



ACS Submission: Planning reform - supporting the high street

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Ministry of Housing, Communities and Local Government consultation on supporting high streets to adapt through the planning system. ACS represents 33,500 local shops and petrol forecourts including Co-op, BP, McColls and thousands of independent retailers, many of which trade under brands such as Spar, Nisa and Costcutter. ACS is a member of the National Retail Planning Forum and engages on Government groups including the Future High Streets Forum and Retail Sector Council. Further information about ACS is available at Annex A.

The convenience sector, like the rest of the retail sector and high street operators, is under significant pressure from a range of factors including; increased overheads from property and employment costs, extensive competition and changing consumer shopping habits, particularly the shift to online shopping. Grocery and non-food retailers are taking forward far fewer new store developments as they attempt to maintain or consolidate their existing property estates and the Government is right to look at how best to manage the existing supply of retail space to promote vibrant, viable high streets.

We believe that high streets can only thrive if they are able to embrace changing consumer shopping habits and the Government ensures planning policy enables businesses to adapt and diversify to meet these needs. Convenience stores have often retained access to services on high streets which are no longer viable as standalone shops, for example FTU ATMs (46% of stores), Post Offices (23%) and bakeries (22%)¹. New services not traditionally found in convenience stores, such as dry cleaning (7%) and prescription collections (2%), are starting to add to the diversity of convenience store shops as high streets change².

Recent reforms to the planning system have prioritised housing delivery and we welcome this consultation as an indication that enabling high streets to adapt is another priority for the planning system. We support a new, more flexible Use Class that merges A1 – A3 Use Classes to promote mixed use business models and flexibility for retailers. New permitted development rights for A1 – B1 and the demolition of commercial to be rebuilt for residential uses could also support high streets to adapt - but must be subject to adherence with Local Plans and proper consideration of economic health, service provision and character in a local area. The agent of change principle, adopted in the 2018 National Planning Policy Framework, should be considered during prior approvals.

This submission responds to Part 1 of the consultation on permitted development rights and Use Classes. For more information, please contact Steve Dowling, ACS Public Affairs Manager, via steve.dowling@acs.org.uk.

¹ ACS Local Shop Report 2018

² ACS Local Shop Report 2018

Allow greater change of use to support high streets to adapt and diversify

Question 1.1: Do you agree that there should be a new permitted development right to allow shops (A1) financial and professional services (A2), hot food takeaways (A5), betting shops, pay day loan shops and launderettes to change to office use (B1)? Please give your reasons.

We support in principle the concept of maximising the flexibility for property owners to ensure that their premises are put to effective use. National permitted development rights are valuable for maximising this flexibility by allowing convenience retailers and other business property owners a more streamlined and certain route through the planning system. The permitted development rights system could therefore play an important role in helping high streets to adapt and meet demands for shop, office and residential property units.

We agree that a new permitted development right for A1 convenience stores to change to B1 office use could support greater flexibility for retailers when selling their business and support high streets to adapt - but use of the permitted development right must not undermine local planning frameworks or access to local services. ACS supports a plan-led system where Local Plans are widely adopted across local planning authorities and developed in close consultation with communities. An A1 – B1 permitted development permitted development right should only be used where it would not undermine a coherent Local Plan and its long-term strategy for an area, whether for a town centre or secondary shopping parade.

The permitted development right should not undermine the viability of neighbourhood shopping parades. Conversions from retail to other uses on a shopping parade can significantly reduce the range of services available to local people and reduce footfall for remaining businesses. A1 – B1 conversions should therefore only be approved following proper consideration of: the potential impact on the economic performance of the retail centre, the need to maintain an adequate provision of essential local services, and the potential impact on the local character of the area. ACS' Community Barometer research has found that Post Office and convenience stores are perceived to have the most positive impact on their local community³.

These tests, in conjunction with an up-to-date Local Plan and adherence to 'Town Centre First' planning policies, would ensure effective use of a new A1 – B1 permitted development right to support high streets to adapt and diversify.

Temporary change of use

Question 1.4: Do you agree that the permitted development right for the temporary change of use of the premises listed in paragraph 1.9 should allow change to a public library, exhibition hall, museum, clinic or health centre?

Question 1.6: Do you agree that the temporary change of use should be extended from 2 years to 3 years?

³ ACS Local Shop Report pg 18

We support the extension of temporary change of use permitted development rights to public libraries, exhibition halls, museums, clinics and health centres. The successful high streets of the future will be those that maintain their relevance as social and economic hubs, providing a range of uses including community services. Permitted development rights for temporary changes of use can help businesses and community groups to ‘test the water’ in new locations and help planners ensure premises are not left empty.

We agree that the permitted development right for temporary changes of use should be extended from 2 years to 3 years. 3 years strikes an appropriate balance between incentivising new uses in high streets and preventing unscrupulous use of temporary changes of use to avoid the full planning process.

Support for the high street through the Use Classes Order

Question 1.7: Would changes to certain of the A use classes be helpful in supporting high streets?

Question 1.8: If so, which would be the most suitable approach:

- **A) that the A1 use class should be simplified to ensure it captures current and future retail models; or,**
- **B) that the A1, A2 and A3 use classes should be merged to create a single use class? Please give your reasons.**

Convenience stores provide a core grocery offer and range of services, often taking in services that may no longer be viable through standalone shops such as Post Offices (in 23% of stores) and dry cleaners (7%)⁴. Other services may benefit from greater footfall by locating within a retail business, for example food-to-go concessions (in 10%⁵ of stores) and, for petrol forecourt sites, jet washes (37%), automatic car washes (29%) and hand car washes (7%)⁶.

The range of services offered within convenience stores is expanding as retailers respond to a highly competitive grocery market undergoing significant change. As outlined above convenience retailers and other business are constantly looking to adapt and change their business to meet consumer needs – it is important that the planning system can facilitate and support businesses to adapt. The planning system should pre-empt and support the potential emergence of mixed-use business models. Mixed use business models can support service provisions on high streets by allowing businesses to diversify and support retailers trading in rural areas to bring new services to isolated locations⁷. In the last year, convenience retailers have invested £814 million in improving their in-store provision of services and products to meet consumer needs.⁸

We would support merging the A1, A2 and A3 Use Classes to a new Use Class. This would increase flexibility for convenience retailers to develop food service uses alongside their core

⁴ ACS Local Shop Report 2018

⁵ ACS Local Shop Report 2018

⁶ ACS Forecourt Report 2018

⁷ For example, see <https://www.betterretailing.com/whitstone-convenience-store-refurb>

⁸ ACS Local Shop Report 2018

grocery offer. The new Use Class would also enlarge the number of sites retailers may consider when looking for units to establish an A1 – A3 use.

The alternative proposal in the consultation to redefine the A1 Use Class to capture future retail models would not support mixed use business models. Simplifying the definition of A1 towards a broad description without specifics would introduce new, evolving complexities about when A1 use is predominant. The A1, A2 and A3 Use Classes are established in the planning system and provide relative certainty as definitions for planning authorities and developers.

We regret legislation passed in the Neighbourhood Planning Act 2017 to remove permitted development rights for the change of use of A4 drinking establishments. Although we understand that the Government intends this to protect pubs as valued community assets, local shops are also valued by consumers. ACS' Community Barometer research finds that convenience stores are ranked as the second most positive service for its impact on a local area, while pubs are ranked sixth by consumers behind pharmacies, specialist food shops and cafés⁹.

A clear focus of this consultation is removing barriers within the planning system. The removal of permitted development rights from A4 Uses undermines the flexibility increasingly needed by high streets and shopping parades to enable commercial units to respond to changing consumer demands. The requirement for planning permission to convert from a pub to a shop is therefore an unnecessary burden in the planning system and should be reviewed.

A new permitted development right to support housing delivery by extending buildings upwards to create additional new homes

Question 1.9: Do you think there is a role for a permitted development right to provide additional self-contained homes by extending certain premises upwards?

We would support a new permitted development right for residential uses above shops to incentivise the efficient use of land and reduce planning costs for retailers. Converting empty space above shops to residential uses can benefit both planning authorities and retailers, by adding new housing stock and driving footfall and improving security for retailers. A poll of 1,210 independent retailers suggests that of those owning space above their shop, most (74%) convenience retailers either live in or rent out the space, 13% use it for business purposes, 7% rent it out for commercial use and 6% have a vacant space¹⁰.

Although retailers can benefit from residential uses above their shop, the 'agent of change' principle in the planning system is important to ensure the core business does not suffer from new uses. Convenience stores have long opening hours and frequent deliveries, which has unavoidable implications for parking and pollution around stores (see Q1.19).

The cost of managing domestic premises above shops has increased following recent regulations. The Minimum Energy Efficiency Standards (MEES) Regulations are requiring

⁹ ACS Local Shop Report 2018

¹⁰ ACS Voice of Local Shops Survey: August 2018

retailers to make significant investments into domestic properties above shops to keep them in use and can act as a barrier from retailers bringing empty spaces above shops into use. For example, the Regulations can require retailers to make costly improvements to properties to meet higher Energy Performance Certificate standards, including duct, roof and under floor insulation.

Alongside this new permitted development right, we would therefore support consideration of a renewed Flat Conversion Allowance to bring a greater number of empty spaces above shops into residential use. The Flat Conversion Allowance was designed to increase the availability of rental accommodation by providing 100% capital allowances for the conversion of empty space above shops and other commercial premises to residential use. The Allowance was repealed in 2013 but would reduce the substantial capital expenditure required to make spaces suitable for letting, adding more residential uses into the mix in high street locations.

Prior Approval

Question 1.18: Do you agree that in managing the impact of the proposal, the matters set out in paragraphs 1.25 -1.27 should be considered in a prior approval?

Question 1.19: Are there any other planning matters that should be considered?

Prior approvals are valuable for allowing local authorities to consider the impact of a change of use in each case where permitted development rights are in place. As set out at Q1.1, prior approvals could be extended to the health of the retail centre, provision of services and character of an area to support high streets.

We agree that the matters set out in paragraphs 1.25 – 1.27 of the consultation document should also be considered in prior approvals. The ‘agent of change’ principle is important to protect existing businesses from undue harm or future restrictions caused by new developments. Retailers are sensitive to the compatibility of retail premises with residential uses above due to the long opening hours and frequent deliveries needed for a convenience store business. Convenience stores are open 14.5 hours a day Monday to Saturday and 13 hours on Sunday on average, which brings implications for local parking facilities and noise pollution around stores¹¹. Of those who have space above their shop, 35% of convenience retailers rent it out for residential use¹².

Supporting housing delivery by allowing for the demolition of commercial buildings and redevelopment as residential

Question 1.27: Do you support a permitted development right for the high quality redevelopment of commercial sites, including demolition and replacement build as residential, which retained the existing developer contributions?

¹¹ ACS Local Shop Report 2018

¹² ACS Voice of Local Shops Survey: August 2018

Question 1.28: What considerations would be important in framing any future right for the demolition of commercial buildings and their redevelopment as residential to ensure that it brings the most sites forward for redevelopment?

See Question 1.1.

We support this new permitted development right where there is a coherent Local Plan and approval is only made following proper consideration of: the potential impact on the economic health of a retail centre, the need to maintain an adequate provision of essential local services, and the potential impact on the local character of an area.

For more information, please contact Steve Dowling, ACS Public Affairs Manager, via steve.dowling@acs.org.uk or 01252 533009.

Annex A

ABOUT ACS

The Association of Convenience Stores lobbies on behalf of over 46,000 convenience stores across mainland UK on public policy issues that affect their businesses. ACS' membership is comprised of a diverse group of retailers, from small independent family businesses running a single store to large multiple convenience retailers running thousands of stores.

Convenience stores trade in a wide variety of locations, meeting the needs of customers from all backgrounds. These locations range from city centres and high streets, suburban areas such as estates and secondary parades, rural villages and isolated areas, as well as on petrol forecourts and at travel points such as airports and train stations.



WHO WE REPRESENT

INDEPENDENT RETAILERS



ACS represents over 19,000 independent retailers, polling them quarterly to hear their views and experiences which are used to feed in to Government policy discussions.

These stores are not affiliated to any group, and are often family businesses with low staff and property costs. Independent forecourt operators are included in this category.

SYMBOL GROUPS AND FRANCHISES



ACS represents over 14,000 retailers affiliated with symbol groups. Symbol groups like SPAR, Nisa, Costcutter, Londis, Premier and others provide independent retailers with stock agreements, wholesale deliveries, logistical support and marketing benefits.

Symbol group forecourt operators and franchise providers like One Stop are also included in this category.

MULTIPLE AND CO-OPERATIVE BUSINESSES



ACS represents over 12,000 stores that are owned by multiple and co-operative retailers. These businesses include the Co-Operative, regional co-operative societies, McColls and others.

Unlike symbol group stores, these stores are owned and run centrally by the business. Forecourt multiples and commission operated stores are included in this category.

THE CONVENIENCE SECTOR



In 2018, the total value of sales in the convenience sector was £39.1bn.

The average spend in a typical convenience store transaction is £6.50.



There are 46,262 convenience stores in mainland UK. 72% of stores are operated by independent retailers, either unaffiliated or as part of a symbol group.



The convenience sector provides flexible employment for around 365,000 people.

24% of independent/symbol stores employ family members only.



24% of shop owners work more than 70 hours per week, while 19% take no holiday throughout the year.

70% of business owners are first time investors in the sector.



Convenience stores and Post Offices poll as the two services that have the most positive impact on their local area according to consumers and local councillors.

81% of independent/symbol retailers have engaged in some form of community activity over the last year.



Between August 2017 and May 2018, the convenience sector invested over £814m in stores.

The most popular form of investment in stores is refrigeration.

OUR RESEARCH

ACS polls the views and experiences of the convenience sector regularly to provide up-to-date, robust information on the pressures being faced by retailers of all sizes and ownership types. Our research includes the following regular surveys:

ACS VOICE OF LOCAL SHOPS SURVEY

Regular quarterly survey of over 1,200 retailers, split evenly between independent retailers, symbol group retailers and forecourt retailers. The survey consists of tracker questions and a number of questions that differ each time to help inform ACS' policy work.

ACS INVESTMENT TRACKER

Regular quarterly survey of over 1,200 independent and symbol retailers which is combined with responses from multiple businesses representing over 3,000 stores.

ACS LOCAL SHOP REPORT

Annual survey of over 2,400 independent, symbol and forecourt retailers combined with responses from multiple businesses representing 7,669 stores. The Local Shop Report also draws on data from HIM, IGD, Nielsen and William Reed.

BESPOKE POLLING ON POLICY ISSUES

ACS conducts bespoke polling of its members on a range of policy issues, from crime and responsible retailing to low pay and taxation. This polling is conducted with retailers from all areas of the convenience sector.

For more information and data sources, visit www.acs.org.uk