

**PE1497/B**

Glasgow City Council Letter of 24 February 2014

**RESPONSE TO SCOTTISH GOVERNMENT PUBLIC PETITIONS  
COMMITTEE**

**PETITION: PE1497**

Background

Two separate Committees of Glasgow City Council have heard or considered a report on this petition. The conclusion of the Council was that they noted the limitation of the involvement of the Council in this matter given the way retailing is controlled through the Planning System.

Scottish Government has requested the Council comment on 2 questions:

1. What are the Council's views on what the petition seeks, and
2. What has been the impact of new small local supermarkets opening in town centres.

The Councils response to these two questions is given below.

- 1.1 At the outset it should be remembered that the Planning System is not intended to protect or safeguard any company or sector of the economy, but is charged with making decisions for the common good. Development proposals are determined in accordance with the approved development plan policies in a way that treats every applicant the same.
- 1.2 For the most part policies in relation to retail guide investment to town centres. Retail is seen as the mainstay of town centres and policies protect and try to enhance the retail offer. Food retailing is an important element of this overall retail sector and a significant level of retail is seen as essential in supporting existing town centres.
- 1.3 The Planning System does not differentiate between providers when it comes to retail. Which party is providing the retail investment is not a relevant matter in the planning process. Decisions are made on the basis of whether the retail interest is for a town centre, edge of centre or out of centre location. That is to say that it is the locational nature of the retail investment that is important not who is providing it.
- 1.4 It should also be recognised that the majority of smaller retail units being occupied by multi-nationals do not come through the Planning System as the majority of these companies occupy existing retail premises and planning consent is not required. In addition many of the multi-nationals also target former office type premises such as banks or

building societies and take advantage of the permitted change to retail. This is also true where food and drink premises are utilised.

- 1.5 The statutory instrument which currently provides the legislative basis for changes of use the Use Classes Order. The aim of the order is to keep the number of use classes to a minimum while controlling change which because of environmental consequences needs to be subject to planning control. It seems that there is no intent to require planning permission for types of development that do not affect amenity.
- 1.6 National policy in relation to retail and town centres seeks to have the broadest range of shopping investment for maximum flexibility and convenience for the consumer. In Scotland there is a wide range of choice in existing centres. The rise of the smaller format supermarket is a direct result of structural change in the economy. There is now a greater demand to shop locally, to shop for essentials on a regular basis in stores within walking distance. This change in market conditions has been recognised by the multi-nationals.
- 1.7 However, it would seem that the Planning system is not the best method of seeking to control this change. If there is concern over the dominance of these operations then perhaps this would be best looked at by such a body as the Monopolies Commission.
- 1.8 It should also be recognised that in many cases these operators have taken over vacant units and have undoubtedly increased footfall in some centres. Were it not for their investment there may be significant numbers of vacant units.
- 1.9 For example, in the case the petitioners refer to in Great Western Road, Glasgow, the Council understands that this development only received its full funding from investors when Tesco were secured as an occupier. This investment by the multi-national unlocked the finance to enable the mixed use development to take place and develop a substantial gap site on a prominent site on a main distributor road.
- 1.10 The crucial question may therefore be how the various relevant bodies/parties can assist in creating the conditions in which local business and independent retailers can co-exist with the multi-nationals. Some system of financial incentives for the independent operators such as grants for small retailers, possibility of rate relief, improvement grants etc.
- 1.11 The Council would contend that legislative changes to the Planning System would not be the most appropriate way to seek any controls over this sector of retailing. Competition has never been a material consideration when processing planning applications. If it is determined that multi-nationals are having a significant adverse effect on existing centres then assistance for the independent sector in the form of financial assistance would seem to be the appropriate action.

1.12 The Council's response to the impact of smaller supermarkets is given below.

2.1 There appears to be little consensus regarding the effect that small food stores have on town centres. Some argue that they compete with existing independent operators and act as a barrier to new entrants while the counter view is that they act as anchors that generate footfall in the centre and benefit other businesses. The Council is not aware of any research supporting either view.

2.2 In the absence of this Glasgow City Council seeks to maintain a diversity of types of shopping in town centres and takes the view that small format food stores have a role in local shopping provision but should not have a detrimental effect on the town centre as a whole.

2.3 The data provided by the Council's town centre outlet surveys reveals a gradual but persistent decline in the amount of occupied class 1 units in Byres Road TC and a gradual increase in vacant units. The data available for the other town centres in the vicinity show few signs of decline in recent years at least in terms of the level of occupied class 1 units. How the distribution of land uses in town centres in the west end of Glasgow has changed over the last 5 years is discussed in greater detail below.

#### 2.4 **Byres Road (Most recent survey: Oct 2013)**

Byres Road has 30,500 sqm of floorspace located in 227 units. For planning purposes Byres Road is divided into two sub-areas: the Principal Retail Area which is the retail core area and a Secondary Retail Area where a higher diversity of land uses is supported.

In the Principal Retail Area (PRA) a maximum of 20% non-class 1 is permitted and non-class 1 proposals are not supported if this threshold is exceeded. The Council's outlets surveys show that the amount of occupied class 1 units in the PRA fell by 4.5% in the period 2007-12 to 61%. The level of vacancies rose by 4.5% to 6% and the level of non-class 1 remained consistent at 32%. During this period a 2,700 sqm Waitrose store and a 900sqm Tesco opened on Byres Road.

In the Secondary Retail Area (SRA) 70% class 1 use is sought but non-class 1 uses are assessed in line with criteria that are set out in the City Plan. As in the Principal Retail Area, the level of occupied class 1 units in the Secondary Retail Area has also dropped by around 4% from 57% to 53% and the level of vacant units has risen slightly to 6.5%

#### 2.5 **Hyndland (Most recent survey Sep 2012).**

Hyndland is a local centre with 4,630 sqm of floorspace in 49 units most of which are less than 100sqm and the centre is dominated by independent retailers. There was a 9% fall in the number of occupied class 1 units between 2007-12. Nevertheless 73.5% of the units are still occupied by class 1 use uses and there is a very low level of vacancy in this centre at around 2%. The fall in occupied class 1 is due to units being used for non-class 1 uses including cafes and restaurants.

The available data indicates that the centre has diversified with more non-class 1 uses in recent years but it does not indicate that the centre has declined in terms of the overall level of occupancy.

### **St Georges Cross (Most recent survey Nov 2013)**

St Georges Cross has 19,000 sqm in 157 units. The Town Centre is in a linear High Street form. Most units are small scale with only 4 being over 400sqm. Between 2007 and 2013 the amount of occupied class 1 units in the centre rose by 11% to 69%. This appears to be the result of vacant units becoming occupied and the vacancy rate has dropped to around 5%. The level of non –class 1 has remained consistently around 28% over the period. There is currently a Sainsburys Local and a Co-op. There is also consent for a small foodstore that has not yet been constructed.

### **Kelvinbridge (Most recent survey Sep 2012)**

Kelvinbridge has 5,000sqm of floorspace in 46 units. The level of occupied class 1 use rose by 4% to 61% between 2007 and 2012 and the level of vacancy was low at 4%. The only two units in the centre over 300sqm are a café and a pub. There is a small Co-op foodstore which helps to anchor the centre.

## **3.0 Summary**

- 3.1 The overall analysis of the area identified in the petition indicates some decline in level of retail in one centre but few signs of decline in the others. The conclusion being there is no evidence to suggest the growth in small food stores has had any detrimental effect on the health of existing centres.
- 3.2 Legislative change to the Planning System would not be the most appropriate way of dealing with smaller food stores. If there is evidence that they are proving harmful to the health of existing centres then the matter should be referred to the Monopolies Commission.