradgynlais, as identified in Table 3A, Appendix 2.

3.38 Applying these adjusted market shares, Table 14B (Appendix 4) shows that the total level of convenience goods expenditure available to shopping facilities in the County is expected to increase from £203.57 million in 2011 to £254.48 million in 2026. The commitments have been added into the benchmark turnovers for Machynlleth and Ystradgynlais. As a result, future expenditure growth will generate an expenditure deficit of -£0.25 million in 2016, increasing to a surplus of +£11.12 million in 2021 and +£21.81 million in 2026.

3.39 The expenditure deficit in 2016 leads to a negative requirement for -31 sq.m net (-44 sq.m gross) in the County as a whole. In 2021, the surplus expenditure translates to supporting 1,390 sq.m net (1,986 sq.m gross), as shown in Table 14B (Appendix 4). The projection to 2026 is 2,727 sq.m net (3,895 sq.m gross).

Quantitative Capacity for Comparison Floorspace

3.40 The household survey suggests that the County's retention of comparison goods expenditure is lower than for convenience goods. The lower level of comparison expenditure retention is due to the strength of competing comparison goods facilities in neighbouring authorities, particularly Shrewsbury, Swansea and Hereford.

3.41 Future improvements to comparison retail provision within the County could help to claw back some additional expenditure leakage from the study area.

However major developments in neighbouring authorities will limit the ability of shopping facilities in the County to increase their market share of expenditure. Indeed retail development will be necessary in Powys in order to maintain existing market share in the future. An appropriate strategy for Powys should be to maintain existing 2011 market share in the face of increasing future competition, whilst maintaining the vitality and viability of centres.

- 3.42 The retail capacity projections in this report assume centres within Powys can maintain their market share of comparison expenditure in the future.
- 3.43 Available comparison goods expenditure has been projected forward to 2016, 2021 and 2026 based on 2011 penetration rates (ie. assuming that comparison retail facilities will maintain their current market share) in Tables 4C, 5C and 6C in Appendix 5, and summarised in Table 7C. Available comparison expenditure is expected to increase from £440.88 million in 2011 to £836.27 million in 2026.
- 3.44 Future available expenditure is compared with the projected turnover of existing comparison retail facilities within the County in order to provide estimates of surplus expenditure, as shown in Table 7C (Appendix 5). Table 7C assumes that the benchmark turnover of comparison floorspace will not increase between 2011 to 2013 due to the recession and limited projected expenditure growth. In the longer term existing floorspace within the County is expected to increase its benchmark turnover in real terms. A growth rate of 1.7% per annum is adopted, which we believe is realistic if an expenditure growth rate of 4.45% per annum is achieved. Trends indicate that comparison retailers historically will achieve some growth in trading efficiency. This is a function of spending growing at faster rates than new floorspace provision and retailers' ability to absorb real increases in their costs by increasing their turnover to floorspace ratio.
- 3.45 Population and expenditure growth will result in a comparison goods expenditure surplus of £15.20 million in 2016, increasing to £43.12 million in 2021 and £80.10 million in 2026.
- 3.46 Surplus comparison expenditure has been converted into net comparison sales floorspace projections in Table 7C in Appendix 5 using an average sales density of £3,500 per sq.m. Surplus expenditure at 2016 could support 4,130 sq.m net of sales floorspace (5,506 sq.m gross), or 10,756 sq.m net (14,341 sq.m gross) by 2021. The projection to 2026 is 18,364 sq.m net (24,485 sq.m gross).
- 3.47 Comparison goods retail commitments at Welshpool, Machynlleth and Ystradgynlais are estimated to have a combined benchmark turnover of £20.21 million in 2011 (Table 3A, Appendix 2).

Qualitative Need for Retail Floorspace

- 3.48 Assessing qualitative need is a subjective concept, however five factors that are frequently used to assess qualitative need, as follows:

- 1 Deficiencies or 'gaps' in existing provision;
- 2 Consumer choice and competition;
- 3 Overtrading, congestion and overcrowding of existing stores;
- 4 Location specific needs such as deprived areas and underserved markets; and
- 5 The quality of existing provision.

Food and Grocery Shopping

- 3.49 The household survey results indicate that most residents in the study area undertake both a main shopping trip and top-up shopping trips. Main shopping trips are generally made once a week or less often, and the household survey identified that 86.3% of respondents travel to do their main food shopping by car (both driver and passenger). The availability of a wide range of products and free car parking are important requirements for bulk food shopping trips. Large supermarkets or superstores, defined as over 2,500 sq.m net or more (26,910 sq.ft) in TAN 4, are the usual destination for these types of shopping trip.
- 3.50 There are only two food superstores (over 2,500 sq.m net) within Powys, ie., Tesco in Newtown and Tesco in Llandrindod Wells. There are existing superstores close to the boundary of Powys, including Sainsburys and Asda in Shrewsbury, Tesco in Pontardawe and Morrisons and Tesco in Neath, and there are currently proposals for food superstores outside the County, ie. at Oswestry.
- 3.51 In addition to these superstores, there are five large supermarkets (over 1,500 sq.m net) within the County, ie. Tesco in Welshpool, Morrisons in Newtown, Tesco in Ystradgynlais, Harry Tuffins in Church Stoke and Harry Tuffins in Knighton. In the National Park, the Morrisons in Brecon also falls within this category.
- 3.52 The household survey indicates that these large food stores are the dominant shopping destinations used by residents in the County for main/bulk food shopping. The rural nature of the County and the dispersed settlements means that not all residents within the County have good access to a large food store.
- 3.53 The larger food stores are supported by a good range of smaller supermarkets and convenience stores, as shown in Table 1A in Appendix 2. There are 16 supermarkets of between 200 to 1,000 sq.m net in the County, and a number of these are operated by the Co-op. The discount food sector is represented by a Lidl in Newtown and an Aldi in Llandrindod Wells. Food stores within the County are supported by a large number of small independent convenience shops located within the main and local centres. The analysis of local shopping provision is set out below.

- 3.54 In qualitative terms some of the existing stores do not offer the full range and choice of products available in large superstores, eg. Morrisons in Welshpool and Co-op stores in Machynlleth, Builth Wells and Ystradgynlais.
- 3.55 The adjusted market shares retail capacity projections set out in Table 14B in Appendix 4 suggest most of the surplus convenience goods expenditure at 2016 relates to food stores in Knighton (£5.48 million) and Presteigne (£1.90 million). The capacity projections show that in 2016 there a deficit of expenditure available to Newtown (-£4.14 million), Llanidloes (-£0.47 million), Machynlleth (-£1.60 million), Builth Wells (-£0.53 million), Llandrindod Wells (-£1.53 million) and Ystradgynlais (-£0.88 million), which suggests that there is no requirement for additional food store floorspace, beyond the commitments.
- 3.56 The capacity figures and a qualitative analysis of existing provision assessment suggest that the priority for future food store development should be within Knighton town centre, with perhaps smaller food store development directed to Presteigne.

High Street Comparison Shopping

- 3.57 Newtown and Welshpool are the main high street comparison shopping destinations in the County.
- 3.58 Newtown is the highest ranking centre within Powys, however, Newtown is ranked below other larger centres surrounding Powys, ie. Swansea, Hereford, Shrewsbury, Oswestry, Aberystwyth and Merthyr Tydfil. These centres are accessible to residents within Powys and have a much more extensive range of multiple retailers than Newtown and Welshpool.
- 3.59 Newtown has a good range of comparison shops including national multiples and independent specialists. The proportion of both comparison goods units and floorspace within the centre is similar to the national average. For Welshpool, there is only a limited number of national multiples within the centre. While the proportion of comparison goods units is similar to the national average, the proportion of floorspace is significantly lower than the national average. However, we note that there is permission for an edge of centre comparison goods scheme at Welshpool Wharf (as detailed in Table 3A, Appendix 2).
- 3.60 Newtown and Welshpool are supported by Llandrindod Wells, Builth Wells, Machynlleth, Knighton, Ystradgynlais, Llanidloes, Presteigne and Rhayader. These smaller centres have a much more limited range of multiple retailers, but have a selection of specialist independent retailers. Newtown and Welshpool are likely to remain the main comparison shopping destinations within the County, however we consider that there is scope to enhance the comparison shopping role of Llandrindod Wells, to complement its main food shopping role. Llandrindod Wells will also help to serve Builth Wells and Rhayader.

Bulky Goods Retail Warehouses

- 3.61 There are only a limited number of retail warehouses within Powys, with no representation from the major national multiple retailers that are usually found in retail warehouse parks with the exception of Carpetright at Llangurig Road, Llanidloes (see Table 2A, Appendix 2). There are independent retail warehouses at Dyffryn Enterprise Park, Newtown, Station Road, Builth Wells and Presteigne Industrial Estate, and builders merchants including Travis Perkins and Jewsons.
- 3.62 The existing provision of retail warehouse in the County is therefore considered to be poor, and there is a qualitative need for bulky goods provision in the County.
- 3.63 Any out-of-centre retail warehouse proposal would need to be considered on its individual merits. The applicant would need to clearly demonstrate that the nature of retail floorspace proposed cannot be adequately accommodated within existing centres, allowing scope for disaggregation and flexibility, and that the development would not harm designated centres.

Non-Retail Services

- 3.64 The retail floorspace projections relate to Class A1 retail uses and exclude Class A2 and A3 uses.
- 3.65 National information available from Goad Plans indicates that the proportion of Class A1 non-retail and A2 uses within town centres across the country represent 20% of all shop units (Experian GOAD, 2011). In Powys, 23% of all shop units in area and district retail centres are occupied by Class A1 non-retail services and Class A2 uses, slightly higher than the Goad national average.
- 3.66 For Class A3 uses, the Goad national average is nearly 16% of all units. In Powys, just over 14% of all units are in A3 use, slightly lower than the national average.
- 3.67 Despite the good existing provision, it is appropriate to assume that major developments within centres will include an element of non-retail services. It may be reasonable to assume 10% of new town centre floorspace will be occupied by non-retail services.

Local Shopping Provision

- 3.68 The existing provision of shopping centres within Powys offers a balanced distribution of local facilities serving local communities. These facilities complement the six main centres and have an important role in serving the day-to-day needs in their local areas. The previous retail study provided by Powys County Council identifies six area retail centres, four district centres and four local centres. An audit has been carried out in each centre in Powys. The

adopted methodology is set out in Section K of Appendix 3. The audits have been based on the following:

- the size of each centre in terms of the number of commercial units;
- the mix and diversity of retail and service uses;
- the role of the centre in relation to different forms of shopping and customer groups; and
- levels of accessibility by public transport.

3.69 The centres vary in size, from only 14 commercial units (Montgomery and Llanwrtyd Wells) to as large as 147 (Newtown and Welshpool), the summary is:

- four centres are classified as small;
- six centres are classified as medium; and
- four centres are classified as large.

3.70 There is a wide range of scores across the centres. These scores are based on the representation of key retail/service provision within the centre. The larger designated area retail centres have the highest scores (13 or more on the local needs index). All of the district centres and smaller area retail centres have a local need index score of 10 or more. All but one of the designated Local Centres provide at least half of the services identified (a full list of these services is shown in Appendix 3) to fulfil people's day to day needs (a score of 8 or more). Llanwrtyd Wells achieves the lowest score with only 5 out of 16.

4.0

Strategy for Accommodating Growth

Floorspace Projections

4.1

The floorspace projections set out in the previous sections assume that new shopping facilities within Powys can maintain their current market share of expenditure within the study area, recognising that other competing centres will improve in the future. There are a number of issues that may influence the scope for new floorspace and the appropriate location for this development, as follows:

- major retail developments in competing centres;
- the re-occupation of vacant retail floorspace;
- the availability of land to accommodate new development;
- the reliability of long term expenditure projections, particularly after 2016;
- the effect of Internet/home shopping on the demand for retail property;
- the level of operator demand for floorspace in Powys;
- the likelihood that Powys' existing market share of expenditure will change in the future in the face of increasing competition;
- the potential impact new development may have on existing centres.

4.2

Projections up to 2016 are realistic and are based on up to date forecasts, which take into account the effects of the recession. The long term floorspace projections (up to 2021 and beyond) shown in Section 3.0 should be treated with caution and should only be used as a broad guide, particularly when translated into the development plan allocations or when used to guide development control decisions. Long term forecasts may be subject to change due to unforeseen circumstances. Projected surplus expenditure is primarily attributable to projected growth in spending per capita. If the growth in expenditure is lower than that forecast then the scope for additional space will reduce. Long term projections should be monitored and kept under-review. Information on how the projections should be monitored is contained in Section 5.0.

4.3

The expenditure projections in this study exclude spending that is undertaken through non-retail businesses, such as internet shopping, mail order, vending machines etc., known as "special forms of trading". The study assumes that special forms of trading will increase in the future, including the growth of internet shopping. The impact of Internet growth on the demand for retail floorspace is unclear. Some retailers' home delivery and Internet services utilise existing stores rather than warehouses, for example Tesco Direct. Growth in internet sales will not always reduce the demand for shop floorspace. In addition, some of the growth in Internet sales may divert trade away from mail order companies rather than retail operators. Overall the long term impact of home shopping on expenditure projections is uncertain.

- 4.4 The quantitative and qualitative assessment of the potential capacity for new retail floorspace within the previous sections suggests that there is scope for new retail development within Powys. This section examines the opportunities for accommodating this projected growth and assesses potential to accommodate this floorspace.
- 4.5 Using the adjusted market shares, the projections up to 2016 suggest there is no scope for additional convenience floorspace and 4,130 sq.m net (5,506 sq.m gross) of comparison floorspace.
- 4.6 The projections up to 2021 suggest there is scope for 1,390 sq.m net (1,986 sq.m gross) of convenience floorspace and 10,756 sq.m net (14,341 sq.m gross) of comparison floorspace. In terms of total retail floorspace there is scope for around 16,330 sq.m gross by 2021.
- 4.7 These projections relate to Class A1 retail uses only. There may be scope for a further 20% floorspace that can be occupied by Class A2 to A3 uses and Class A1 non-retail services, ie. around 1,400 sq.m gross by 2016 or 4,000 sq.m gross by 2021. On this basis the overall projection (Class A1 to A3) for 2021 would be 20,400 sq.m gross.

Accommodating Future Growth

- 4.8 The sequential approach suggests that designated town centres should be the first choice for retail and leisure development. In considering this important issue the following factors should be assessed:
- What is the locational area of need the development seeks to serve and what existing centre could potentially fulfil the identified area of need?
 - Is the nature and scale of development likely to serve a wide catchment area eg. a large part of Powys?
 - Is a site available in one of the designated centres, including vacant premises and will this site meet the identified need?
 - If the development has a more localised catchment area, is a site available in a local centre and will this site meet the identified need?
- 4.9 All development should be appropriate in terms of scale and nature to the centre in which it is located.
- 4.10 The existing stock of premises will have a role to play in accommodating projected growth, after the recession. The retail capacity analysis in this report assumes that existing retail floorspace can, on average, increase its turnover to sales floorspace densities. Consistent with Experian's short term turnover efficiency projections and NLP's lower expenditure growth rate adopted beyond 2013 (0.55% per annum) we believe no growth in convenience turnover efficiency is appropriate. For comparison goods, a growth rate of 1.7% per annum is assumed after 2013 in line with the expenditure growth rate of 4.55% per annum. The adoption of these growth rates represents a balanced approach. The floorspace projections reflect these assumptions. In

addition to the growth in sales densities, vacant shops could help to accommodate future growth.

4.11 There were 76 vacant shop units within the ten area and district retail centres in the County, which equates to an overall vacancy rate of 9.8%, which is below the Goad national average (12.9%, May 2011). The vacancy rate is particularly high in Rhayader (18.8%) and lowest in Ystradgynlais (6.1%) and Builth Wells (6.3%). The total amount of vacant floorspace is approximately 8,500 sq.m gross.

4.12 Vacant premises should help to accommodate future growth. As a maximum target the current vacancy level could fall from 9.8% to 5% then the number of reoccupied units would be about 36 units, which could accommodate about 4,000 sq.m gross of Class A1 to A3 floorspace. Based on existing vacancy levels, this potential re-occupied space could be distributed as follows:

- **Newtown:** 1,370 sq.m gross;
- **Welshpool:** 910 sq.m gross;
- **Builth Wells:** 120 sq.m gross;
- **Llandrindod Wells:** 240 sq.m gross;
- **Machynlleth:** 430 sq.m gross;
- **Knighton:** 200 sq.m gross;
- **Ystradgynlais:** 140 sq.m gross;
- **Llanidloes:** 180 sq.m gross;
- **Presteigne:** 160 sq.m gross;
- **Rhayader:** 290 sq.m gross.

4.13 If this reduction in vacant units can be achieved then the overall retail floorspace projection up to 2021 would reduce from around 20,400 sq.m gross to around 16,400 sq.m gross. Table 4.1 below summarises the floorspace requirements by centre.

Table 4.1: Floorspace requirements by centre, 2021 (sq.m gross)

| Centre | A1 Conv | A1 Comp | A2-A3 | Vacant | Total |
|-------------------|----------------|----------------|--------------|---------------|--------------|
| Welshpool | 532 | 2,891 | 856 | - 910 | 3,369 |
| Newtown | -248 | 5,280 | 1,258 | - 1,370 | 4,920 |
| Llanidloes | -32 | 873 | 210 | - 180 | 871 |
| Machynlleth | -202 | 430 | 57 | - 430 | -145 |
| Builth Wells | -55 | 626 | 143 | - 120 | 594 |
| Llandrindod Wells | 55 | 1,639 | 424 | - 240 | 1,878 |
| Rhayader | 178 | 376 | 139 | - 290 | 403 |
| Knighton | 1,097 | 854 | 488 | - 200 | 2,239 |
| Presteigne | 371 | 432 | 201 | - 160 | 844 |
| Ystradgynlais | 68 | 420 | 122 | - 140 | 470 |
| Other Powys | 221 | 518 | 185 | - | 924 |

- 4.14 The short term priority during the recession should be the reoccupation of vacant floorspace, but this should not preclude investment within appropriate area, district and local retail centre locations.
- 4.15 However, there may be difficulties in seeking to reoccupy vacant units that are listed buildings or located within a conservation area due to associated overheads. Older properties are less efficient in terms of their layout than modern retail units. The Council may wish to introduce measures to assist with the reoccupation of vacant units, which may include shop improvement grants or discounted business rates, potentially subsidised by S.106 Agreements associated with new retail developments. We note from the business occupier survey (Appendix 7) that the majority of respondents stated that there were no particular issues that affected their premises being in a listed building or conservation area, and this may therefore be more of an issue in terms of bringing vacant shops back into use.

5.0 **Conclusions and Recommendations**

Introduction

- 5.1 This report provides a County wide needs assessment for retail use in Powys. It provides a guide to the shopping needs of the County up to 2016, 2021 and 2026. The principal conclusions of the analysis contained within this study are summarised below.

Meeting Shopping Needs in the County

- 5.2 In order to meet projected growth in expenditure, there is a need for additional shopping and service facilities. Future planning policy and site allocations should seek to identify opportunities to accommodate growth.
- 5.3 The floorspace projections shown in this report provide broad guidance and should be used as an indicator when assessing major retail proposals. Applicants proposing main town centre uses should base their supporting impact assessment on the approach adopted in this study, updated as necessary.
- 5.4 Meeting the projections between 2011 and 2016 (as set out in para. 5.29 below) remains the priority. The projections should not be considered to be maximum or minimum limits or targets, particularly when used to guide development control decisions. However, the projections provide a broad quantum of floorspace likely to be required and the potential phasing of development, which will assist in identifying development allocations.
- 5.5 The retail floorspace and expenditure projections within this report assume low expenditure growth between 2011 and 2013 due to the effects of the recession, but the projections assume a recovery after 2013 in line with previous long term growth trends. If the recovery is slower than envisaged in this study, then the floorspace projections (particularly up to 2016) will need to be re-assessed. It may be prudent to adopt a cautious approach until firmer signs of the economic recovery are established.
- 5.6 Floorspace projections should not inhibit competition between retailers when located within centres, subject to the consideration of scale and impact. However, if an out-of-centre proposal exceeds the floorspace projections then the need for the proposal and impact will need to be carefully considered.
- 5.7 Long term forecasts up to 2021 and 2026 may be more susceptible to change, due to unforeseen circumstances. Projected surplus expenditure beyond 2016 is attributable to projected growth in spending per capita, extrapolated from past growth projections. If the growth in expenditure is lower than that forecast then the scope for additional space will reduce. Long term projections should be monitored and kept under review.

Accommodating Future Growth

- 5.8 The sequential approach suggests that town centres should be the first choice for retail development. The preferred location for retail development needs to be carefully considered, particularly for major development which may have an extensive catchment area.
- 5.9 The existing stock of premises may have a role to play in accommodating projected growth. The retail capacity analysis in this report assumes that existing retail floorspace can, on average, increase its turnover to sales floorspace densities. The floorspace projections reflect these assumptions. In addition to the growth in sales densities, vacant shops could help to accommodate future growth.
- 5.10 Vacant units could also help to accommodate growth in the short term. The strategy should seek to reduce shop vacancy levels from 9.8% to about 5%, and these reoccupied units could accommodate about 4,000 sq.m gross of commercial space ie. Classes A1 to A3. The introduction of shop improvement grants or business rate reductions could assist in reducing vacancy levels within areas of low demand or areas where small businesses cannot afford high property costs.
- 5.11 Growth in sales densities and vacant shops will not be able to accommodate all the future growth in retail expenditure, therefore potential development sites need to be identified through the Local Development Plan process to accommodate growth up to and beyond 2016.

Convenience Goods Development

- 5.12 On the basis of the assumption that existing convenience retailers and commitments trade at national average turnover levels, the quantitative capacity analysis indicates there is no requirement for additional convenience goods floorspace within the County up to 2016, increasing to 1,390 sq.m net (1,986 sq.m gross) by 2021. These figures take into account adjustments to the market shares to reflect the recent Tesco developments at Welshpool and Llandrindod Wells achieving settled trading patterns, the new Tesco store at Ystradgynlais which is now opened and the commitments at Machynlleth being implemented.
- 5.13 The capacity figures and qualitative need assessment do not identify any significant need for additional convenience goods floorspace over the study period. Based on the adjusted market shares, most of this floorspace capacity relates to Knighton and Presteigne, and together with Rhayader these centres are considered to be the centres with the greatest qualitative deficiencies. However, development within these centres should be appropriate in scale in relation to the catchment areas of each centre. A medium-sized food store (around 750 sq.m net) could meet the identified need in Knighton. Smaller scale convenience goods developments (up to 250 sq.m net) or extensions to

existing stores may be appropriate in other centres in the County, particularly Presteigne and Rhayader.

Comparison Goods Development

- 5.14 We consider that the strategy should seek to concentrate future comparison retail development within Newtown, Welshpool and Llandrindod Wells. Newtown and Welshpool are currently the main comparison shopping destinations in the County and to maintain their position in the hierarchy it will be necessary to continue to improve comparison shopping facilities. We consider that there is scope to enhance Llandrindod Wells' offer as a comparison shopping destination, to serve Builth Wells and Rhayader.
- 5.15 The quantitative capacity analysis indicates that in the short to medium term up to 2016 there could be scope for 4,130 sq.m net (5,506 sq.m gross) of comparison floorspace in the County as a whole, and this could increase to 10,756 sq.m net (14,341 sq.m gross) by 2021.
- 5.16 The Council should seek to identify sites within the designated centres to meet these floorspace projections. Sites identified in the LDP should continue to be explored with the landowner/developers, recognising it may take a number of years to complete complex developments. If the Council's aspiration is to expand/regenerate Llandrindod Wells to provide opportunities to accommodate these floorspace projections, a critical mass of development (over 1,000 sq.m gross) will be required to make proposals viable.
- 5.17 Based on existing market shares, expenditure growth up to 2021 suggests that Newtown could accommodate an additional 5,280 sq.m gross of comparison goods floorspace by 2021. Welshpool could accommodate 2,891 sq.m gross, however the commitment at Welshpool Wharf would absorb all of this floorspace capacity. Llandrindod Wells could accommodate an additional 1,639 sq.m gross of comparison floorspace by 2021.
- 5.18 Elsewhere in the County comparison retail development should be consistent in terms of scale and nature of each centre. Development that would serve a significant part of the County, generally comparison retail development of 1,000 sq.m gross or more, should be located in Newtown, Welshpool or Llandrindod Wells.
- 5.19 Any major comparison retail proposals outside the designated centres will be required to demonstrate compliance with the sequential approach to site selection and that the proposal will not have an unacceptable impact on existing centres and planned investment. Development within centres will also need to be consistent in terms of scale and nature to the role of that centre and the catchment area the centre serves.
- 5.20 Llanidloes and Knighton could each accommodate around 850 sq.m gross additional comparison goods floorspace. Within other centres in the County, the projections suggest there will be limited need for further comparison floorspace up to 2021 (total of around 2,800 sq.m gross).

- 5.21 Out-of-centre retail proposals that could jeopardise the potential to provide comparison shopping provision within the designated centres and/or undermine the vitality and viability of the centres should be resisted.

Scale of Development

- 5.22 Based on the scale and role of centres within the County and the floorspace projections within this report, large-scale development which serves a significant part of the County should be concentrated within Newtown, Welshpool and Llandrindod Wells. These are the main shopping destinations in the County centres and should continue to act as the principal centres within the County. Generally developments of 1,000 sq.m gross or more should be concentrated in Newtown and Welshpool, and emerging expansion proposals in Llandrindod Wells. All development proposals of this scale should still be subject to the tests in Planning Policy Wales (PPW) and TAN 4 eg. need, impact and the sequential approach, if they are located outside the centres.
- 5.23 For the remaining area and district retail centres, shopping facilities should generally cater for top-up and basket convenience shopping, services and small scale community uses, and are likely to provide a much more limited range of comparison shopping. The exception to this is Knighton, where a medium-sized food store could be accommodated.
- 5.24 Other facilities outside the area and district retail centres should only cater for top-up and basket convenience shopping, limited comparison goods shopping and services, and these developments are likely to be local facilities of up to 280 sq.m gross. This threshold has been used as a store with a floorspace of more than 280 sq.m gross is defined as a “large store” in the Sunday Trading Act (as amended).
- 5.25 The sequential approach indicates that existing centres are the preferred location for new retail, leisure and other uses typically found in town centres. Some forms of development (up to 280 sq.m gross) may be more appropriate in smaller centres and local parades, if there are localised areas of deficiency. The key issues are the nature and scale of retail development proposed and the catchment area the development seeks to serve.
- 5.26 In general, development within local centres and parades should primarily serve the community within which it is located, and a catchment area of not more than 800 metres ie. they should primarily serve walk-in catchment areas.
- 5.27 TAN 4 requires an impact assessment for all retail developments over 2,500 sq.m gross, but states that such assessments may also be necessary for some smaller developments, such as those that are likely to have a large impact on a smaller town or district centre. Based on the scale and role of centres within Powys and the floorspace projections within this report, we believe the impact of smaller development proposals could raise concerns. A retail development of 2,500 sq.m gross (convenience or comparison) could exceed or account for a significant proportion of the projected need for retail floorspace in parts of the

County up to 2016 and could have a significant impact on designated centres in County, and the TAN 4 threshold is not appropriate for local circumstances.

5.28 We believe the impact of all out-of-centre retail applications of 280 sq.m gross or more and applications within centres of 1,000 sq.m gross or more should be assessed in the County. If considered appropriate the Council will need to include these recommendations within the next stages of the LDP.

5.29 The draft LDP could set out broad floorspace projections for the County, as follows:

Up to 2016

- Comparison goods 4,100 sq.m net (5,500 sq.m gross);
- Convenience goods no additional floorspace;

2016 to 2021

- Comparison goods 6,700 sq.m net (8,800 sq.m gross);
- Convenience goods 1,400 sq.m net (2,000 sq.m gross);

2021 to 2026

- Comparison goods 7,600 sq.m net (10,200 sq.m gross);
- Convenience goods 1,300 sq.m net (1,900 sq.m gross).

5.30 These floorspace figures do not take into account the reoccupation of vacant shop units or any current proposals, except for the convenience goods commitments at Ystradgynlais (Tesco) and Machynlleth (Co-op extension).

5.31 If the comparison commitments at Welshpool Smithfield, combined with the comparison goods floorspace within the proposed Tesco at Ystradgynlais and extension to the Co-op store in Machynlleth, are implemented by 2016 (total net comparison goods floorspace of 4,113 sq.m), these schemes would absorb all of the comparison goods floorspace requirement to 2016. Development over and above this would need to increase comparison goods expenditure retention rates and the impact of developments will need to be carefully considered.

The Designation of Centres and Boundaries

5.32 Planning authorities should adopt a positive and proactive approach to planning for the future of the centres within their areas, whether planning for growth, consolidation or decline. Authorities are expected to set out a vision and strategy for the pattern and hierarchy of centres, including local centres within their area. This strategy should set out how the role of different centres will contribute to the overall vision for their area.

5.33 The adopted Powys UDP (March 2010) identifies the retail hierarchy of centres as:

Area Retail Centres: Builth Wells, Knighton, Llandrindod Wells, Newtown, Welshpool, Ystradgynlais;

District Retail Centres: Llanidloes, Machynlleth, Presteigne and Rhayader;

Local Retail Centres: Llanwrtyd Wells, Llanfair Caereinion, Llanfyllin and Montgomery.

- 5.34 TAN 4 provides definitions of different types of centres and their roles. “Town centres” covers city, town and suburban district centres which provide a broad range of facilities and services and which fulfil a function as a focus both for the community and for public transport. In rural areas, town centres are generally the principle centres in the authority’s area. Powys does not contain any city centres. Newtown and Welshpool currently best fit the description of a town centre, as they serve relatively wide catchment areas, and offer a reasonable range of comparison shopping and services, and are at the top of the retail hierarchy in Powys.
- 5.35 The Local Needs Index also identifies Machynlleth and Llanidloes as “large” centres on the basis of having more than 75 commercial units, however Builth Wells, Ystradgynlais, Presteigne all score a higher Local Needs Index of 13 out of possible 16 in terms of “local” facilities provided. As noted above, we consider that it would be appropriate to seek to direct further retail development towards Llandrindod Wells.
- 5.36 On the basis of their size and function, we suggest that it would be appropriate to classify **Newtown, Welshpool, Llandrindod Wells, Machynlleth and Llanidloes** as **town centres**. The Council may wish to distinguish between the main town centres (Newtown, Welshpool and Llandrindod Wells) and smaller town centres (Machynlleth and Llanidloes).
- 5.37 TAN 4 defines district centres as groups of shops, separate from the town centre, usually containing at least one food supermarket or superstore, and non-retail services such as banks, building societies and restaurants. In our view, **Ystradgynlais, Builth Wells, Knighton, Presteigne and Rhayader** should be classified as district centres. As noted in the previous section, there is a qualitative need to improve convenience retail provision within Knighton, Presteigne and Rhayader. Ystradgynlais and Knighton could be classified as major district centres, particularly following the development of the Tesco store at Ystradgynlais and if additional development is directed towards Knighton.
- 5.38 We consider that **Llanwrtyd Wells, Llanfair Caereinion, Llanfyllin and Montgomery** are too small to be classified as district centres, particularly given their lack of supermarket provision. These centres should remain classified as local centres, which TAN 4 defines as a small grouping usually comprising a newsagent, a general grocery store, a sub-post office and occasionally a pharmacy, hairdresser and other small shops of a local nature. The Local Needs Index indicates that these centres have a score of between 5 and 12, and are therefore considered to perform an important local function.

Review of Centre Boundaries and Frontages

- 5.39 Local authorities should adopt policies that enable town, district and local centres to meet the needs of residents in their area. The sequential approach indicates that the first preference for new developments should be within centres followed by edge-of-centre locations. Out-of-centre sites are last in the order of preference. TAN 4 defines edge-of-centre sites as a location within easy walking distance of the centre normally not more than 200-300 metres from existing town centre shops, but notes that lesser distances may be appropriate for smaller town centres and local circumstances. TAN 4 notes that the definition of primary and secondary frontages will depend on local circumstances, and may not just relate to the presence of retail units.
- 5.40 Para. 10.2.7 of Planning Policy Wales (Edition 4, February 2011) states that development plans may distinguish between primary and secondary frontages in town centres and consider their relative importance to the character of the centre. Primary frontages are characterised by a high proportion of retail uses, while secondary frontages are areas of mixed commercial development.
- 5.41 The LDP will need to define centre boundaries and primary and secondary shopping frontages. In practical terms a 300 metre distance from the boundaries of the centres in Powys will cover a significant area. The Powys UDP defines retail core areas for all of the above centres, except Montgomery. We consider that there is scope to review these boundaries to exclude areas of predominantly residential use, particularly in Builth Wells and Ystradgynlais.
- 5.42 Primary shopping frontages are defined for the centres that are currently defined as area retail centres, ie. Newtown, Welshpool, Llandrindod Wells, Llanidloes, Ystradgynlais, Builth Wells and Knighton. These frontages appear to be appropriately defined, however in the larger centres of Newtown and Welshpool, we consider that secondary frontages should also be defined. We also consider that primary shopping frontages should also be defined in Machynlleth, Presteigne and Rhayader.
- 5.43 We suggest the following amendments could be made to the frontage definitions:
- **Newtown** - change following to secondary frontage: Broad Street from River up to Old Church Street intersection (39-27 Broad Street), 10-21 Broad Street, Back Lane, Shortbridge Street, Ladywell Street, Ladywell Centre, Market Street, Severn Street and Gas Street.
 - **Welshpool** - change following to secondary frontage: Hall Street, Boot Street, Cumberland Place, Puzzle Square, Hopkins Passage, Severn Street, Jehu Road, Mount Street/High Street from west of Park Lane intersection and High Street/Mount Street from west of Jehu Road intersection.

- **Machynlleth** – designate Heol Maengwyn from the junction with Heol Pentrerhedyn to the Co-op store, and Heol Pentrerhedyn from Bank Street to the access road to St Peters Church as primary shopping frontage.
- **Presteigne** - designate along High Street to the south between Lorna's Sandwich Shop up to Premier convenience store and along the north of the high street from the post office to Presteigne and Norton Community Support Charity Shop as primary shopping frontage.
- **Rhayader** - designate along south of west street from Hafod hardware store along to the unit before The Elan Hotel and to the north of west street between the launderette (located after The Mount) and the Turkish Delight takeaway as primary shopping frontage.

5.44 PPW states that local planning authorities should develop a clear strategy and policies for retail development, and for the future of town, district, local and village centres in their area, which promote a successful retailing sector supporting existing communities and centres. Para. 10.2.13 of PPW requires development plans to:

- establish the strategic role to be performed by the main centres in the retail hierarchy;
- set out measures to reinvigorate particular centres, as appropriate;
- set out detailed policies to achieve vital, attractive and viable centres;
- allocate sites for new retail and leisure facilities and other uses best located in town centres, where there is assessed to be a quantitative or qualitative need using the sequential approach;
- include a criteria based policy against which proposals coming forward on unallocated sites can be judged;
- set out policies for primary and secondary frontages, where appropriate.

5.45 The Powys UDP (March 2010) policy SP7 sets out the general provisions for assessing retail development, in accordance with TAN 4, PPW and MIPPS guidance, ie. proposals for retail, leisure and other town centre uses are required to demonstrate that they accord with the County's sustainable growth strategy and settlement hierarchy, sustain and enhance the existing provisions of the County and the vitality, viability and attractiveness of town centres, satisfy the sequential test, and demonstrate a need for additional provision when located outside of an existing centre.

5.46 More detailed policy guidance is contained in Section 7 and the retail hierarchy is defined. In summary the policies relating to assessing proposals for retail development state:

- retail development should be of a scale and design appropriate to the settlement and its position in the hierarchy (RP1);
- proposals that improve the attractiveness of town and retail centres will be permitted (RP2);

- proposals for Class A1, A2, A3 and other appropriate town centre uses will be permitted in town centre area, unless they would adversely affect the vitality, attractiveness, character and viability of the centre, or would result in the loss of an existing A1 or A3 use (RP3);
- proposals for large scale retail development [this is not explicitly defined, although reference is made to the 2,500 sq.m impact assessment threshold in TAN 4] will only be permitted where:
 1. outside existing centres, a need for the development is demonstrated;
 2. the proposal will not have an unacceptable adverse impact on the vitality, attractiveness and viability of the retail centre or other nearby centres;
 3. the 'sequential test' has been applied;
 4. the proposal does not lead to the loss of land allocated for other purposes within the UDP, unless adequate land remains available to meet future requirements;
 5. the proposed development shall incorporate any necessary infrastructure improvements and customer facilities (RP6)
- Welshpool Livestock Market and Newtown Livestock Market are allocated for bulky goods/retail warehousing purposes (RP8);
- development will be permitted on sites within or adjacent to town centres with the potential for retail, commercial and mixed use (RP8);
- retail markets will be permitted where proposals will not have an unacceptable adverse impact on the vitality, attractiveness and viability of any centre, and will not have environmental or amenity impacts (RP9);
- neighbourhood and village shops or services will be approved within a settlement's development limits, and would not create safety, access, service, environmental or amenity problems, and where possible make use of an existing building. Proposals that result in the loss of a neighbourhood shop, village shop or service will only be permitted where:
 - a. the premises have been for sale or vacant for a prolonged period and genuine attempts at marketing the existing use during that time have been unsuccessful; and
 - b. that other solutions to support the long-term economic viability of the business have been adequately explored eg. community ownership, diversification of uses (RP10);
- retail sales from existing non-retail premises will be permitted where it is shown that the proposal remains ancillary to the main use, contributes to diversification of the rural economy, has no significant adverse impact on the vitality and viability of existing centres, and would not create safety, access, service, environmental or amenity problems (RP11).

5.47

In general, we consider that the retail policies within the UDP are acceptable and should achieve the County's overall aims. However, there are a few

suggestions that could be incorporated into these policies to strengthen the protection of the existing centres.

- 5.48 The policy requiring the impact of proposed development should be strengthened, and the LDP policies should require that the impact of all out-of-centre retail applications of 280 sq.m gross or more and applications within centres of 1,000 sq.m gross or more should be assessed in the County. For Powys, we consider that 1,000 sq.m gross is a more appropriate threshold for “large retail development” than the 2,500 sq.m gross figure referred to in TAN 4.
- 5.49 The policy should also seek to encourage small scale, local retail and service provision, ie. proposals that fall below the 280 sq.m threshold should generally be supported in local centres, villages and rural locations.
- 5.50 We also consider that policies should be included that seek to protect the amount of Class A1 use within primary shopping frontages of centres, for example a policy could prevent more than three units or 33% of frontage occupied by non-Class A1 use in any 10 shop consecutive units, and no more than 2 adjacent units should be in non-A1 use. The policy could also include criteria relating to the retention of a shop frontage/widow display, to seek to maintain the vitality and viability of the centre.
- 5.51 Policy RP10 resists the loss of local shops and services, unless it can be satisfactorily demonstrated that maintaining the use would not be viable. We consider that it is essential that there is some flexibility to allow alternative uses, in order to prevent properties remaining vacant, however the criteria to justify the loss of such facilities must be strictly enforced, and this policy needs to be rolled forward to the LDP.

Future Strategy Implementation and Monitoring

- 5.52 There are a number of broad areas of possible action the Council could pursue in order to maintain and enhance the role of shopping centres within the County, as follows:
- application of guidance within PPW and TAN 4, particularly relating to the sequential approach and impact tests in determining out-of-centre retail and other development proposals that generate significant numbers of trips;
 - improving the range and choice of shops and services in all centres (where appropriate in terms of scale) by encouraging intensification, development and the re-occupation of vacant premises, and continuing to promote the centres.
 - maintaining the generally high quality environment within each centre;
 - bring forward development opportunities through the LDP process to improve the availability of modern premises suitable for new occupiers.
 - pro-active approach to site assembly which may require the use of compulsory purchase powers.

- 5.53 The recommendations and projections within this study are expected to assist the Council in reviewing development plan policies over the coming years and to assist development control decisions during this period. The study provides a broad overview of the potential need for further retail development up to 2016, with longer term forecast up to 2021 and 2026. Given the limited short term need identified, there may not be a requirement for any land allocations to accommodate retail floorspace requirements and this could be met through small scale developments. However, projections are subject to uncertainty and forecasts may need to be amended to reflect emerging changes as and when new information becomes available. In particular long-term projections up to 2026 should be treated with caution.
- 5.54 Therefore, we would recommend that this retail study should be updated in 4-5 years time and the floorspace projections rolled forward. The following key assumptions should be updated as necessary:
- population projections;
 - local expenditure estimates (information from Experian or other recognised data providers);
 - growth rate assumptions for expenditure per capita (information from Experian or other recognised data providers);
 - the impact of potential increases in home and internet shopping (Experian regularly provides projections for internet shopping and these projections will need to be updated at the same time as expenditure and population figures);
 - existing retail floorspace and average turnover to floorspace densities (floorspace surveys and turnover data from Management Horizons, Retail Ranking); and
 - implemented development within and around the study area.
- 5.55 These key inputs into the retail capacity assessment can be amended to provide revised capacity projections. We do not envisage that the structure of the capacity assessment set out in this report will need to be amended.