

Hinckley & Bosworth Borough Council

HINCKLEY & BOSWORTH BOROUGH RETAIL CAPACITY STUDY



ROGER TYM & PARTNERS
Planners and Development Economists

Final Report
September 2007

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This document is formatted for double-sided printing.

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TO BE READ IN CONJUNCTION WITH:

ANNEX 1 - Appendices to the Main Report
ANNEX 2 - Retail and Leisure Capacity Spreadsheets

1 INSTRUCTIONS AND OUTLINE OF REPORT

- 1.1 In March 2007, Hinckley & Bosworth Borough Council commissioned Roger Tym & Partners to undertake a retail capacity study to inform the Council's Local Development Framework (LDF) by assessing the role and contribution that Hinckley town centre can make towards meeting future retail needs.
- 1.2 The study brief defined a number of 'objectives', including the need to:
- determine the role and function of Hinckley town centre, and its position in the retail hierarchy, by recourse to a 'health check';
 - establish the catchment population that Hinckley town centre currently serves, and conduct an analysis of retail patterns;
 - assess the current and future need for additional comparison and convenience retail floorspace;
 - advise, in broad terms, on the scope for additional provision in the commercial leisure and office sectors; and
 - evaluate the merits of alternative locations for meeting identified needs in accordance with the sequential approach.
- 1.3 All LDF documents will be subject to independent examination and a binding report by an inspector, and the LDF will become a statutory document in its own right. Thus, the evidence on which LDF documents are based needs to be robust and defensible. A mix of quantitative and qualitative research was therefore undertaken in the early stages of the study to enable a substantial body of original data on retail and town centre uses to be assembled. This research included a telephone survey of households, which provided a detailed picture of existing shopping and leisure patterns, as well as a range of local consultations and analysis of Hinckley town centre in relation to key performance indicators.

Structure of Remainder of Report

- 1.4 The remainder of our report is structured as follows:
- Section 2 outlines the requirements of the national policy context insofar as it relates to town centres and the location of new retail, leisure and other 'town centre' uses.
 - Section 3 provides a review of the regional and local planning policy contexts.
 - Section 4 sets out the key national trends in various sub-sectors of the retail and leisure markets so as to provide a reference for the remainder of the study.
 - Section 5 sets out the findings of our assessment of Hinckley town centre in relation to a range of 'performance indicators', taking into account our appreciation of the key issues that are currently affecting - or which could have a bearing on - the centre's performance as a focus of retail services and leisure activity.
 - Section 6 details the findings from a street-side survey of 327 visitors to Hinckley town centre, the primary purpose of which was to establish Hinckley's overall catchment area (OCA).
 - Section 7 provides our assessment of the current patterns of retail spending in the comparison and convenience sectors and the pattern of leisure visits, based on the results of a survey of 1,000 households resident within Hinckley's OCA.
 - Section 8 assesses the quantitative need for further comparison and convenience retail floorspace in the periods up to 2011, 2016 and 2021 under various scenarios, taking into account claims on expenditure growth, and also provides an indication

of quantitative need in the longer-term period to 2026 (which is the end-date of the emerging Regional Spatial Strategy).

- Section 9 provides our broad assessment of the scope for further commercial leisure development in the Borough.
- Section 10 sets out our broad analysis of the scope for further office floorspace in the Borough.
- Section 11 contains our suggested 'Monitoring Framework', to assist the Council in monitoring the vitality and viability of its centres.
- Section 12 outlines our overall conclusions and recommendations.

1.5 The report is accompanied by two separately bound volumes entitled:

- i) Annex 1: Appendices to the Main Report; and
- ii) Annex 2: Retail and Leisure Capacity Spreadsheets.

2 THE NATIONAL POLICY CONTEXT

Introduction

- 2.1 The relevant national policy context, in so far as it relates to town centres and the location of new retail, office and leisure developments, is set, in the main, by PPS6 which is structured under four sections that deal with:

- the Government's objectives;
- the plan-led approach to positive planning for town centres;
- the assessment of proposed developments; and
- measuring and monitoring the vitality and viability of town centres.

The Government's Objectives

- 2.2 The very first paragraph of PPS6 makes it clear that *'sustainable development is the core principle underpinning planning'* and that *'the planning system has a key role in facilitating and promoting sustainable and inclusive patterns of development, including the creation of vital and viable town centres'*. The Government's key objective for town centres, therefore, is to promote their vitality and viability (paragraph 1.3).
- 2.3 The Government's second tier objectives are set out in paragraph 1.4; these can be summarised as:
- enhancing consumer choice;
 - supporting efficient, competitive and innovative retail and leisure sectors and improving their productivity; and
 - improving accessibility to existing and new development by a choice of means of transport.
- 2.4 Paragraph 1.5 then sets out the Government's wider objectives; these can be summarised as:
- the promotion of social inclusion by ensuring access to a range of town centre uses and rectifying deficiencies;
 - the regeneration of deprived areas;
 - the promotion of economic growth;
 - the delivery of more sustainable patterns of development; and
 - the promotion of high quality and inclusive design, enhanced public realm, and an accessible and safe environment.
- 2.5 Regional planning bodies (RPBs) and local authorities (LPAs) are required to implement these Government objectives by planning positively for the growth and development of town centres, whilst not restricting competition or innovation (paragraphs 1.6 and 1.7). The main town centre uses to which PPS6 applies are retail, leisure, offices and arts, cultural and tourism facilities (paragraph 1.8), with housing said to be *'...an important element in most mixed-use, multi-storey developments'* (paragraph 1.9).

Positive Planning for Town Centres: A Plan-led Approach

Introduction

2.6 The introduction to Section 2 of PPS6 calls upon RPBs and LPAs to:

- actively promote growth and manage change in town centres;
- define a network and hierarchy of centres, each performing their appropriate role to meet the needs of their catchments; and
- adopt a proactive and plan-led approach to planning for town centres through regional and local planning.

The Role of Regional Plans

2.7 Paragraphs 2.12 to 2.14 of PPS6 set out the requirements placed on RPBs in developing their Regional Spatial Strategies (RSSs). The over-riding requirement is for RPBs to set out a vision and strategy for the region's growth, particularly for higher level centres, and provide a strategic framework for planning at the local level. In particular, RPBs must:

- develop a strategic framework for the development of a network of centres, taking into account the need to avoid an over concentration of growth in the higher level centres;
- make strategic choices about those centres of regional and sub-regional significance where major growth should be encouraged;
- identify the need for new centres to be developed in areas of planned major growth;
- assess the need for additional floorspace in the comparison retail, leisure and office sectors over the period of the RSS and for five yearly periods within it and, having regard to capacity and accessibility considerations, they must identify where the identified needs would best be met;
- monitor and regularly review the implementation of the strategy; and
- identify the need for major town centre development of regional or sub-regional significance.

2.8 However, PPS6 is clear that new or expanded regional or sub-regional shopping centres located in out-of-centre locations are unlikely to meet the requirements of national policy (paragraph 2.14).

Networks and Hierarchies

2.9 Paragraphs 2.9 to 2.11 of PPS6 provide further advice in relation to the development the network and hierarchy of centres, but - in this part of the policy statement - the advice is in relation to both the regional and local levels. Thus, authorities must plan carefully how to distribute any identified growth at both regional and local levels. In defining their spatial objectives, RPBs and LPAs:

'...should consider whether there is a need to rebalance the network of centres to ensure that it is not overly dominated by the largest centres, that there is a more even distribution of town centre uses, and that people's everyday needs are met at the local level' (paragraph 2.9).

2.10 Thus, in developing the network and hierarchy, RPBs and LPAs are required to consider:

- i) whether there is a need to avoid over concentration of growth in the higher level centres;

- ii) the need for investment in those centres requiring to be regenerated; and
 - iii) the need to address deficiencies in the network (paragraph 2.9)
- 2.11 Any change in the role and function of centres - upward or downward - must come through the development plan process, rather than through planning applications, with higher order centres dealt with in the RSS and with lower order centres dealt with through the development plan documents (paragraph 2.10).

Promoting Growth and Managing Change

- 2.12 Paragraphs 2.3 to 2.8 of PPS6 turn to the role of LPAs in promoting growth and managing change in town centres. Paragraph 2.3 states that LPAs should - within the regional planning context - actively plan for growth and the management of change in town centres over the period of their development plan documents by:
- i) selecting appropriate existing centres to accommodate growth, making the best use of existing land and buildings, but extending the centres where appropriate;
 - ii) managing the role of existing centres through the promotion of specialist activities, or specific types of uses; and
 - iii) planning for new centres of an appropriate scale in areas of significant growth, or where there are deficiencies in the existing network.
- 2.13 Paragraph 2.4 urges that growth should be accommodated, wherever possible, through *'...more efficient use of land and buildings within existing centres'*. However, LPAs *'...should also seek to ensure that the number and size of sites identified for development or redevelopment are sufficient to meet the scale and type of need identified'*.
- 2.14 Where growth cannot be accommodated within existing centres, paragraph 2.5 advises LPAs to plan for:
- i) the extension of the primary shopping area, if there is a need for additional retail provision; and
 - ii) the extension of the town centre, to accommodate other main town centre uses.
- 2.15 Where existing centres are in decline, PPS6 advises LPAs to *'...assess the scope for consolidating and strengthening these centres by seeking to focus a wider range of uses there, promote the diversification of uses and improve the environment'* (paragraph 2.8). However, where a reversal of decline is not possible, LPAs are advised to consider a reclassification of the centre, so as to reflect its revised status in the hierarchy, and the adoption of policies which allow retail units to change to other uses, whilst seeking to retain vital services such as post offices and pharmacies.

The Role of Plans at the Local Level

- 2.16 Paragraphs 2.15 to 2.18 of PPS6 deal, specifically, with the role of the forward planning system at the local level. Paragraph 2.15 requires LPAs to adopt a positive and proactive approach to planning for the future of all types of centres within their areas. Thus, in line with the RSS and their community strategies, LPAs should, prepare a core strategy development plan document which sets out *'...a spatial vision and strategy for the network and hierarchy of centres, including local centres, within their area, setting out how the role of different centres will contribute to the overall spatial vision for their area'*.
- 2.17 Paragraph 2.16 urges LPAs to work with stakeholders and the community so as to:
- i) assess the need for new floorspace for retail, leisure and other town centre uses, taking account of both quantitative and qualitative considerations;

- ii) identify deficiencies in existing provision, assess the capacity of existing centres to accommodate new development and identify centres in decline where change needs to be managed;
 - iii) identify the centres where development will be focused, as well as the need for any new centres of local importance;
 - iv) define the extent of the primary shopping area and the town centre on their Proposals Map;
 - v) identify and allocate sites in accordance with the considerations set out in paragraphs 2.28 to 2.51;
 - vi) review existing land use allocations;
 - vii) promote investment in deprived areas by identifying opportunities for growth and improved access;
 - viii) set out criteria based policies for assessing proposals on sites not allocated in development plan documents; and
 - ix) distinguish between primary and secondary frontages.
- 2.18 Paragraphs 2.19 to 2.22 of PPS6 then proceed to highlight the need for high quality and inclusive design, the importance of accessibility and safety and the need for efficient use of land through the promotion of higher-density mixed-use development. Paragraphs 2.23 and 2.26 deal with the management of the evening economy and the need for a range of leisure, cultural and tourism activities and paragraph 2.27 seeks to promote the retention and enhancement of existing markets and, where appropriate, the creation of new ones.

Site Selection and Land Assembly

- 2.19 Paragraphs 2.28 to 2.52 deal with site selection and land assembly in the forward planning process, but - as is made clear in paragraph 3.3 of PPS6 - these considerations '*...apply equally to the assessment of planning applications.*' Thus, bearing in mind this important proviso, paragraph 2.28 sets out the five key considerations for local authorities when they are selecting sites for development; these are to:

- a) assess the need for development,*
- b) identify the appropriate scale of development,*
- c) apply the sequential approach to site selection,*
- d) assess the impact of development on existing centres; and*
- e) ensure that locations are accessible and well serviced by a choice of means of transport.'*

Need for Development

- 2.20 Paragraph 2.32 states that need assessments should be carried out as part of the plan preparation and review process, that they should be updated regularly and that LPAs should take account of the regional spatial strategy. Indeed, the LPAs' assessments of need '*...should inform and be informed by the regional needs assessments and form part of the evidence base for development plan documents.*'
- 2.21 Paragraphs 2.33 and 2.34 of PPS6 make it clear that LPAs should place greater weight on quantitative need for specific types of retail and leisure developments taking into account population change, forecast change in expenditure for specific classes of goods and forecast improvements in productivity in the use of existing floorspace.
- 2.22 Nevertheless, an important qualitative consideration will be the need to improve the range of services and facilities in deprived areas (paragraph 2.35). Another

consideration which may be taken into account in the assessment of qualitative need is the degree to which existing shops may be over-trading (paragraph 2.36). However, regeneration and employment impacts - whilst capable of being material considerations - are not indicators of retail need (paragraph 2.37).

Appropriate Scale

2.23 Paragraph 2.41 states that:

'In selecting suitable sites for development, local planning authorities should ensure that the scale of opportunities identified are directly related to the role and function of the centre and its catchment'.

2.24 As a consequence, paragraph 2.42 states that *'...local centres will generally be inappropriate locations for large scale new development...'* and that LPAs *'...should therefore consider setting an indicative upper limit for the scale of developments likely to be permissible in different types of centres...'* If a need is identified for larger format developments, paragraph 2.43 indicates that sites should be identified within or on the edge of 'city centres' and 'town centres', as defined in Table 1 of Annex A to PPS6.

Sequential Approach to Site Selection

2.25 Paragraph 2.44 of PPS6 sets the order of preference in applying the sequential approach, as follows:

- first, locations within existing centres, but subject to caveats relating to suitability, availability and scale in relation to the function of the centre;
- second, edge-of-centre locations, with a preference given to sites that are, or will be, well connected to the centre; and then
- out-of-centre sites, with preference given to sites which are, or will be, well served by a choice of means of transport and those with a high likelihood of forming links with the centre.

2.26 It is important to note that the distance threshold for the purposes of the 'edge-of-centre' definition, varies from up to 300 metres from the primary shopping area for retail use, to within 300 metres of a town centre boundary for all other main town centre uses (as set out in Table 2 of Annex A of PPS6). It is also noteworthy that LPAs are required to give weight to those locations that best serve the needs of deprived areas when considering alternative sites at the same level in the sequential ranking (paragraph 2.44).

2.27 In line with the earlier advice in the now replaced PPG6, there is a requirement for flexibility and realism on the part of both LPAs and developers/operators when discussing the identification of sites for inclusion in development plan documents. Sites must be available, or likely to become available for development during the development plan document period, and capable of accommodating a range of business models, all parties having been flexible in relation to scale, format, car parking provision and the scope for disaggregation (paragraph 2.45).

2.28 A new requirement, however, is for development plan documents to include phasing policies so as to ensure that preferred locations are developed ahead of less central locations (paragraph 2.46).

Assess Impact

2.29 If LPAs are proposing to allocate sites in 'edge-of-centre' or 'out-of-centre' locations, they must assess the potential impact on centres within the catchment area of the potential development (paragraph 2.48). LPAs must also assess the potential impact on other centres of those allocations within a centre which would substantially increase its attraction vis-à-vis other centres (paragraph 2.48).

Ensure Locations are Accessible

- 2.30 Paragraph 2.49 of PPS6 confirms PPG13's aspiration to reduce the need to travel, to reduce reliance on the private car and to ensure that everyone has good access to a range of facilities. As a consequence, in selecting sites for allocation, LPAs are required to have regard to the accessibility of the site by a choice of means of transport and the potential impact of its development on car use, traffic and congestion. In rural areas the focus for development is to be in market towns and large villages.

Other Relevant Matters

- 2.31 After assessing the sites against the five considerations set out in paragraph 2.28 of PPS6, LPAs are able to consider other matters such as physical regeneration, the likely net employment impact, the potential impact on economic growth and the potential impact on social inclusion (paragraph 2.51).

Assembling Sites

- 2.32 Paragraph 2.52 of PPS6 is of particular importance to the situation in Stockport; it states that LPAs *'...should allocate sufficient sites to meet the identified need for at least the first five years from the adoption of their development plan documents, although for large town centre schemes a longer period may be appropriate to allow for site assembly. An apparent lack of sites of the right size and in the right location should not be construed as an obstacle to site allocation and development to meet this need'*. LPAs are therefore required to consider the scope for site assembly using their CPO powers in order to ensure that suitable sites are brought forward for development.

Designation of New Centres

- 2.33 Paragraph 2.53 repeats the advice *that 'new centres should be designated through the plan-making process where the need for them has been established, such as in areas of significant growth, or where there are deficiencies in the existing network of centres, with priority given to deprived areas....whether this is done at the regional or local level will depend on the size of the proposed centre and its proposed role in the hierarchy of existing centres...'* PPS6 is clear, however, that existing out-of-centre facilities must not be regarded as 'centres', unless they are identified as such in the RSS and/or in development plan documents (paragraph 2.54).

Providing for Local Shopping and Other Services

- 2.34 Paragraphs 2.55 to 2.59 are concerned with the provision for local shopping and other services. There is emphasis on the need for a network of local centres, so as to meet people's day-to-day needs and provide a focus for local services. LPAs are encouraged to seek to rectify any deficiencies in local provision, especially in deprived areas, through liaison with the local community, retail operators and other stakeholders. Further guidance on the preparation of strategies for smaller centres is to be published separately.

Rural Centres

- 2.35 Paragraphs 2.60 to 2.64 of PPS6 deal with rural centres. Market towns and villages, as expected, are to be the main service centres in rural areas and the focus for economic development. Paragraph 2.61 states that the Government is committed to helping market towns manage the process of change and to strengthen their role as service centres, but there is little guidance as to how this aspiration is to be achieved.

Development Control

- 2.36 Section 3 of PPS6 sets out the considerations to be taken into account by LPAs in determining planning applications for **all** proposals relating to main town centre uses - whether in the form of new development, redevelopment, extensions, changes of use, renewals of extant planning permissions or applications to vary or remove existing conditions (paragraph 3.1).

- 2.37 First, it is important to note the provisions of paragraph 3.3, which states that:

'The key considerations for identifying sites for allocation in development plan documents, as set out in Chapter 2, apply equally to the assessment of planning applications,' so that Chapter 3 '...sets out only the additional detail relevant to the consideration of planning applications, and should be read in conjunction with Chapter 2'.

- 2.38 Thus, paragraph 3.4 sets out the same five tests for applicants as apply to LPAs in allocating sites in the development plan preparation process (as set out earlier in paragraph 2.28 of PPS6). We discuss each test in turn, but before doing so we emphasise the provisions of paragraph 3.5, which states that *'...as a general rule the development should satisfy all these considerations'* (our emphasis).

Assessing the Need for Development

- 2.39 The first point to note is that applicants are not required to demonstrate the need for retail proposals located within the primary shopping area, or for other main town centre uses located within the town centre (paragraph 3.8). However, paragraph 3.9 states that *'...need must be demonstrated for any application for a main town centre use which would be in an edge-of-centre or out-of-centre location and which is not in accordance with an up to date development plan document strategy'* (our emphasis). There is no minimum floorspace size threshold below which the test of need does not apply.

- 2.40 Additional guidance on the assessment of quantitative need in relation to retail and leisure proposals is set out in paragraph 3.10, which states that the need assessment should be:
- i) based on the assessment carried out for the development plan document, updated as required;
 - ii) related to the class of goods to be sold;
 - iii) assessed, normally, no more than five years ahead; and
 - iv) based on a catchment area that is well related to the size and function of the proposed development and which takes account of competing centres.

Scale

- 2.41 There is no further advice in relation to the issue of scale and paragraph 3.12 merely refers to advice already set out previously in Section 2.

The Sequential Test

- 2.42 Paragraph 3.13 states that the sequential test applies to *'...all development proposals for sites that are not in an existing centre nor allocated in an up-to-date development plan document'*, suggesting that there is no minimum floorspace size threshold below which the sequential test does not apply in relation to new proposals. However, paragraph 3.29 of PPS6 subsequently introduces a threshold, for extensions, of 200 sq.m gross, below which the sequential test does not apply.

- 2.43 Paragraph 3.13 goes on to state that the relevant centres in which to search for sites will depend on:

- the overall strategy set out in the development plan;
- the nature and scale of the development; and
- the catchment that the development seeks to serve.

- 2.44 In applying the sequential approach developers and operators are required to demonstrate flexibility in relation to scale, format, car parking provision and the scope for disaggregation. The key purpose of the exercise *'...is to explore the possibility of enabling the development to fit onto more central sites by reducing the footprint of the*

proposal' (paragraph 3.16); this may involve a reduction in floorspace, more innovative site layouts, multi-storey development and reduced car parking.

- 2.45 Nevertheless, PPS6 retains the onus on LPAs to *be '...realistic in considering whether sites are suitable, viable and available'* (paragraph 3.16). LPAs are also required to *'...take into account any genuine difficulties, which the applicant can demonstrate are likely to occur in operating the applicant's business model from the sequentially preferable site, in terms of scale, format, car parking provision and the scope for disaggregation, such as where a retailer would be required to provide a significantly reduced range of products'*.
- 2.46 Paragraph 3.17 of PPS6 confirms the requirement to apply the test of disaggregation, so as to assess whether the constituent parts of a development proposal that comprises several components can be accommodated on sites in sequentially preferable locations. However, paragraph 3.18 emphasises that it is *'...not the intention of policy to seek the arbitrary sub-division of proposals. Rather it is to ensure that consideration is given as to whether there are elements which could reasonably and successfully be located on a separate sequential site or sites'* (our emphasis).
- 2.47 Paragraph 3.19 retains the PPG6 tests of *'availability within a reasonable period of time', 'suitability'* and *'viability'* in applying the sequential test. However, the phrase *'within a reasonable period of time'* is to be determined on the merits of each particular case.

Where Quantitative Need Exceeds the Capacity of Sequentially Preferable Sites

- 2.48 PPS6 fails to deal with the key issue of how to apply the sequential test in circumstances where quantitative need, or expenditure capacity, exceeds, or is projected to exceed, the turnover requirements of the sequentially preferable opportunities which are suitable and viable for retail use and which will be available within a reasonable period of time. Nevertheless, despite the absence of advice on this matter in PPS6, we infer - under the scenario of excess expenditure capacity - that:
- i) there is a *'temporal'* dimension to the sequential approach, so that the sequentially preferable opportunities should be developed first if at all possible; but that
 - ii) it is also relevant to assess whether the out-of-centre proposal would have a prejudicial effect on the sequentially preferable opportunity; and that
 - iii) the existence of sufficient expenditure capacity does not necessarily mean that there is unlikely to be any prejudicial effect on the sequentially preferable investment opportunity, as is made clear by the last sentence of paragraph 3.21 of PPS6.

Assessing Impact

- 2.49 Paragraph 3.20 requires impact assessments to be undertaken for any application for a main town centre use which would be in an edge-of-centre or out-of-centre location and which is not in accordance with an up-to-date development plan strategy. Paragraph 3.20 also provides that:
- 'Where a significant development in a centre, not in accordance with the development plan strategy, would substantially increase the attraction of the centre and could have an impact on other centres, the impact on other centres will also need to be assessed'.*
- 2.50 Paragraph 3.21 retains the PPG6 requirement to assess impact on a cumulative basis, taking into account recent permissions, developments under construction and completed developments. There is also an assertion at the end of paragraph 3.21 that *'...the identification of need does not necessarily indicate that there will be no negative impact'*.
- 2.51 In assessing potential impacts LPAs are required to consider the likelihood of:

- risk to the spatial planning strategy for the area;
 - effects on future public or private investment;
 - negative and positive (through clawback) impacts on the turnover of existing centres;
 - changes to the range of services provided by centres;
 - impact on the number of vacant properties in the primary shopping area;
 - changes to the physical condition of the centre and to its role in the economic and social life of the community; and
 - implications for the evening and night-time economy.
- 2.52 The level of detail and type of evidence required is to be proportionate to the scale of the proposal, but impact assessments will be required for all retail and leisure proposals of over 2,500 sq.m gross and occasionally for smaller developments (paragraph 3.23).
- 2.53 At this point we wish to emphasise a 1998 Court of Appeal Judgment in the case of *Bannertown Development Limited v SSE*, in which it was held that a refusal on the trade impact ground is sound if there is a '*real risk*' of a proposal causing damage to the vitality and viability of a town centre - the Secretary of State does not need to come to a firm conclusion that the application proposal '*would*' cause harm to the town centre or, indeed, that such harm was likely on '*the balance of probabilities*'; he merely needs to decide that there is a '*real risk*' of such harm.

Accessibility

- 2.54 In determining whether proposed developments are genuinely accessible, LPAs should assess distance from existing/proposed public transport facilities, frequency and capacity of public transport services and whether access for pedestrians, cyclists and disabled people is easy, safe and convenient.
- 2.55 LPAs must also assess whether the proposal is likely to have impacts on the overall distance travelled by car, local traffic levels and congestion, having taken account of any public transport and traffic management measures secured as a result of the development.

Local Issues and Material Considerations

- 2.56 Paragraph 3.28 confirms the advice in Chapter 2 in stating that material considerations may include physical regeneration, employment considerations, economic growth and social inclusion.

Extensions to Existing Development

- 2.57 Paragraph 3.29 confirms that all of the development control tests apply equally to proposals for extensions to facilities which are located in edge-of-centre and out-of-centre locations, but there is a floorspace threshold for extensions of 200 sq.m below which the sequential approach does not apply.

Ancillary Uses

- 2.58 Shops proposed as ancillary elements to petrol filling stations, motorway service areas, sports stadia, rail stations, airports and so on must be limited in scale, genuinely ancillary and have a limited range of goods.

Conditions

- 2.59 Paragraphs 3.31 and 3.32 retain PPG6's stance in relation to the use of conditions which are designed to ensure that the character of a development cannot change over time so as to create a form of development which is unacceptable. Such conditions include:

- prevention of sub-division;
- controls on ancillary elements;
- limits to internal alterations designed to increase floorspace by specifying the maximum floorspace to be permitted, including any floorspace created by mezzanines; and
- limits to the ranges of goods to be sold and the mix of convenience and comparison goods.

2.60 Conditions are also advocated as a means for resolving issues relating to impacts on traffic and the amenity of local residents - for example, controls on the timing of deliveries.

Monitoring and Review

2.61 Paragraph 4.1 of PPS6 suggests that comprehensive monitoring is essential to the effective planning and management of town centres. Reference is made to the provisions of the Planning and Compulsory Purchase Act 2004, which requires RPBs and LPAs to submit Annual Monitoring Reports that include analysis of performance against defined core output indicators, those of most relevance being:

- the amount of completed retail, office and leisure development (Indicator 4a); and
- the percentage of completed retail, office and leisure development in town centres (Indicator 4b).

2.62 Paragraph 4.3 identifies three further matters to be kept under review, as follows:

- *'the network and hierarchy of centres (at both the regional and local levels);*
- *the need for further development (as set out in Chapter 2); and*
- *the vitality and viability of centres (at the local level)'*

Measuring Vitality and Viability

2.63 The final paragraph of PPS6 sets out the key indicators to be used in measuring the vitality and viability of town centres and in monitoring their health; these can be summarised as follows:

- the diversity of main town centre uses (by number, type and amount of floorspace);
- the amount of retail, leisure and office floorspace in edge-of-centre and out-of-centre locations;
- the potential capacity for growth or change in the network;
- retailer representation;
- shopping rents;
- the proportion of vacant street level property;
- commercial yields;
- pedestrian flows;
- accessibility;
- customers' and residents' views and behaviour;
- perception of safety and occurrence of crime; and
- the state of the town centre's environment.

Conclusions and Changes in Emphasis

- 2.64 In our assessment, the provisions of PPS6 reflect the Government's wider emphasis on the need to plan, monitor and manage at both the regional and local planning levels; indeed the key changes in national policy emphasis arising as a result of PPS6 are:
- i) a requirement for a much more proactive plan-led approach to planning for town centres through regional and local planning;
 - ii) much more emphasis on the need to develop a network and hierarchy of centres at both the regional and local levels; and
 - iii) a much greater involvement on the part of the public sector in the management and implementation of changes in town centres and in the monitoring of their vitality and viability.
- 2.65 Thus, RPBs are required to:
- i) set a vision and strategy for the region's growth and a strategic framework for planning at the local level;
 - ii) develop a strategic framework for the development of a network of centres;
 - iii) make strategic choices about those centres of regional and sub-regional significance where major growth is to be encouraged;
 - iv) identify the need for new higher order centres;
 - v) assess the need for additional floorspace in the comparison retail, leisure and office sectors over the period of the RSS and for five yearly periods within it;
 - vi) identify where needs would best be met having regard to capacity and accessibility considerations; and
 - vii) identify the need for major town centre development of regional or sub-regional significance.
- 2.66 In turn RPBs and LPAs are required to consider:
- i) whether there is a need to avoid an over-concentration of growth in the higher level centres;
 - ii) the need for investment in those centres requiring to be regenerated; and
 - iii) the need to address deficiencies in the network.
- 2.67 In preparing their development plan documents within the context set by the RSS, LPAs, in turn, must:
- i) select appropriate existing centres to accommodate growth, making the best use of existing land and buildings, but extending the centres where appropriate using tools such as the Action Plans, CPOs and strategies to improve transport, land assembly, crime prevention and design;
 - ii) manage the role of existing centres through the promotion of specialist activities, or specific types of uses; and
 - iii) plan for new centres of an appropriate scale in areas of growth, or where there are deficiencies in the existing network.
- 2.68 Where growth cannot be accommodated within existing centres, LPAs are to plan for the extension of the primary shopping area, if there is a need for retail provision, and for the extension of the town centre as a whole to accommodate other main town centre uses.

- 2.69 The key considerations to apply in selecting sites for development remain similar to those identified in PPG6 and subsequent ministerial statements. However, there is more emphasis given to the issue of scale, so that LPAs are to consider setting indicative upper limits for the scale of development likely to be permissible in different types of centres.
- 2.70 Strong emphasis continues to be given to the sequential approach, but it does not appear that the Government is seeking to impose a moratorium against out-of-centre development, albeit that such development will be rare. If there is a need for larger stores, and they cannot be accommodated within the existing primary shopping area, they are to be directed to edge-of-centre locations. The guidance is unclear as to whether an individual retailer or leisure operator faces the test of disaggregation (paragraph 3.18), but all parties must demonstrate flexibility in relation to scale, format, design and the amount of car parking in seeking to promote development within existing centres.
- 2.71 We consider, however, that PPS6 is not particularly informative for LPAs that have town centres which face significant physical and environmental constraints to their expansion. Nor is the policy statement of much assistance in helping LPAs to choose between competing uses where the needs in the retail, leisure, office and cultural sectors are projected to substantially exceed the ability of existing centres - or indeed expanded centres - to accommodate them. Conversely, PPS6 provides little practical guidance for local authorities in relation to mechanisms for stemming decline - for example, how are post offices and pharmacies to be saved in declining local centres?
- 2.72 Finally, we note the Government's intention to publish further guidance on undertaking assessments of the need for, and the likely impact of, proposals for retail and leisure developments (paragraph 2.38 of PPS6) and further guidance in relation to the sequential approach (paragraph 2.47 of PPS6).

Implications of the New White Paper of May 2007

- 2.73 Paragraph 7.55 of the May 2007 White Paper, which is entitled Planning for a Sustainable Future, suggests that there will be a review of PPS6 so as to '*...replace the need and impact tests with a new test which will have a strong focus on our town centre first policy, and which promotes competition and improves consumer choice avoiding the unintended effects of the current need test*'. In our assessment, what is proposed in the White Paper is utterly unclear and LPAs will have to await the actual wording of the revision to PPS6 to understand the consequence. Little weight can be given, therefore, to this aspect of the White Paper.

3 REGIONAL AND LOCAL PLANNING POLICY

Regional Spatial Strategy for the East Midlands (RSS8)

- 3.1 Regional Spatial Strategy 8 (RSS8) was published in March 2005 following a partial revision of previous regional guidance - Regional Planning Guidance for the East Midlands (RPG8) - which was approved in January 2002. Since the Planning and Compulsory Purchase Act came into effect in September 2004, RPGs have been prescribed as Regional Spatial Strategies (RSSs) and now form part of the statutory development plan. A revised draft Regional Plan for the East Midlands was published in September 2006, and therefore it is necessary to be mindful of the policies of both documents.
- 3.2 RSS8 provides a broad development strategy for the East Midlands region up to 2021. The overall Vision for RSS8 is that *'the East Midlands will be recognised as a region with a high quality of life and sustainable communities that thrives because of its vibrant economy, rich cultural and environmental diversity and the way it creatively addresses social inequalities, manages its resources and contributes to a safer, more inclusive society'*. The Vision has been translated into ten 'Regional Core Objectives' which will guide spatial development in the region. These include the tackling of social exclusion through regeneration of disadvantaged areas and the reduction in regional inequalities of distribution of employment, housing, health and other community facilities; the promotion and improvement of economic prosperity, regional competitiveness, and employment opportunities; improving accessibility to jobs, homes and services through the development of integrated transport; and the promotion of prudent use of resources.
- 3.3 The RSS divides the East Midlands into a number of 'sub-areas'; Hinckley & Bosworth Borough falls within the 'Three Cities' sub-area; Policy 5 of RSS8 states that development should be predominantly concentrated within urban areas; and establishes a hierarchy of locations for development. *'Significant levels of new development'* should take place within the five Principal Urban Areas (PUAs) in the Region - three of which fall within the hence-named Three Cities sub-area: Derby, Leicester and Nottingham. *'Significant levels of new development'* are also allocated to the growth towns of Corby, Kettering and Wellingborough. Hinckley is defined as a Sub-Regional Centre; such centres should be the focus for *'appropriate development...of a lesser scale'*.
- 3.4 RSS8 states that the defined Sub-Regional Centres *'have been identified for their ability to perform a complementary role to the PUAs. They exhibit many of the characteristics of a PUA but on a reduced scale...[and] have the capacity to support sustainable development objectives through:*
- *The use of design-led approaches such as master planning and town centre renewal activity;*
 - *Additional development in accordance with the sequential approach to development;*
 - *Providing opportunities for economic diversification;*
 - *Providing a range of services to support surrounding hinterlands; and*
 - *Being the most accessible centre in an area with a range of transport modes'*
- 3.5 Market towns are also highlighted by RSS8, for the key role they play in the region's rural areas, serving as centres for shopping, employment and service delivery.
- 3.6 RSS8 then details the priorities for development of the Three Cities sub-area, noting that the sub-area contains the region's three largest cities, alongside a number of 'large and medium sized settlements', some of which are strongly related to the PUAs,

but others, including Hinckley, are relatively free-standing. Birmingham and Coventry also exert influence on the south-west of the sub-area, and Hinckley is identified as having functional/labour market links with Nuneaton, Bedworth and Coventry.

- 3.7 Policy 15 'Development in the Three Cities Sub-Area' notes that outside the PUAs, *'employment and housing development should be located within and adjoining settlements. Such development should be in scale with the size of those settlements'*. Policy 16 of RSS8 advocates the development of a separate Sub-Regional Strategy for the Three Cities Sub-Region in the review of the RSS.
- 3.8 The retail and town centre development policies of the RSS were informed by the Regional Town Centres Study, published in 2003. RSS8 notes that there is *'no clear retail hierarchy in the East Midlands'*; and instead promotes the development of more localised strategies based on the established sub-areas. In the Three Cities sub-area, Nottingham, Derby and Leicester are encouraged to *'develop their pre-eminent roles for the region'*, whilst Hinckley is identified, along with Loughborough, as a 'priority for support'.
- 3.9 Policy 23 of the RSS states that local authorities should work together with EMDA and Sub-Regional Strategic Partnerships to promote the vitality and viability of existing town centres, including market towns.

Draft East Midlands Regional Plan (RSS8)

- 3.10 The draft replacement Draft East Midlands Regional Plan, which will guide development in the region to 2026, was published in September 2006. It was subsequently placed on consultation until December 2006, and is the subject of an independent Examination in Public in early summer 2007. Whilst not yet approved, draft RSS8 is therefore at an advanced state of preparation.
- 3.11 As with the approved RSS, the Draft RSS promotes ten 'Regional Core Objectives' to assist in the delivery of sustainable development within the East Midlands region. In common with the approved RSS, the draft RSS splits the region into 'sub-areas', with Hinckley again located within the Three Cities sub-area.
- 3.12 Policy 4, 'Concentrating Development in Urban Areas', outlines the hierarchy within the East Midlands' urban areas where development should be concentrated. Again, *'significant levels of new development'* are directed towards the five PUAs (including Derby, Leicester and Nottingham) and the 'growth towns' of Corby, Kettering and Wellingborough. *'Appropriate development of a lesser scale'* should be located in the defined Sub-Regional Centres, which include Hinckley. The *'development needs of other settlements and rural areas'* should also be met.
- 3.13 The draft RSS states that *'the future vitality of many rural areas will depend upon the ability of urban and market town regeneration initiatives to deliver sustainable development and to make the links between the urban and rural communities'*. To this end, Policy 5, 'Regional Priorities for Development in Rural Areas', states that the vitality and viability of rural towns should be strengthened by *'providing for housing, employment and a range of services to serve a wider hinterland'*.
- 3.14 Policy 13, 'Development in the Three Cities Sub-Area', emphasises the focus on the economic development and regeneration of Derby, Leicester and Nottingham. Outside the PUAs, *'employment and housing development should be located within and adjoining settlements. Such development should be in scale with the size of those settlements'*.
- 3.15 The draft RSS presents a Sub-Regional Strategy (SRS) for the Three Cities Sub-Region. The vision for the Sub-area is as follows:

'The Three Cities Sub-area will be an area where the principles of sustainability are implemented through new development and regeneration. This will involve the significant strengthening of the complementary roles of the 3 Principal Urban Areas by

providing new jobs, homes, services, community facilities and green and environmental infrastructure around them. The role of Sub-Regional Centres will be maintained through appropriate development, and the needs of other settlements requiring regeneration will be met in a sustainable way. Natural and cultural assets will be protected and enhanced’.

- 3.16 Three Cities SRS Policy 4 details the annual provision which must be made for new housing in each of the Districts in the sub-region: Hinckley & Bosworth Borough is allocated 460 dwellings per annum, of which 195 dwellings per annum should form a sustainable urban extension to Hinckley.
- 3.17 The SRS comments that Sub-Regional Centres *‘serve a wide catchment, and their vitality and viability should be promoted’*. However *‘some smaller centres are suffering decline’*, and hence the SRS promotes the regeneration of such settlements through the use of design led initiatives and town centre strategies, as prescribed by Policy 21 of the Draft RSS.
- 3.18 Draft RSS8 also repeats the conclusion in the approved RSS that there is *‘no clear retail hierarchy in the East Midlands which could be used as a basis for regional policy’*. It is anticipated there will be potential for upwards of 440,000 sq.m (net) additional comparison retail floorspace across the region by 2016. For the Three Cities sub-area, it is recommended that Nottingham, Derby and Leicester should be encouraged to develop their roles, but that there is also *‘potential for complementary growth in the surrounding Sub-Regional Centres to retain a higher proportion of local income and reduce pressure on strategic transport infrastructure’*.
- 3.19 Policy 21, ‘Regional Priorities for Town Centres and Retail Development’, mirrors that of Policy 23 in the adopted RSS as discussed above, albeit with an emphasis on ‘rural towns’ in place of ‘market towns’.

Leicester, Leicestershire and Rutland Structure Plan 1996-2016

- 3.20 The adopted Structure Plan covering Hinckley & Bosworth Borough is the Leicester, Leicestershire and Rutland Structure Plan 1996-2016 (LLRSP), adopted in March 2005. The LLRSP covers the seven Districts which make up Leicestershire, as well as Leicester City and the county of Rutland.
- 3.21 Strategy Policy 1 outlines the Central Leicestershire Policy Area (CLPA), which parts of Hinckley & Bosworth Borough fall within¹. Development within areas classed as the CLPA is to be directed towards the Leicester and Leicestershire Urban Area, with development outside the CLPA directed towards the ‘Main Towns’ as identified below.
- 3.22 Strategy Policy 2A details the sequential approach to be taken towards location of development in Leicestershire. The first priority for land allocated for development is *‘previously developed land and buildings within or adjoining the central area of Leicester and the town centres of the Main Towns’*. Hinckley/Earl Shilton is defined as a ‘Main Town’, one of ten in the LLRSP area. The second priority for development land is *‘previously developed land and buildings elsewhere within the Leicester and Leicestershire Urban Area and the Main Towns’*, followed by ‘Other land’ within such areas.
- 3.23 Strategy Policy 9 is of note through its promotion of mixed use development, which is considered to be *‘of particular importance to promote vitality in the regeneration of urban areas’*.
- 3.24 Chapter 6 of the LLRSP details housing provision in Leicester and Leicestershire for the period to 2016, with 63,000 dwellings allocated over the whole of the Plan area, including 31,500 within the CLPA. Hinckley & Bosworth Borough is allocated a total of 6,800 dwellings over the Plan period, of which 950 fall within the CLPA, with the

¹ Parishes of Desford, Groby, Markfield and Ratby

remaining 5,850 in the rest of the Plan area. Some 6 ha of land within Hinckley & Bosworth Borough are allocated for strategic greenfield housing development.

- 3.25 Central Areas and Shopping Policy 1 (CASP1) confirms that the role of Leicester's central area as a 'Regional Centre' will be sustained and increased. Leicester city centre will be the preferred location for major new comparison goods shopping facilities (upwards of 1,000 sq.m), together with other towns where capacity exists. The central area of Hinckley (and 13 further identified centres in Leicestershire and Rutland) will also be *'sustained and increased, and where appropriate expanded, through provision of retail, leisure, cultural, tourist and other central area facilities, office development and mixed use development'*.
- 3.26 CASP2, 'Retail development and community facilities to serve local needs', states that existing shops, services and facilities will be protected in centres not listed in CASP1. CASP3 states that *'new, or significant incremental expansion of retail or leisure and entertainment development should not be permitted in out of centre locations'*, unless a number of criteria can be met.

Local Planning Policy

Hinckley & Bosworth Borough Local Plan

- 3.27 The Local Plan was adopted in February 2001 and was originally intended to guide development in the Borough to 2006, although the Plan will be saved, under the terms of the Planning and Compulsory Purchase Act (2004), pending completion of the Local Development Framework (LDF). The Local Plan identifies seven strategic objectives, each with a number of supporting 'sub-objectives'.
- 3.28 Objective 1e is to to *'safeguard Hinckley town centre as a major shopping area and to promote its role as a focal point for employment, service provision, leisure and recreation uses'*. Objective 1f seeks to resist large out-of-centre development.
- 3.29 The Plan confirms that Hinckley acts as the 'main shopping centre' for *'a large proportion of the population who live in South West Leicestershire'*, but that local shopping centres and village shops are also significant. The need to safeguard existing retail facilities is recognised, and shopping policies in the Plan are geared towards improving the vitality and viability of Hinckley town centre in order for it to *'successfully compete with other major shopping centres in the area'*. A 'prime objective' of the Council is the *'safeguarding and enhancing the quality and character of Hinckley Town Centre'*.
- 3.30 Policy RETAIL1 states that *'Planning permission will be granted for new retail development or the change of use to retail within Hinckley town centre; and existing, or proposed local shopping centres'*. The policy also states that planning permission will not be granted outside of Hinckley town centre unless a number of criteria can be met (these largely reflect the 'tests' as more recently set out in PPS6).
- 3.31 Policy RETAIL2 identifies Castle Street and the Britannia Shopping Precinct as Primary Shopping Frontages. Secondary Shopping Frontages are identified towards the upper end of Castle Street, Regent Street and adjoining streets. Proposals involving shopping frontages onto Stockwell Head and Church Walk in the town centre will also 'normally be resisted'. Policy RETAIL5 defines 'Town Centre Fringe' areas, and permits the development of a wider variety of alternative uses in these locations.
- 3.32 Retail uses in defined 'Local Shopping Centres' are covered by policy RETAIL7. The Council will *'seek to safeguard and enhance the existing centres'* and ensure that *'existing shop units within local centres are primarily used for retail services'* in order to consolidate existing local centres and improve their viability. The Policy defines a total

of 11 'local shopping centres'². In these centres, *'planning permission will be granted for retail development to serve the local community'*.

- 3.33 Policy RETAIL9 allocates land for two further local shopping centres in Hinckley and Bagworth, whilst RETAIL11 promotes the development of small local shops of an appropriate scale in settlements without existing local provision.

Local Development Framework - Core Strategy (Preferred Options)

- 3.34 The Core Strategy will, upon adoption³, form the principal document in the new LDF for Hinckley & Bosworth Borough. The document is currently at Preferred Options stage, and an initial consultation on the Preferred Options document took place in summer 2006. However, following advice from the Government Office for the East Midlands, the Council has redrafted the Preferred Options, which are due to be published for consultation in September 2007. The document reviewed below refers to the draft Revised Preferred Options (August 2007), pending further revisions prior to publication.
- 3.35 The Core Strategy defines a series of 13 spatial objectives to guide development, and presents a 'Vision' for the Borough, which is described as being *'not one of wholesale change. Rather, it is one of keeping and improving what's good about the area'*.
- 3.36 The Vision provides a broad strategy for development within the Borough, noting that *'Hinckley town centre will be a vibrant and successful sub-regional centre with a high quality mix of retail, housing, employment and leisure, with the local urban centres of Earl Shilton, Barwell and Burbage providing local services for their populations'*. Furthermore, the Vision explains that *'the key rural service centres of Barlestone, Desford, Groby, Market Bosworth, Markfield and Field Head, Newbold Verdon, Ratby, Stoke Golding, Bagworth and Thornton will provide the necessary day-to-day services to ensure rural communities have the choice to shop, work and play close to where they live'*.
- 3.37 Building on this Vision, Draft Policy 1 establishes a network of settlements for the Borough. The 'Hinckley Sub-Regional Centre', which is at the top of the hierarchy, and consists of the settlements of Hinckley, Barwell, Burbage and Earl Shilton, is intended to provide the main focus for growth and regeneration within the Borough. The second tier comprises three categories of centres, defined as being 'Key Rural Centres relating to Leicester', 'Key Rural Centres National Forest', and 'Key Rural Centres Stand Alone', and includes settlements such as Desford, Bagworth, Market Bosworth and Newbold Verdon, which are all to be the focus of more limited growth, largely based on supporting the surrounding areas. The final category in the settlement network is 'Rural Hamlets', which will provide only very limited growth.
- 3.38 Draft Policy 21 specifically concerns the distribution of retail development within the Borough. The Policy notes that retail development will be concentrated within Hinckley town centre, with local facilities provided to meet needs at Burbage, Barwell, Earl Shilton and the Key Rural Service Centres.
- 3.39 Policy 21 also explains that improvement of the town centre will be brought about through implementation of the Hinckley Urban Renaissance Masterplan (reviewed below), which will inform the production of a specific Area Action Plan for Hinckley town centre within the LDF.

² The defined local centres are Barlestone (1), Barwell (2), Burbage (2), Desford (1), Earl Shilton (2), Groby (3), Hinckley (8), Market Bosworth (1), Markfield (2), Newbold Verdon (1) and Ratby (1) (some centres having more than one defined local shopping centre).

³ Adoption of the Core Strategy is currently anticipated to be in November 2009.

Shopping and Shop Fronts Supplementary Planning Document

- 3.40 A consultation draft of the Shopping and Shop Fronts Supplementary Planning Document (SPD) was published in April 2007. The SPD reviews existing guidance and Local Plan policies; of particular note is Part 2 of the SPD, which details Changes of Use in Hinckley Town Centre and supplements Local Plan policies RETAIL2, 3 and 4 as reviewed above, reflecting changes made in 2005 to the Use Classes Order.
- 3.41 The SPD also elaborates Local Plan policy requirements regarding proportions of non-retail use which are acceptable in designated primary and secondary shopping frontage areas, and identifies a number of key 'retail gateways' in Hinckley town centre which the Council will seek to *'protect and enhance as retail cornerstones'*.

Hinckley Town Centre Renaissance Masterplan

- 3.42 The masterplan for Hinckley town centre was led by Atkins and published in May 2006. The 'vision' for Hinckley town centre is to provide a *'welcoming image, promote design excellence, attracting new investment and creating a high quality environment where people will want to live, work, shop and visit'*. The vision also promotes a wide range of housing and business premises, as well as a *'selection of national retailers, local shops, pubs and restaurants catering for a range of user-groups'*. Accessibility to the town centre will be improved, with new leisure and cultural facilities forming an 'integral part' of the revitalised town centre.
- 3.43 The masterplan identifies seven 'Strategic Aims' which are designed to improve the vitality and diversity of the town centre, including providing additional opportunities for new retail floorspace through the development of a new link between Castle Street and Stockwell Head.
- 3.44 Eight Strategic Development Areas are identified by the Masterplan, which sets out the aspirations for each area's improvement:
- **Stockwell Head/Concordia Theatre** - potential for high density mixed-use development including retail, as well as creative industries use and potential new car park.
 - **Atkins Factory** - potential for mixed use development, again including creative industries accommodation.
 - **Britannia Centre/Castle Street** - further potential for mixed use development, including retail and leisure uses, possibly incorporating a multi-screen cinema development, and residential uses above retail premises. A new pedestrian link between Castle Street and Stockwell Head would be provided, with a covered arcade linking the street to the existing Britannia Centre to create a new retail circuit. An additional 2,000 sq.m of new retail space is envisaged.
 - **Land north of Mount Road** - potential to be redeveloped to provide a new leisure centre.
 - **Leisure Centre** - if an alternative location could be found for existing leisure facilities, the existing site could accommodate new residential development, as well as community facilities and car parking.
 - **Rugby Road/Hawley Road** - mixed use residential and commercial development in a gateway location.
 - **Railway Station** - mixed use residential and commercial development in a gateway location, with potential for new consolidated car park.
 - **Bus Station** - potential to be redeveloped to include new Council offices; a supermarket; and conference and community facilities alongside an improved bus station.

- 3.45 The Strategic Development Framework outlined in the Masterplan details further key proposals for the town centre, including the provision of new retail floorspace adjacent to the Britannia Centre, Castle Street and Stockwell Head; the creation of a cultural quarter centred around the Concordia Theatre; new mixed use development in the Stockwell Head area; a total of five new 'consolidated' car parks; and improved pedestrian and bus connections between the town centre, bus station and railway station.
- 3.46 As detailed in paragraph 3.39 above, the Masterplan will inform the production of a specific Hinckley Town Centre Area Action Plan, which will form part of Hinckley & Bosworth's emerging LDF, providing detailed policies and site allocations to achieve the regeneration of Hinckley town centre.

4 REVIEW OF KEY RETAIL AND LEISURE MARKET TRENDS

Introduction

- 4.1 In this section, we outline the key national trends in various sub-sectors of the retail and leisure markets, highlighting, wherever appropriate, those that we consider could have - or are already having - an impact in Hinckley & Bosworth Borough. This review is drawn from a range of published data sources, including research by Verdict, the New Economics Foundation, CB Richard Ellis and Colliers CRE. The sector commentaries are prefaced by a résumé of overarching national trends in expenditure and sales.

Retail Sector

National Trends in Expenditure

- 4.2 Table 4.1 reports the short-term past trend in volume of retail sales (i.e. real change in constant prices) between 2000 and 2005. Non-food retailers in general have secured significantly higher growth in their volume of sales than food retailers (31.8 per cent compared to 19.7 per cent). The growth in volume of sales has been highest amongst textiles, clothing and footwear retailers (43.8 per cent), followed by retailers of household goods (31.2 per cent).

Table 4.1 Volume of Retail Sales in Great Britain at 2000 Prices (2000 = 100)

	All Retailers	Food Retailers	Non- Specialised Stores (Non-Food)	Textiles/ Clothing/ Footwear	Household Goods	Other Non-Food Retailers	All Non- Food
2000	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2001	106.1	104.1	105.9	109.4	110.9	105.9	108.5
2002	112.7	108.1	110.8	120.9	120.8	111.6	116.2
2003	116.4	111.9	113.6	128.7	127.7	117.5	121.3
2004	123.3	116.4	117.3	137.9	135.4	127.1	129.6
2005	125.8	119.7	119.3	143.8	131.2	118.0	131.8
% Change 2000 to 2005	25.8	19.7	19.3	43.8	31.2	18.0	31.8

Source: *Retail Sales*, ONS Economic Trends No.637 (December 2006), Table 5.8

- 4.3 Figure 4.1, which is reproduced from MapInfo's Information Brief 06/2, presents an analysis of per capita retail expenditure over a longer period, from 1980 to 2005. The data reveal consistently higher rates of expenditure growth on comparison goods - for which the average real growth rate between 1983 and 2005 has been 5.2 per cent, per capita, per annum - than for convenience goods, for which the average growth rate over the same period has been a mere 0.5 per cent, per capita, per annum. Although there has been some cyclical variation in the comparison goods expenditure growth rate, the general trend has been upwards, with the growth rate exceeding 5 per cent in every year from 1997 to 2004. Moreover, although the growth rate slowed to 2.9 per cent between 2004 and 2005, the latest forecasts from Experian Business Strategies⁴ and Oxford Economic Forecasting⁵ suggest comparison goods expenditure growth rates of 3.8 per cent, per capita, per annum, and 4.4 per cent, per capita, per annum

⁴ Retail Planner Briefing Note 4.0, Experian, October 2006.

⁵ MapInfo Information Brief 06/02, September 2006.

respectively over the coming decade - the latter being used in our forecasts of future retail need, as detailed in Section 8 of this report.

Figure 4.1 Long-term Per Capita Retail Expenditure Trends

Table 1: UK annual average consumer retail expenditure by goods type (2003 prices)

	Expenditure per capita (£) (percentage change from the previous year)			Price Indices (2003=100)		
	Convenience Goods	Comparison Goods	All Goods	Convenience Goods	Comparison Goods	All Goods
1980	1,454 -1.0%	847 -3.5%	2,301 -2.0%	39.1	60.2	46.9
1981	1,422 -2.2%	841 -0.8%	2,263 -1.7%	43.2	64.1	51.0
1982	1,389 -2.3%	856 1.9%	2,245 -0.8%	47.1	67.9	55.1
1983	1,397 0.6%	901 5.2%	2,298 2.3%	49.7	71.7	58.3
1984	1,380 -1.3%	939 4.3%	2,319 0.9%	53.1	74.7	61.8
1985	1,385 0.4%	990 5.4%	2,375 2.4%	55.8	78.8	65.4
1986	1,409 1.8%	1,074 8.5%	2,484 4.6%	58.2	81.1	68.1
1987	1,433 1.7%	1,148 6.9%	2,581 3.9%	60.2	83.9	70.8
1988	1,452 1.3%	1,238 7.9%	2,690 4.2%	62.7	86.9	73.8
1989	1,470 1.2%	1,270 2.5%	2,740 1.8%	66.1	90.7	77.5
1990	1,466 -0.3%	1,283 1.1%	2,750 0.4%	71.3	95.3	82.5
1991	1,445 -1.4%	1,282 -0.1%	2,727 -0.8%	76.5	100.5	87.8
1992	1,435 -0.7%	1,331 3.8%	2,766 1.4%	79.3	102.6	90.5
1993	1,443 0.5%	1,384 4.0%	2,827 2.2%	81.4	103.8	92.4
1994	1,448 0.4%	1,478 6.8%	2,926 3.5%	82.5	103.3	93.0
1995	1,433 -1.1%	1,525 3.2%	2,958 1.1%	85.7	106.2	96.3
1996	1,468 2.5%	1,600 4.9%	3,068 3.7%	89.0	108.7	99.2
1997	1,480 0.8%	1,685 5.3%	3,165 3.1%	89.9	110.6	100.9
1998	1,477 -0.2%	1,780 5.7%	3,257 2.9%	91.9	111.3	102.5
1999	1,508 2.1%	1,911 7.3%	3,419 5.0%	93.5	109.5	102.5
2000	1,525 1.1%	2,068 8.2%	3,593 5.1%	94.2	106.6	101.3
2001	1,500 -1.6%	2,217 7.2%	3,717 3.4%	100.0	101.0	101.0
2002	1,527 1.8%	2,432 9.7%	3,959 6.5%	98.0	102.0	101.0
2003	1,548 1.3%	2,627 8.0%	4,175 5.5%	100.0	100.0	100.0
2004	1,581 2.1%	2,829 7.7%	4,410 5.6%	100.3	97.8	98.7
2005	1,583 0.1%	2,912 2.9%	4,495 1.9%	101.7	94.9	97.3
Average annual growth rates (calculated by fitting a log-linear regression line by the method of least squares to give a compound growth rate)						
	Expenditure per capita (£)			Price Indices (2003=100)		
	Convenience Goods	Comparison Goods	All Goods	Convenience Goods	Comparison Goods	All Goods
1964-05	0.1%	3.8%	1.7%	7.3%	5.8%	7.0%
1973-05	0.2%	4.3%	2.2%	5.8%	4.2%	5.4%
1978-05	0.4%	4.8%	2.5%	4.3%	2.7%	3.8%
1983-05	0.5%	5.2%	2.9%	3.5%	1.6%	2.8%
1988-05	0.5%	5.5%	3.2%	2.8%	0.6%	1.9%
1993-05	0.8%	6.7%	4.1%	2.0%	-0.6%	0.7%
1998-05	0.9%	7.7%	4.9%	1.6%	-2.2%	-0.6%

Source: MapInfo, Information Brief 06/02, September 2006

Overall Development Pipeline

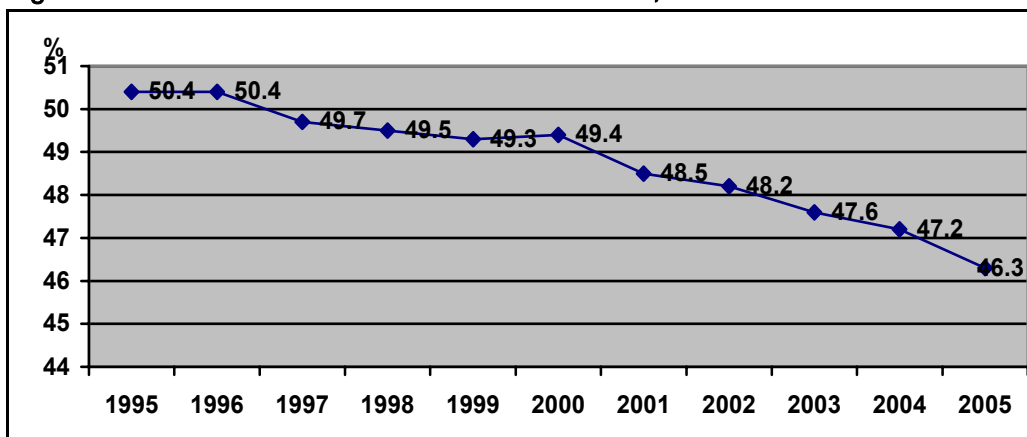
- 4.4 Planning policy has substantially reduced the flow of new out-of-centre retail development, with developers encouraged to regenerate the more complicated edge-of-centre and in-centre sites. As a consequence, the UK is in the midst of a construction boom in town centre-located shopping centres, surpassing even the building boom of the 1970s. Whilst there are signs that this growth may now be slowing, Verdict still predicts that in-centre shopping space will increase by 6 per cent between 2005 and 2010⁶.
- 4.5 In Quarter 3 of 2006, the shopping centre floorspace development pipeline stood at some 5.56 million sq.m floorspace gross, with an increase at all stages of the planning process, according to CB Richard Ellis⁷. There is a particularly strong pipeline of new shopping centre developments for at least two years ahead; with four 1 million+ sq.ft schemes scheduled to open, in Bristol (Broadmead), Liverpool (Paradise Street), White City and Derby (Eagle). Retail warehouse floorspace pipeline levels declined over the last six months to 2.28 million sq.m gross, their lowest level since June 2003, as planning restrictions continue to constrain their development.

Location of Retail Investment

Sales and Number of Outlets

- 4.6 Despite the increasing difficulty associated with securing planning permission for retail development in out-of-centre locations, Verdict asserts that the 'town centre'⁸ accounted for 46 per cent of total retail sales in 2005, compared with 50 per cent in 1995 (Figure 4.2). Much of this erosion of 'town centre' sales can be attributed to the continued strength of existing retail facilities in out-of-centre locations and the growth in e-tail.

Figure 4.2 'Town Centre' Share of Total Retail Sales, 1995-2005



Source: Verdict, *UK Town Centre Retailing 2006*, September 2006.

Note: 'High street' figures include out-of-centre shopping malls, such as Bluewater.

- 4.7 The larger format of out-of-centre stores (compared with town centre stores, which typically have smaller footplates) means that retailers require fewer stores in order to increase sales, hence the relative decline of 'high street' sales. Nevertheless, whilst

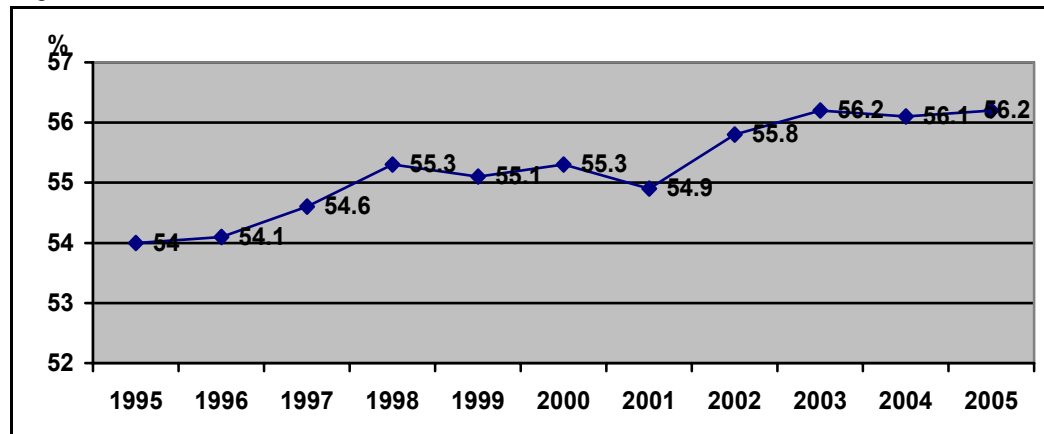
⁶ Source: Verdict, *UK Town Centre Retailing 2006*, September 2006.

⁷ Source: CB Richard Ellis, *UK Retail Briefing*, Issue 2, 2006.

⁸ Verdict's definition of 'town centre' is "deliberately broad" to include all areas that offer comparison shopping; it includes traditional high streets, in-town shopping centres and regional 'out-of-town' (Verdict's term) shopping malls such as Meadowhall, Merry Hill, the Trafford Centre, the Lakeside Mall and Bluewater. Verdict's 'out-of-town' definition includes retail parks (minimum three retailers/50,000+ sq.ft of trading space). We therefore consider that Verdict's 'out-of-town' definition embraces both 'out-of-centre' and 'out-of-town' locations as defined by Table 2 of PPS6.

the share of sales has drifted towards the out-of-centre retailers and e-tail (Figure 4.2), the 'high street' has steadily increased its share of all retail outlets over the past decade, largely as a result of Government policy (Figure 4.3). This trend looks set to continue, particularly with the virtual end of the development of new, out-of-centre regional shopping centres such as Lakeside and Bluewater and the focus instead on town centre schemes.

Figure 4.3 'Town Centre' Outlet Numbers - Share of All Outlets, 1995-2005



Source: Verdict, reported in Datamonitor, *UK Town Centre Retailing 2006*, September 2006

- 4.8 Verdict provides interesting information on the sales performance of 12 key 'town centre'⁹ retail brands from a cross-section of retail sectors: Marks & Spencer, Boots, Argos, Next, Debenhams, John Lewis, Woolworths, Wilkinson, WHSmith, House of Fraser, Primark and HMV. According to Verdict these 12 key retailers collectively accounted for 28.1 per cent of all money spent at 'high street' retailers in 2005, up from 24.1 per cent in 2000 and from 22.9 per cent in 1995, indicating that these retailers are gradually gaining ground at the expense of smaller retailers. CB Richard Ellis confirms that larger retailers have increased their market share in recent years, but that this now appears to be plateauing¹⁰. However, the rapid expansion of large retailers has impacted significantly on smaller concerns, particularly those operating in secondary market towns.
- 4.9 Of the 12 retailers listed above, Woolworths and WHSmith achieved the lowest levels of sales growth between 2000 and 2005, with Woolworths' sales actually decreasing by 6.9 per cent and WHSmith's increasing by 1.1 per cent, which compares unfavourably with the 'town centre' average growth over the same period of 11.8 per cent¹¹. By far the most significant growth in retail sales experienced over the same time period is that of Primark, which increased sales by 186.4 per cent. Next has embarked on the most aggressive expansion of any of the 12 and increased sales by 95.0 per cent over the five year period, whilst variety store retailer Wilkinson ranks third on turnover growth between 2000 and 2005, boosting its sales by 62.8 per cent.
- 4.10 National retail trends indicate a continuing contraction in the number of shop units; total store numbers in the UK declined by 12.1 per cent between 1995 and 2005. Whilst most of this decline is attributable to the closure of smaller and more specialist food retailers often located in neighbourhood centres, the number of town centre shops fell by 1.0 per cent during 2005, taking the total below 148,000 following a similar decline in 2004. Whilst there have been numerous retail failures over the past couple of years, much of the space they have vacated has been taken up by expanding retailers. The failure of Alders freed up units for use by Bhs, Debenhams and Primark,

⁹ See previous footnote for Verdict's definition of 'town centre'.

¹⁰ Source: CB Richard Ellis, *UK Retail Briefing*, Issue 2, 2006.

¹¹ Source: Verdict, *UK Town Centre Retailing 2006*, September 2006.

and the closure of Littlewoods' town centre stores has provided larger units for a range of retailers including New Look, Peacocks, Primark, Sports World and Wilkinson.

In-town Retail Development Trends

- 4.11 On the high street, Colliers CRE¹² reports robust rental growth in market and sub-regional towns, fuelled by retailers competing for 2,000 to 4,000 sq.ft units, including Bon Marché, Savers, Ethel Austin and Clinton Cards. Relatively small units are also required by coffee shop operators and the mobile phone market also remains extremely active. Both sectors, together with computer games retailers Game and Gamestation, have underpinned demand for shop units of between 1,000 and 2,000 sq.ft.
- 4.12 Within the fashion sector, River Island, Zara, Arcadia, French Connection, H&M, Next and the Arcadia Group continue to acquire new stores. In addition to its requirement for large stores of around 30,000 sq.ft, Arcadia is also seeking smaller high street units for its individual brands. There has been a heightening of demand in the Use Class A2 sector, with significant activity from some banks and building societies, such as Abbey, as well as from betting shops, such as Paddy Power, William Hill and Coral.
- 4.13 Verdict¹³ forecasts that the average town centre store size is set to increase by 4.6 per cent to 2,187 sq.ft by 2011, with many retailers moving into larger units as they broaden their ranges. The sizes of units in many new shopping centre developments are being designed by developers with this in mind, evident from the likes of Primark, TK Maxx and Next securing anchor units in many schemes. Other fashion retailers, such as New Look, are also migrating to larger units in town centres to drive footfall and boost their sales densities.
- 4.14 Despite the recent increases in the cost of borrowing, demand from private individuals for units valued at under £2 million, with a covenant of 10 years or more, is still strong. Demand for units valued at between £2 to £5 million remains reasonably strong for smaller institutional funds and private individuals, for well located properties in the best towns, with prime yields at or about 4 per cent. However, the depth of demand for larger premises valued at between £5 to £15 million remains relatively limited, with overseas investors principally active in the market.
- 4.15 Verdict¹⁴ reports that, in the 12 months to December 2005, the average prime town centre retail rent rose by 3.6 per cent, its highest rate of increase for six years. The increase in rents suggests robust underlying demand for retail units. However, following disappointing trading performances at Christmas 2005, many retailers are less willing to pay higher rents and the annual prime rent rise in the year to June 2006 fell back to 2.9 per cent. The large stock of in-centre retail floorspace in the pipeline is also likely to temper retail rental increases in coming years.

Out-of-Centre Retail Trends

- 4.16 Bulky goods retailers are currently experiencing challenging trading conditions, which is having a knock-on effect on development activity, particularly in the DIY and furniture sectors. Conversely, high street names such as Next, New Look and Marks & Spencer continue to expand in out-of-centre locations.
- 4.17 Verdict reports that 'out-of-town' retailers accounted for 28.1 per cent of retail sales in 2000, with this figure rising to 30.5 per cent in 2005. However, given the noted difficulties experienced by certain sectors, the growth in 'out-of-town' retailers' market share can primarily be attributed to the gain in share at grocers' 'out-of-town' superstores, with Tesco, Sainsbury's and Asda all extending their offer of non-food and, in doing so, gaining sales from high street retailers.

¹² Source: Colliers CRE, *Midsummer Retail Report 04*, July 2004.

¹³ Source: Verdict, *UK Retail Futures 2011: Sector Summary*, March 2007.

¹⁴ Source: Verdict, *UK Town Centre Retailing 2006*, September 2006.

- 4.18 Increasingly, traditional high street retailers are seeking to diversify their formats and provide out-of-centre facilities. For example, Boots and WHSmith are investing in out-of-centre retail park stores, although they are finding it difficult to differentiate their offer sufficiently from their high street stores, and therefore tend to merchandise a greater proportion of lower value items in their out-of-centre stores. Clothing and footwear has also been moving into out-of-centre retail parks over the last 10 years. For instance, Next is focusing on out-of-centre development, using the Directory and online products to stock the larger format. However, while many leading high street retailers have opened out-of-centre stores, they often view it as exploiting an additional sales channel rather than an engine of growth, and the rate of new openings has been slow.
- 4.19 In May 2006, the Government closed the planning loophole which allowed retailers to increase the floorspace of their units by installing mezzanine floors, which in some cases enabled diversification into other product ranges. Both Next and TK Maxx have previously used mezzanines as a means of satisfying their pursuit of larger stores. Planning permission is now required to install a mezzanine floor of more than 200 sq.m (2,150 sq.ft).

Polarisation Towards Larger Centres

- 4.20 A significant and long term trend is the continuing polarisation by retailers towards larger schemes in larger centres - to the detriment of smaller centres - which is driven by a number of factors. Retailers recognise that greater efficiency can be achieved by having a strategic network of large stores offering a full range, rather than having a large network of smaller stores, and are therefore increasingly seeking to serve larger population catchments from larger stores. It is also driven by consumers, who are becoming more discerning and are increasingly prepared to travel further. According to Cambridge Econometrics, the number of shoppers visiting the top 50 UK retail centres in 2004 was 10 per cent higher than in 2002, and 20 per cent higher than in 2000, whilst the number of shoppers visiting towns outside the top 100 was 4 per cent lower in 2004 than in 2002, and 13 per cent lower than in 2000¹⁵.
- 4.21 There is therefore a concentration of comparison goods expenditure in a smaller number of larger centres; according to Cambridge Econometrics, 51 per cent of all comparison goods expenditure goes to the 100 largest centres. This is being reinforced by new development particularly in shopping centres and malls. Most of the shopping centre floorspace in the pipeline is destined for these same 100 centres, which will further reinforce their dominant market share. This concentration of retailing in larger centres is likely to threaten some medium and smaller towns.
- 4.22 The polarisation trend may have implications for centres in Hinckley & Bosworth Borough. The focus of retailers and developers is increasingly concentrated on larger developments in dominant city centres which are, or have the potential to become, 'top 50' destinations with strong catchments.
- 4.23 At the other end of the spectrum, the growth of the dominant foodstores and decline in unit numbers poses similar challenges for small town centres and district/local centres which rely on their convenience/service base. A clear picture is emerging of a network of large dominant superstores, and corresponding decline/diversification in the traditional smaller centre. We discuss this in greater detail, below.

Trends in Key Retail Sectors

Clothing & Footwear

- 4.24 Clothing & footwear is the second largest area of town centre retail spending in the UK after food & grocery, accounting for £1 in every £5 spent by consumers¹⁶. Whilst the sector's market share is lower than 10 years ago, it is higher than five years ago,

¹⁵ Source: Cambridge Econometrics, in *UK Retail Report* (3rd Edition), BCSC, November 2004.

¹⁶ Source: Verdict, *UK Town Centre Retailing 2006*, September 2006.

reflecting the relatively buoyant nature of clothing demand and most shoppers' preference for buying clothing & footwear in a shopping centre or high street that facilitates comparison shopping.

- 4.25 Changes are occurring in the traditional 'high street' fascias as evidenced by closures and rationalisation and the emergence of new retailers, although these changes are most likely to affect the larger centres, which the prominent retailers target. After a period of rationalisation and overall reduction in the number of outlets across the country, Arcadia - whose high street fascias include Top Shop/Man, Burton, Dorothy Perkins, Evans and Warehouse - is again actively looking for high street representation. New retailers have emerged in recent years, including international fashion stores such as Mango and H&M. Other fashion sector retailers including River Island, Alexon, Zara, French Connection, Monsoon, Next, Fat Face and Coast are all prospering and have stated an interest in securing additional stores.
- 4.26 In terms of market share, Marks & Spencer is by far the largest operator in the clothing & footwear sector. The company has become increasingly demand-led to produce more contemporary products at competitive prices. The revival of Marks & Spencer has principally been at the expense of competitors, such as Next, which had previously benefited from Marks & Spencer's years of underperformance.
- 4.27 Primark is becoming an increasingly prominent presence on the high street and now has more than 100 stores throughout the UK. In the year to September 2006, Verdict estimates that Primark increased its selling space by almost 40 per cent, with new space increasingly located in prime locations. Despite offering some of the most competitive prices, Primark's sales densities are also amongst the best due to its budget fashion offer driving frequent purchases.

Bulky Goods

- 4.28 The poor performance of the DIY sector in recent years has been well-documented. According to press commentators, the sector's heavy reliance on a buoyant housing market is a primary cause of this downturn, for two reasons. First, it has reduced the incentive for consumers to withdraw large amounts of equity against their property. Secondly, allied with a sharp decline in the number of people moving home, it has led to a reduction in the number of occasions when consumers are likely to invest in their home.
- 4.29 Furthermore, DIY has become less fashionable than in recent years, with media attention waning of late and home improvement programmes becoming far less prevalent in prime time TV schedules. This has resulted in retail sales for the sector of £15.9bn in 2006, £700m below its 2004 peak¹⁷. However, Verdict predicts that DIY sales will grow once again in 2006, by 1.1 per cent. Thereafter, it is anticipated that sales growth will pick up pace as demand recovers in response to interest rates cuts from 2008. In total, Verdict expects DIY sales to grow 14.1 per cent in the five years from 2006 to 2011, with annual growth improving steadily to reach a peak of 3.4 per cent in 2011 - a far cry from the 10.0 per cent peak achieved in 2001.
- 4.30 The furniture and floorcoverings market has similarly suffered from difficult trading conditions of late. Verdict¹⁸ forecasts that the furniture market is set to grow by 13.2 per cent between 2006 and 2011, significantly slower than in the previous decade. The state of the floorcoverings market is expected to show a marked improvement, with forecast growth of 4.7 per cent between 2006 and 2011, compared to 0.1 per cent between 2001 and 2006. However, annual growth will still under-perform in relation to both the furniture & floorcoverings market and total retail, by quite some distance.

¹⁷ Source: Verdict, *UK Retail Futures 2011: DIY & Gardening*, March 2007.

¹⁸ Source: Verdict, *UK Retail Futures 2011: Sector Summary*, March 2007.

Other Comparison Sub-sectors

Department Stores

- 4.31 Despite the fact that department stores attract older, more affluent customers - whose numbers are growing as a result of demographic change - their recent performance has been muted, with stores having to reinvent themselves to maintain their relevance to shoppers and shore up their viability. Whilst some larger stores have prospered, smaller operators have found trading increasingly difficult, resulting in store closures (including the demise of Allders) and the acquisition of smaller players by stronger rivals. Total department store sales fell in 2004 and again in 2005, reducing the market size to 2001 levels (to £8,920m).
- 4.32 Most of the major department store operators are keen to obtain additional sales space and the present period is one of considerable activity in the department store sector. It remains the case, however, that stand-alone department store developments are rarely viable; consequently, new store acquisition openings are confined to shopping centre developments, where landlords/developers are prepared to contribute to the fit-out costs in order to secure an 'anchor' trader that will enhance the profile and lettability of the development.
- 4.33 Excluding Marks & Spencer, the largest department store operator is Debenhams, which now operates more than 125 stores throughout the UK and has an 18 per cent share of the market. Debenhams intends to expand growth both through the physical development of new stores and through the refurbishment of existing stores. However, Verdict¹⁹ considers that Debenhams' stated plan to double store numbers to between 240 and 280 appears ambitious, particularly in the light of the continuing Marks & Spencer revival and further new store openings from John Lewis.
- 4.34 John Lewis is the UK's second-biggest department store operator after Debenhams and has repositioned itself as a more contemporary proposition which has enabled it to broaden its appeal. John Lewis is again opening new stores after a four year hiatus; its 27th store was opened at the Trafford Centre in May 2006 and there are plans to add another 10 stores and increase space by 50 per cent by 2015.

Electricals

- 4.35 Over the last decade retail parks have become the clear location of choice for electrical specialists, with the combination of larger units and lower operating costs seen as being essential to prosper in a highly competitive market. The town centre retailers that survive tend to do so because they are protected from out-of-centre competition, either because the town is small and lacks the catchment to justify an out-of-centre store or due to the retailer specialising in a narrow niche that does not require a large format store (such as mobile phone and photographic specialists).
- 4.36 The difficulties of selling electricals in a town centre are well illustrated by the demise of Dixons, at least on the high street. Following an initial cull of 106 town centre stores in 2004, Dixons has struggled to generate the sales densities required to cover increasing rents at its remaining high street locations. In April 2006, the company announced the rebranding of the 190 remaining Dixons stores as Currys.digital, with the Dixons brand continuing solely as an online operation.
- 4.37 Despite the near ubiquitous ownership of mobile phones, the rapid development of technology and the packaging of new handsets with annual contracts has encouraged their frequent replacement. To service this demand, mobile phone retailers have been expanding their store networks. Carphone Warehouse is the operator that has benefited most from the buoyant mobile sector and, in the year to March 2006, opened 68 additional UK stores taking its total to 669. Rapid expansion is also under way at rival Phones4U, which set a target of 100 store openings during 2006.

¹⁹ Source: Verdict, *UK Town Centre Retailing 2006*, September 2006.

Factory Outlet Centres

- 4.38 Factory outlet centres (FOCs) are retail developments that incorporate stores offering discounted brand goods which are typically out of season, or end of season, or slightly defective, or which represent excess stock. Providers of FOCs have not sought town centre locations because manufacturers are unwilling to run the risk of cannibalising their full price high street sales. The retail units are owned and operated by:
- the manufacturers of the branded goods;
 - companies operating as exclusive licensees or franchisees of a brand; or by
 - vertically integrated retailers such as Next which manufacture their labels and retail them on the high street or in out-of-centre locations.
- 4.39 Fashion and sports goods usually represent around two thirds of the floorspace in FOCs because of their vulnerability to changing market trends. Increasingly, FOC operators are seeking to attract commercial leisure operations, so as to extend visiting times.
- 4.40 Activity in FOC development continues, but at a very much slower pace than in the 1990s, and is confined to extensions to existing FOCs. In 2003 the First Secretary of State dismissed a major FOC proposal at an out-of-centre location at Burntwood, near Walsall, and the prospects for new FOC development have been made more remote given the publication of PPS6 in March 2005, which re-emphasises the Government's 'town centres first' policy. Furthermore, given the recent success of value operators such as TK Maxx and Primark, the 'uniqueness' of FOCs has been diluted.

Convenience Sector

- 4.41 Table 4.2 provides details of the convenience sector's total market share between 1996 and 2006, broken down as 'superstores', 'smaller supermarkets and convenience stores', 'food specialists' and 'other stores'²⁰. The table shows that in 1996, 'superstores' accounted for 43 per cent of total convenience sector sales, with 'smaller supermarkets and convenience stores' achieving a combined market share of 39 per cent. However, Verdict²¹ estimates that 'superstores' now account for 50 per cent of total convenience sector sales, compared to 36 per cent for 'smaller supermarkets and convenience stores'. The overall market shares of 'food specialists' and 'other stores' also declined over the ten-year period.
- 4.42 Table 4.2 also shows that the total sales of the 'superstores' increased by 77 per cent between 1996 and 2006, compared to a corresponding increase over the same period of just 39 per cent for 'small supermarkets and convenience stores'. The sales growth achieved by 'food specialists' and 'other stores' was lower still, at just 19 per cent and 18 per cent, respectively.
- 4.43 The New Economics Foundation (NEF) publication, *Ghost Town Britain II* (December 2003), looks at the nationwide impact of supermarkets on local shops and communities. According to the report, VAT figures show that between 1994 and 2002, the number of independent businesses selling food, tobacco and beverages fell by nearly 30,000, equating to more than 40 per cent of the nation's stock of such shops. Furthermore, the report asserted that there were 953 fewer convenience stores in 2001 than in 2000. The analysis in our Table 4.2 would appear to verify the trends described by the NEF, which attributes the decline of small shops largely to the superstore operators, including Tesco in particular - which alone controls more than

²⁰ Verdict's definitions of these retailer types are thus: 'superstores' - grocery stores with a sales area greater than 25,000 sq.ft; 'smaller supermarkets and convenience stores' - supermarkets, Co-ops and convenience stores with a sales area of less than 25,000 sq.ft; 'food specialists' - butchers, bakers, greengrocers, fishmongers and other food specialists; and 'other stores' - off-licenses and newsagents/tobacconists.

²¹ Source: Verdict, *UK Grocery Retailers 2007*, December 2006.

one-quarter of the food retail market - and Asda and Sainsbury's, which also have substantial shares of the market.

Table 4.2 Convenience Market Share by Retailer Type, 1996-2006

	Superstores		Smaller Supermarkets & Convenience Stores		Food Specialists		Other Stores		Total Sales (£m)
	Sales (£m)	Market Share (%)	Sales (£m)	Market Share (%)	Sales (£m)	Market Share (%)	Sales (£m)	Market Share (%)	
1996	34,055	43.2	30,789	39.1	6,786	8.6	7,184	9.1	78,814
1997	36,505	44.1	31,975	38.7	6,773	8.2	7,398	9.0	82,651
1998	38,951	45.0	33,165	38.3	6,926	8.0	7,549	8.7	86,591
1999	41,284	45.9	33,862	37.6	6,925	7.7	7,906	8.8	89,977
2000	43,469	46.8	34,102	36.7	7,222	7.8	8,132	8.8	92,925
2001	46,468	47.5	35,447	36.3	7,347	7.5	8,520	8.7	97,782
2002	48,705	48.0	36,813	36.3	7,422	7.3	8,458	8.3	101,398
2003	51,433	48.5	38,532	36.4	7,579	7.2	8,434	8.0	105,978
2004	54,467	49.5	39,456	35.8	7,749	7.0	8,433	7.7	110,105
2005	57,082	49.9	40,974	35.8	7,911	6.9	8,450	7.4	114,417
2006 (Estimate)	60,278	50.4	42,779	35.8	8,067	6.7	8,473	7.1	119,597
Change %									
1996-2001	36.4		15.1		8.3		18.6		24.1
2001-2006e	29.7		20.7		9.8		-0.6		22.3
1996-2006e	77.0		38.9		18.9		17.9		51.7

Source: Derived from Table 3 of *UK Grocery Retailers 2007*, Verdict (December 2006, which is based on 2003 prices.

- 4.44 The major foodstore operators are increasingly seeking to diversify into non-food markets. One pertinent example of this is Asda's George clothing line which is now sold from dedicated stores branded with the George fascia; there are now more than 10 such stores in the UK. Tesco opened its pilot, 30,000 sq.ft non-food store - Tesco Home Plus - at the Crownpoint Shopping Park at Denton, Manchester, in October 2005. Although major supermarket operators are generally reluctant to shrink food retail space, as the food component of their businesses is also performing strongly, we note that Tesco's Annual Review and Summary Financial Statement 2006 states that, *'We are going to expand the trial, and more stores will open shortly in Bristol, Southampton and Telford'*.
- 4.45 The expansion of foodstore operators' non-food offers via their out-of-centre superstores - thereby providing a convenient one-stop shop for most food and non-food needs - represents a significant threat to high street retailers. Furthermore, out-of-centre space is cheaper than comparable space in town centres, making it easier for out-of-centre superstores to compete on price, while adjacent parking makes them much more convenient for bulkier household goods. Woolworths is one of the high street names that have suffered most as a consequence of this trend. Boots, another key high street player, is also challenged by the expansion of foodstore operators' non-food ranges, particularly as a result of the major supermarkets' incursion into health & beauty products and in-store pharmacies.

E-tail and Home Shopping

E-tail

- 4.46 UK internet sales have increased significantly in recent years since consumer confidence in online retailing has risen as shoppers have found the internet increasingly easy to navigate, credit card use to be secure and delivery to be convenient and reliable. During 2005, 52 per cent of all UK adults shopped online according to research by the Association for Payments Clearing Services (APACS)²². APACS reports that 25 million Britons made a purchase over the internet in 2005, up 11 per cent on the number in 2004. Total online retail spending also increased from 262 million transactions in 2004 to 310 million in 2005, with the value of these transactions increasing from around £16bn in 2004 to £22bn in 2005.
- 4.47 APACS also reports²³ that online Christmas shopping exceeded all expectations at the end of 2006, with some £7.66bn spent online by British consumers in the ten-week run-up to Christmas between 16 October and 24 December. This is 54 per cent more than the £4.98bn spent online during the same period in 2005, and more than double the £3.33bn recorded in the approach to Christmas 2004.
- 4.48 Certain sub-sectors are likely to be more affected by growth in e-tail than others, since the internet has particular attraction for certain types of retailing, including books, CDs and high value electrical goods. CD and DVD retailers, in particular, are beginning to suffer on the high street as a result of purchases made on the internet and Music Zone recently entered into administration as a result of difficult trading conditions.
- 4.49 Whilst the whole of the internet shopping sector continues to grow strongly, the fastest-growing online shopping sector is clothing & footwear. We consider that the 'must try it on/feel it' factor is likely to mean that multiple high street clothes & footwear retailers will generally remain competitive in the face of any further expansion of e-tail. Notwithstanding this, Colliers CRE advises that traditional UK fashion retailers need to follow the example set by those in other sectors and maximise the opportunities offered by the internet to companies with strong brand recognition, or they will risk losing market share to new competitors whose overheads are substantially lower, such as online clothes retailer ASOS.

Catalogue Shopping

- 4.50 In the pre-internet and digital television era, catalogue shopping played a key role in the home delivery market. However, the catalogue shopping market has seen a significant sales decline in recent years. Since 2002 traditional mail order has lost £1.25bn sales, drastically underperforming total retail sales²⁴. At £7.5bn in 2006, the traditional mail order market has reached its lowest level for a decade after its fourth consecutive year of decline. In the 12 months to December 2006, traditional mail order declined by a further 4.4 per cent, the steepest decline recorded in 18 years.
- 4.51 Debenhams has now abandoned its mail order catalogue, moving its home shopping facility to the internet. Otto UK, the home shopping group that owns the Grattan and Freemans brands, is also looking to improve its internet offering, and is encouraging existing customers to buy online through advertising within the catalogues and corresponding digital communication. Thus, it is not just high street retailer channels which are having to adapt to the digital age.

²² Source: APACS, reported in Interactive Media in Retail Group (IMRG) website news story (www.imrg.org), August 2006.

²³ Source: APACS, reported in IMRG website news story (www.imrg.org), January 2007.

²⁴ Source: Verdict, *Mail Order Retailers*, December 2006.

Conclusions

- 4.52 The key conclusion from our analyses is that planning policy has begun to 'bite' in recent years, with it becoming increasingly difficult to secure planning permission for new retail floorspace in out-of-centre locations, vis-à-vis schemes in town centre locations. Whilst town centre and edge-of-centre locations are generally more complex than sites in out-of-centre locations, investor confidence in town centre schemes has been increasing in recent years, and there is now a construction boom in town centre-located shopping centres.
- 4.53 Other key trends in the retail markets include: increasing demand for small to medium (2,000 sq.ft to 4,000 sq.ft) footplates from retailers such as Bon Marché, Savers, Ethel Austin and Clinton Cards, and from coffee shops and mobile phone retailers; the continuing 'polarisation' by retailers towards larger centres; the increasing diversification into non-food markets by the major foodstore operators; and the continuing growth of e-tail.

Leisure Sector

Social and Economic Change

Personal Disposable Income and Social Structure

- 4.54 The leisure industry has benefited from the continued growth in household disposable income and final consumption. Competitive forces have reduced the price of essentials, allowing an ever increasing proportion of consumer expenditure to be spent on leisure items whether for in-home entertainment or spent outside the home.
- 4.55 Furthermore, the move away from the industrial base has led to a reduced requirement for skilled and unskilled manual jobs which are classified in the C2 and D social groupings. There are more jobs in commerce and a far greater proportion of women graduating and entering the professions has increased the proportion of the population falling under the ABC1 classifications. The ABC1 groupings are the categories that tend to be the largest users of leisure facilities, having a greater proportion of disposable income. According to Mintel, this trend is set to continue.

Demographic Trends

- 4.56 Population projections by the Government Actuary show that, nationally, the population will shift towards being more weighted towards the over 45 age group during the next twenty year period. However, between 2007 and 2012 there is also a small projected net increase (from 10.05 million to 10.35 million) in the population in the 15-29 age group, which is a group that is extremely active in the leisure market. People in this group are important because they have the highest propensity to indulge in a number of leisure activities including going to the cinema, eating out, visiting pubs, tenpin bowling and visiting nightclubs. There will be a net loss of population in the 0-14 and 30-44 age groupings, but all other groups will gain.

Household Composition

- 4.57 The household type forecast to experience the greatest increase over the next two decades is the one person household. Whereas, traditionally, an increase in one person households has been associated with the retired, the largest increases are forecast to be within people of working age, particularly amongst men. According to the ONS, the rise in one-person households is expected to account for 72 per cent of annual household growth between 2003 and 2026, a factor which has ramifications for the leisure industry.
- 4.58 There has also been a trend towards young adults remaining at home in their 20s and 30s. Currently there are around 2.2 million young adults of this age living with their parents, of which 63 per cent are male. In the 20-24 age group, 56 per cent of men

live with their parents. This could also be a high spending group providing they are not foregoing spend to save for deposits on a house.

Leisure Time

- 4.59 Data from the Leisure Industries Research Consultancy (LIRC) shows that since 1998, the leisure time for the average full time worker has increased by 2.2 per cent, to 2,595 hours per annum. Some 57 per cent of households had access to the internet between January and April 2006²⁵, compared with 9 per cent in 1998. This implies that the total amount of leisure time now spent on the home computer will have increased, and sophisticated modes of access will also increase dwell time on computers.
- 4.60 For some time, there has been an increasing tendency to eat out and this has become established as a way of life. One of the most rapidly growing sectors in the mid 1990s was keep-fit. This is now an established market, though there has been a recent slow-down in health club development in recent years as the market approaches saturation²⁶.
- 4.61 LIRC data also show that the total trend in leisure hours is set to increase from 160.0 billion hours in 2004 to 160.8 billion in 2008.

Growth in Leisure Expenditure and Changing Leisure Activities

- 4.62 Table 4.3 details changes in expenditure on various sub-sectors of the leisure market.

Table 4.3 Spend on Selected Leisure Activities 2000-2008

	2000 £m	2001 £m	2002 £m	2003 £m	2004 £m	2005 £m	2006 £m	2007 £m	2008 £m	% Change 2000-2008
Bingo	523	552	595	602	606	664	637	641	676	29.25
Cinema*	623	620	724	678	739	769	803	840	879	41.10
Dancing/Discos	749	752	790	832	885	941	999	1,060	1,127	50.50
Spectator Sports	767	808	826	909	998	1,121	1,217	1,337	1,485	93.61
Eating Out	33,011	34,376	36,782	38,916	41,160	43,700	46,226	48,939	51,865	57.10
Alcoholic Drink**	18,080	18,790	19,990	20,430	21,370	22,3	23,33	24,4	25.5	41.10
Total Sightseeing	934	943	1,046	1,077	1,137	1,194	1,256	1,321	1,390	48.80
Total Gaming	7,082	7,152	7,583	8,129	8,389	8,890	8,630	8,905	9,376	32.40
Health & Fitness+	1,420	1,583	1,641	1,763	1,814	2,033	2,077	2,190	2,381	67.70

Source: Leisure Industries Research Consultancy (2004 prices)

* Relates to Gross Ticket Revenues only excluding VAT and concessionary income.

** This includes alcohol consumed in restaurants and hotels but adjusted for alcohol consumed at home.

+ Private sector estimates. Local Authority income excluded.

Eating Out

- 4.63 Within the last two to three year period there has been consolidation within the restaurant industry as some chains were expanding at a faster rate than demand. Many observers see the opportunity for huge growth in the eating out market. In 1990, 75 per cent of food consumption was in the home. According to the British Hospitality Association, by 2035 this ratio will have reduced to 50 per cent.
- 4.64 There is an increasing trend towards healthier eating, which has caused some fast food operators to change their menus for a healthier lifestyle. The public has not only become more discerning about food content but is also becoming more demanding about the speed and quality of service. This demand is known as 'fast casual' and has been one of the largest growth areas in the USA; the same trend is now emerging in the UK.

²⁵ Source: ONS website (www.statistics.gov.uk), August 2006

²⁶ Source: Strutt & Parker, *Leisure Comment*, Spring 2006

Pubs

- 4.65 The Licensing Act, which came into effect in November 2005, has had an impact on some rural pubs. Later opening hours are likely to drive longer drinking times in city centres. Pubs are also being affected by the long-term decline in beer drinking and the switching to wine consumption. Some are of the opinion that supermarkets will be selling the majority of lager and ale in as little as three years, swapping the living room for the pub in terms of beer consumption. The smoking ban, which was enforced in all enclosed public spaces within effect from 1 July 2007, is also likely to have a considerable effect on licensed premises, particularly those which are predominantly 'wet', with drink forming a very high proportion of turnover.
- 4.66 Social changes have also been driving this trend; employees are less likely to drink together. When employees do socialise, more wine will be drunk than beer. The drinks industry has also had to come to terms with women drinking more and having more disposable income. In order to combat these trends, 89 per cent of pubs now have a food offer.
- 4.67 According to Datamonitor²⁷, the consumption of brewed drinks is declining in countries that have long been brewing strongholds such as France, Germany, the Netherlands and the UK. This is shown in Table 4.3.

Table 4.3 Per Capita Sales of Beer Across Europe, 2001-11 (Litres, Millions)

Country	2001	2006	2011	Average Annual Change 2001-06	Projected Average Annual Change 2006-11
Italy	34.3	37.4	40.0	1.7%	1.4%
Spain	89.1	94.9	99.6	1.3%	1.0%
Sweden	73.4	74.4	74.8	0.3%	0.1%
Europe Total	96.6	95.9	95.4	-0.1%	-0.1%
Netherlands	106.0	105.1	104.0	-0.2%	-0.2%
UK	135.3	134.0	132.4	-0.2%	-0.3%
Germany	147.1	143.3	140.3	-0.5%	-0.4%
Rest of Europe	103.2	100.8	99.3	-0.5%	-0.3%
France	49.8	46.6	44.5	-1.3%	-0.9%

Source: Datamonitor analysis

- 4.68 Nevertheless, while brewed drinks in general have been suffering a reverse in popularity, beer is still the primary drink within the category. Table 4.4 shows that beer consumption is down in France and Germany as young adults develop a taste for spirits in particular, but elsewhere - including the UK - beer is showing modest volume growth as a mature product.

²⁷ www.datamonitor.com

Table 4.4 Beer Sub-Category Volume Sales Across Europe, 2001-11 (Litres, Millions)

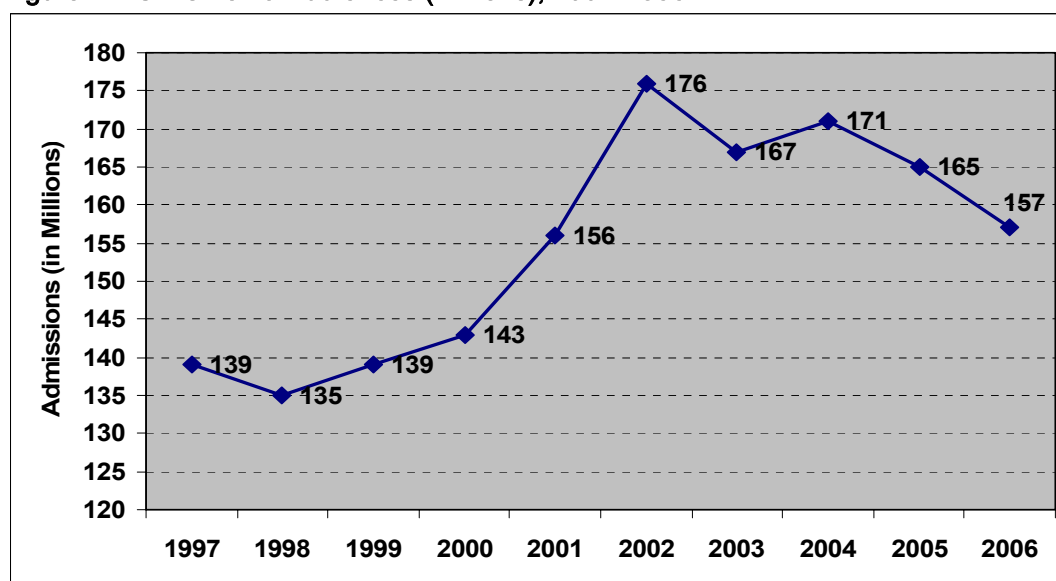
Country	2001	2006	2011	Average Annual Change 2001-06	Projected Average Annual Change 2006-11
France	2,191.0	2,085.5	2,022.2	-1.0%	-0.6%
Germany	9,593.8	9,452.8	9,350.5	-0.3%	-0.2%
Rest of Europe	4,219.5	4,219.5	4,241.0	0.0%	0.1%
Europe Total	28,151.6	28,472.6	28,806.2	0.2%	0.2%
UK	5,967.0	6,086.4	6,199.9	0.4%	0.4%
Netherlands	1,264.1	1,294.1	1,323.6	0.5%	0.5%
Sweden	449.4	467.4	484.9	0.8%	0.7%
Spain	2,836.8	3,076.3	3,252.5	1.6%	1.1%
Italy	1,630.0	1,790.6	1,934.5	1.9%	1.6%

Source: Datamonitor analysis

Cinemas

- 4.69 Figure 4.4 indicates that cinema attendances in 2006 totalled 157 million, a significant downturn on the 176 million admissions in 2002; indeed, this represents a reduction in attendance of some 11 per cent in 4 years.

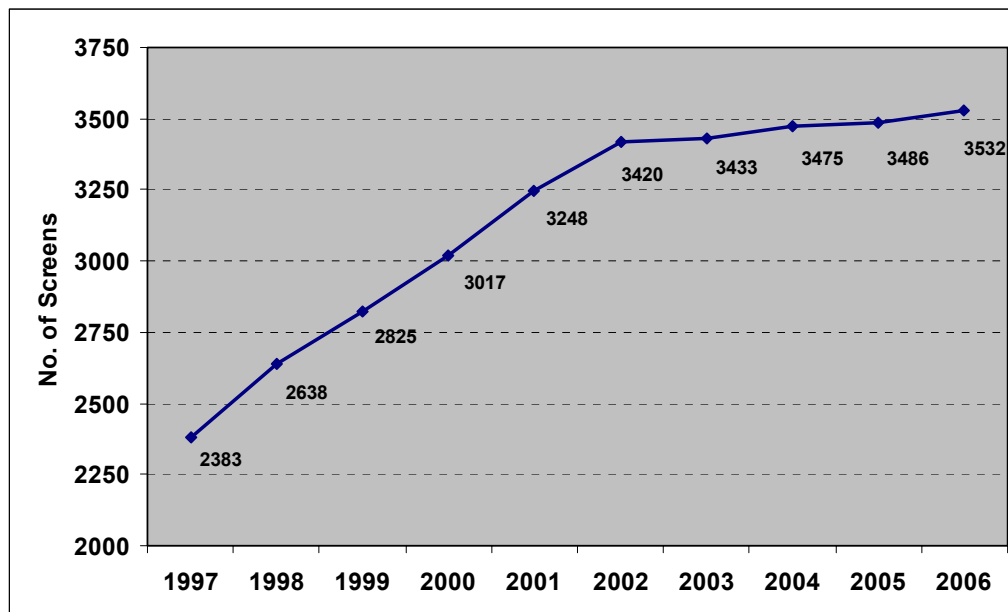
Figure 4.4 UK Cinema Audiences (Millions), 1997-2006



Source: Nielsen EDI, reported in Pearl & Dean website (www.pearlanddean.com), March 2007

- 4.70 The last few years have seen a degree of consolidation amongst four of the major exhibitors. Over-expansion in the earlier part of this decade resulted in some of the major exhibitors making losses. Some of the original multiplexes will be closed as they become obsolete and do not justify expenditure on refurbishment. However, the year to 2006 saw a further increase in the total number of UK cinema screens, albeit at a much reduced rate of increase (Figure 4.5). More cinemas are beginning to have digital screens and widen their appeal as they broadcast live sport and other major events and this trend is likely to become more prevalent.

Figure 4.5 UK Cinema Screens, 1997-2006



Source: CAA, reported in Pearl & Dean website (www.pearlanddean.com), March 2007

Leisure Parks and Retail and Leisure Parks

- 4.71 During the 1990s the multiplex cinema development boom was characterised by a willingness for cinemas and associated operators to occupy on a leasehold basis. Accordingly a large number of leisure and retail schemes became available on the market. Leisure parks are parks of more than 30,000 sq.ft dedicated specifically to leisure, whereas often there was a mix of both retail and leisure which helped to make any scheme more viable, known as retail and leisure parks. The following table shows the regional distribution of such parks; it would imply that the East Midlands region has provision which is below the national average.

Table 4.5 National Provision of Leisure Parks and Retail and Leisure Parks

Region	Parks	Gross Internal Area (sq.ft)	Population per (sq.ft)
North West	27	4,565,032	1.48
North	12	1,360,829	1.84
Yorkshire	17	2,624,107	1.89
Scotland	17	2,632,009	1.92
Northern Ireland	4	772,069	2.19
West Midlands	17	1,903,062	2.70
South West	11	1,815,624	2.73
Wales	6	997,514	2.92
London & South East	33	4,329,556	3.55
East Midlands	9	665,447	6.33
Eastern	4	470,365	11.50
Total	152	22,135,614	2.67

Source: Trevor Wood Associates Database, December 2004

Impact of Planning Policy

- 4.72 There has been a tightening of Government policy towards driving retail and leisure developments to town centre and edge-of-town centre locations. Much improved architectural design has enhanced the town centre environments and many pub and bar operators have designed formats which have particular high street appeal. The challenge to many local authorities has been to design town centres which operate through days and evenings, rather than become deserted after 6pm, when office workers and shoppers have left the area and the area becomes deserted or appears threatening by the presence of a large amount of drinkers. The effect of the Licensing Act is to extend drinking hours, although this is more likely to occur in town centres rather than in rural areas. The change in policy has caused more mixed use developments which combine leisure, retail and, occasionally, office space. Facilities for night-time leisure ensure that the parking facilities are utilised to their fullest extent.

5 PERFORMANCE ANALYSIS

Introduction

- 5.1 Our analysis of the retail performance of Hinckley town centre has involved:
- i) on-foot surveys of the town centre;
 - ii) photographic analysis;
 - iii) desk research in relation to the study centre, benchmarking performance against a range of comparator centres²⁸; and
 - iv) face-to-face consultations with representatives of the business and property markets in Hinckley.
- 5.2 More specifically, our performance analysis is based upon examination of a range of 'performance indicators', a number of which are specified in Section 4 of PPS6 as 'important indicators'. The exercise involves measurement and analysis of: retail rankings; the diversity of uses; representation from national multiple retailers; the retail property offer; retailer demand; commercial yield on non-domestic property; change in shopping rents; vacancy rates; pedestrian flows; and consideration of the state of the town centre environment.
- 5.3 The detailed performance analysis data are contained in Annex 1 (Appendices to the Main Report); all mentions of Appendices in this section relate to those in Annex 1.

Performance Indicators

Indicator 1: Retail Rankings

- 5.4 In previous retail studies, we have assessed the movement of centres in the national retail hierarchy using time-series data from Management Horizons Europe's (MHE) *UK Shopping Index*, although MHE does not intend to publish an update of its *Index 2003/04* until later in 2007. Nevertheless, Javelin Group's *Venuescore 2006* utilises a near-identical methodology for ranking the UK's retail centres. For instance, the Javelin index is calculated using a weighted count of multiple retailers which mirrors that used by MHE, comprising fashion retailers, non-fashion multiples and anchor stores²⁹. The Javelin index also adopts the same eight grades of retail centre in the UK, from 'Major City', through to 'Local Centre'.
- 5.5 The only material difference between the Javelin and MHE indexes appears to be the fact that whereas MHE's latest index ranked the UK's top 1,672 retail centres, Javelin's index ranks the top 2,226 centres. Most of the additional centres in the Javelin index feature in the eighth grade of retail venue, 'Local Centre', and therefore have no effect on Hinckley or the comparator centres that feature in our analysis. Thus, we consider that comparing centres' current positions in the Javelin index with their corresponding ranking in previous MHE indexes is valid.
- 5.6 Table 1 of Appendix 3 identifies the position of Hinckley in the retail hierarchy in relation to the nine comparator centres. With a ranking of 229th position in the Venuescore 2006 Index, it is evident that Hinckley scores well in relation to the similar-

²⁸ The 9 centres for which we provide benchmark data are Leicester, classified in Javelin's VenueScore 2006 as a 'Major Regional' centre; 'Regional' centres of Nuneaton and Coventry; 'Sub-Regional' centres of Rugby and Loughborough; 'Major District' centres of Coalville, Melton Mowbray and Tamworth; and the 'District' centre of Market Harborough.

²⁹ For instance, in both the MHE and Javelin indexes, Premier Department Stores (for example Selfridges and Harrods) score 15 points; Major Department Stores (Harvey Nichols, John Lewis) score 10; Premier Variety Stores (M&S) score 8; Clothing Destinations (Next, Gap) score 2; and Other Multiple Operators (Monsoon, Top Shop) score 1 point.

sized comparator centres. Indeed, Tamworth is ranked only five places above Hinckley, whilst the other 'Major District' centres - Melton Mowbray and Coalville - achieve lower rankings of 291st position and 352nd position, respectively.

- 5.7 Moreover, Hinckley is one of only four centres in the Table whose current ranking is significantly better than it was in 1995/96, the others being Coalville, Melton Mowbray and Nuneaton. Indeed, Hinckley improved its position in the national rankings by 67 places between 1995/96 and 2006, a growth only bettered by Nuneaton, which rose 74 places in the retail rankings in the same period of time. It is also evident that whilst Coalville and Melton Mowbray's positions in the retail rankings have slipped between 2003/04 and 2006, Hinckley's ranking has continued to improve.

Indicator 2: Diversity of Uses

- 5.8 Experian's latest GOAD survey of Hinckley town centre (December 2006) compares the representation of convenience, comparison, and service uses (and their respective sub-sectors) to UK averages, and hence it is possible to identify areas in which Hinckley may have a shortfall. The data are reproduced in Table 2 of Appendix 3.
- 5.9 The town centre contains 20 convenience outlets, which equates to 7.3 per cent of the total units compared to the UK average of 9.1 per cent. Whilst there is a range of convenience outlets in Hinckley, with the town centre benefiting from five bakers, three butchers, two greengrocers and three supermarkets (Iceland, Kwik Save and Somerfield), there are no superstores and no representation from the largest supermarket operators. Reflecting the small scale of the convenience goods offer in Hinckley, only 11.1 per cent of the floorspace in the town centre is occupied by this type of retail, compared to a national average of 16.6 per cent. Hinckley, therefore, has a limited convenience goods offer.
- 5.10 Table 2 of Appendix 3 shows that the 130 comparison goods outlets in the town centre equate to 47.5 per cent of the total units, which is broadly equivalent to the UK average of 46.3 per cent. The town has above-average representation in the '*women's, girls, children's clothing*' sub-sector, which is a key determinant of a centre's attractiveness to shoppers. No sub-sectors are significantly under-represented in numerical terms apart from '*florists and gardens*', although outlets in this sub-sector typically only account for around 1 per cent of a centre's total units (based on the UK average). Thus, in numeric terms at least, Hinckley town centre has a good representation of comparison outlets. We consider the nature of the specific retailers present below under the heading '*Presence of National Multiples and High Profile Retailers*'.
- 5.11 The overall proportion of service outlets in Hinckley town centre (32.5 per cent) is also in line with the UK average (32.7 per cent). It should be noted, however, that there is a slight under-representation of outlets in the '*restaurants, cafés, coffee bars, fast food & take-aways*' sub-sector, since the 29 outlets in this sub-sector equates to 10.6 per cent of all town centre units, which is below the UK average of 14 per cent. The existing food and drink outlets also cater for a narrow market, as we discuss below under Indicator 3.

Indicator 3: Presence of National Multiples and High Profile Retailers

- 5.12 Hinckley's convenience goods offer includes some national multiple operators, including Bakers Oven, Greggs, Farmfoods, Thorntons, Holland & Barrett, Iceland, Kwik Save and Somerfield. However, as we mentioned above, there is no representation in the town centre from larger, higher-order supermarket operators (such as the 'big four' - Asda, Sainsbury's, Tesco and Morrisons), albeit we acknowledge that there is an Asda store and Morrisons store within the wider Hinckley urban area (at Barwell Lane and Stoke Road, respectively).
- 5.13 There is a reasonably wide range of comparison retail multiples in the town centre, including Argos, Clarks, Dorothy Perkins, New Look, Clinton Cards, WH Smith, Currys, Boots and Woolworths. These retailers are primarily focused within Hinckley's indoor

shopping centre - the Britannia Centre- and along Castle Street. However, there is limited representation from middle and higher-order fashion outlets. The lack of middle- and high-profile comparison retailers explains why Hinckley achieves a score of 89 in Javelin's 'Market Position Index' (the average index score being 100). Similarly, the 'Fashion Count' in MHE's 2003/04 Shopping Index³⁰ indicates that of Hinckley's 11 'fashion' retailers, only two can be described as 'middle' order, with nine retailers falling in the 'lower-mid' and 'lower' categories.

- 5.14 The proportion of charity shops in the town centre (2.6 per cent) is below the UK average (3.7 per cent). However, there is a concentration of charity shops towards the upper end of Castle Street, which should be a primary part of the town centre. Indeed, the quality of the retail offer rapidly tails off to the east of Castle Street's junction with Church Walk.
- 5.15 A further key deficiency relates to the town centre's department store offer. At present Hinckley has only one department store: a Co-Op, with a gross floorspace of around 21,000 sq.ft (1,950 sq.m), which is relatively modest by modern department store standards. Furthermore, Co-op's premises are poorly maintained and in need of refurbishment.
- 5.16 The town centre does contain a wide range of service multiples, with several banks and building societies occupying premises in Market Place and The Borough, and a number of national travel agents. There is also representation from a range of national fast food outlets and pub/bar chains, including JD Wetherspoon and Barracuda Bar, although anecdotal evidence indicates that these cater primarily for the 18-30 age group and that there is a need for new food and drink outlets that cater for a wider client base.

Indicator 4: Operator Demand

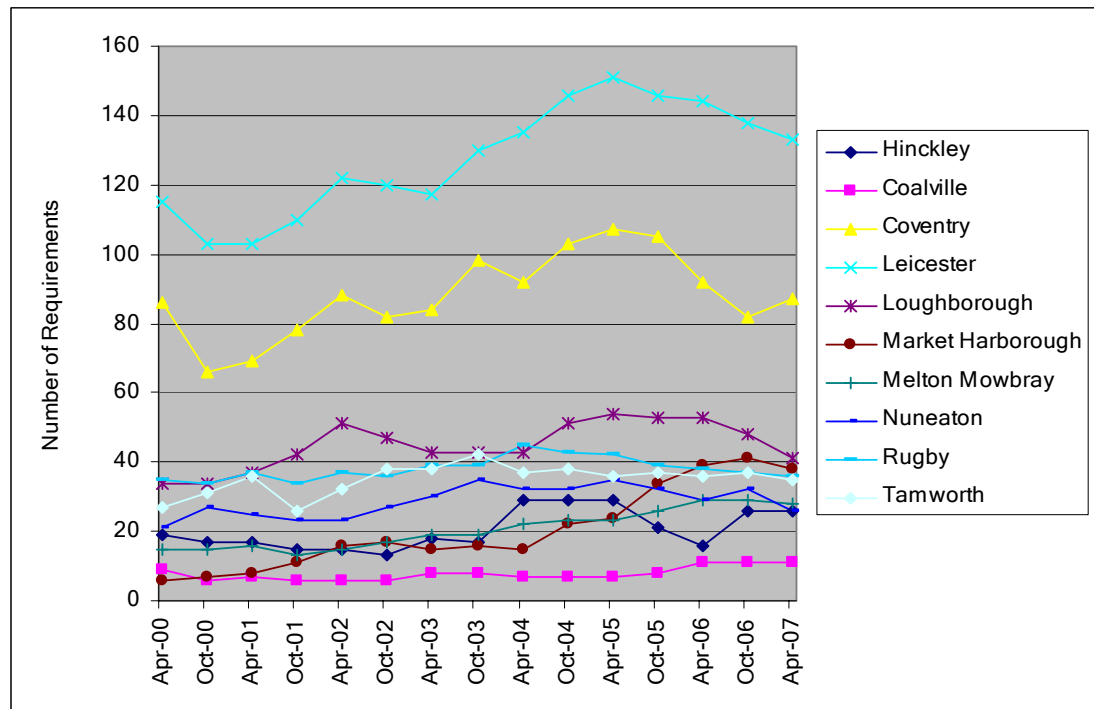
- 5.17 The commercial organisation, FOCUS, collects data on documented retailer requirements, and publishes the data twice-yearly. FOCUS also produces Town Reports for main centres, which include time-series data on the number of retail requirements.
- 5.18 It is worth emphasising from the outset that the level of demand for any centre is always influenced by whether any new development is proposed; hence if a major new development scheme was to emerge, the number of requirements would be expected to show a noticeable increase.

Analysis of published requirements by number

- 5.19 FOCUS's most recent Town Report for Hinckley (April 2007) shows that the number of published retailer requirements for the town has recently increased. The current (April 2007) number of requirements is 26, whereas in April 2006 FOCUS reported only 16 published requirements. The highest peak in requirements was between April 2004 and April 2005, when 29 operators had requirements for units in Hinckley.
- 5.20 As would be expected, there is a significantly higher number of published requirements for most of the centres that rank above Hinckley in the retail hierarchy, with Leicester having 133 requirements in April 2007, Coventry 87, Loughborough 41 and Rugby 36. The exception is Nuneaton, which has only 26 published requirements; the same number as Hinckley. Hinckley also compares relatively well to most similarly ranked centres, since Melton Mowbray currently has 28 requirements, and Coalville only has 11 (see Figure 5.1, below).

³⁰ MHE categorises fashion retailers as 'luxury', 'upper', 'upper-middle', 'middle', 'lower-mid' or 'lower'.

Figure 5.1 Change in the Number of Retailer Requirements - Hinckley and the Comparator Centres, April 2000 to April 2007



Source: FOCUS Town Reports, April 2007

Analysis of published requirements by type

- 5.21 The FOCUS database includes more detailed information in relation to 27 operators with a current requirement for Hinckley (that is, higher than the figure of 26 as cited in the April 2007 FOCUS Town Report). Six of the 27 detailed requirements are duplicate entries (Heart of England Co-Operative Society, Pets at Home, Phones 4U, Pizza Hut (x2) and TJ Hughes). Of the remaining 21 Hinckley requirements, four are from operators that are specifically interested in locations outside of the town centre. Thus, the FOCUS database contains detailed information in relation to only 17 current requirements for Hinckley town centre. This information is reproduced in Appendix 4, which contains details of each operator's floorspace and other operational requirements, together with each company's expansion plans and a list of the type of centres being targeted.
- 5.22 The 17 Hinckley town centre requirements include two convenience stores (a health food shop and a Co-Op supermarket), two fast-food take-away outlets and one restaurant (Pizza Hut).
- 5.23 The remaining 12 requirements are from a range of comparison goods operators, including household goods (Bathstore, Jessops), health and beauty (Bodyshop), women's clothing (Claire's Accessories and Desire by Debenhams), discount department store operator TJ Hughes, mobile phone shops (Phones 4U and T Mobile), and discount stationery chain The Works. A number of lower-end discount retailers (such as Poundland) and shoe shops (Priceless Shoes, Shoe Zone) also have town centre requirements.
- 5.24 Overall, the published requirements for Hinckley appears to be relatively encouraging - both in terms of number and operator type - given the centre's size and position in the national retail rankings.

Analysis of operator requirements - primary RTP research

- 5.25 We contacted the agents acting for the most prominent retail and leisure operators that appear in the current FOCUS list, with a view to establishing their level of interest in Hinckley as an investment location³¹. We received a response from four of these operators. Matalan stated that it does not have a requirement for Hinckley (contrary to the position specified in the FOCUS database). Debenhams also stated that it is not currently interested in Hinckley. It is worth noting that 'Debenhams' and 'Desire by Debenhams' have separate agents; only the agent acting for Debenhams has returned our questionnaire and so we are unclear as to whether the smaller-format Desire by Debenhams is actually interested in Hinckley.
- 5.26 More positively, TJ Hughes and Tiles 2 Go each confirmed their desire to be located in Hinckley (albeit Tiles 2 Go is not interested in town centre sites).
- 5.27 We also contacted a further 15 prominent retail and leisure operators³² not currently listed with FOCUS to establish whether they had any potential interest in Hinckley. Despite following up the initial questionnaire by telephone, we received only six completed questionnaires from the operators without current FOCUS-listed requirements for Hinckley. Of these, Game Ltd (computer game shop) expressed an interest in Hinckley. A well-known food superstore operator, a discount foodstore chain and a prominent DIY warehouse operator also confirmed their interest in Hinckley, although for reasons of commercial confidentiality we cannot name them in this report.
- 5.28 Table 5.1 lists the operators that have confirmed an interest in Hinckley, and summarises their particular requirements. A recurring theme in the responses from the interested operators was a lack of suitable available sites/premises, which indicates a need for new appropriately sized retail units in good locations. Another common response was that Hinckley currently does not have a sufficient critical mass of quality comparison retailers. Allied to this point, several respondents also considered that Hinckley's current catchment area is too small (local agents also voiced this concern and consider that Hinckley's limited catchment makes it difficult to attract major multiples).

³¹ The operators with FOCUS-listed requirements for Hinckley that we followed up are: Bathstore, The Body Shop, Desire by Debenhams, Matalan, Pets at Home, Phones 4U, Poundland, Priceless Shoes, Shoe Zone, Subway, T-Mobile, Tiles 2 Go, TJ Hughes and The Works Publishers Outlet.

³² The additional operators that we contacted are: Bay Trading, Comet, Debenhams, Game, Gamestation, Marks & Spencer Simply Food, Primark, Sports World, Tesco, TK Maxx and Top Shop. We also contacted a prominent mid-market variety store chain, a food superstore operator, a discount foodstore chain and a well-known DIY warehouse, although for reasons of commercial confidentiality we cannot name them here.

Table 5.1 Confirmed Operator Interest in Hinckley at July 2007³³

Company	Comment	Floorspace & Other Operational Requirements
<i>FOCUS-listed operators</i>		
Tiles 2 Go	Confirmation of interest in Hinckley, in a "roadside or edge of town location"	3,000-6,000 sq.ft required (net/gross not specified).
TJ Hughes (discount department store)	Confirmation of interest in Hinckley town centre. Reason given for current lack of representation is lack of suitable opportunities.	20,000-22,000 sq.ft net sales area required (30,000 sq.ft gross internal area). Plentiful, accessible car parking required.
T-Mobile	Confirmation of interest in Hinckley town centre	800-1,200 sq.ft net sales area required, in a primary location
<i>Other Operators with a Confirmed Interest in Hinckley, Not Listed With FOCUS</i>		
Game Ltd	Hinckley said to be lacking critical mass of quality comparison multiple retailers, and therefore has a "small retail catchment". Nevertheless, Game confirmed its interest in Hinckley town centre.	1,200-2,000 sq.ft sales area required.
Prominent food superstore operator	Tentative interest in Hinckley stated. Town centre footfall would need to increase, and the mix of "quality retailers" would have to be enhanced.	4,000-80,000 sq.ft (min. sales area 3,000 sq.ft). Wide floorspace range reflects the company's different trading formats (convenience stores though to superstores)
Prominent discount foodstore chain	No specific comments made.	10,215 sq.ft (net/gross not specified). 1.25 acre site area. 80 adjacent parking spaces.
Prominent DIY store operator	Interest in Hinckley confirmed, although this particular retailer stated that it would not trade from the town centre.	25,000-30,000 sq.ft sales area required. External compound and garden centre (c.10,000 sq.ft), and first floor ancillary floorspace.

Indicator 5: The Retail Property Offer

- 5.29 Analysis of the FOCUS listings of April 2007 shows that the mean sales area requirement for the 17 operators with a current, published interest in Hinckley town centre is around 4,616 sq.ft (429 sq.m)³⁴. The mean is increased significantly by the published requirements of Desire by Debenhams (17,500 to 22,500 sq.ft) and TJ Hughes (24,000 to 33,000 sq.ft). Removing these two requirements from the analysis brings the mean requirement down to 1,998 sq.ft (186 sq.m).
- 5.30 Our analysis of Experian's GOAD data for Hinckley indicates that the 31 currently vacant units in Hinckley town centre (GOAD definition) have an 'average' gross floorspace of only 718 sq.ft (67 sq.m), which translates to an 'average' net sales area of approximately 502 sq.ft (47 sq.m)³⁵. Indeed, the largest currently vacant unit in the town centre has a relatively modest gross floorspace of 1,700 sq.ft (160 sq.m).
- 5.31 Thus, there is a noticeable absence of available units in the town centre of a sufficient size to satisfy the floorspace requirements of those operators that have confirmed an interest in Hinckley.

³³ The table includes only those retailers that responded to our questionnaire. We acknowledge that some other operators which feature in the FOCUS list are also likely to have current requirements for centres in Hinckley, although they did not respond to our questionnaire and so we are unable to include them in our table.

³⁴ Figures are derived from obtaining the median floorspace requirement for each operator and calculating the mean of these figures.

³⁵ The average sales floorspace is derived by applying a gross to net ratio of 70 per cent.

Indicator 6: Retail Yields

- 5.32 Figure 1 of Appendix 3 shows that prime retail yields have improved between April 2000 and January 2007 in Hinckley and, indeed, all of the comparator centres.
- 5.33 Whilst prime retail yields in January 2007 are significantly lower (better) than Hinckley in Leicester (4.5 per cent), Coventry (5.0 per cent), Loughborough (5.0 per cent), and Nuneaton (5.75 per cent), this is to be expected given the higher-order status of these centres in the retail rankings. It is notable that in January 2007 Hinckley achieved comparable yields to the similar-sized benchmark centres (i.e. Hinckley 7.0 per cent, Melton Mowbray 7.0 per cent, Tamworth, 7.25 per cent, and Coalville 8 per cent).

Indicator 7: Changes in Prime Zone A Shopping Rents

- 5.34 Figures 2 and 3 in Appendix 3 chart the movement in Zone A retail rents in Hinckley and the comparator centres³⁶ in terms of absolute movement and percentage change over the period 1997 to 2006.
- 5.35 Figure 2 shows that, as would be expected, absolute Zone A rents in 2006 were highest in Leicester (£210 per sq.ft) and Coventry (£170 per sq.ft). The higher-ranking comparator centres of Nuneaton, Rugby and Loughborough also command high Zone A rents, at £120 per sq.ft, £90 per sq.ft, and £80 per sq.ft, respectively.
- 5.36 At £55 per sq.ft in 2006, rents in Hinckley were on a par with those achieved in similar-sized comparator centres (for example, Melton Mowbray also commands rents of £55 per sq.ft, whilst Coalville and Market Harborough achieve rents of £50 sq.ft). The only exception is Tamworth, which achieves significantly higher rents of £90 per sq.ft. It is also notable that whilst published Zone A retail rents in all of the comparator centres have shown signs of improvement between 1997 and 2006, rents in Hinckley have remained static throughout.
- 5.37 Local property market agents verify that retail rents in Hinckley have remained static over the past five years, although there have been few indicators because little prime retail premises have come to the market. Rents are highest around the entrance to the Britannia Centre, which is not surprising given the Centre's location in the middle of the main shopping street. Local agents report that a rental level of around £60 per sq.ft was achieved at Britannia Centre unit fronting Castle Street .

Indicator 8: Proportion of Vacant Street Level Property

- 5.38 The 31 vacant units in Hinckley town centre at the time of Experian's latest Goad survey (December 2006) equates to 11.3 per cent of all town centre units. This is slightly above the UK average of 10.6 per cent. However, in terms of floorspace, only 4.2 per cent of the town centre's total floorspace is vacant, which is much lower than the UK average of 9.1 per cent.
- 5.39 Furthermore, Experian's latest Goad plan shows that vacant units are generally well-dispersed across the town centre. The only notable concentrations of vacant units are in secondary locations such as the eastern end of Castle Street and the northern end of The Borough (off Stockwell Head). There are few vacant units along the prime shopping streets in Hinckley and no vacant units at present within the Britannia Centre, and anecdotal stakeholder evidence suggests that units which do become available in these locations are quickly re-let.

Indicator 9: Pedestrian Flows

- 5.40 We are not aware of any formal pedestrian flow counts undertaken recently in Hinckley town centre. Nonetheless, we found the town centre to be busy on both occasions that we undertook on-foot surveys of Hinckley, although this may in part be due to the midday timings of the visits. Our discussions with the manager of the Britannia Centre

³⁶ Full time-series data were not available for Hinckley, Coalville and Market Harborough.

also confirmed that footfall in the centre is currently strong (at between 76,000 and 80,000 a week within the Britannia Centre), and is at a higher level than recorded in 2006.

Indicator 10: State of Town Centre Environmental Quality

- 5.41 Hinckley is a reasonably busy town centre, which is spread out across a number of different shopping streets, each with a different character. The environmental quality is best along the main shopping streets, namely Castle Street, The Borough and Regent Street. Indeed, Castle Street benefits from being largely pedestrianised, with street planting, good directional signage and street furniture. Regent Street, meanwhile, benefits from decorative street lighting and a predominance of bars and cafés, with outside seating creating an active and pleasant streetscape.
- 5.42 However, away from the prime shopping streets the quality of the public realm declines. In particular, secondary areas such as Lancaster Road and Stockwell Head are less well-maintained and are predominated by uses such as car sales and repairs. Some secondary frontages look tired in places, which we suspect may be because the traders in those locations are struggling. The area towards the south of the town centre, occupied by the bus station and the Iceland and Kwik Save supermarkets, is in particular need of environmental improvement, and potentially redevelopment.
- 5.43 Whilst the town centre is generally clean, with little evidence of litter or vandalism, it has few landmark buildings. Indeed, the only department store in Hinckley - the Co-Op at Castle Street - occupies an outmoded and dated building, for which some potential for redevelopment is evident. Furthermore, the Britannia Centre - which opened in 1977 - is also now outdated and despite some recent aesthetic improvements, still requires further environmental work or, perhaps, more comprehensive restructuring. Encouragingly, we understand that the new owner of the Britannia Centre is beginning to look into the possibility of extending the Centre to incorporate some larger retail units, although any such proposals are clearly at a preliminary stage at present.

Summary of the Retail Performance of Hinckley Town Centre

- 5.44 On the whole, we conclude that Hinckley is a healthy town centre. This is evidenced by: Hinckley's significant improvement in the national retail rankings over recent years; reasonably good representation from national multiple retailers; an encouraging level of published retailer requirements for the town; long-term improvements in retail yields; the low level of vacant floorspace, with no particular concentrations of void units in the town centre; and apparently good levels of footfall.
- 5.45 Nevertheless, there is room for improvement in a number of key areas. Most notably, the town centre's fashion retail offer would benefit from enhancement, and the town centre has a limited convenience goods offer, which is also a key deficiency. The town centre contains only one department store (Co-Op), which is relatively small by modern standards and in need of refurbishment. Furthermore, the town centre's food and drink offer caters for a narrow age group and would benefit from the introduction of more family-friendly eateries and higher-quality restaurants.
- 5.46 Through primary research undertaken for this study, we have identified a modest level of confirmed interest in Hinckley town centre from a range of prominent comparison and convenience retail operators, including a food superstore operator and a discount supermarket chain. We have not identified any confirmed interest in Hinckley from fashion retailers, although we are confident that if/when a development scheme was to emerge - providing premises of the right size, configuration and trading environment - then the level of operator demand would increase.

6 STREET-SIDE SURVEY OF PEDESTRIANS

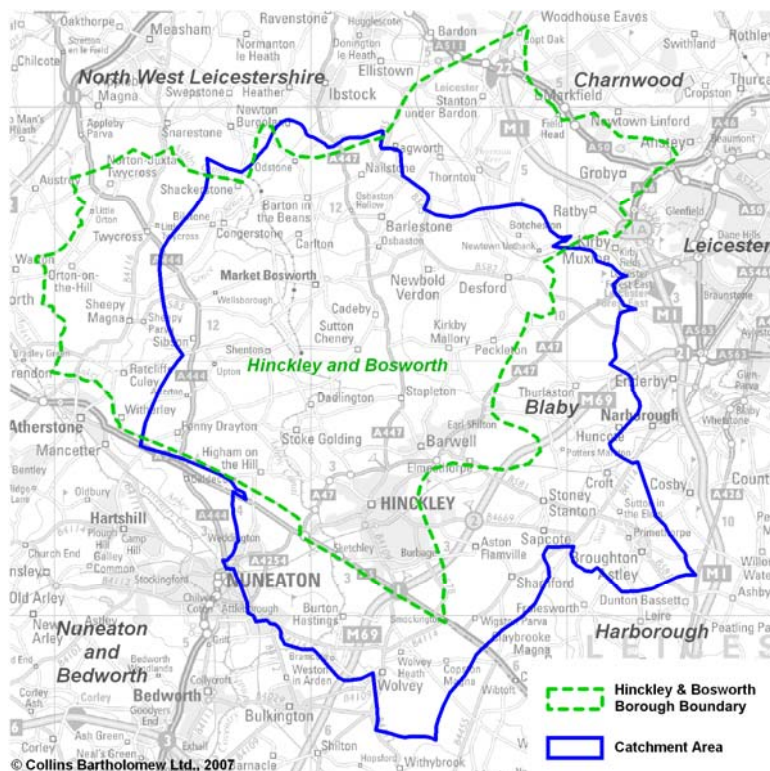
Introduction

- 6.1 The third bullet under the Objectives of the Study heading in the study brief states: *'establish the catchment population that Hinckley urban area currently serves, including an analysis of retail patterns'*. In order to establish Hinckley's catchment area, the market research firm, NEMS conducted a face-to-face survey with a random sample of visitors to Hinckley town centre, during April 2007. The survey was undertaken on different days of the week and at different times of the day to ensure a representative sample.
- 6.2 The main objective of the pedestrian survey was to establish the postcode origin of respondents, so as to define Hinckley town centre's overall catchment area (OCA). A further important objective was to establish the respondents' reasons for visiting the town centre. We also took the opportunity to ascertain views/attitudes in relation to a limited number of key issues. The findings are summarised, below.

Postcode Origin of Respondents - Defining the OCA

- 6.3 NEMS successfully completed 327 interviews with visitors to Hinckley town centre³⁷. Of the 327 interviewees, 318 complied with a request to specify their postcode. The postcode sectors which achieved the highest number of responses were deemed to constitute Hinckley's OCA. We did not consider it necessary to undertake parallel pedestrian surveys in any of the local shopping centres within the Hinckley urban area, the catchment areas of which are likely to be subsets of Hinckley town centre's catchment. The OCA is defined in Figure 6.1, below.

Figure 6.1 Hinckley Town Centre - Overall Catchment Area



³⁷ We originally instructed NEMS to complete a total of 300 interviews in Hinckley town centre, but NEMS achieved a higher success rate.

Travel Mode to the Town Centre and Place of Parking

- 6.4 The car was the most popular means of transport to Hinckley town centre (including those who travelled by taxi), with 52.9 per cent of respondents citing this mode of transport. Walking was also a popular choice of transport for visits to the town centre, being cited by 30.6 per cent of respondents. In terms of public transport, the bus was cited by 15 per cent of respondents, but rail was cited by no respondents, despite the presence of a railway station in Hinckley.

Table 6.1 Travel Mode to the Centre

Car/Van/Taxi	Bus	Bicycle	Rail	Walk
52.9%	14.7%	1.5%	0.0%	30.6%

- 6.5 For those who drove to the town centre, the most popular named locations for car parking were the Britannia Centre (21.1 per cent); the Castle Street car park (10.5 per cent); and the Co-Op car park (8.2 per cent).

Frequency of Visit to Hinckley Town Centre

- 6.6 Over one third of respondents (37.6 per cent) reported that they visit Hinckley town centre 2 to 3 days a week, with an additional 25 per cent of respondents visiting the town centre more frequently (everyday or 4 to 6 days a week). Indeed, over 90 per cent of respondents visit the centre at least every two weeks.

Table 6.2 Frequency of Visit to Hinckley Town Centre

Frequency of Visit	% of Respondents
Everyday	14.1%
4 to 6 days a week	11.3%
2 to 3 days a week	37.6%
1 day a week	18.3%
Once every 2 weeks	9.2%
Once every month	6.7%
Less often than once every month	2.1%

Main Purpose of Visit to the Town Centre

- 6.7 The principal purpose for visiting Hinckley town centre was to purchase non-food items, such as shoes, clothes and jewellery, with 32.4 per cent of those surveyed providing such a response. A further 20 per cent of respondents were visiting Hinckley to use its services (such as banks, hairdressers, dry cleaners, and so on), and 14.1 per cent of respondents cited food and grocery shopping as their main reason for visiting the centre. Only 7.6 per cent of those questioned cited work as their main reason for visiting Hinckley.

Table 6.3 Main Purpose of Visit to the Town Centre

Top 3 Responses - % of Total Responses					
1		2		3	
To buy non-food goods	32.4%	For services	20.8%	To buy food and grocery items	14.1%

Aspects Most Liked/Disliked About the Town Centre and Ways to Improve It

- 6.8 Approximately one in three respondents were unable to identify an aspect of the town centre that they most liked, with 'nothing in particular' being the top response (33.9 per cent). The proximity and convenience of Hinckley was the next most frequently cited liked feature (by 24.8 per cent of respondents).
- 6.9 In terms of disliked features, over one third of respondents cited the lack of choice of national multiple shops as their main dislike. A further 25.7 per cent of respondents cited the lack of choice of independent/specialist shops, whilst 16.8 per cent noted that the quality of the shops is inadequate. 'Nothing in particular' was the response cited by 19.6 per cent of respondents in Hinckley when asked to name their main dislike.

Table 6.4 Aspects Most Liked/Disliked About the Town Centre

Top 2 Responses - % of Total Responses			
Likes		Dislikes	
1	2	1	2
Nothing in particular 33.9%	Near /convenient 24.8%	Lack of choice of national multiple shops 35.2%	Lack of choice of independent/specialist shops 25.7%

- 6.10 Respondents' suggested improvements for Hinckley town centre reflect the perceived weaknesses identified above. Indeed, the most frequently suggested improvements were 'more national multiple retailers' (30.3 per cent); 'a better choice of shops in general' (30.0 per cent); and 'better quality shops' (16.2 per cent).

Table 6.5 Suggested Improvements to the Town Centre

Top 3 Responses - % of Total Responses		
1	2	3
More national multiple retailers 30.3%	Better choice of shops in general 30.0%	Better quality of shops 16.2%

Adequacy of Current Commercial Leisure Facilities

- 6.11 Approximately 60 per cent of respondents considered that commercial leisure facilities are inadequate in Hinckley town centre.

Table 6.6 Is Hinckley Town Centre Lacking in Commercial Leisure Facilities?

Yes	No	Don't Know
60.2%	28.1%	11.6%

- 6.12 With regard to specific weaknesses in the commercial leisure offer, the absence of a cinema was - by a large majority - the most common response, with 77.7 per cent of respondents commenting on this perceived gap in Hinckley's leisure offer. Other common responses were the lack of bowling facilities (21.3 per cent) and activities for youngsters (15.4 per cent). Only one per cent of respondents cited the lack of pubs/bars as a key element missing from Hinckley's leisure offer, and only two per cent cited restaurants/café's as a key omission - although this may in part reflect the fact that the surveys were undertaken in the daytime, when younger people are less likely to use the town centre.

Table 6.7 Leisure Facilities Thought to be Lacking in Hinckley Town Centre

Top 3 Responses - % of Total Responses		
1	2	3
Cinema 77.7%	Bowling 21.3%	Activities for youngsters 15.4%

7 CURRENT PATTERNS OF RETAIL AND LEISURE VISITS

Introduction

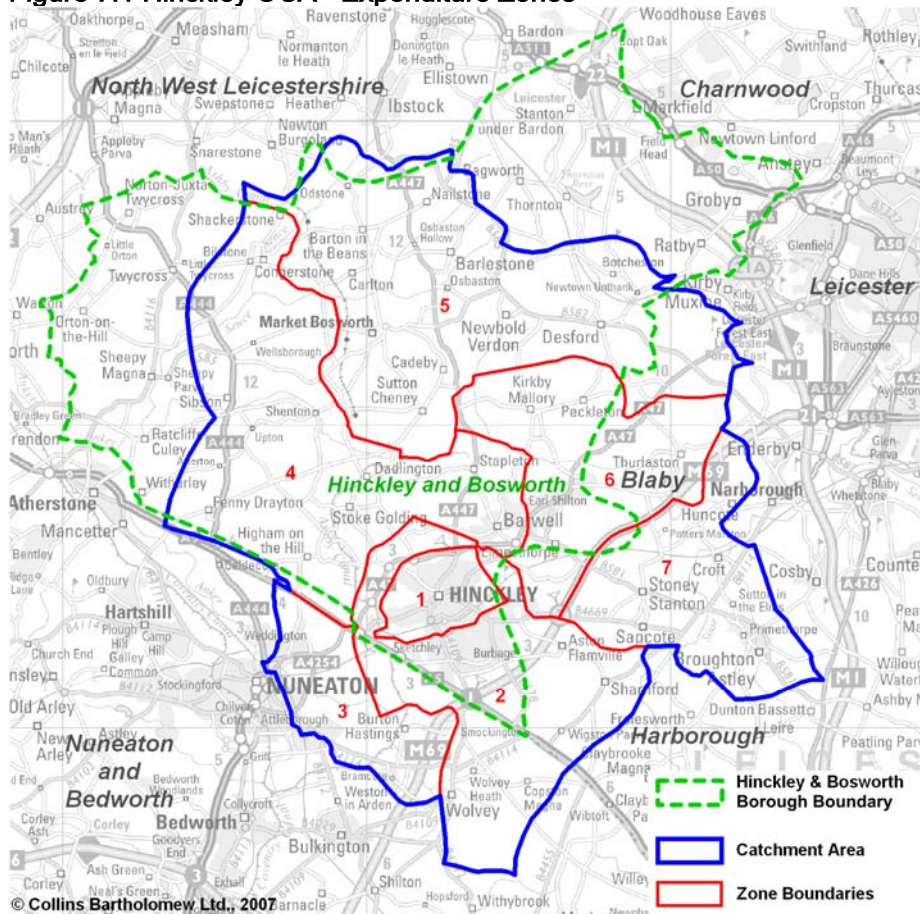
- 7.1 This section of our report falls into two main parts. First, we provide a brief overview of the methodology that we employ to establish current patterns of convenience and comparison shopping, using the results of the survey of households. We then describe the existing patterns and destinations for various forms of retail and leisure activity.

Methodology

- 7.2 Our assessment of current patterns of convenience (food) and comparison (non-food) spending is based on a comprehensive telephone survey of 1,000 households resident in seven zones encompassing Hinckley's OCA. The OCA's seven constituent zones are depicted in Figure 7.1. Only OCA zones 1 and 4 are located entirely within Hinckley & Bosworth Borough; the other zones cover parts of Rugby, Blaby, Nuneaton and Bedworth, and Harborough Districts.
- 7.3 The telephone household survey was undertaken in May 2007 by NEMS. The findings are based on a fully representative sample, with a minimum of 100 responding households from each of the seven survey zones shown in Figure 7.1, and with all results weighted to reflect the actual distribution of households across the catchment area in the year 2004.
- 7.4 NEMS states that the 95 per cent confidence interval is plus or minus 3.2 percentage points; thus, for example, when the sample survey suggests that 23.1 per cent of responding households last made a purchase of clothes and shoes in Hinckley town centre, we can be 95 per cent confident that the actual proportion of the total population in the OCA who last made a purchase of clothes and shoes in Hinckley town centre is between 19.9 per cent and 26.3 per cent (23.1 ± 3.2).
- 7.5 Many of the monetary figures given in this section of our report are to two decimal places and many of the percentages quoted are to one decimal place. However, this convention is merely to help the reader to trace the origin of figures which have been drawn from the spreadsheet tables that are presented in the separately bound Annex 2 entitled 'Retail and Leisure Capacity Spreadsheets'³⁸; we do not wish to imply a spurious level of accuracy and hence our reference to the statistical confidence level in paragraph 7.4 above.

³⁸ All mentions of 'Spreadsheets' in this section relate to those contained in separately bound Annex 2.

Figure 7.1 Hinckley OCA - Expenditure Zones



- 7.6 The telephone survey of households sought to establish current patterns of shopping for the following types of goods:
- main food and groceries;
 - top-up shopping for food and groceries;
 - clothes and shoes;
 - furniture, carpets, soft household furnishings;
 - DIY and decorating goods;
 - audio-visual, and domestic appliances such as fridges, cookers and other electrical goods; and
 - specialist non-food items such as china, glass, books, jewellery, chemists' goods, photographic goods, musical instruments and sports equipment.
- 7.7 In the comparison sector, in order to improve the accuracy of the sample and to provide every opportunity for visits to smaller retail centres to be recorded, we ask respondents to give details of their last two shopping trips for each of the five comparison sectors. Each of the two responses is afforded equal weighting.
- 7.8 This procedure allows for market shares to be calculated for each of the five types of comparison purchases (as defined under paragraph 7.6). We then calculate overall composite comparison market shares through the application of a second weight to reflect the proportion of expenditure on each type of goods, as shown in Table 7.1. The second weight is derived from MapInfo's per capita expenditure data for the catchment area (through analysis of the proportion of total expenditure typically spent by residents on each of the five different categories of comparison goods).

Table 7.1 Second Weighting Used in the Comparison Sector - Proportion of Expenditure on Each Type of Goods

Comparison Sub-sector	Weighting (%)
Clothes and shoes	22.7
Furniture, carpets, soft household furnishings	13.7
DIY and decorating goods	10.9
Domestic appliances such as fridges, cookers and other electrical goods	14.6
Specialist non-food items such as china, glass, books, jewellery, photographic goods, musical instruments and sports equipment	38.1
Total	100

7.9 In the convenience sector, the results of the two types of food and groceries expenditure (main and top-up) are merged - through the application of a weight which reflects the estimated proportion of expenditure accounted for by each type - so as to form a composite pattern of convenience spending, expressed as market shares for each destination centre or foodstore, for each survey zone. The weights were derived from the results of the household survey, in which residents were asked to estimate the amount of money their households spend each week on their main food and groceries shop and on top-up food and groceries shopping. The absolute amounts were then converted into percentages, to calculate the proportion of total household money spent on the main food shop and on top-up groceries shopping, and an average was calculated across the study area. The resultant weights are as follows:

- Main food and groceries = 79% of expenditure
- Top-up food and groceries = 21% of expenditure
- All convenience expenditure = 100%

7.10 The market shares for each zone are then applied to the pot of expenditure available to the residents of each zone - which is calculated using data on population and per capita spending from MapInfo - in order to express the patterns of shopping in absolute money terms, and so allow the turnover of each centre or store to be calculated. All monetary figures are expressed in year 2004 prices because MapInfo's expenditure data use this price base.

Comparison Shopping Patterns

7.11 Spreadsheet 2 sets out the OCA and zone populations for base year 2007, and then for reporting years 2011, 2016, 2021 and 2026. Spreadsheet 3 sets out the 'goods-based' per capita comparison expenditure in 2007 - which varies across the seven survey zones - and for each of the subsequent reporting years. Spreadsheet 4 then calculates the overall pot of money available in each zone and the OCA for the base year and each required reporting year. The total comparison expenditure for the 122,710 residents of the OCA in 2007 amounts to some £420.03m.

7.12 Spreadsheet 5 sets out the market shares - derived from the survey of households - achieved by each of the various centres, stores and retail parks located within and beyond Hinckley & Bosworth Borough, expressed as percentages. Spreadsheet 6 then converts the spending patterns to absolute money flows through the application of the percentage market share for each centre to the pot of money available to residents in each zone. Thus, Spreadsheet 6 shows that residents of zone 1 (Hinckley town centre and outlying area) have £102.83m available to spend on comparison goods at 2007; of this total, £45.31m is spent in Hinckley town centre. When the money flows to Hinckley town centre from each zone are added together, Spreadsheet 6 shows that, at 2007, £115.24m of the comparison expenditure of the catchment area's residents flows to Hinckley town centre (27.4 per cent of the total pot of expenditure available).

- 7.13 The 'Sub-total for Catchment' rows in Spreadsheets 5 and 6 show the proportion, and then the absolute amount, of comparison expenditure of the catchment area's residents which is retained by centres and stores located within the catchment. These are known as the 'retention rate' and the absolute 'retention' of expenditure. The comparison sector retention rate varies from 2.6 per cent for residents of zone 3 (to the east of Nuneaton) to 48.2 per cent for residents of zone 1 (Hinckley town centre and immediate outlying area). The zone 3 retention rate is particularly low, and may in part be explained by the A5 'barrier' between Nuneaton and Hinckley.
- 7.14 The total amount of catchment area residents' comparison expenditure which is retained by centres and stores within the OCA is £133.96m. The overall retention rate for all centres and stores within the catchment is therefore 31.9 per cent (£133.96m divided by £420.03m x 100). We consider this to be a relatively modest level of expenditure retention, although this is not surprising considering the close proximity of higher-order centres close to, but outside of, the catchment area boundary, and the fact that the OCA contains only one main centre (Hinckley).
- 7.15 The remainder of the comparison expenditure of the OCA's residents flows to centres and stores located beyond the catchment; these flows are known as 'leakage' and they amount to approximately 68.1 per cent of the overall comparison expenditure of OCA residents, or £286.07m (£420.03m total, minus retention of £133.96m).

Main Comparison Centres in the Hinckley & Bosworth OCA

- 7.16 The survey confirms Hinckley town centre's significance as by far the most important comparison retail centre within the catchment area, with an estimated turnover of £155.24m drawn from residents of the catchment and an overall market share or retention rate of 27.4 per cent. All other centres, retail parks and individual stores within the catchment area achieve very low market shares, with only small comparison turnovers derived from residents of the catchment. The second most important comparison spend location within the catchment area is Hinckley Retail Park at Sword Drive, with an estimated comparison turnover of £4.63m derived from residents (1.1 per cent of the available comparison goods expenditure), followed by Earl Shilton and Burbage, with estimated comparison turnovers of £3.34m and £3.06m, respectively (each representing less than 1 per cent of available expenditure).

Table 7.2 Main Comparison Goods Centres Within the OCA

	Total Comparison Turnover (£m 2004 prices)	Proportion of Available Comparison Goods Expenditure within the OCA (%)
Hinckley town centre	155.24	27.4%
Hinckley Retail Park, Sword Drive, LE10 OGL	4.63	1.1%
Earl Shilton	3.34	0.8%
Burbage	3.06	0.7%

Comparison Centres Outside of the Hinckley & Bosworth OCA

- 7.17 The survey results indicate that 68.1 per cent of the comparison goods expenditure of the catchment area's residents (equivalent to £286.07m of comparison goods spending) currently flows to destinations outside the catchment area. Three destinations together account for around 60 per cent of the leakage, these being: Fosse Park at Leicester which accounts for 15.2 per cent (£64.00m) of the catchment area's available comparison expenditure; Leicester city centre which accounts for a further 13.6 per cent (£57.09m); and Nuneaton town centre which accounts for 12.5 per cent (£52.43m) of the catchment area's available comparison expenditure.

Table 7.3 Main Comparison Goods Centres Outside of the OCA

	Total Comparison Turnover (£m 2004 prices)	Proportion of Available Comparison Goods Expenditure within the OCA (%)
Fosse Park, Fosse Park Avenue, Leicester	64.00	15.2%
Leicester city centre	57.09	13.6%
Nuneaton town centre	52.43	12.5%
Coventry city centre	10.16	2.4%

Analysis of Shopping Patterns - Comparison Goods Sub-Sectors

- 7.18 The analysis set out above relates to composite market shares. However, it is also useful to consider shopping patterns in relation to the five individual comparison goods sub-sectors, namely clothes and shoes; furniture, carpets and soft furnishings; DIY and decorating goods; audio-visual and domestic appliances; and specialist items such as china, glass, books, jewellery, photographic goods, musical instruments and sport equipment.

Clothes and Shoes Sub-Sector

- 7.19 Clothes and shoes is a critically important comparison sub-sector in terms of the success or otherwise of a town centre; analysis of shopping patterns in this sub-sector is therefore of considerable utility. Table 7.4 shows that Hinckley town centre achieves the highest clothes and shoes market share for four of the seven zones (zones 1, 2, 4 and 6), although it does not achieve the highest market share for the catchment as a whole. Indeed, Fosse Park, Leicester accounts for the highest market share of clothes and shoes expenditure for residents across the OCA as a whole (23 per cent), followed by Hinckley town centre (22 per cent), Leicester city centre (17 per cent), and then Nuneaton town centre (15 per cent).

Table 7.4 Clothes and Shoes Sub-sector - Market Shares of Town/City Centres by Zone

Market Share	Town/City Centres' Overall Clothes & Shoes Market Shares by Zone							
	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	All Zones
Highest	Hinckley TC (36%)	Hinckley TC (29%)	Nuneaton TC (52%)	Hinckley TC (28%)	Leicester CC (34%)	Hinckley TC (28%)	Fosse Park (49%)	Fosse Park (23%)
2nd Highest	Fosse Park (18%)	Fosse Park (25%)	Coventry CC (11%)	Nuneaton TC (19%)	Fosse Park (25%)	Leicester CC (24%)	Leicester CC (18%)	Hinckley TC (22%)
3rd Highest	Leicester CC (13%)	Leicester CC (16%)	Fosse Park (9%)	Fosse Park (19%)	Hinckley TC (12%)	Fosse Park (19%)	Hinckley TC (14%)	Leicester CC (17%)

Furniture, Carpets and Soft Household Furnishings Sub-Sector

- 7.20 Hinckley town centre achieves the highest market share for expenditure on furniture/carpets/soft furnishings amongst residents in zones 1, 2, 4 and 6, and has the highest overall market share across the catchment (26 per cent). Nuneaton town centre is the second most important location for spending on furniture/carpets/soft furnishings, achieving a 16 per cent market share across the OCA as a whole. Fosse Park, Leicester and Leicester city centre itself are also of significance, having the highest market shares in the sub-sector in zones 7 and 5, respectively (Table 7.5).

Table 7.5 Furniture/Carpets/Soft Household Furnishings Sub-sector - Market Shares of Town/City Centres by Zone

Market Share	City Centres' Overall Furniture/Carpets/Soft Household Furnishings Market Shares by Zone							
	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	All Zones
Highest	Hinckley TC (45%)	Hinckley TC (45%)	Nuneaton TC (52%)	Hinckley TC (23%)	Leicester CC (23%)	Hinckley TC (27%)	Fosse Park (31%)	Hinckley TC (26%)
2nd Highest	Nuneaton TC (13%)	Fosse Park (15%)	Coventry CC (10%)	Fosse Park (18%)	Fosse Park (19%)	Fosse Park (12%)	Leicester CC (23%)	Nuneaton TC (16%)
3rd Highest	Fosse Park (10%)	Leicester CC (11%)	Bedworth TC (7%)	Leicester CC (15%)	Hinckley TC (11%)	Leicester CC (10%)	Hinckley TC (15%)	Fosse Park (15%)

DIY and Decorating Goods Sub-Sector

- 7.21 Hinckley town centre achieves the highest market share for expenditure on DIY and decorating goods amongst residents in all zones, except zone 3, and the highest market share - by some distance - for the OCA as a whole (Table 7.6). In zone 1, the Hinckley 'core' zone, the centre accounts for some 73 per cent of residents' available DIY and decorating goods expenditure. Hinckley Retail Park at Sword Drive, Hinckley is the second most important location for spending on DIY and decorating goods, achieving a 9 per cent market share across the OCA as a whole. The Focus store at Weadington Road, Nuneaton is also significant, having the highest market share in the sub-sector in zone 3 (44 per cent).

Table 7.6 DIY and Decorating Goods Sub-sector - Market Shares of Town/City Centres by Zone

Market Share	Town/City Centres' Overall DIY and Decorating Goods Market Shares by Zone							
	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	All Zones
Highest	Hinckley TC (73%)	Hinckley TC (69%)	Focus Nuneaton (44%)	Hinckley TC (63%)	Hinckley TC (40%)	Hinckley TC (47%)	Hinckley TC (50%)	Hinckley TC (52%)
2nd Highest	Hinckley RP (12%)	B&Q Coventry (12%)	Nuneaton TC (20%)	Hinckley RP (16%)	B&Q Leicester (14%)	Hinckley RP (18%)	Hinckley RP (6%)	Hinckley RP (9%)
3rd Highest	B&Q Hinckley (4%)	Hinckley RP (7%)	B&Q Coventry (19%)	Leicester CC (4%)	B&Q Hinckley (10%)	B&Q Hinckley (15%)	B&Q Leicester (6%)	Focus Nuneaton (8%)

Audio-Visual and Domestic Appliances Sub-Sector

- 7.22 Table 7.7 shows that Hinckley town centre achieves the highest market share for expenditure on domestic appliances in zones 1, 2 and 4, and accounts for 27 per cent of the aggregate available expenditure for this sub-sector within the OCA. Fosse Park achieves the highest market share of domestic appliance expenditure in zones 5, 6 and 7, with Nuneaton town centre being the top-performing destination in zone 3.

Table 7.7 Domestic Appliances Sub-sector - Market Shares of Town/City Centres by Zone

Market Share	Town/City Centres' Overall Domestic Appliances Market Shares by Zone							
	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	All Zones
Highest	Hinckley TC (44%)	Hinckley TC (46%)	Nuneaton TC (45%)	Hinckley TC (40%)	Fosse Park (33%)	Fosse Park (26%)	Fosse Park (54%)	Hinckley TC (27%)
2nd Highest	Fosse Park (16%)	Burbage (13%)	Currys Nuneaton (13%)	Fosse Park (14%)	Leicester CC (17%)	Hinckley TC (23%)	Hinckley TC (14%)	Fosse Park (22%)
3rd Highest	Nuneaton TC (6%)	Fosse Park (12%)	Coventry CC (5%)	Nuneaton TC (11%)	Hinckley TC (9%)	Leicester CC (9%)	Leicester CC (7%)	Nuneaton TC (11%)

'Other' Comparison Goods Sub-Sector

- 7.23 The final comparison goods sub-sector relates to other non-food items such as china, glass, books, jewellery, photographic goods, musical instruments and sports equipment. Table 7.8 shows that Hinckley town centre again secures the highest market share in a number of zones (zones 1, 2 and 4), and attracts 23 per cent of residents' available specialist goods expenditure throughout the catchment. Leicester city centre attracts the highest market share in zones 5 and 6 (27 per cent and 33 per cent, respectively), Nuneaton town centre does the same in zone 3 (54 per cent), and Fosse Park, Leicester achieves the highest share in zone 7 (32 per cent).

Table 7.8 'Other' Comparison Goods Sub-sector - Market Shares of Town/City Centres by Zone

Market Share	Town/City Centres' Overall 'Other' Comparison Goods Market Shares by Zone							
	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	All Zones
Highest	Hinckley TC (40%)	Hinckley TC (38%)	Nuneaton TC (54%)	Hinckley TC (30%)	Leicester CC (27%)	Leicester CC (33%)	Fosse Park (32%)	Hinckley TC (23%)
2nd Highest	Leicester CC (16%)	Leicester CC (14%)	Coventry CC (7%)	Nuneaton TC (15%)	Fosse Park (16%)	Hinckley TC (23%)	Leicester CC (25%)	Leicester CC (18%)
3rd Highest	Fosse Park (8%)	Nuneaton TC (11%)	B'ham CC (5%)	Leicester CC (14%)	Hinckley TC (13%)	Fosse Park (8%)	Hinckley TC (11%)	Nuneaton TC (14%)

Convenience (Food and Groceries) Shopping Patterns

- 7.24 Spreadsheet 2 of Annex 2 sets out the OCA and zone populations for base year 2007, and then for each of the subsequent reporting years. Spreadsheet 12 sets out the 'goods-based' per capita convenience expenditure in 2007 - which varies across the seven survey zones - and for each of the reporting years. Spreadsheet 13 then calculates the overall pot of money available in each zone and the OCA for the base year and each required reporting year. The total convenience expenditure for the 122,710 residents of Hinckley's OCA in 2007 amounts to some £205.90m.
- 7.25 Spreadsheet 14 sets out the market shares - derived from the survey of households - achieved by each of the grocery stores named by respondents, expressed as percentages. Spreadsheet 15 then converts the spending patterns to absolute money flows through the application of the percentage market share for each centre to the pot of money available to residents in each zone. Thus, residents of zone 1 (Hinckley town centre and outlying area) have £51.10m available to spend on convenience goods at 2007; of this total, £21.83m is spent at the Asda store at Barwell Lane, Hinckley. When the money flows to Asda at Barwell Lane, Hinckley from each zone are added together, Spreadsheet 15 shows that £53.60m of the convenience expenditure of the residents of the OCA flows to that store.
- 7.26 The 'Sub-total for Catchment' rows in Spreadsheets 14 and 15 show the proportion (the 'retention rate'), and then the absolute amount, of convenience expenditure of the catchment area's residents which is retained by centres and stores located within the catchment. The convenience sector retention rate varies from 28.4 per cent for residents of zone 3 (to the east of Nuneaton) to 90.6 per cent for residents of zone 1 (Hinckley town centre and immediate outlying area). The total amount of OCA residents' convenience expenditure which is retained by centres and stores within the catchment area is £143.37m.
- 7.27 The overall convenience sector retention rate, therefore, is about 69.6 per cent (£143.37m divided by £205.90m x 100), which we consider to be a relatively modest aggregate level of retention for this type of retail. The remainder of the convenience expenditure of the OCA's residents flows to centres and stores located beyond the OCA; these flows are known as 'leakage' and they amount to approximately 30.4 per

cent of the total convenience expenditure of the OCA's residents, or £62.53m (£205.90m total, minus retention of £143.37m).

Main Convenience Stores within the OCA

- 7.28 The survey findings show that two stores each account for more than 15 per cent of the total convenience goods expenditure available to the residents of the OCA, these being the Asda store at Barwell Lane, Hinckley (26.0 per cent) and the Morrison's store at Stoke Road, Hinckley (18.1 per cent). The two stores account for an estimated £53.60m and £37.26m of the convenience goods expenditure of residents of the catchment, respectively.
- 7.29 Three other individual foodstores located within the OCA achieve market shares of 2 per cent or greater. Two of these are within Hinckley & Bosworth Borough; the Somerfield store at Hawley Road, Hinckley, which accounts for 6.2 per cent (£12.68m) of the convenience goods expenditure available within the catchment, and the Co-Op store at Wood Street, Earl Shilton which accounts for a further 2.7 per cent (£5.58m).
- 7.30 A total of seven stores located within the OCA collectively account for almost 60 per cent of the convenience expenditure of the catchment's residents (Table 7.9).

Table 7.9 Main Convenience Stores within Hinckley's OCA

	Estimate* of Total Convenience Turnover £m (2004 Prices)	Proportion of Available Convenience Goods Expenditure within the OCA (%)
Asda, Barwell Lane, Hinckley	53.60	26.0%
Morrisons, Stoke Road, Hinckley	37.26	18.1%
Somerfield, Hawley Road, Hinckley	12.68	6.2%
Extra Foodstore, Main Street, Broughton Astley	5.71	2.8%
Co-Op, Wood Street, Earl Shilton	5.58	2.7%
Somerfield, Horeston Grange	3.93	1.9%
Lidl, Hawley Road, Hinckley	2.73	1.3%
Total	121.49	59.0%

* These are estimates because the survey findings are subject to the confidence interval referred to in paragraph 7.5 and because of the weighting estimates referred to in paragraph 7.8.

- 7.31 The survey results indicate that approximately 30.4 per cent of the convenience expenditure of the OCA's residents flows to stores and centres outside the catchment. The main named destinations for households who shop in convenience stores outside the catchment are the Asda store at Newtown Road, Nuneaton, which accounts for £11.17m of the expenditure that leaks from the catchment (5.4 per cent of the total convenience goods expenditure of the catchment area's residents); the Sainsbury's store at Vicarage Street, Nuneaton, which accounts for a further £9.64m (4.7 per cent); and the Asda at Narborough Road South, Leicester, which accounts for £8.90m of the total leakage (4.3 per cent of the total convenience goods expenditure within the catchment).

Analysis of Convenience Market Shares by Individual Zone

- 7.32 Analysis of individual zones shows that in four zones (zones 1, 2, 4 and 6), more than 80 per cent of available convenience expenditure is retained within the OCA. This reflects the accessibility of the Asda and Morrisons stores in Hinckley (which serve residents in all four zones), and the Somerfield store at Hawley Road, Hinckley (primarily serving zone 2).
- 7.33 Zones 5 and 7 retain 56.9 per cent and 48.8 per cent of total convenience goods expenditure, respectively, reflecting the proximity of convenience goods stores around

Leicester and Coalville. Zone 3 has a retention rate of just 28.4 per cent, which reflects the availability of large convenience stores around Nuneaton, in particular the Asda store at Newtown Road and the Sainsbury's store at Vicarage Street. The market shares of individual foodstores in each zone are shown in Table 7.10.

Table 7.10 Convenience Sector - Market Shares of Individual Foodstores/Centres by Zone

Market Share	Stores' Overall Convenience Market Shares by Zone							
	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	All Zones
Highest	Asda Hinckley (43%)	S'fld Hinckley (29%)	Asda Nuneaton (32%)	Asda Hinckley (44%)	Morrisons Hinckley (17%)	Asda Hinckley (43%)	Asda Leicester (20%)	Asda Hinckley (26%)
2nd Highest	Morrisons Hinckley (28%)	Asda Hinckley (22%)	S'burys Nuneaton (26%)	Morrisons Hinckley (28%)	Asda Hinckley (15%)	Co-Op E.Shilton (27%)	Extra F'store B.Astley (17%)	Morrisons Hinckley (18%)
3rd Highest	S'fld Hinckley (7%)	Morrisons Hinckley (19%)	S'fld Horeston (13%)	Co-Op Barwell (5%)	Morrisons Coalville (8%)	Morrisons Hinckley (15%)	Asda Hinckley (12%)	S'fld Hinckley (6%)

Analysis of Shopping Patterns - Convenience Goods Sub-Sectors

- 7.34 The analysis set out above relates to composite market shares. Below, we briefly consider shopping patterns in relation to 'main' and 'top-up' spending.

Convenience Shopping Patterns - 'Main' Spend Destinations

- 7.35 Table 7.11 shows that the Asda store in Hinckley accounts for 28 per cent of all 'main' food shopping trips across the OCA as a whole, followed by the Morrisons store in Hinckley and the Asda store in Nuneaton, which account for 18 per cent and six per cent of 'main' convenience shopping trips, respectively.
- 7.36 At individual zone level, the Asda store in Hinckley achieves the highest proportion of 'main' convenience shopping trips for residents in zones 1, 4 and 6, whilst the Morrisons store in Hinckley is the main destination for residents in zone 5. The Asda store in Nuneaton accounts for the highest proportion of main convenience trips for residents in zone 3, which is unsurprising given the proximity of this zone to Nuneaton.

Table 7.11 Convenience Sector - Market Shares of Individual Foodstores/Centres by Zone ('Main' Shopping Trips)

Market Share	Stores' Convenience Market Shares by Zone (Main Food Shopping Trips)							
	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	All Zones
Highest	Asda Hinckley (44%)	S'fld Hinckley (23%)	Asda Nuneaton (31%)	Asda Hinckley (47%)	Morrisons Hinckley (17%)	Asda Hinckley (45%)	Asda Leicester (22%)	Asda Hinckley (28%)
2nd Highest	Morrisons Hinckley (28%)	Asda Hinckley (22%)	S'burys Nuneaton (27%)	Morrisons Hinckley (27%)	Asda Hinckley (16%)	Co-Op E.Shilton (21%)	S'burys Fosse Pk (14%)	Morrisons Hinckley (18%)
3rd Highest	S'fld Hinckley (5%)	Morrisons Hinckley (19%)	S'fld Horeston (10%)	S'burys Nuneaton (4%)	Morrisons Coalville (9%)	Morrisons Hinckley (17%)	Asda Hinckley (13%)	Asda Nuneaton (6%)

Convenience Shopping Patterns - 'Top-up' Spend Destinations

- 7.37 A total of 79 per cent of households across the OCA indicated that they undertake top-up convenience shopping trips in addition to their main food shopping trips. The stores cited by those respondents are displayed in Table 7.12.

Table 7.12 Convenience Sector - Market Shares of Individual Foodstores/Centres by Zone ('Top-up' Shopping Trips)

Market Share	Stores' Convenience Market Shares by Zone (Top-Up Trips)							
	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	All Zones
Highest	Asda Hinckley (16%)	S'fld Hinckley (25%)	Asda Nuneaton (14%)	Morrisons Hinckley (13%)	Co-Op Newbold Verdon (12%)	Co-Op E.Shilton (29%)	Extra F'store B.Astley (26%)	Asda Hinckley (8%)
2nd Highest	Morrisons Hinckley (16%)	'Other Stores', Hinckley (6%)	S'fld Horeston (14%)	Asda Hinckley (13%)	Co-Op Market Bosworth (9%)	Asda Hinckley (16%)	Asda Hinckley (16%)	Morrisons Hinckley (8%)
3rd Highest	'Other Stores', Hinckley (10%)	Morrisons Hinckley (6%)	Co-Op, St. Nicholas Pk Estate (12%)	Co-Op Barwell (13%)	Co-Op Barlestone (7%)	Morrisons, Hinckley / 'Other Stores', E. Shilton (each 4%)	Co-Op Croft (3%)	S'fld Hinckley (5%)

- 7.38 The results show that whilst some respondents do use larger foodstores for top-up shopping, smaller supermarkets and local shops also feature strongly in the responses, confirming that top-up food shopping is more of a locally based activity than main food shopping. Indeed, local shops in zones account for the greatest number of top-up shopping trips for residents in zones 2, 5, 6 and 7.
- 7.39 Smaller stores which attract a reasonable proportion of top-up expenditure within their local area include the Somerfield store in Hinckley (zone 2), local shops in Hinckley (zones 1 and 2), the Somerfield store in Horeston Grange (zone 3), the Extra Foodstore in Broughton Astley (zone 7), as well as Co-Op stores at Coniston Way, St. Nicholas Park Estate (zone 3), Barwell (zone 4), Newbold Verdon (zone 5), Market Bosworth (zone 5), Barlestone (zone 5), Earl Shilton (zone 6), and Croft (zone 7).

Leisure Patterns

- 7.40 The survey of households included a number of questions that asked residents within the study area where they spent the most money on certain types of leisure activity including visits to restaurants; cafés, bars and pubs; cinemas and theatres; family entertainment venues (such as ten pin bowling and ice skating); health and fitness facilities; as well as bingo halls/casinos/bookmakers (Table 7.13).

Restaurants

- 7.41 Some 71 per cent of all households surveyed across the OCA as a whole indicated that they visit restaurants. Of the residents that visit restaurants, the most popular destination for visits is Hinckley town centre (21 per cent of responses), followed by Nuneaton town centre (12 per cent) and then Leicester city centre (10 per cent). Hinckley town centre is the principal restaurant destination for residents in zones 1, 2, 4 and 6. Leicester city centre is the most popular destination for residents in zones 5 and 7, and Nuneaton town centre is the main destination for residents in zone 3.

Cafés, Bars & Pubs

- 7.42 Overall, 66 per cent of all households questioned visit cafés, bars and pubs. Hinckley town centre achieves - by some distance - the best market share among residents that do visit pubs, with 32 per cent. Indeed, Hinckley is the main destination for visits to bars and pubs for residents of five of the seven zones, these being zone 1 (63 per cent), zone 2 (43 per cent), zone 4 (35 per cent), zone 6 (35 per cent) and zone 7 (11 per cent). As expected, the nearest main towns to residents in each survey zone achieve the highest market share for café, bar and pub use. Therefore, Nuneaton

town centre is the main destination for residents in zone 3 (60 per cent), and Leicester city centre is the most popular destination for residents in zone 5.

Cinema and Theatre

- 7.43 The household survey indicates that 48 per cent all respondents do not visit cultural services such as cinemas and theatres. Of the residents that do visit such venues, the most popular destination is Nuneaton town centre (23 per cent), followed by the Meridian Leisure Park at Lubbesthorpe Way, Leicester (15 per cent), Leicester city centre (13 per cent), Hinckley town centre (13 per cent), and Coventry city centre (8 per cent). No other location was cited by four per cent or more of respondents who visit cinemas and theatres.

Family Entertainment Activities

- 7.44 According to the household survey, only 25 per cent of OCA residents engage in family entertainment activities, whether it be visiting an ice-skating rink, or undertaking other recreational activities such as ten-pin bowling. The dominant destinations for residents that engage in such activities are Nuneaton town centre and the Meridian Leisure Park at Lubbesthorpe Way, Leicester, which both achieve overall market shares of 21 per cent. Other destinations that are important for family entertainment activity are Coventry city centre, which achieves an overall market share of 15 per cent, and Leicester city centre, which is the destination for 10 per cent of OCA residents' family entertainment activities.

Health and Fitness

- 7.45 Less than a third of residents (28 per cent) stated that they use health and fitness facilities, such as gyms and sport centres. The most popular location for residents that do use such facilities is Hinckley town centre (51 per cent), followed by Nuneaton town centre (10 per cent), Market Place, Market Bosworth (6 per cent) and Leicester city centre (5 per cent). No other location was cited by more than four per cent of respondents.

Bingo, Casino & Bookmaker

- 7.46 A very high proportion of respondents do not play games of chance, that is, visiting bingo halls, casinos or bookmakers (92 per cent). For those residents of the catchment that do, the most popular destination is Hinckley town centre (29 per cent), followed by Nuneaton town centre (12 per cent), and then Coventry city centre (11 per cent).

Table 7.13 Town/City Centre Where Most Money is Spent on Leisure Activities

Survey Zone	Main Destination by Category of Leisure Pursuit					
	Restaurants	Cafés, Bars & Pubs	Cinema & Theatre	Family Entertainment	Health & Fitness	Bingo, Casino & Bookmaker
1	Hinckley TC	Hinckley TC	Nuneaton TC	Nuneaton TC	Hinckley TC	Hinckley TC
2	Hinckley TC	Hinckley TC	Coventry CC	Coventry CC	Hinckley TC	Hinckley TC
3	Nuneaton TC	Nuneaton TC	Nuneaton TC	Nuneaton TC	Nuneaton TC	Nuneaton TC
4	Hinckley TC	Hinckley TC	Nuneaton TC	Nuneaton TC	Hinckley TC	Hinckley TC
5	Leicester CC	Leicester CC	Meridian Leisure Park	Meridian Leisure Park	Market Bosworth	Joint 1 st - Burbage, Leicester CC, Desford & Coalville TC
6	Hinckley TC	Hinckley TC	Meridian Leisure Park	Meridian Leisure Park	Hinckley TC	Hinckley TC
7	Leicester CC	Hinckley TC	Meridian Leisure Park	Meridian Leisure Park	Hinckley TC	Joint 1 st - Hinckley TC, Leicester CC & Beaumont Shopping Centre, Beaumont Leys
Main Spend Destination (across all zones)	Hinckley TC	Hinckley TC	Nuneaton TC	Joint 1st - Nuneaton TC & Meridian Leisure Park	Hinckley TC	Hinckley TC

Conclusions on Retail and Leisure Spending Patterns

7.47 The survey of households has shown that:

- i) town centres, retail parks and individual stores located within Hinckley's OCA retain, collectively, some 32 per cent of the comparison expenditure of residents of the catchment, which we consider to be a relatively modest level of retention, although this is to some extent expected considering the close proximity of higher-order centres close to, but outside of, the catchment area boundary, and because the OCA only contains one main centre;
- ii) the main outflows (or leakage) of comparison expenditure are to Fosse Park, Leicester (£64.00m), Leicester city centre (£57.09m) and Nuneaton town centre (£52.43m), equating to composite market shares of about 15 per cent, 14 per cent and 13 per cent, respectively;
- iii) town centres and individual foodstores located within the OCA retain, collectively, some 70 per cent of the convenience expenditure of residents of the catchment, which is a relatively modest level of retention for this type of retail;
- iv) three zones have a convenience goods retention rate of less than 60 per cent, these being zone 5 (57 per cent), zone 7 (49 per cent) and zone 3 (28 per cent). The low retention rates achieved in each of these zones reflects the availability of large convenience stores around Nuneaton, Leicester and Coalville; and
- v) Hinckley town centre is the prime destination for four of the six leisure activities featured in the questionnaire. However, Nuneaton town centre is the most popular destination for both cinema and theatre trips and family entertainment activities amongst residents in zone 1 (the Hinckley town centre zone) and for residents of the OCA as a whole.

7.48 In summary, based on our performance analyses, our assessment of qualitative needs and the results of the survey of households, we consider that the OCA is currently performing moderately well. The proportion of available comparison goods

expenditure that is retained within the OCA (32 per cent) is, we consider, capable of improvement. There may also be scope to increase the OCA's retention of convenience goods expenditure from the current base position of 70 per cent. We return to this issue in Section 8.

8 QUANTITATIVE RETAIL CAPACITY ANALYSIS

Summary of Methodology and Data Inputs

- 8.1 The main steps in the assessment of the quantitative capacity for further retail floorspace are conceptually the same for both the comparison and convenience goods sectors. The methodology is summarised below, together with information on the various data inputs that we have used for our assessment of quantitative retail capacity:
- i) use the household survey data to establish the comparison and convenience goods spending patterns of residents of Hinckley's OCA and assess the overall retention of expenditure by centres and stores located within the OCA;
 - ii) forecast the growth in the comparison and convenience goods expenditure of the OCA's residents from 2007³⁹ to 2026, taking account of population change and real growth, over and above inflation, in per capita spending levels;
 - iii) consider the future retention rate - the proportion of the expenditure of the study area's residents that is spent in centres and stores located within the OCA;
 - iv) make allowances for '*claims*' on retail expenditure growth, which are:
 - o the growth in '*turnover efficiency*' (turnover per sq.m sales area) for existing retailers, of 2.25 per cent, per annum, for comparison retailers (this being the mid-point figure from Experian's 2.0 to 2.5 per cent, per annum range⁴⁰) and of 0.2 per cent, per annum for convenience retailers (this being the lower figure from Experian's suggested range of 0.2 to 1.2 per cent, per annum⁴¹);
 - o our best estimate of the likely growth over time in Special Forms of Trading (SFT), of which e-tail will be of most significance; and
 - o existing commitments for retail development; and then
 - v) convert the resulting residual expenditure (that is, growth in retained expenditure, less the three '*claims*' on it) to a potential sales floorspace '*capacity*'.
- 8.2 Each of the data inputs is important, but four particularly critical inputs are the rate of population change; the rate of per capita expenditure growth; the assumed retention rate; and the allowance made for SFT.

Population Growth

- 8.3 MapInfo provided initial population data for each of the seven zones for the year 2004. The forecast level of future growth has been principally derived from population data provided by Leicestershire County Council⁴², which has allowed us to model population growth at zone level. For areas lying outwith the administrative boundary of Leicestershire, we have used multipliers derived from Office for National Statistics population forecasts.
- 8.4 For each of the seven zones, the multiplier relevant to the predominant local authority in the zone was applied to the total population in that zone to estimate the population in each of the forecasting years. As such, the Hinckley & Bosworth population growth multiplier was applied to the population in zones 1, 2, 4, 5 and 6; the Nuneaton and

³⁹ Per capita retail expenditure data for the OCA have been provided by MapInfo, with bespoke data provided for each of the seven survey zones.

⁴⁰ Experian, *Retail Planner Briefing Note 4.0* (October 2006), page 21.

⁴¹ Footnote 8 on page 8 of Experian's *Retail Planner Briefing Note 2.2* (April 2005), which is reproduced as footnote 14 of *Retail Planner Briefing Note 4.0*.

⁴² Forecasts produced by Anglia Ruskin University in October 2006 using the Chelmer Housing and Population Model, based on dwelling projections set out in the draft East Midlands Regional Plan.

Bedworth multiplier was applied to zone 3; and the Blaby multiplier was used to estimate population growth in zone 7.

- 8.5 Using this method, the resident population across the entire OCA is forecast to increase from 122,710 in the 2007 base year to 132,911 in 2026. This equates to a total population increase of 8.3 per cent over the study period.

Per Capita Expenditure Growth Rates

- 8.6 As an alternative to projections of expenditure growth based on past trends, MapInfo has teamed up with Oxford Economics Forecasting (OEF) to produce forecasts for goods based expenditure growth in the period up to 2016, as set out in Table 2 of Information Brief 06/02. MapInfo sits on the fence and makes no recommendation as to whether the past trends projections or the OEF forecasts are to be preferred. However, we prefer the MapInfo/OEF forecasts, as opposed to their past trends projections, which MapInfo acknowledges have inherent weaknesses: *'...The projections are derived solely from past trends and take no account of current economics or future expectations. Convenience goods retail expenditure has been erratic over the last 40 years.'* In contrast, MapInfo states that the forecasts are: *'...consistent with past trends, but are also based upon expected changes in other economic variables of interest...'*
- 8.7 Accordingly, we have used goods based⁴³ per capita expenditure growth rates of 4.4 per cent, per annum (comparison sector) and 0.9 per cent, per annum (convenience sector), these being the forecasts for the 2005-2016 period specified in Table 2 of Information Brief 05/02. No forecasts are provided for the period beyond 2016; in the absence of any other evidence we have applied the same growth rates over the period to 2026.

Variation of the Retention Rate

- 8.8 A further critical variable is the overall future retention rate assumption. The current retention rate identified by the household survey for the comparison sector is 32 per cent and the convenience sector retention rate is 70 per cent. As discussed in Chapter 7, for both sectors we consider the rate to be capable of improvement.
- 8.9 The existing comparison sector retention rate of 32 per cent is relatively modest, even considering the close proximity of higher-order centres close to, but outside of, the OCA boundary (such as Leicester, Nuneaton and Coventry). Based on our health checks and consultations, our assessment of need and the results of the survey of households, we consider that there is scope for new development that could moderately increase this retention rate. Indeed, our analysis of operator requirements identified some encouraging interest in Hinckley from comparison retail operators.
- 8.10 Thus, we provide three sets of forecasts for comparison expenditure capacity. The first forecast is based on the maintenance of the existing retention rate, and the second is based on an assumed increase of the overall study area retention rate of four percentage points, from the current base position of 32 per cent to a new level of 36 per cent. The third forecast is the most ambitious, being based on an eight percentage point increase in the aggregate retention rate, to a new level of 40 per cent.
- 8.11 We consider that there is also some scope to increase the aggregate retention level in the convenience goods sector, given that the current retention rate of 70 per cent is relatively low for this type of retail. Accordingly, we test two convenience expenditure capacity scenarios, which model the effects of maintaining a constant retention rate throughout the study period, and of increasing the retention rate to a new level of 80 per cent, which is a level of retention that is typically achieved in similar locations elsewhere.

⁴³ PPS6 states (paragraph 3.10) that assessments of retail 'need' should be made using goods based data, and that *'business based cases will not be appropriate.'*

Special Forms of Trading

- 8.12 We have based our allowance for increases in expenditure claimed by SFT over the study period on those cited by Experian in Table 6.2 of Retail Planner Briefing Note 2.3D⁴⁴. In the comparison goods sector, Experian estimates that 'non-store retail sales' will account for 8.6 per cent of total expenditure at 2007 and 12.0 per cent by 2011. Estimates are only provided until 2014, at which point Experian estimates that non-store comparison sales will plateau at 12.4 per cent.
- 8.13 The household survey found that in the Hinckley OCA in 2007, 8.3 per cent of total expenditure on comparison goods is spent via the Internet, Mail Order or Catalogue (SFT), which is similar to Experian's estimate of 8.6 per cent. We have used the results of the household survey to make an allowance for SFT of 8.3 per cent in 2007, but have assumed that this will rise to 12.0 per cent by 2011, and 12.4 per cent by 2016, in line with Experian's advice in Retail Planner Briefing Note 2.3D.
- 8.14 In the convenience goods sector, Experian forecasts that SFT will account for 4.3 per cent of total expenditure at 2007 and 6.2 per cent by 2011. Again, forecasts are only provided until 2014, at which point it is estimated that non-store convenience sales will plateau at 6.5 per cent. The household survey found that in the Hinckley OCA in 2007, 4.0 per cent of total expenditure on convenience goods is spent via the Internet (SFT), which is similar to Experian's estimate of 4.3 per cent. We have used the results of the household survey to make an allowance for SFT of 4.0 per cent in 2007, but have assumed that this will rise to 6.2 per cent by 2011, and 6.5 per cent by 2016, in line with Experian's advice in Retail Planner Briefing Note 2.3D.

Quantitative Assessment of Need for Further Comparison Sector Floorspace

- 8.15 We have not sought to establish the individual capacities for any of the study centres, because the assessment of the capacity of individual centres based on constant market shares means little. Rather, we have taken a macro approach which assesses the overall amount of residual expenditure likely to be generated by residents of the whole of the study area, prior to making recommendations as to where, geographically, any residual should be met, taking into account the hierarchy of existing centres and the sequential approach.

Forecast Growth in Comparison Expenditure of Study Area Residents

- 8.16 Spreadsheets 2 to 10 of Annex 2 provide the projections for population, per capita spending and the overall comparison goods spend for residents of each of the seven zones. Table 8.1 below summarises the projected growth in comparison spending for residents in the whole of the Hinckley OCA, derived by applying the MapInfo/OEF forecast comparison expenditure growth rate of 4.4 per cent, per capita, per annum, as detailed in paragraph 8.7. The total increase in comparison goods expenditure that arises over the 2007-26 study period (£568.2m) equates to a growth of 135.3 per cent.
- 8.17 The total pot of expenditure available in the OCA for spending on comparison goods in each of the forecasting years is the same under Scenario A (constant retention rate), Scenario B (moderately rising retention rate) and Scenario C (substantially rising retention rate).

⁴⁴ Experian, *Retail Planner Briefing Note 2.3D, Estimates & Projections of the Share of E-tailing in UK Retail Spending*, December 2005

Table 8.1 Projected Growth in the Comparison Expenditure of Residents within Hinckley's OCA, £m (2004 Prices)

2007	2011	2016	2021	2026	Change 2007-11	Change 2011-16	Change 2016-21	Change 2021-26	Change 2007-26
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
420.0	489.1	615.6	778.8	988.2	69.1	126.5	163.2	209.4	568.2

- 8.18 Table 8.2 below sets out the amount of comparison expenditure which is retained by all centres and stores located within the catchment area and the growth in retained expenditure that results. Thus, the overall growth in retained expenditure in the OCA up to 2026 would amount to £182.3m under the constant retention rate Scenario A; £221.8m under the moderately rising retention rate Scenario B; and £261.3m under the substantially rising retention rate Scenario C.

Table 8.2 Comparison Expenditure Retained by Centres/Stores Located in Hinckley's OCA, £m (2004 Prices)

	2007	2011	2016	2021	2026	Change 2007-11	Change 2011-16	Change 2016-21	Change 2021-26	Change 2007-26
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Scenario A - Constant Retention Rate	134.0	156.5	197.0	249.2	316.2	22.6	40.5	52.2	67.0	182.3
Scenario B - Moderately Rising Retention Rate	134.0	163.9	221.6	280.4	355.7	29.9	57.8	58.7	75.4	221.8
Scenario C - Substantially Rising Retention Rate	134.0	163.9	221.6	296.0	395.3	29.9	57.8	74.3	99.3	261.3

Allowances for Claims on Comparison Expenditure Growth

- 8.19 Table 8.3 summarises the main deductions for the claims on the initial surplus of comparison expenditure - i.e. the allowances for existing retail planning commitments and for increased floorspace efficiency - for all retention rate scenarios. There are two comparison retail commitments to take account of in the OCA. These developments together comprise some 7,475 sq.m (80,431 sq.ft) of new comparison floorspace (net sales area). We estimate that this new floorspace and allowances for increased floorspace efficiency will together account for some £32.6m of the initial surplus of comparison expenditure at 2011 under Scenarios A, B and C.

Table 8.3 Initial Comparison Retail Expenditure Residual

Scenario A - Constant Retention Rate	Change 2007-11	Change 2011-16	Change 2016-21	Change 2021-26	Change 2007-26
Goods Base	£m	£m	£m	£m	£m
Initial Surplus	22.6	40.5	52.2	67.0	182.3
Claims on Capacity	32.6	19.6	21.9	24.5	98.6
Residual	-10.0	20.9	30.3	42.5	83.7
Scenario B - Moderately Rising Retention Rate	Change 2007-11	Change 2011-16	Change 2016-21	Change 2021-26	Change 2007-26
Goods Base	£m	£m	£m	£m	£m
Initial Surplus	29.9	57.8	58.7	75.4	221.8
Claims on Capacity	32.6	19.6	21.9	24.5	98.6
Residual	-2.7	38.2	36.8	50.9	123.2
Scenario C - Substantially Rising Retention Rate	Change 2007-11	Change 2011-16	Change 2016-21	Change 2021-26	Change 2007-26
Goods Base	£m	£m	£m	£m	£m
Initial Surplus	29.9	57.8	74.3	99.3	261.3
Claims on Capacity	32.6	19.6	21.9	24.5	98.6
Residual	-2.7	38.2	52.4	74.8	162.7

8.20 Table 8.3 shows that the range in the comparison goods residual under the three different retention rate scenarios at 2026 is from £83.7m to £162.7m. However, in all three scenarios over one third of the overall residual can be attributed to the final 2021-2026 reporting period; the total residual apparent at 2021 is £41.2m under the constant retention rate Scenario A, £72.3m under the moderately rising retention rate Scenario B, and £87.9m under Scenario C (substantially rising retention rate). It should also be noted that under all three scenarios there is a negative residual at 2011, due to the relatively large amount of comparison floorspace within the OCA that is currently committed in the planning pipeline.

8.21 The overall range in comparison expenditure residual, achieved by applying different retention rates, is relatively wide. However, even without an increasing retention rate, there is still a sizeable expenditure residual at 2021, which will be available to support new comparison retail floorspace within the study area.

Converting Residual Comparison Expenditure to Net Sales Floorspace Requirements⁴⁵

8.22 In order to translate residual expenditure into floorspace, we use a floorspace efficiency rate at 2011 of £4,589 per sq.m net. This is derived by combining the current floorspace efficiency rate of Hinckley 'high street' comparison-type retail developments of £5,000 per sq.m net in the year 2007, and a lower efficiency rate of £2,200 per sq.m net which is closer to what could be expected to be achieved by a range of 'bulky goods' or retail warehouse-type stores, in the ratio of 85 per cent ('high street') to 15 per cent ('bulky goods'). We then incorporate a 2.25 per cent, per annum forecast growth rate to calculate a composite floorspace efficiency rate which equates

⁴⁵ Our floorspace forecasts for both the comparison and convenience sectors should be treated as indicative only. Long-term forecasts to 2021 and 2026, whilst valuable for strategic planning purposes, should be regarded as subject to increasing uncertainty in the later parts of the study period and should be kept under regular review.

to £4,589 per sq.m net in 2011, £5,129 per sq.m net in 2016, £5,876 per sq.m net in 2021, and £6,408 per sq.m net in 2026.

- 8.23 Table 8.4 draws together the findings and converts the residual expenditure totals for each of the retention rate scenarios into theoretical net sales⁴⁶ floorspace requirements.
- 8.24 For the OCA as a whole, the quantitative need up to 2026 ranges from 13,680 sq.m (147,196 sq.ft) net under the constant retention rate Scenario A, to 21,067 sq.m (226,681 sq.ft) net under the moderately rising retention rate Scenario B, and to 27,455 sq.m (295,416 sq.ft) under the more ambitious Scenario C. Again, it should be emphasised that over one third of this requirement arises between 2021 and 2026; in the period 2007-2021, the quantitative need equates to 7,046 sq.m (75,815 sq.ft) net under Scenario A, 13,126 sq.m (141,236 sq.ft) net under Scenario B; and 15,776 sq.m (169,750 sq.ft) net under Scenario C.

Table 8.4 Conversion of Expenditure Surplus to Comparison Floorspace Requirements

Scenario A - Constant Retention Rate					
COMPARISON	2007-11	2011-16	2016-21	2021-26	2007-26
Goods Base Residual (£m)	-10.0	20.9	30.3	42.5	83.7
Assumed Floorspace Efficiency, £/sq.m sales area	4,589	5,129	5,876	6,408	
Floorspace Requirement, sq.m sales area	-2,185	4,072	5,159	6,634	13,680
Scenario B - Moderately Rising Retention Rate					
COMPARISON	2007-11	2011-16	2016-21	2021-26	2007-26
Goods Base Residual (£m)	-2.7	38.2	36.8	50.9	123.2
Assumed Floorspace Efficiency, £/sq.m sales area	4,589	5,129	5,876	6,408	
Floorspace Requirement, sq.m sales area	-587	7,443	6,269	7,941	21,067
Scenario C - Substantially Rising Retention Rate					
COMPARISON	2007-11	2011-16	2016-21	2021-26	2007-26
Goods Base Residual (£m)	-2.7	38.2	52.4	74.8	162.7
Assumed Floorspace Efficiency, £/sq.m sales area	4,589	5,129	5,876	6,408	
Floorspace Requirement, sq.m sales area	-587	7,443	8,920	11,679	27,455

- 8.25 The comparison expenditure capacity forecasts should be interpreted with some care. First, as we have indicated above, over one third of the expenditure residual available to support new floorspace identified under each of the retention rate scenarios does not arise until the 2021-26 period. Notwithstanding this, the floorspace requirements arising by 2021 from all of the constant and rising retention rate scenarios are still significant.
- 8.26 Secondly, the positive capacity residual in the comparison sector does not necessarily imply that there is scope for further out-of-centre development; it will be necessary to evaluate any individual proposals as they come forward in the light of the specific format of retailing proposed, and the scale of identified requirements. Indeed, any proposals which come forward in out-of-centre locations will need to be subject to the stringent application of the five key national policy tests and there must be no risk of any harm to the vitality and viability of the catchment's centres.
- 8.27 Nevertheless, it is evident that - even when assuming no increase in the retention rate from its current level of 32 per cent - there is scope for a significant amount of additional comparison retail development within the Hinckley OCA during the periods up to 2021 and 2026, over and above existing planning commitments. Such development will be necessary in order to meet the shopping needs of local residents

⁴⁶ Typical net to gross ratios are 70 per cent for 'high street' comparison retail and 80 to 90 per cent for comparison retail warehouses.

and thereby assist in maintaining the current role and position of Hinckley in the retail hierarchy.

Summary of Quantitative Need in the Comparison Sector

- 8.28 There is a clear quantitative need for additional comparison retail floorspace in the Hinckley OCA. In the period to 2021, the identified quantitative need is from around 7,000 sq.m (75,800 sq.ft) net when assessed on the basis of a constant retention rate (Scenario A); around 13,100 sq.m (141,250 sq.ft) net based on a moderately rising retention rate (Scenario B); and approximately 15,800 sq.m (170,000 sq.ft) when based on a substantially rising retention rate (Scenario C). We consider that there is realistic scope to increase the retention rate moderately and so we recommend that the Council should plan on the basis of the Scenario B figure.
- 8.29 In the 2007-26 period, the overall comparison retail floorspace requirement range increases to around 13,700 sq.m (147,200 sq.ft) net under Scenario A; around 21,100 sq.m (226,700 sq.ft) under Scenario B; and around 27,500 sq.m (295,900 sq.ft) under Scenario C. The identified floorspace requirements are based on three scenarios; a static retention rate of 32 per cent (Scenario A); a moderately rising retention rate, from 32 per cent to 36 per cent over the period 2007 to 2026 (Scenario B); and a substantially rising retention rate. As discussed above, we advocate that the Council should adopt the floorspace requirement arising under Scenario B as its policy aspiration.

Quantitative Assessment of Need for Further Convenience Sector Floorspace

- 8.30 As with the comparison sector, we have not sought to establish the individual capacities for each of the various centres within the study area, and have instead taken a macro approach which assesses the overall amount of residual expenditure likely to be generated by residents of the whole of the study area. We then make recommendations as to where, geographically, any residual should be met, taking into account the hierarchy of existing centres and the sequential approach.
- 8.31 The OCA as a whole retains 70 per cent of available convenience expenditure, which is a relatively modest overall level of expenditure retention for this type of retail. Indeed, some zones (in particular, zone 3 and 7) retain very low proportions of convenience expenditure (under 50 per cent). Although these zones are located close to large supermarkets outside of the catchment area (for example, the Asda and Sainsbury's stores at Nuneaton and the Asda at Narborough Road South, Leicester), there is still potential to increase the retention rate in these zones.
- 8.32 Indeed, given the localised nature of convenience shopping, it would be desirable from a policy perspective to consider increasing the convenience goods retention level. Therefore, our assessment again proceeds on the basis of two scenarios; a static retention rate of 70 per cent (Scenario A), and a rising retention rate, from 70 per cent to 80 per cent over the period 2007 to 2026 (Scenario B).

Forecast Growth in Convenience Expenditure of OCA Residents

- 8.33 Spreadsheet 2 and Spreadsheets 12 to 19 of Annex 2 provide the projections for population, per capita spending and the overall convenience goods spend for residents of each of the seven OCA zones. Table 8.5 below summarises the projected growth in convenience spending for residents in the whole of the OCA, derived by applying the MapInfo/OEF forecast convenience expenditure growth rate of 0.9 per cent, per capita, per annum. The total increase in convenience goods expenditure that arises over the 2007-26 study period (£51.8m) equates to a growth of 25.2 per cent.

- 8.34 The total pot of expenditure available in the OCA for spending on convenience goods in each of the forecasting years is the same under Scenario A (constant retention rate) and Scenario B (rising retention rate).

Table 8.5 Projected Growth in the Convenience Expenditure of Residents of Hinckley's OCA, £m (2004 Prices)

2007	2011	2016	2021	2026	Change 2007-11	Change 2011-16	Change 2016-21	Change 2021-26	Change 2007-26
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
205.9	212.4	225.7	240.8	257.7	6.5	13.3	15.1	16.9	51.8

- 8.35 Table 8.6 below sets out the amount of convenience expenditure which is retained by all foodstores located within the catchment area and the growth in retained expenditure that results. The overall growth in retained expenditure in the OCA up to 2026 amounts to £36.0m under the constant retention rate Scenario A, and to £62.8m under the rising retention rate Scenario B.

Table 8.6 Convenience Expenditure Retained by Centres/Stores Located in Hinckley's OCA, £m (2004 Prices)

	2007	2011	2016	2021	2026	Change 2007-11	Change 2011-16	Change 2016-21	Change 2021-26	Change 2007-26
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Scenario A Constant Retention Rate	143.4	147.9	157.1	167.7	179.4	4.5	9.3	10.5	11.8	36.0
Scenario B Rising Retention Rate	143.4	157.2	176.0	192.6	206.1	13.8	18.9	16.6	13.5	62.8

Allowances for Claims on Convenience Expenditure Growth

- 8.36 Before the increases in retained convenience expenditure can be converted into theoretical floorspace requirements, it is necessary to allow for food retail planning commitments. However, in the case of the Hinckley catchment, we understand that there are currently no foodstore commitments.
- 8.37 A deduction is necessary though in order to allow for the likely growth in productivity amongst existing retailers within the OCA, of 0.2 per cent, per annum, as detailed in paragraph 8.1. This growth represents a 'claim' on the forecast increase in retained expenditure, and thus not all of the increase will be available to support new floorspace.

Residual Expenditure - Convenience Sector

- 8.38 Table 8.7 summarises the main deductions for the claims on the initial surplus of convenience expenditure, under each of the retention rate scenarios. The table shows an overall positive residual at 2026 under both scenarios.
- 8.39 The range in the convenience goods residual under the two different retention rate models at 2026 is from £30.5m to £57.2m. As in the comparison retail sector, a significant proportion of the overall residual can be attributed to the final 2021-2026 reporting period; the total residual apparent at 2021 is £20.2m under the constant retention rate Scenario A and £45.2m under the rising retention rate Scenario B.

Table 8.7 Initial Convenience Retail Expenditure Residual

Scenario A - Constant Retention Rate	Change 2007-11	Change 2011-16	Change 2016-21	Change 2021-26	Change 2007-26
Goods Base	£m	£m	£m	£m	£m
Initial Surplus	4.5	9.3	10.5	11.8	36.0
Claims on Capacity	1.2	1.5	1.5	1.5	5.5
Residual	3.4	7.8	9.0	10.3	30.5
Scenario B - Rising Retention Rate	Change 2007-11	Change 2011-16	Change 2016-21	Change 2021-26	Change 2007-26
Goods Base	£m	£m	£m	£m	£m
Initial Surplus	13.8	18.9	16.6	13.5	62.8
Claims on Capacity	1.2	1.5	1.5	1.5	5.5
Residual	12.6	17.4	15.1	12.0	57.2

Converting Residual Expenditure to Net Convenience Retail Floorspace Requirements

- 8.40 In order to translate residual expenditure into floorspace requirements, we use an assumed sales density of £8,360 per sq.m net in the 2007 base year, which corresponds to the average turnover efficiency of all major foodstore operators⁴⁷. The lower levels of expenditure growth in the convenience sector (in relation to the comparison sector) indicate a reduced need to take account of increases in floorspace efficiency. However, it is still necessary to make some allowance for increased turnover of new floorspace in the future and we do so by increasing the 'base' floorspace efficiency by 0.2 per cent, per annum to calculate floorspace efficiency rates of £8,427 per sq.m net in 2011, £8,512 per sq.m net in 2016, £8,597 per sq.m net in 2021, and £8,683 per sq.m net in 2026.
- 8.41 Table 8.8 draws together the findings and converts the outputs from each of the retention rate scenarios - the residual expenditure totals - into theoretical net sales⁴⁸ floorspace requirements.
- 8.42 For the OCA as a whole, the quantitative need up to 2026 ranges from 3,552 sq.m (38,220 sq.ft) net under the constant retention rate Scenario A, to 6,691 sq.m (71,995 sq.ft) net under the rising retention rate Scenario B. In the period 2007-2021, the quantitative need equates to 2,369 sq.m (25,490 sq.ft) net under Scenario A, and to 5,306 sq.m (57,093 sq.ft) net under Scenario B.

⁴⁷ Mintel, *Retail Rankings*, 2006

⁴⁸ The typical gross to net ratio for convenience retail stores is 65 per cent.

Table 8.8 Conversion of Expenditure Surplus to Convenience Floorspace Requirements

Scenario A - Constant Retention Rate					
CONVENIENCE	2007-11	2011-16	2016-21	2021-26	2007-26
Goods Base Residual (£m)	3.4	7.8	9.0	10.3	30.5
Assumed Floorspace Efficiency, £/sq.m sales area	8,427	8,512	8,597	8,683	
Floorspace Requirement, sq.m sales area	399	918	1,053	1,183	3,552
Scenario B - Rising Retention Rate					
CONVENIENCE	2007-11	2011-16	2016-21	2021-26	2007-26
Goods Base Residual (£m)	12.6	17.4	15.1	12.0	57.2
Assumed Floorspace Efficiency, £/sq.m sales area	8,427	8,512	8,597	8,683	
Floorspace Requirement, sq.m sales area	1,500	2,047	1,760	1,385	6,691

Summary of Quantitative Need in the Convenience Sector

- 8.43 Forecast expenditure increases in the convenience sector are much more modest than in the comparison sector. The resultant quantitative requirements for further convenience goods floorspace in the periods up to 2021 and 2026 are therefore considerably smaller than in the comparison retail sector. Under the constant retention rate Scenario A, there is scope for around 3,500 sq.m (38,200 sq.ft) of additional convenience floorspace (net sales area) in the period to 2026, based on the floorspace efficiency of typical supermarket operators. Under the rising retention rate Scenario B, there is scope for around 6,700 sq.m (72,000 sq.ft) of additional convenience floorspace (net sales area) in the period to 2026. As in the comparison sector, this is a wide range but we consider that the Council should plan on the basis of the higher Scenario B forecasts, which we consider are realistically achievable.
- 8.44 The convenience floorspace requirements arising in the shorter period to 2021 are in the range 2,400 sq.m (25,500 sq.ft) net under Scenario A, to 5,300 sq.m (51,100 sq.ft) net under Scenario B. Again, we advocate that the Council should adopt the Scenario B figure as its policy aspiration target.
- 8.45 These floorspace requirements relate to the growth in retained expenditure for the whole of the OCA and development to meet most, or all of it, should be channelled to the existing town, district and local centres within the catchment if at all possible. Development that could help to improve localised retention rates should be viewed favourably, subject to the sequential approach and having ensured that the proposed quantum of floorspace is of an appropriate scale.

9 ASSESSMENT OF SCOPE FOR ADDITIONAL COMMERCIAL LEISURE PROVISION

Forecast Increases in Leisure Expenditure

- 9.1 The approach to the assessment of quantitative need in the leisure sector is less well developed than in the retail sector. Furthermore, development in the leisure sector has historically been very market-led, and it is only recently that leisure has been brought into the range of uses covered by the sequential approach.
- 9.2 Nevertheless, Experian⁴⁹ and MapInfo⁵⁰ have recently published information on leisure spending in six COICOP (Classification of Individual Consumption by Purpose) categories. For this study we obtained leisure expenditure data from MapInfo. Analysis of the data reveals the following pattern of 'leisure services spend' across Hinckley's overall catchment area (OCA)⁵¹:

Table 9.1 Breakdown of Leisure Spend in the Hinckley OCA in 2004

COICOPS Categories	Description	Spend Per Capita £	% of Total Leisure Services Spend
11.1	Restaurants, cafés and the like	1,283	62.7
9.4.2	Cultural services	211	10.3
11.2	Accommodation services	205	10.0
9.4.3	Games of chance	167	8.2
9.4.1	Recreational and sporting services	97	4.7
12.1.1	Personal care (hairdressers etc)	82	4.0
TOTAL 'LEISURE SERVICES' SPEND		2,045	100.0

- 9.3 Table 9.1 shows that COICOP category 11.1 ('*restaurants, cafés and the like*') accounts for just over three fifths of the average per capita spend on leisure services. Analysis at a finer level of detail shows that some of the COICOP category 11.1 spend is accounted for by school meals, eating in canteens, and so on, with restaurants/cafés, pubs/bars and take-aways/snack bars together accounting for around 48 per cent of total leisure services spend. We use this more accurate figure (48 per cent, rather than 62.7 per cent) to forecast the capacity for additional food & drink outlets, as discussed later in this section.
- 9.4 '*Cultural services*' and '*accommodation services*' are the second and third highest categories, but each of these accounts for just 10 per cent of leisure services spend. Furthermore, commercially oriented property developments, such as cinemas, account for only a small fraction of spend on cultural services (5.1 per cent), with bingo halls and casinos accounting for just 7.2 per cent and 9.5 per cent of spend, respectively, on games of chance⁵².
- 9.5 Bearing in mind the structure of current spend on leisure services, our next step in the assessment of leisure need was to calculate the growth in leisure spend for residents of Hinckley's OCA in the period 2007 to 2021. We sourced per capita leisure

⁴⁹ Experian, *Retail Planner Briefing Note 4.0* (October 2006), Table 2.1.

⁵⁰ MapInfo, *2004 Leisure Goods & Services Expenditure at Output Area Level: Product Guide* (March 2007), and associated leisure expenditure dataset.

⁵¹ 'Leisure services spend' is less than 'total leisure spend', because the latter includes spending on other leisure pursuits which are outside the remit of this study (such as 'games, toys & hobbies', 'sport', 'books' and 'gardening').

⁵² Betting accounts for the greatest proportion of 'games of chance' expenditure (36.5 per cent at 2007, according to the Leisure Industries Research Council).

expenditure data from our in-house MapInfo dataset for residents of the same seven zones that we used for the retail forecasts (as depicted in Figure 7.1). This is set out in Spreadsheet CL1 in Annex 2, which also shows how the leisure spend is projected forward to the year 2021, using Experian's recommended growth rate for spending on leisure services of 1.4 per cent, per capita, per annum for the period 2005 to 2015⁵³. For completeness, we also project leisure spend forward to 2026 in Spreadsheet CL1. However, for the purposes of planning for commercial leisure needs, we caution against looking beyond 2021, which is itself a long time period in the commercial leisure sector; the remainder of this section proceeds on this basis.

- 9.6 Spreadsheet CL1 reveals that, using the population growth data described in Section 8, the total leisure spend for Hinckley's OCA is projected to grow from £261.6m in 2007 to £281.5m by 2011, £307.5m by 2016 and again to £336.2m by 2021. Projected growth in spending on leisure services therefore amounts to 28.5 per cent in the period up to 2021. This far exceeds the total projected population growth in this period, of 5.8 per cent.
- 9.7 In absolute terms, the growth in leisure services spend within the OCA in the period to 2021 amounts to £74.6m. Applying the current market shares (from Table 9.1 above and refined for the food & drink sector using more detailed data as described in paragraph 9.3), some 48 per cent of this growth (£35.7m) will be for restaurants/café, pub/bars and take-away outlets. In contrast, the growth that would be absorbed by cinemas at current market shares of leisure spending would be less than 1 per cent (£397,000), with bingo halls (£437,000) and casinos (£579,000) each also absorbing less than 1 per cent of the growth.

Conversion of Expenditure Increases to Additional Leisure 'Requirements'

Cinemas

- 9.8 Data from Dodona suggest that the average multiplex screen accounts for an annual spend of £301,000 in ticket revenue, whereas an independent screen accounts for £148,000 per annum in ticket revenue. Thus, the £397,000 increase in cinema expenditure arising in Hinckley's OCA by 2021 as a consequence of growth in population and per capita leisure expenditure is theoretically sufficient to support only one multiplex cinema screen within the OCA, or about two or three additional independent screens.
- 9.9 However, it is not sufficient to simply convert the growth in cinema expenditure to a notional 'requirement' for screens. Cinema operators make decisions based on 'screen density' - that is, the existing provision within appropriate drive-time isochrones, taking account of population levels. The latest information that we have access to indicates that the average travel time to a cinema is around 18 minutes⁵⁴. We have therefore analysed cinema provision within an 18-minute drive-time of Hinckley. The findings are reproduced below as Table 9.2.
- 9.10 The actual population within an 18-minute drive-time of Hinckley is 200,848 persons, whereas the theoretical population required to support the current provision of 22 screens within the 18-minute isochrone⁵⁵ is 418,000 persons (at 19,000 persons per screen). Thus, Table 9.2 shows that there is a population deficit in the 18-minute drive-time of 217,150 persons.

⁵³ Experian, *Retail Planner Briefing Note 4.0*, Table 3.2 (we do not have access to the corresponding MapInfo forecasts). Experian's forecasts do not go beyond 2015; in the absence of any alternative information we have therefore also applied the 1.4 per cent, per annum forecast growth rate to the post-2015 period.

⁵⁴ Source: Caviar

⁵⁵ These being the 8-screen Odeon cinema in Nuneaton and the 14-screen Showcase facility in Coventry

Table 9.2 Cinemas Within an 18-minute Drivetime of Hinckley

Town	No of Cinemas Within 18 Minute Drivetime	No of Screens Within 18 Minute Drivetime	Actual Popn Within 18 Minute Drivetime	Required Popn for Current No. of Screens Within 18 Minutes	Surplus/ Deficit
Hinckley	4	22	200,848	418,000	-217,152

Based on a popn. density of 19,000 persons per screen, which is the average for the 'Midlands' region
(source: Cinema Advertising Association)

- 9.11 For completeness, Table 9.3 compares the actual population within a wider 25-minute drive-time of Hinckley (675,358 persons) with the theoretical population required to support the current provision of 52 screens within the 25-minute isochrone⁵⁶, of 988,000 persons (at 19,000 persons per screen). On that basis, there is an even greater population deficit, of 312,650 persons.

Table 9.3 Cinemas Within a 25-minute Drivetime of Hinckley

Town	No of Cinemas Within 25 Minute Drivetime	No of Screens Within 25 Minute Drivetime	Actual Popn Within 25 Minute Drivetime	Required Popn for Current No. of Screens Within 25 Minutes	Surplus/ Deficit
Hinckley	5	52	675,358	988,000	-312,642

Based on a popn. density of 19,000 persons per screen, which is the average for the 'Midlands' region (source: Cinema Advertising Association)

- 9.12 Thus, residents within the Hinckley OCA already have a comparatively good choice of cinemas within a reasonable drive-time (18-25 minutes); although it is worth bearing in mind that not all young people have access to a car. Nevertheless, we consider that Hinckley is unlikely to be viewed by the major multiplex operators as a priority location for additional cinema screen provision given the quality of the existing provision in areas surrounding Hinckley.
- 9.13 There may be scope for two or three independent cinema screens, or a small multiplex facility. However, whilst there are plenty of examples around the country of centres that still have small cinemas, it is noteworthy that in many cases the resident population in these local authority areas comprises a broader ethnic mix than in Hinckley & Bosworth.

Bingo

- 9.14 The only bingo facility within the OCA is the Flutters Bingo & Social Club at Rugby Road in Hinckley, although a Gala club is available in Nuneaton, just outside the boundary of OCA zone 3.
- 9.15 Seven other Gala clubs are available in Leicester, Rugby, Tamworth and Coventry, and Leicester also has Top Ten and Mecca clubs. However, each of these nine bingo clubs is more than 10 miles from Hinckley and, therefore, likely to be attractive to only a minority of OCA residents. This is borne out by the household survey which shows that Coventry and Leicester city centres are the destination for just 11 per cent and 6 per cent, respectively, of those respondents who visit bingo clubs, bookmakers or casinos. Rugby and Tamworth were not cited by a material number of respondents.
- 9.16 Thus, there appears to be a qualitative gap in bingo provision within the Hinckley OCA. The additional £437,000 in bingo expenditure arising in the OCA by 2021 is insufficient to support a Gala or Mecca-type club, which currently generate average annual net stakes of around £1.47m per branch. However, the £437,000 is probably sufficient to

⁵⁶ These being the 8-screen Odeon cinema in Nuneaton, the 14-screen Showcase facility in Coventry, the 12-screen Odeon and the 9-screen Vue cinemas in Leicester, and the 9-screen Cineworld facility in Rugby.

support one additional neighbourhood club, for which annual net stakes average around £444,000 per branch.

Casinos

- 9.17 The additional £579,000 in casino expenditure arising by 2021 - at constant market shares - is substantially below the level required to support a small-scale 'traditional' casino, which generate average annual turnovers of around £3.6m per casino⁵⁷.

Food & Drink

- 9.18 Approximately 29 per cent of survey respondents stated that they do not visit restaurants. Of those respondents that do visit restaurants, Hinckley town centre accounts for around 21 per cent of all responses, with other locations within the OCA accounting for a further 11 per cent of total responses. Restaurants in named locations outside of the OCA currently account for around 32 per cent of respondents' last visits to such facilities, with Nuneaton town centre and Leicester city centre achieving the highest market shares. The remaining respondents - around 36 per cent - stated 'don't know' or 'it varies'.
- 9.19 A slightly more localised pattern of visits is evident in relation to pubs and bars. About 34 per cent of respondents stated that they do not use such facilities. Of those respondents who do use pubs and bars, Hinckley town centre accounts for around 32 per cent of total responses with other locations within the catchment accounting for around 15 per cent of respondents' last visits. As with restaurants, Nuneaton town centre and Leicester city centre are the destinations outside of the OCA that achieve the highest market shares. The remaining respondents - approximately 25 per cent - stated 'don't know' or 'it varies'.
- 9.20 These findings demonstrate that, at present, existing restaurants and pubs/bars within the OCA account for somewhere between one third and just under a half of visits to such facilities. We consider it likely that some of the respondents who stated 'don't know' or 'it varies' will actually use facilities located within the OCA; however it is difficult to know precisely where these residents visit. Therefore, we assume that around two thirds of all visits to restaurants and pubs/bars are accounted for by facilities within the OCA, with restaurants and pubs/bars outside the OCA accounting for the remaining one third of visits.
- 9.21 It follows that if these current market shares persist, then around two thirds of the £35.7m growth in food & drink expenditure arising by 2021 will be available for facilities located within the Hinckley OCA, which equates to around £24m.
- 9.22 It should be noted that not all of the £24m would be available for new restaurants/café's, pubs/bars and take-away outlets. In the same way that an allowance is made in the retail sector for existing operators to improve their turnover efficiency, it is reasonable to assume that some of the growth in available food & drink expenditure should be directed to existing operators (to allow them to grow their business, re-fit their premises, and so on). Unlike in the retail sector, however, there is a dearth of published advice on what proportion of expenditure growth in the food & drink sector should be ring-fenced for existing operators. In the absence of firm guidance, we have therefore allocated half of the growth in food & drink expenditure to existing restaurateurs and pub/bar operators.
- 9.23 The £12m 'residual' would be sufficient to support a range of new, good-quality restaurants (which generate annual turnovers of around £850,000 to £1m, with some high-profile names taking in excess of £1m per annum) - as well as several branded pubs/bars, which have a typical annual turnover of between £870,000 and £1m.

⁵⁷ Source - The Gambling Commission

Summary of Scope for Additional Commercial Leisure Facilities

- 9.24 Overall, expenditure on leisure services in the Hinckley OCA is forecast (using local data and national growth projections) to grow by 28.5 per cent (a gain of £74.6m) in the period up to 2021. How this growth might be expended locally depends very much on what opportunities the market supplies - thus, current spending patterns can only provide a guide to what might happen in the future.
- 9.25 On current spending patterns in the catchment, almost half of this spending growth (some £35.7m) will go to eating and drinking outside the home (restaurants, cafés, take-away outlets and pubs/bars). Capturing a sizeable proportion of this growth in expenditure through the provision of a better and more appealing choice of restaurants, cafés and pubs/bars will be vital to the future health of Hinckley and other smaller centres within the catchment.
- 9.26 The rest of the expenditure growth will go to a wide mix of activities (for instance, bingo halls and cinemas), with no single activity capturing any significant market growth. In our assessment Hinckley is unlikely to be viewed by the major multiplex operators as a priority location for additional cinema provision. There does, however, appear to be scope for two or three independent cinema screens, or a small multiplex facility. There also appears to be scope for at least one additional neighbourhood bingo club, although we do not consider there to be any realistic scope for casino development in the Hinckley OCA.
- 9.27 As we have stressed, the approach to the assessment of quantitative need in the leisure sector is less well developed than in the retail sector and so the quantitative 'needs' that we have identified should be treated as an indicative guide. Furthermore, the sector is dynamic, changing and operator-led. If an investor feels capable of attracting customers by diverting spending from other facilities, the planning system does not prevent additional development provided it meets other criteria for vital and viable town centres.

10 ASSESSMENT OF SCOPE FOR ADDITIONAL OFFICES

Introduction

- 10.1 The 'Outputs of the Study' section of the study brief states a requirement to '*...identify the potential opportunities for providing retail, leisure and business (B1) facilities within the existing town centre of Hinckley.*'
- 10.2 Paragraph 2.39 of PPS6 sets out guidance for assessing the need for new office floorspace over the LDF period. Assessments should consider the following:
- regional forecasts of future employment levels together with any broad regional locations identified;
 - more locally derived need estimates, which could be informed by an employment land review;
 - the town centre's roles in the office hierarchy; and
 - the physical capacity of the town centre to absorb new office development.
- 10.3 Accordingly, in this section we provide our broad assessment of the scope for additional B1 office uses in Hinckley. In framing our advice, we have taken account of strategic planning documents at the regional level, as well as more locally based studies and anecdotal evidence obtained from locally active property market agents. We must stress at the outset, however, that there is a lack of quantitative data on past take-up rates and so on; our advice is therefore more qualitative in nature.

Regional Spatial Strategy for the East Midlands (RSS8)

- 10.4 RSS8 notes that a significant increase in demand for office floorspace over the next 10-15 years is anticipated across the region. However, demand for additional B1, B2 and B8 employment land is likely to be broadly static and is '*estimated to grow at less than 3 ha per annum region-wide*'.
- 10.5 No specific regional employment sites are allocated by either RSS8 or the draft replacement RSS which is presently at examination stage; instead local planning authorities should ensure that '*there is an adequate supply of good quality land for office and industrial uses available for development in sustainable locations*'.

Leicestershire County Council - Leicestershire, Leicester and Rutland Structure Plan 1996-2016 (LLRSP)

- 10.6 The LLRSP makes provision for 122 ha of land for employment (B1, B2 and B8) uses in Hinckley & Bosworth Borough over the Plan period, together with a 25 ha 'Strategic Employment Site', to be located close to Hinckley and to be developed prior to 2011. The LLRSP makes clear that the location of this site will be allocated by the Borough Council through the Local Development Framework process.
- 10.7 No specific forecasts for office development are made for the Borough; the LLRSP advocates that the defined 'central office core' in Leicester city centre should be the priority for office development, followed by the remainder of Leicester city centre and development of a less intensive nature in town centres.

Leicestershire County Council - Leicestershire, Leicester and Rutland Employment Land Availability Monitoring Report (2006)

- 10.8 The Employment Land Availability Monitoring Report, which contains county-wide information on employment land availability, starts and completions to March 2006, identifies that there is a total of 21 employment sites available in Hinckley & Bosworth Borough, of which eight are located in Hinckley. Of these eight sites, one (rear of Sketchley Works, Rugby Road) is an allocated site. Three sites have outline planning permission, and three sites have detailed permission.
- 10.9 Six of the eight employment sites in Hinckley are allocated for mixed employment (i.e. B1, B2 and B8) development, with the remaining two sites allocated solely for B2 use. None of the identified sites are located in Hinckley town centre, with the majority on or adjacent to existing industrial estates on the periphery of the town.

BE Group - Employment Land and Premises Study (May 2004)

- 10.10 BE Group undertook a borough-wide Employment Land and Premises Study (ELPS) for the Council in the second half of 2003. The final report was published in May 2004.
- 10.11 The report confirmed that there is a 'very small' office sector in the Borough and whilst *'all forecasts indicate future growth...at the moment there is very little quality floorspace to accommodate this expected expansion'* (paragraph xxiii, page iii).
- 10.12 BE Group advocated the development of a small out-of-town office campus of around 10,000 to 20,000 sq.ft (broken down into suites of 1,000 to 2,000 sq.ft) - in order to capture footloose office occupiers - as well as the development of a *'quality small business centre'*, incorporating incubator facilities, serviced offices, and flexible-use small suites. The Atkins Building in Hinckley's Druid Quarter was identified as a potentially suitable location for such a development, which BE Group envisaged taking the form of an initial phase of 10,000 sq.ft of incubator space and serviced offices, with individual unit sizes from '50 sq.ft to 1,000 sq.ft'⁵⁸. BE Group considered that there was scope for a further 10,000 sq.ft in a second phase.
- 10.13 As well as the out-of-town campus referred to above, BE Group recommended that small office space should also be encouraged as part of mixed-use developments in towns and villages across the Borough. Appropriate small business space and further 'managed workspace' is needed in Hinckley, with the Druid Quarter again cited as a suitable location.
- 10.14 When the final ELPS report was published, a total of 43,258 sq.ft of office accommodation was available in the Borough. Of this, the vast majority - some 40,802 sq.ft, equivalent to 94 per cent of the floorspace - was located in the Hinckley area. The position is summarised in Table 10.1 below, which shows that the majority of the available premises available in 2004 were under 2,000 sq.ft. Fewer premises were available of 2,000 sq.ft and above, although BE Group considered the properties in the larger size bands to be of 'good quality'.

Table 10.1 Vacant Office Supply in Hinckley at 2004

	Size Band (sq.ft)						Total
	0 to 500	501 to 1,000	1,001 to 2,000	2,001 to 5,000	5,001 to 10,000	10,001+	
Total Available Floorspace (sq.ft)	900	3,004	7,820	4,107	24,971	-	40,802
Number of properties	2	4	5	1	3		15

Source: BE Group, ELPS Final Report (2004), Table 23

⁵⁸ ELPS, para 11.12. We suspect that this is a typing error and that BE Group meant '500 sq.ft to 1,000 sq.ft', rather than '50 sq.ft to 1,000 sq.ft'.

- 10.15 Occupancy rates in the Borough were found to be high, at 94 per cent in terms of both floorspace and premises numbers (based on Land Registry data). However, levels of enquiry into office space were found to be generally low. Leicester Shire Promotions (LSP) received a total of 172 enquiries for office space in Hinckley & Bosworth Borough between April 1998 and December 2003, with the Borough Council receiving just 27 enquiries between 1999 and 2003. In both cases, the vast majority of the enquiries related to small premises, with 87 per cent of enquiries to LSP being for sub-5,000 sq.ft premises⁵⁹ and 85 per cent of the enquiries to the Borough Council relating to 2,000 sq.ft or less.
- 10.16 Section 6 of the ELPS report contains information on existing office provision in Hinckley. Hinckley town centre includes the recently redeveloped 6,000 sq.ft Elizabeth House (rental rates of £11-12 per sq.ft), and the 1960s-built Stockwell House, which offers a total of 20,000 sq.ft. The ELPS report states that Stockwell House - which was approximately half full in 2004 - commands rents in the region of just £6 per sq.ft.
- 10.17 BE Group sent out questionnaires to 500 local businesses in the employment (B1, B2 and B8) sector, requesting information on businesses' current operations, number of employees, and premises requirements. A total of 206 completed questionnaires were received; of the responding businesses approximately one quarter (56) stated that they occupied 'office' accommodation (ELPS, Table 29). The majority of these office sector businesses are small, with 40 businesses (71 per cent) having between 0 and 9 employees.
- 10.18 Six office businesses indicated that they were considering relocating to alternative premises within the next 12 months, with a further five office businesses considering a move within the next three years. Ten of the 11 businesses provided details of their floorspace requirements; all ten required premises of below 2,000 sq.ft. This indicates that even demand for office space from existing businesses that are looking to expand is concentrated at the lower end of the size spectrum.
- 10.19 Respondents that were not considering relocating to alternative premises were asked to comment on issues affecting their business. Interestingly, some respondents considered that there are '*inadequate, small offices in Hinckley town centre*'.
- 10.20 BE Group concluded that, across the Borough, '*very little quality space*' exists for incubators, serviced offices and small office suites, and that '*further work is needed to clarify the need for and capability of the Borough to support more quality office space aimed at small businesses*'. Despite not providing concrete estimates of future office floorspace requirements, BE Group (paragraph 10.33) did refer to forecasts which '*...suggest a need for 25,000 sq.ft of new office floorspace per year to 2015*'.

Hinckley & Bosworth Borough Council - Employment Land Availability Monitoring Statement (ELMS, 2006)

- 10.21 The ELMS identifies the employment land supply in Hinckley & Bosworth Borough and details allocations and commitments, expressed as a proportion of the 122 ha employment land requirement identified for the Borough in the LLRSP. No detail is given in terms of sectoral (i.e. B1, B2, and B8) completions and commitments; instead, an overall picture is provided.
- 10.22 Table 10.2 presents a summary of employment land in the Borough as at 31 March 2006, and shows that of the 122 ha of employment land requirement identified for the Borough in the LLRSP, almost 80 ha have been developed or committed, and 42 ha remain to be allocated.

⁵⁹ The data contained in Table 25 of the ELPS Final Report are not disaggregated below the '0-4,999 sq.ft' size band.

Table 10.2 Summary of Employment Land Supply Position at 31 March 2006

	Hectares
LLRSP Employment Land Requirement for Hinckley & Bosworth Borough, 1996 to 2016	122
Completions 1996-2006	36.66
Under construction at 31st March 2006	16.26
Commitments at 31st March 2006	14.07
Allocations at 31st March 2006	12.93
Total built or committed at 31st March 2006	79.92
Remaining balance to be allocated	42.08

Source: Employment Land Availability Monitoring Statement, Hinckley & Bosworth Borough Council, 2006

- 10.23 The ELMS also presents a schedule of employment land commitments in the Borough; of note is the granting of planning permission in 2005 for the development of ten commercial units on a site north of Coventry Road, Hinckley, adjacent to the existing Harrowbrook Industrial Estate. The schedule does not identify any office developments in Hinckley town centre.

Hinckley & Bosworth Borough Council - Local Development Framework: Annual Monitoring Report 2005-06

- 10.24 The Borough Council's most recent Annual Monitoring Report (AMR) - which covers the period 1 April 2005 to 31 March 2006 - states that 0 ha of floorspace was developed for employment purposes over the monitoring period. The AMR does acknowledge, however, that '*there are a number of large Local Plan allocations currently being developed...these completions are expected to fall in the 06/07 monitoring year*'.
- 10.25 A total of 43.26 ha of employment land (B1, B2 and B8) remain available in the Borough. The AMR indicates that 0.3 ha of employment land in Hinckley town centre was lost to residential uses in the monitoring period.

Findings from Our Local Consultations

- 10.26 We discussed Hinckley's existing office market, and the scope for additional office space in the town centre, with locally active commercial property market agents. The findings are summarised below.

Type of Office Market

- 10.27 Some companies with county-wide or regional interests are represented in Hinckley; for instance, Transco operates a large, long-standing facility in an edge/out-of-centre location. Some space at the Hinckley Fields Industrial Estate (also out-of-centre), which contains 3-4 office buildings, has also been occupied by national companies. Nevertheless, the agents that we contacted confirmed that Hinckley is predominantly a local market, with the majority of office uses being small-scale.
- 10.28 The position described above - i.e. of a small-scale office market, with the best supply being located outside of the town centre - is apparently verified by the fact that the Borough Council currently has 67 business start-up units to let, ranging from 500 sq.ft to 3,200 sq.ft, all of which are located at four industrial sites: Dodwells Bridge Industrial Estate (Hinckley Business Park), Merrylees Industrial Estate, Sketchley Lane Industrial Estate (Sketchley Meadows) and Hinckley Fields Industrial Estate (Sunnyside Park).

Past Take-Up

- 10.29 The historic rate of take-up of office space has been consistently quite limited according to local agents, particularly in the town centre which is perceived to have

limited parking and other amenities. There have been no recent, major office arrivals in Hinckley.

- 10.30 It has proved difficult to obtain data on past rates of office completions/take-up. None of the agents that we spoke to were able to provide detailed take-up figures. Furthermore, neither Planning Policy nor Building Control Sections in the Borough Council hold this type of information prior to the previous recording year, and 2005/06 AMR is the first year where such information has been made available (the 2004/05 AMR states that '*information on completions and floorspace are not recorded or monitored*').

Existing Property Offer

- 10.31 Office premises in the town centre are said to be of variable quality. There is some purpose-built development, with air-conditioning, suspended ceilings and so, which is in good condition. However, much of the office floorspace in the town centre is secondary space - conversions of older retail and residential property, together with space above shops - and is generally in less good condition. Overall, there is thought to be very little high-quality office space available in Hinckley town centre.

Current Demand Conditions

- 10.32 Demand is generally low for new lettings in the town centre - where quite a lot of office property remains on the market - which indicates a relatively weak office market. This is backed up by anecdotal evidence on current office rents from local property market agents, which are typically around £5-6 per sq.ft (approximately half the level achieved at Hinckley Fields), and static.
- 10.33 There is higher demand for freehold premises. For instance the new development at Coventry Road, which is due to be completed in 2008, has attracted some initial interest.

Potential Future Demand

- 10.34 The local agents we spoke to consider that, despite the location of the town close to the M69 and M1 motorways, and the A5, there is limited scope to raise the profile of Hinckley town centre because of the proximity of Leicester, Nuneaton and Coventry. The size of Hinckley often ensures that Hinckley gets overlooked, with the larger centres often being preferred.
- 10.35 Interestingly, the agents consider that population growth would not necessarily directly result in Hinckley being perceived as a more attractive office location. The office market in the town has never been particularly strong and the agents feel that it will be very difficult to change this perception.

Physical Capacity

- 10.36 There are various sites available in the town centre area that could accommodate new office floorspace, including the former Atkins site. However, the agents that we spoke to believe that there is unlikely to be sufficient demand to justify a significant quantum of new office floorspace.

Summary

- 10.37 Given their strategic remit, RSS8 and the Structure Plan provide little guidance in relation to the scale of office floorspace that could be supported in Hinckley town centre. Studies undertaken at the local level, and anecdotal evidence obtained from locally active property market agents, is more illuminating, although there is little evidence to use as a basis for quantitative estimates of potential office floorspace 'needs'.
- 10.38 The Employment Land and Premises Study of 2004, and our discussions with local agents, confirm that the office market across Hinckley & Bosworth Borough as a whole

- and the town centre in particular - is small-scale and predominantly localised. The majority of available premises are in the 0-2,000 sq.ft size band. There is generally a low level of enquiries for office space in Hinckley, with those that do seek space typically having small requirements (up to 2,000 sq.ft).

- 10.39 The historic take-up of office space in the town centre has been consistently low and a significant amount of space remains vacant and on the market. This might in part reflect the sub-optimal, secondary nature of much of the existing property offer. However, there has been little recent office activity in Hinckley town centre, and town centre rental values remain low, and static.
- 10.40 Whilst there are various sites available in the town centre that are physically capable of accommodating new office floorspace, local agents are not convinced that there is sufficient demand to justify such a development. Furthermore, new, good-quality office space is already available in various locations outside of the town centre.

11 MONITORING AND REVIEW

Introduction

- 11.1 Paragraph 4.1 of PPS6 advises that comprehensive, relevant and up-to-date monitoring is essential to the effective planning and management of town centres. Such monitoring can enable early signs of change in town centres to be identified and appropriate action to be undertaken. Paragraph 4.3 of PPS6 states that the following matters should be kept under regular review:
- the network and hierarchy of centres (at both the regional and local levels);
 - the need for further development; and
 - the vitality and viability of centres (at the local level).
- 11.2 In relation to the first of these matters, paragraph 2.10 of PPS6 states: '*...any significant change in role and function of centres, upward or downward, should come through the development plan process.*'
- 11.3 In terms of the need for further comparison and convenience retail development, we have identified floorspace capacities for 2011, 2016, 2021 and 2026. We consider that our capacity estimates are robust and, accordingly, we do not anticipate that the Council will have to update the quantitative need exercise in the immediate future. Notwithstanding this, should the Council wish to update the capacity estimates on a more regular basis - for instance, to reflect new permissions - then it has access to all spreadsheets and data electronically.
- 11.4 The third 'matter' to be kept under review is given the greatest coverage in Chapter 4 of PPS6. Accordingly - and for the reasons set out above - we have focused on vitality and viability indicators in formulating the Monitoring Framework, presented below.

Guidance on Monitoring

- 11.5 Guidance on monitoring is provided in *Local Development Framework Monitoring: A Good Practice Guide*⁶⁰. The Guidance relates primarily to the monitoring of local development frameworks (LDFs) as overall documents (as opposed to the monitoring of specific, individual indicators)⁶¹. Nonetheless, the Guidance provides useful general advice in relation to the preparation of monitoring frameworks. Those aspects of the Guidance that are most useful and relevant to the monitoring of indicators relating to retail and town centres are summarised below:
- monitoring should adopt a positive, future orientated approach (rather than being an error-correcting mechanism);
 - allied to the above point, monitoring should not just be about collecting information and indicators - instead, an analytical and action-orientated approach is required;
 - existing sources of information should be used wherever possible; and
 - too many indicators can lead to information overload and confusion. They should thus be kept to the minimum necessary.
- 11.6 Whilst we recognise its wider remit, the useful content of the Guidance was taken into account in formulating the Monitoring Framework.

⁶⁰ ODPM, 2005; hereafter in this section of our report referred to as 'the Guidance'.

⁶¹ Local planning authorities are required by Section 35 of the Planning and Compulsory Purchase Act 2004 to make an annual report to the Secretary of State containing information on the implementation of the local development scheme and the extent to which the policies set out in local development documents are being achieved.

The Monitoring Framework

- 11.7 Our suggested Monitoring Framework is provided on the following pages. The indicators are mostly quantitative in nature and are therefore likely to be easily obtainable for Hinckley town centre. Other indicators (such as 'quality and mix of services and other uses') are more subjective/qualitative in nature, and will therefore require a degree of judgment. Monitoring of the more qualitative indicators is also likely to require on-foot surveys of the centres, attitudinal surveys of pedestrians, discussions with town centre stakeholders, and so on.
- 11.8 For most of the indicators, we suggest an annual monitoring frequency. In this way, the indicators can be monitored at the same time, which will be useful since many of the indicators should not be viewed in isolation. It will also be more efficient, from a staff resourcing point of view, for the monitoring of indicators to be undertaken at the same time. We further suggest that the indicators be monitored at the same time of year if possible, to assist with comparability and compatibility of data.

The Monitoring Framework

Indicator	Data Sources	Method for Data Collection	Suggested Monitoring Frequency	Notes
Diversity of main town centre uses	<ul style="list-style-type: none"> Experian Goad plans (Hinckley town centre) On-foot surveys (other centres) 	Update the Goad Analysis tables produced in this study. The tables provide an index against the UK average for the convenience, comparison, services and 'miscellaneous' sectors, and all constituent sub-sectors.	Annually	Experian updates individual Goad plans approximately every 2 years. However, the Goad plans can easily be updated by on-foot surveys, since only a minority of units change use each year.
Presence of national multiples and high-profile retailers	<ul style="list-style-type: none"> Management Horizons Europe, <i>Shopping Index</i> ('Fashion Count' section) 	<ul style="list-style-type: none"> Monitor the presence of national multiple operators using the data from this study as the baseline position Can then compile time-series analysis of trends 	Annually	MHE's <i>Shopping Index</i> is published every 2 or 3 years (next edition due Autumn 2007). The <i>Index</i> provides a list of the operators (each with a score 1-15) which MHE uses to inform its Index. The Council could use this list for annual updating based on current operator representation.
Retail property offer	<ul style="list-style-type: none"> Retail property market agents Current traders 	Discussions with agents and current occupants is the best source of information for this qualitative indicator.	Every 2 years, or annually if sufficient resources are available to undertake consultations	
Operator demand	<ul style="list-style-type: none"> FOCUS <i>Town Reports</i> (note that Hinckley is the only centre in the Borough for which a 'Town Report' is produced) Local property market agents 	<ul style="list-style-type: none"> 'Town Reports' contain a time-series summary of operator requirements Follow-up with questionnaires to named operators 	Annually	FOCUS updates its <i>Town Reports</i> regularly, but we recommend monitoring at the same time as other indicators
Retail yields	Valuation Office, <i>Property Market Reports</i> (www.voa.gov.uk)	<ul style="list-style-type: none"> Update the time-series data produced in this study (see Annex 1) Compare with yield trends at comparator centres 	Annually	The Valuation Office produces two <i>Property Market Reports</i> each year (January and July), which contain time-series data. Yield data are not published for the Borough's smaller centres.

Indicator	Data Sources	Method for Data Collection	Suggested Monitoring Frequency	Notes
Zone A shopping rents	<ul style="list-style-type: none"> Colliers CRE's <i>In-Town Retail Rents</i>, produced each summer (Hinckley only) Property market agents (other centres) 	Compile time-series data of rental movements. Compare with benchmark/comparator centres.	Annually	Colliers CRE is the recognised industry source of published rental data. However, of the Borough's centres, published data are only available for Hinckley.
Proportion of vacant street-level property	<ul style="list-style-type: none"> Goad plans (Hinckley) On-foot surveys (other centres) 	Update the Goad Analysis tables produced in this study (see Annex 1).	Annually (Experian's Goad plan for Hinckley is unlikely to be updated annually, but the plans can easily be updated on-site more regularly)	PPS6 advises that vacancies can arise in even the strongest centres, so this indicator must be used with care.
Retail rankings	<ul style="list-style-type: none"> MHE's 'Shopping Index' Javelin's 'Venuescore' index 	Update the summary table produced in this study (see Annex 1)	MHE produces a new <i>Shopping Index</i> every 2 or 3 years; next edition due Autumn 2007. Javelin's first index was published in 2006.	None of the Borough's centres are listed in Experian's annual <i>Retail Centre Ranking</i> report, which concentrates on the top 50 centres (this can be used to monitor change in the retail rankings of large surrounding centres such as Leicester)
Quality and mix of services and other uses	<ul style="list-style-type: none"> Goad plans (Hinckley) On-foot centre surveys (all centres) Discussions with traders 	<ul style="list-style-type: none"> Update the Goad Analysis tables produced in this study to identify the number of outlets in the services sector and constituent sub-sectors Undertake more qualitative assessment of each centre's: <ul style="list-style-type: none"> ➤ restaurant offer ➤ evening economy facilities ➤ tourism and visitor services 	Annually (Experian's Goad plan for Hinckley is unlikely to be updated annually, but the plans can easily be updated on-site more regularly)	
Pedestrian flow (footfall)	On-street footfall surveys	<ul style="list-style-type: none"> Monitor the number of people moving in both directions, in different parts of the centre Take counts to be taken over several days, and at different times of day 	Annually	No published time-series data are presently available for this indicator. If footfall surveys are commissioned, it is essential that any updates use the same methodology, i.e. same survey points/days

12 OVERALL CONCLUSIONS AND KEY RECOMMENDATIONS

Introduction

- 12.1 The purpose of this Retail Capacity Study is to provide a robust evidence base on the capacity for additional retail (and, to a lesser extent, commercial leisure as well as office sector) development in forthcoming years. Hinckley & Bosworth Borough Council can then use the findings to inform the preparation of its Local Development Framework, and as evidence for determining planning applications. In order to assist the Borough Council with this, we pull together, below, the principal findings from the various lines of research and analysis that informed the study, in order to identify key quantitative and qualitative needs. We also highlight potential locations/sites that the Council may wish to consider for accommodating the identified retail needs.

Current Hierarchy of Centres

- 12.2 The first bullet point under the Objectives of the Study section of the brief requires the *'role and function of Hinckley urban area'*, and its position in the retail hierarchy, to be assessed, rather than a specific assessment of individual settlements. In any event, on the basis of the evidence from the household survey it is very difficult to place the Borough's smaller centres/settlements within distinct tiers in a retail hierarchy, simply because they each achieve very low market shares.
- 12.3 Below, we provide our assessment of the current influence on local residents of centres within and close to Hinckley & Bosworth Borough. This is based primarily on our qualitative assessments and analysis of the current shopping catchments of centres, derived from the on-street survey of pedestrians and the telephone survey of households. Centres are listed in descending order in terms of their influence on residents in the area encompassing Hinckley's overall catchment area (OCA).
- **Leicester city centre** accounts for almost 14 per cent of the available comparison expenditure within Hinckley's OCA. Leicester clearly has a strong influence in this part of the East Midlands Region by virtue of its broad range and depth of retail, service, leisure, tourism and other 'town centre' uses.
 - **Fosse Park**, also in Leicester, accounts for an even greater proportion of the comparison expenditure available to OCA residents (15 per cent). However, Fosse Park does not have the depth of other 'town centre' uses as the city centre and so its geographic sphere of influence is unlikely to be as extensive. Nevertheless, Leicester city centre and Fosse Park together have a cumulative comparison market share of around 29 per cent, which is higher than Hinckley town centre's market share (27 per cent).
 - **Nuneaton town centre** also has a sub-regional influence, and accounts for 13 per cent of the available comparison retail expenditure within Hinckley's OCA.
 - **Hinckley town centre** is the dominant centre within Hinckley & Bosworth Borough, by a significant margin. Its comparison sector market share is approximately 25 times that of the next-biggest comparison centre in the Borough (Hinckley Retail Park at Sword Drive), and Hinckley town centre exerts a limited influence beyond the local authority's administrative area.
 - The other centres in the Borough are far less significant than Hinckley in terms of their comparison sector market share, and serve a localised shopper base. The two most significant are **Earl Shilton and Burbage**, although these centres achieve market shares of just 0.9 per cent and 0.7 per cent, respectively.

- Other centres in the Borough achieve even smaller market shares. For instance, 'other stores, zone 5' - which includes the settlements of Market Bosworth, Barlestone, Newbold Verdon, Nailstone and Desford - collectively achieve a market share of just under 1 per cent.
- 12.4 There are no 'major' centres within the OCA, so it is unsurprising that the higher-order centres of Leicester, Fosse Park and Nuneaton - which are located outside of but close to the OCA boundary - exert a significant influence on OCA residents in terms of their shopping habits.
- 12.5 As we have highlighted above and elsewhere in our report, Hinckley is clearly the dominant centre in Hinckley & Bosworth Borough, with a significantly more extensive range of retail and other town centre uses - and a correspondingly wider catchment - than any of the other centres in the Borough. Accordingly, Hinckley is the only centre which has a retail influence that is wider than the administrative boundary. All other centres within the OCA essentially fulfill a localised convenience and services role and have only a very limited comparison retail function, or in many cases, no meaningful comparison role at all. Nevertheless, whilst the smaller centres in the Borough have a much narrower geographic sphere of influence than Hinckley town centre, they do fulfil a very important role in meeting the day-to-day convenience and service needs of local residents.
- 12.6 In accordance with the requirements of PPS6 (as reviewed in Section 2 of our report), the Borough Council should liaise with local communities and other stakeholders in order to identify specific local deficiencies, and then consider appropriate measures to address them. PPS6, paragraph 2.59 states that further guidance on the preparation of strategies for smaller centres is to be published separately.
- 12.7 In advance of the Government guidance referred to above, a general rule of thumb is that a local centre requires a population within a reasonable walking catchment (i.e. up to 5 minutes, and certainly no more than 10 minutes) of around 5,000 to 10,000 persons. This increases to around 25,000 to 40,000 persons for a food superstore/district centre. Of course, the quality of existing retail provision nearby, accessibility, operator demand and so on are factors that would have to be taken into account in planning any new centres and/or expanding existing centres, rather than population levels in isolation.

Summary of Performance Analysis and Key Qualitative Needs

- 12.8 On the whole, we conclude that Hinckley is a healthy town centre. This is evidenced by: Hinckley's significant improvement in the national retail rankings over recent years; reasonably good representation from national multiple retailers; an encouraging level of published retailer requirements for the town; long-term improvements in retail yields; the low level of vacant floorspace, with no particular concentrations of void units in the town centre; and apparently good levels of footfall.
- 12.9 Nevertheless, there is room for improvement in a number of key areas. Most notably, the town centre's fashion retail offer would benefit from enhancement, and the town centre has a limited convenience goods offer, which is also a key deficiency. The town centre contains only one department store (Co-Op), which is relatively small by modern standards, and in need of refurbishment. Furthermore, the town centre's food & drink offer currently caters for a narrow market and would benefit from the introduction of more family-friendly eateries and higher-quality restaurants.
- 12.10 Through primary research undertaken for this study, we have identified a modest level of confirmed interest in Hinckley from a range of prominent comparison and convenience retailers. However, attracting such operators is presently constrained by the lack of available premises of the right size, configuration and trading environment, which indicates a need for new retail floorspace in appropriate locations. We are

confident that if/when a significant development scheme was to emerge in the town centre area, then the level of operator demand would increase.

Summary of Quantitative Need - Retail

Comparison Retail Sector

Floorspace Requirements Arising in the Period to 2021

- 12.11 Our quantitative capacity work shows that there is a goods based capacity for additional comparison sector sales floorspace up to 2021 in the range 7,000 sq.m (75,800 sq.ft) net when assessed on the basis of constant market shares (Scenario A), to around 13,100 sq.m (141,250 sq.ft) net based on an assumption that the aggregate retention rate across the OCA could be increased from the current base position of 32 per cent, to a new level of 36 per cent (Scenario B).
- 12.12 For illustrative purposes, we have also modelled the effects of the retention rate increasing further, to a new level of 40 per cent (Scenario C). On that basis, there would be a goods based capacity for around 15,800 sq.m (170,000 sq.ft) of additional comparison retail sales floorspace up to 2021.
- 12.13 It is important to stress that we consider the Scenario C forecasts to be extremely ambitious. Whilst we consider the current retention rate of 32 per cent to be capable of improvement, we do not consider that it is disastrously low. The OCA contains only one main centre (Hinckley town centre) and is surrounded by higher-order centres, which are themselves likely to expand further. Even to maintain the current retention rate of 32 per cent will require a significant level of new retail floorspace.
- 12.14 Hence, we consider that the most realistic scenario to plan for is Scenario B. An increase to the current retention rate of four percentage points is itself ambitious and will require the development of a considerable amount of new, high-quality retail floorspace, although we consider that it is realistically achievable over time.

Floorspace Requirements Arising in the Period to 2026

- 12.15 In the longer 2007-26 period, the overall comparison retail floorspace requirement range increases to around 13,700 sq.m (147,200 sq.ft) net under Scenario A, to around 21,100 sq.m (226,700 sq.ft) under Scenario B. The floorspace requirements arising under the most ambitious Scenario C are higher still, at around 27,500 sq.m (295,900 sq.ft).
- 12.16 It is important to emphasise that around one third of the comparison retail floorspace requirements identified for the overall study period 2007-26 arise in the post-2021 period, under all three Scenarios. Furthermore, primarily as a consequence of existing retail commitments already in the planning pipeline, no floorspace capacity arises until the post-2011 period. This is shown clearly in summary Table 12.1.

Table 12.1 Summary of Goods Based Comparison Retail Floorspace Requirements Arising in the Periods to 2021 and 2026

Floorspace Requirement, sq.m sales area	2007-11	2011-16	2016-21	2007-21	2021-26	2007-26
Constant Market Share (Scenario A)	-2,185	4,072	5,159	7,046	6,634	13,680
Moderately Rising Retention (Scenario B)	-587	7,443	6,269	13,125	7,941	21,067
Substantially Rising Retention (Scenario C)	-587	7,443	8,920	15,776	11,679	27,455

- 12.17 The comparison retail floorspace requirements set out in Table 12.1 (as with the convenience sector requirements summarised in Table 12.2) are indicative only, and should be treated as guidelines. Long-term forecasts, whilst valuable for strategic

planning purposes, should be regarded as subject to increasing uncertainty in the later parts of the study period and should be kept under regular review.

Convenience Retail Sector

Floorspace Requirements Arising in the Period to 2021

- 12.18 Forecast expenditure increases in the convenience sector are much more modest than in the comparison sector. The resultant quantitative requirements for further convenience goods floorspace in the periods up to 2021 and 2026 are therefore considerably smaller than in the comparison retail sector. The convenience requirements arising by 2021 are in the range 2,400 sq.m (25,500 sq.ft) net under constant retention Scenario A to 5,300 sq.m (51,100 sq.ft) net under rising retention Scenario B.

Floorspace Requirements Arising in the Period to 2026

- 12.19 In the longer-term period 2007-26, there is scope for around 3,500 sq.m (38,200 sq.ft) under Scenario A, rising to around 6,700 sq.m (72,000 sq.ft) under Scenario B. Thus, as in the comparison sector, a significant proportion of the convenience retail floorspace requirements identified for the overall study period 2007-26 arise in the post-2021 period, under both the 'constant' and the 'rising' retention scenarios.

Table 12.2 Summary of Goods Based Convenience Retail Floorspace Requirements Arising in the Periods to 2021 and 2026

Floorspace Requirement, sq.m sales area	2007-11	2011-16	2016-21	2007-21	2021-26	2007-26
Constant Market Share (Scenario A)	399	918	1,053	2,370	1,183	3,552
Rising Market Share (Scenario B)	1,500	2,047	1,760	5,307	1,385	6,691

- 12.20 Centres and individual foodstores located within Hinckley's OCA collectively retain around 70 per cent of available expenditure, which is a modest overall level of retention for this type of retail. We therefore consider that the Council should plan on the basis of the higher Scenario B figures.
- 12.21 Furthermore, our identified floorspace requirements relate to the growth in retained expenditure for the whole of the catchment area and development to meet most, or all of it, should be channelled to the existing centres within the catchment if at all possible. Development that could help to improve the localised retention rate in zones 3 and 7 should be viewed favourably, subject to the sequential approach and having ensured that the proposed quantum of floorspace is of an appropriate scale.

Summary of Need - Commercial Leisure and Office Sectors

Commercial Leisure Sector

- 12.22 For the purposes of planning for commercial leisure needs, we caution against looking beyond 2021, which is itself a long time period in the commercial leisure sector. In the period to 2021, spending on leisure services in Hinckley's OCA is forecast (using local data and national growth projections) to grow by 28.5 per cent (a gain of £74.6m). How this growth might be expended locally depends very much on what opportunities the market supplies - thus, current spending patterns can only provide a guide to what might happen in the future.
- 12.23 On current spending patterns in the catchment, almost half of this spending growth (some £36m) will go to eating and drinking outside the home (restaurants, cafés, take-away outlets and pubs/bars). Capturing a sizeable proportion of this growth in expenditure through the provision of a better and more appealing choice of restaurants, cafés and bars/pubs will be vital to the future health of Hinckley and other smaller centres within the OCA.

- 12.24 The rest of the expenditure growth will go to a wide mix of activities, including bingo halls and cinemas, with no single activity capturing any significant market growth. In our assessment Hinckley - and the OCA more generally - is unlikely to be viewed by the major multiplex operators as a priority location for additional cinema provision. There may, however, be scope for two or three independent cinema screens - or a small multiplex facility - and there also appears to be scope for at least one additional neighbourhood bingo club.
- 12.25 The approach to the assessment of quantitative need in the leisure sector is less well developed than in the retail sector and so the quantitative 'needs' that we have identified should be treated as an indicative guide. Furthermore, the sector is dynamic, changing and operator-led. If an investor feels capable of attracting customers by diverting spending from other facilities, the planning system does not prevent additional development provided it meets other criteria for vital and viable town centres.

Office Sector

- 12.26 The office market across Hinckley & Bosworth Borough as a whole - and Hinckley town centre in particular - is small-scale and predominantly localised. The majority of available premises are in the 0-2,000 sq.ft size band. There is generally a low level of enquiries for office space in Hinckley, with those that do seek space typically having small requirements (up to 2,000 sq.ft).
- 12.27 The historic take-up of office space in the town centre has been consistently low and a significant amount of space remains vacant and on the market. This might in part be reflective of the sub-optimal, secondary nature of much of the existing property offer. However, there has been little recent office activity in Hinckley town centre, and town centre rental values remain low, and static.
- 12.28 Whilst there are various sites available in the town centre that are physically capable of accommodating new office floorspace, local agents are not convinced that there is sufficient demand to justify such a development. Furthermore, new, good-quality office space is available in various locations outside of the town centre.

Opportunities for Meeting Identified Needs

Introduction

- 12.29 If the level of comparison retail expenditure retained by the OCA as a whole is to improve materially from the current level (32 per cent), then a significant proportion of the floorspace requirements arising by 2021 will need to be directed to Hinckley as the Borough's only main centre. In any event we consider that most of the identified additional comparison sector floorspace will make its way to Hinckley as a result of market forces. We have not identified any interest in other parts of the OCA from retailer operators, and demand in smaller centres is likely to be confined to independent operators that serve a predominantly localised catchment.
- 12.30 Similarly, additional convenience sector provision in appropriate locations and of an appropriate scale could help to increase the OCA's convenience sector retention rate, which at 70 per cent is also modest and capable of improvement.
- 12.31 As we demonstrated in Section 5, available (vacant) retail units in Hinckley town centre are typically small and are therefore not attractive to operators that have an interest in being represented in the town. It may be possible to identify opportunities for the amalgamation of existing town centre units, although this would not result in a material net gain in retail floorspace.
- 12.32 Thus, we consider that there is a need for at least one substantial development scheme in order to provide units of the right size, configuration and trading

environment to attract the type of retailers that are presently missing from Hinckley's offer.

- 12.33 Below, we provide our initial assessment of opportunities that may offer potential to meet a proportion of the floorspace capacity that we have identified. We take account of the suitability, availability and viability considerations as set out in PPS6, and the sequential approach to site selection. It is important to note by way of introduction that the distance threshold for the purposes of the 'edge-of-centre' definition is '*within easy walking distance (i.e. up to 300 metres) of the primary shopping area*' for retail use, and '*within 300 metres of a town centre boundary*' for all other main town centre uses.
- 12.34 Our assessment focuses on three of the eight Strategic Development Area (SDA) sites in the Hinckley Town Centre Masterplan. We do not provide a detailed assess the remaining five Masterplan sites, either because they are not identified for retail use in the Masterplan, or because the quantum of retail proposed is very small (as with the Railway Station site). Nevertheless, these five sites are listed below together with a short explanation as to why they do not feature in our detailed assessment.
- **Atkins Factory (Masterplan SDA 2).** This site includes the disused Atkins hosiery factory, Great Meeting Chapel and surface level car park, adjacent to Holliers Walk/Lower Baptist Street, to the north west of Hinckley town centre. The site is not identified for retail use in the Masterplan; instead, it is earmarked for mix of residential, cultural and live/work uses.
 - **Land North of Mount Road (Masterplan SDA 4).** This area is located to the south west of the town centre and contains the Borough Council offices, the Castle Mound, Memorial Gardens, the Health Centre and the District Hospital. Retail does not feature in the mix of uses put forward for the site by Atkins, which includes residential and a new leisure centre.
 - **The Leisure Centre (Masterplan SDA 5).** The site presently occupied by the leisure centre is located within the town centre boundary (as defined on the adopted Local Plan Proposals Map), on the western side of Coventry Road. Reflecting its location away from the town centre core, the Masterplan identifies the site for primarily residential use and retail does not feature as a potential end use.
 - **Rugby Road/Hawley Road (Masterplan SDA 6).** The Masterplan identifies this site, which is occupied by the Fludes Hosiery Factory, to the south of the town centre, for a mix of uses including residential, a hotel and offices/managed workspace units. Retail does not feature in the potential mix of uses.
 - **Railway Station, Southfield Road (Masterplan SDA 7).** This site is also located outside of the town centre and is identified for a mix of residential, offices and managed workspace uses. A small element of retail features in the mix of uses, although this is ancillary to the main uses listed above.

Main Assessment Sites

- 12.35 We have visited each of the three main assessment sites - Stockwell Head, Britannia Centre/Castle Street and Bus Station/Brunel Road - and discussed their potential for retail development with relevant Council officers. Our initial conclusions on the retail potential offered by each site are provided, below.

Stockwell Head (Masterplan SDA 1)

- 12.36 The Stockwell Head SDA is located to the north of the town centre core, and is therefore currently edge-of-centre in retail terms. The area contains a mix of uses including secondary retail, workshops and the underused Stockwell House office block. There is a significant amount of underused land to the rear of Stockwell Head.
- 12.37 In our assessment, the Stockwell Head area is in need of regeneration and is of a sufficient size to accommodate large-floorplate retail units. We understand from

discussions with local property market agents that the freeholder of Stockwell House may consider selling its site.

- 12.38 From our discussions with Council officers, however, we understand that the Council's transport planning consultants are likely to recommend that the western part of the Stockwell Head SDA should be redeveloped to provide a consolidated town centre car park. Furthermore, we understand that the Council favours residential for the residual part of the SDA (to the east of Baptist Walk), and that whilst retail might form part of the wider scheme this is likely to be small-scale.
- 12.39 In summary, we consider that this substantial site does offer potential for large-floorplate retail units, which is a view that is shared by local property market agents. However, the Council favours alternative uses for the site, and so we conclude that it is unlikely to become available for large-scale retail uses.

Britannia Centre/Castle Street (Masterplan SDA 3)

- 12.40 The Masterplan identifies units on either side of Castle Street in the heart of the town centre, together with the surface-level car park to the rear of the northern side of Castle Street, for a mixed-use redevelopment to include retail, commercial and leisure uses. Atkins envisages the creation of a north-south pedestrian route, which would require the clearance of the premises on the north side of Castle Street.
- 12.41 According to local property market agents, the leases on many of the Castle Street premises have at least four years to run, with some leases having in excess of seven years left. Nevertheless, we understand that a formal appraisal has not been undertaken to establish whether the redevelopment value would be likely to exceed the value of the existing properties.
- 12.42 We consider it likely that, given its location in the heart of the centre, the site would prove attractive to both developers and retailers. If such a scheme was to emerge, then we consider it could attract the type of comparison retailers that are presently missing from Hinckley's comparison retail offer. We see no reason why clothes and shoes floorspace could not form part of the new retail units proposed for the site in the Masterplan. Furthermore, we understand that the new owner of the Britannia Centre is keen to remodel the Centre and add retail floorspace, possibly including some floorspace at upper floor level.
- 12.43 In summary, we consider that there is likely to be potential for a redevelopment/extension of the Britannia Centre, which is ideally located in the heart of the town centre. Serious consideration should be given to the potential for a greater quantum of retail floorspace at the site than the relatively modest 2,000 sq.m (21,700 sq.ft) envisaged by Atkins, through an intensive multi-storey scheme. Nevertheless, we acknowledge that even if an intensive scheme can be designed and realised, there is likely to be a residual requirement for a significant quantum of additional comparison retail floorspace - over and above the scheme at the Britannia Centre/Castle Street - which will need to be met elsewhere.

Bus Station/Brunel Road (Masterplan SDA 8)

- 12.44 The Bus Station/Brunel Road SDA is a large site with clear redevelopment potential. Much of the property fronting Brunel Road is vacant or underused; the bus station is low-grade; and the large surface-level car park appears to be underused.
- 12.45 The site is within a number of ownerships. One local property market agent considers that this is likely to mean that the site represents a medium-term option. However, we understand that the Council has resolved to use compulsory purchase powers if necessary, to facilitate a mixed-use scheme at the site.
- 12.46 The site is earmarked in the Masterplan for a supermarket rather than comparison goods retail, which does not feature in the approved mix of uses. We consider that if the site did become available for redevelopment, supermarket operators might be

more interested in the site than mainstream comparison retailers, which prefer more central locations. In our initial assessment, the site is unlikely to be viewed favourably by a department store operator because of its edge-of-centre location. Moreover, we consider that a department store and fashion retail outlets would be more appropriately located at the Britannia Centre/Castle Street, where they would have the greatest potential to bolster town centre vitality and viability.

- 12.47 Nevertheless, as mentioned above, we consider it likely that there will be a residual requirement for a significant quantum of additional comparison retail floorspace, over and above the scheme at the Britannia Centre/Castle Street and assuming that an intensive multi-storey scheme emerges at that more central site. Given the absence of any obvious sequentially preferable alternative sites, we consider that comparison retail could form part of the mix of uses for the Bus Station/Brunel Road site, which in our initial assessment offers clear potential for a development anchored by convenience retail.
- 12.48 An independent property market agent would be able to advise on whether there is likely to be sufficient market interest for two schemes, each containing a significant comparison retail element (i.e. at the Britannia Centre/Castle Street site as well as the Bus Station/Brunel Road area), and of the preferred timing/sequence of development. At this stage, in advance of detailed agency advice, we would caution against permitting a substantial amount of comparison retail floorspace at the Bus Station/Brunel Road site until the more central Britannia Centre/Castle Street scheme was committed (and preferably implemented).

Site Assessment - Summary of Findings

- 12.49 Our headline conclusion is that the Britannia Centre/Castle Street scheme in Hinckley town centre is the best opportunity for material quanta of additional comparison retail floorspace in the Borough. The site is ideally located adjacent to other retail uses in the heart of the town centre and is in need of redevelopment. We understand that the new owner of the Centre is interested in devising an appropriate scheme. Overall, we consider that a scheme at this site, to provide additional comparison retail floorspace in larger units than those that are presently available, would bolster Hinckley's standing in the sub-regional retail hierarchy. We therefore conclude that a scheme at the site should be the Borough Council's number one retail priority.
- 12.50 The large area of land to the south west of Hinckley town centre (Bus Station/Brunel Road) is relatively unconstrained physically and offers potential for a significant quantum of retail development. However, in order not to undermine the vitality and viability of the main town centre area, we would caution against permitting a substantial amount of comparison retail floorspace at the Bus Station/Brunel Road area until the more central Britannia Centre/Castle Street scheme was committed (and preferably implemented).

Summary of Implications for Meeting Identified Retail Needs

- 12.51 There will be a need to fully embrace the PPS6 requirement for a proactive approach to promoting growth and managing change in Hinckley town centre. There is scope for a substantial volume of new comparison retail floorspace in the periods to 2021 and 2026 and the Borough Council - together with its public sector partners - must play a lead role in facilitating the necessary intensification of development within the town centre.
- 12.52 The market will dictate that a high proportion of new comparison retail development will be directed to Hinckley. The feedback from our operator consultation exercise shows that there is a modest level of retailer demand for representation in Hinckley, both in town centre and out-of-centre locations. Nevertheless, we consider that the current comparison sector retention level of 32 per cent is capable of improvement, which

indicates that if a substantial development scheme was to emerge then there would be an increase in demand from comparison multiple retailers.

- 12.53 The Britannia Centre/Castle Street scheme in Hinckley town centre could account for a significant proportion of the identified comparison retail requirements arising under our recommended Scenario B (rising retention) forecasts. The Centre's owner appears to be interested in devising an appropriate scheme, which we conclude should remain the Borough Council's number one retail priority. Without delivery of the scheme to the market, and the attraction to Hinckley of the type of high-profile, large-floorplate operators that are presently missing from the offer, it is unlikely that the OCA's overall comparison sector retention rate will improve materially from the current level, which at 32 per cent is modest. The committed and planned retail schemes in (*inter alia*) Leicester and Nuneaton (and to a lesser extent, Coventry) will inevitably further strengthen each of those centres. This makes it even more essential for the Britannia Centre/Castle Street scheme to be delivered as soon as possible.
- 12.54 In our assessment, the Britannia Centre/Castle Street scheme should precede all other comparison retail developments in Hinckley of any material scale. Over and above this scheme then there will inevitably be a residual net floorspace requirement across the OCA as a whole by 2021, given the scale of the floorspace requirements that we have identified.
- 12.55 The extensive Bus Station/Brunel Road area offers good potential to accommodate a significant retail-led scheme. On the basis of our initial assessment, we consider that the site is better suited to convenience retail as part of a comprehensive mixed-use development. Nevertheless, some comparison retail floorspace could form part of the wider mix of uses, assuming that it did not undermine the prospects of securing the Britannia Centre/Castle Street scheme. In our assessment, the latter should be the Council's retail priority and no other permissions should be granted that could prejudice this development.

