

A BALANCE OF TRADE

Everyone can help

**Report of the Commission on Retail Conservation
to the
Royal Borough of Kensington and Chelsea**

May 2007



Commission on Retail Conservation

Foreword from Councillor Tim Ahern, Mayor, The Royal Borough of Kensington and Chelsea

I am pleased to introduce the findings of the Commission on Retail Conservation, which sets out our recommendations to preserve and enhance the character and vitality of the Royal Borough's neighbourhood shopping areas.

The report contains recommendations for the Council – but also for Government, other local authorities, landlords and retailers, in the belief that only by working together can we retain, or develop, vibrant shopping areas throughout the country.

In essence, we want to ensure that residents have local diversity and choice, with access to shops that meet their day-to-day needs.

Our recommendations comprise a 'Retail Tool Box', designed for both public agencies and the retail industry. They include the encouragement of specialist shops, which will tend to be in smaller premises. We must make sure these are not lost by amalgamation.

We have looked closely at Portobello Road, one of the most distinctive and creative streets in the world. Its very success is now attracting national chain stores, giving cause for concern that they may kill the goose which laid the golden egg.

This report places retail at the heart of community strategies and local development frameworks. The Commission believes that its set of recommendations will help to ensure retail balance on our high streets and create dynamic shopping areas, within safe and pleasant surroundings, which meet the needs of local residents and visitors alike.

We are grateful to all those who gave their time and expertise in support of our work.

A handwritten signature in black ink, consisting of a horizontal line above the letters 'Tim' and a cursive signature 'Ahern' to its right.

Councillor Tim Ahern
Mayor, The Royal Borough of Kensington and Chelsea
Chairman, Commission on Retail Conservation

Contents

RECOMMENDATIONS	7
------------------------	---

EXECUTIVE SUMMARY	15
--------------------------	----

1. TASK: What we were asked to do	21
● The Council's concerns	
● Approach of the Commission	

2. CONTEXT: What we investigated	24
● Overview	
● Trends	
● Projections	

3. PERSPECTIVES: What we were told	31
● Residents	
● Supermarkets	
● Small retailers and retail representatives	
● Landlords and investors	
● Retail analysts	
● Portobello	

4. FINDINGS: What we discovered 55

- United Kingdom
- The Royal Borough of Kensington and Chelsea
- Portobello Road and Market
- Right balance
- New ideas
- Local protection

5. RECOMMENDATIONS: What we advise 73

- How best can we get the right balance between popular chain stores, smaller or specialist shops, boutiques and restaurants?
- What new ideas and perhaps legislation could help balance market powers with the needs of local communities?
- Can local retail areas be protected in a similar way to buildings?

APPENDICES 83

- 1.** Membership of the Commission and terms of reference
- 2.** Acknowledgements and sources
- 3.** Glossary



Recommendations

GOVERNMENT

should take the following action:

1. Use Classes Order

Make two changes to the Use Classes Order:

1. Small shops

These should be put into a different Use Class from the rest of the A1 Use Class.

An amendment to the General Permitted Development Order should allow the change of use of large shop units to small shop units but not the reverse.

Small shops should be defined as those having a ground floor space (net) of less than 80 sq. metres. (860 sq. feet).

2. Coffee shops and internet cafés

An additional Use Class should be created for coffee shops and internet cafés.

An amendment to the General Permitted Development Order should allow the change of use of coffee shops and internet cafes to class A1 shops but not the reverse.

2. Amalgamations

Amend legislation to require planning permission for a merger of a ground floor retail unit of less than 80 sq. metres with another unit.

3. Unauthorised development

Amend legislation to allow local authorities to serve Stop Notices on developers in exceptional circumstances for 28 days, without liability.

4. Structural alterations

Amend legislation so that planning permission, which involves structural alterations to buildings in retail use, is not valid until as-built drawings are submitted and signed 'as approved at completion' by the planning authority.

5. Large-scale retail development

Reject the recommendation of the Barker Review to abolish the 'need test'; this requires developers, when seeking planning consent for large-scale retail outside designated centres, to demonstrate that a 'need' exists that is not met elsewhere.

6. **Local benefit**
Ensure that, if adopted, the 'planning-gain supplement', a tax based on the land value uplift produced by a development, does not reduce the potential benefit to the community in which the value is generated below that which would have been achievable through negotiation permitted under Section 106 of the Town and Country Planning Act 1990 (a 'Section 106 agreement').
7. **Small business lease**
Introduce a standard lease for small businesses.
8. **Rent review**
Abolish automatic upward-only rent reviews for new leases.
9. **Restrictive covenants**
Outlaw restrictive covenants, which result in uncompetitive practices or properties being kept empty.
10. **Leaseholder liability**
Ensure that reversion of liability for dilapidations and rent stops with the current leaseholder.
11. **Rate relief**
Widen the applicability of the Small Business Rate Rebate Scheme and apply national funding to make it more generous.
12. **'Sales'**
Impose a national restriction on retail merchandise 'Sales' outside agreed and specified dates in the year.
13. **Off-street parking**
Allow local authorities to take over and manage retailers' car parks with five spaces or more, on the following terms:
 - normal meter rates in the area to be charged by the local authority, with the revenue generated to be shared 50:50 with the store.
 - parking charges not to be refunded by the store to customers either in cash or kind.
 - business rate for the car park to be based on the revenue generated.
 - revenue received by the local authority to be used to support and encourage small businesses.

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
AND OTHER LOCAL AUTHORITIES,
should take the following action:**

14. **Community Strategy**
Give increased attention to retail needs and supply when reviewing their Community Strategy and in preparing a Local Development Framework. This is central to the place-making role advocated by the Lyons Inquiry into Local Government.
15. **Local partnerships**
Monitor and attempt to influence, in partnership with other interests, the retail mix in areas where there are many property owners.
16. **Consultation between developers, retailers and residents**
Promote consultation between developers, retailers and residents at all stages of a major retail development to establish the optimum mix of uses and unit sizes, and designs appropriate for the neighbourhood.
17. **Retail neighbourhood watch**
Encourage local partnerships to achieve and maintain high standards of repair, cleaning, safety and security in retail areas, including the removal of unsightly roller shutters and graffiti.
18. **On-street parking**
Introduce free 30-minute parking meters at local shopping areas to encourage use of local shops by more people.
19. **Small shops**
Encourage the retention of existing, and entry of new, shops having a ground floor space (net) of less than 80 sq. metres in their shopping centres.
20. **Retail levy**
Negotiate a 'Section 106 Agreement', whereby the presence of a major store or stores is offset by a levy to support independent retailers located nearby.
21. **Street works**
In London, continue to work alongside the Mayor of London to increase co-ordination of, and to minimise disruption caused by, utility companies in the installation, repair and replacement of pipes, wires, cabling, etc.

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

should take the following action:

22. Shopping centre aspirations

The Royal Borough should prepare vision statements for its centres, prioritising:

- shopping areas which, unchecked, are in transition from a distinctly local to a more uniform character, including **Portobello Road, Notting Hill Gate, Earl's Court Road** and **Brompton Road**
- the retail future of Kensington High Street.

23. Champion

Fund the appointment of a full-time post to be a champion for shopping centres, and to network and inform groups concerned about the sustainability of their local centre(s).

24. Amenity, diversity and character

Recognise and respect in its Local Development Framework, the amenity, diversity and character of its 46 retail areas.

25. Local shopping

Resist, in its Local Development Framework, the loss of local amenity and retail use in the Borough's 37 local shopping centres.

26. Non-retail uses

Review, and tighten up, the number of particular uses permitted within the Borough's retail centres, including estate agents, bureaux de change, internet / phone shops, coffee shops and restaurants.

27. Retention of small shops

Resist 'planning creep' or 'planning by stealth', whereby a street of A1 uses is cumulatively turned into a street of A3 uses.

28. Unauthorised development

Take prompt and firm enforcement action against developers contravening planning regulations.

29. Shops owned by the Council

Review arrangements for the targeting of particular uses within Council-owned retail units, especially in its World's End and Golborne Road portfolios, to support the vision statements for those centres.

30. **Community shops policy**
Seek to expand its retail portfolio, as occasion allows, and extend the Council's community shops policy across the Borough, targeting particular uses to meet local needs, and charging 'affordable rents' where such uses cannot be supplied at market rates.
31. **Council coherence**
Ensure closer joint-working between the Council's planning, regeneration, valuation and other departments in its approach to retail and economic development matters.
32. **Affordable retail**
Require, through a Section 106 agreement, that developers gift a proportion of small units in a new retail development to the Council to manage as affordable retail units, in the same way that developers construct housing units for registered social landlords to house low-income residents.
33. **Markets**
Encourage street and farmers' markets.
34. **Portobello Road and Market**
Recognise that Portobello Road and Market is unique in its diversity and vulnerability, requiring a distinct set of measures.
1. Retail forum: facilitate the immediate establishment of a Portobello Road Retail Forum to prepare a vision and retail management strategy for Portobello Road.
 2. Local champion: fund the appointment of a full-time post to champion Portobello Road and Market, and to provide support for the Portobello Road Retail Forum.
 3. Special policies: recognise, through the Local Development Framework, the diverse functions, character and appeal of Portobello Road - both locally and internationally, by designating it a 'special district', to which an appropriate set of planning policies will be applied.
 4. Antiques market: confirm its commitment to the future of the antiques market in Portobello. The Council in partnership with landlords, stall holders and traders, and resident organisations, should complement this action with a package of measures designed to increase footfall by promoting its niche status within London.
 5. Street market: maintain and promote the street market, including a review of the functions of the Portobello Market Office, to include promotion as well as enforcement.

35. **Retail directories**
Ensure people know what shops are in the Borough, through a retail directory, online and published, including specialist shops, markets and adjacent visitor attractions.
36. **Conference**
Host a Borough retail conference, perhaps under the auspices of the Community Strategy, to contribute to visions for Borough centres and share good practice from elsewhere.
37. **Fund expertise**
Provide funding, equivalent to a half-time post to establish and manage a Borough-wide service to give advice on all aspects of starting and sustaining a small retail business.
38. **Time-limited subsidy**
Agree, in exceptional circumstances, to waive charges for rubbish collection and / or business rates for a defined period.
39. **Shopfront design**
Require high-quality design in new shopfronts throughout the Borough and extend protection of shopfronts of merit to those located outside conservation areas.
40. **Shopfront grants**
Provide grants to help restore or enhance shopfronts both within and outside conservation areas.

LANDLORDS

should take the following action:

41. **Rental basis**
Promote increasing use of a rent related to turnover.
42. **Lease**
Offer tenants the option of a fixed period lease with rent based on annual indexation (cost of living without mortgages).
43. **Rent in advance**
Provide the option of rent payable one month in advance, rather than the customary three, to help the cash flow of small and start-up businesses.

44. **Social landlords**
Set an example: Communities England (the successor body to the Housing Corporation), the National Federation of Housing Associations and registered social landlords should review policies and practices relating to commercial holdings to ensure that these do not undermine locally their efforts to build sustainable communities.
45. **Business Improvement Districts**
Consider, along with retailers and local authorities, the establishment of a Business Improvement District where the commercial health of a centre is under threat, particularly if caused in part by environmental and security concerns.

SUPERMARKETS and other chain stores should take the following action:

46. **Shopfront design**
Enhance rather than detract from local character in the design of their stores and shopfronts, particularly in conservation areas.
47. **Neighbourliness**
Negotiate 'good neighbour policies' with fellow retailers, the local authority and residents, in any local shopping centre where they have an outlet.

SMALL AND INDEPENDENT RETAILERS should take the following action:

48. **Specialisation**
Consider specialisation, catering to a niche market, as a means to compete with large retailers and multiples.
49. **Advice**
Obtain professional advice before signing leases, perhaps from local agencies sponsored to provide this.
50. **Mutual support**
Become members of an appropriate business association and of local bodies such as the Chamber of Commerce.

51. **Level playing field**
Provide evidence, through their business association, to the Competition Commission on any local practices by supermarkets or (multi-) national chain stores which place smaller retailers at a disadvantage.
52. **Joint purchase**
Consider, through their business association, combining with others to create a joint purchase association.
53. **Over-regulation**
Lobby central Government through their business associations (both sectoral and local) to reduce the burden and costs of regulation devised with larger concerns in mind.

RESIDENTS AND VISITORS
should take the following action:

54. **Shop local**
Buy from local, independent and specialist shops if they want them to thrive and survive.

**A glossary is provided at the end
of the full report**



Executive Summary

What we were asked to do

The Royal Borough of Kensington and Chelsea is seeking ways of protecting its mix of shops...

“It started,” explains Merrick Cockell (leader of the Council, “when Tesco’s took over Cullens, Europa and Harts, a small popular west London chain of neighbourhood delis two years ago”

In one case they installed the most garish, crude shopfront, right next door to a Grade 1 listed building,” he recalls. “The residents simply rose up in fury.” About the same time, a vociferous group of residents and shopkeepers mounted a campaign to save Portobello Road from corporate colonisation. “There was a lot of gnashing of teeth.” says Cockell

Lesley Gillilan, Financial Times. 22 July 2006

The Council asked the Commission to consider three questions:

- 1. How best can we get the right balance between popular chain stores, smaller or specialist shops, boutiques and restaurants?**
- 2. What new ideas and perhaps legislation could help balance market powers with the needs of local communities?**
- 3. Can local retail areas be protected in a similar way to buildings?**

Alongside house prices, supermarkets and shopping rank high in the league table of topics of national conversation.

In the past two years, the stream of reports, inquiries and campaigns affecting the retail sector has become a flood. Our report draws on those issues most relevant to this investigation.

Chapter 1 sets out our approach. The membership of the Commission and its terms of reference are attached as Appendix 1.

“Two facts have been with us throughout our deliberations: less than 50 per cent of residents have cars and more than 70 per cent of the Borough is within conservation areas.”

Councillor Tim Ahern, Chairman of the Commission on Retail Conservation

What we investigated

Chapter 2 provides a snapshot of retailing in three sections - overview, trends and projections, with information presented at national, regional and local levels - United Kingdom, London and the Royal Borough of Kensington and Chelsea.

We commissioned research on six diverse shopping areas across the Royal Borough of Kensington and Chelsea. In December 2006, we obtained 2005 information on the ownership, mix of uses, presence of multiples, amalgamation of shop units, vacancy rates and rents, and on changes which had occurred since 2000. The main findings are reported in Chapter 2 and a full report is available on the Council's website, www.rbkc.gov.uk.

We looked abroad, especially to France, and we uncovered examples of good practice within the United Kingdom and within London.

We received working papers on a range of issues during the course of our work. These are listed in Appendix 2, **Acknowledgements and Sources**, and are available on the website.

What we were told

Between July 2006 and April 2007 we held several hearings and conducted many interviews, receiving opinions and advice from a wide range of interested parties, both national and local.

We invited contributions from Borough residents through the Council's website and newsletter.

In February 2007 we asked the 1,200-strong residents' panel to complete a questionnaire on their shopping habits and preferences. 537 completed questionnaires were received. The main findings are summarised in **Chapter 2** and a full report is available on the Council's website, www.rbkc.gov.uk.

Chapter 3 contains the views and ideas presented to us, mainly at the principal hearings in January and February 2007 but also at other meetings and from submissions, emails, seminars and reports.

We have grouped them into five categories:

1. Residents
2. Supermarkets
3. Small retailers and retail representatives
4. Landlords and investors
5. Retail analysts

Under a sixth heading, Portobello, we bring together views from all five perspectives on one retail area of the Royal Borough.

“The Royal Borough of Kensington and Chelsea has both an enormous opportunity and quite a responsibility. If this Borough cannot achieve diversity, then it is bad news for the rest of the country. There is an opportunity here for an exemplary approach.”

Andrew Simms, New Economics Foundation.

What we discovered

Our main findings are set out in **Chapter 4**, grouped under three headings:

United Kingdom

- The trend of recent years for fewer shops but larger units will continue.
- Large town centres will tend to prosper at the expense of smaller town centres, neighbourhood centres and parades.
- Public interest, concern and knowledge about retail issues are growing; government, local authorities and others need to respond.
- Small specialist shops are essential to sustain the diversity, vibrancy and character of shopping areas.
- Automatic, upward-only rent reviews are the biggest threat to the long term viability of small specialist retailers.

The Royal Borough of Kensington and Chelsea

- Tensions will persist, and may increase, between the Royal Borough's local and 'London World City' retail functions.
- The proximity of the London Westfield (White City) shopping development (opens late 2008), combined with increasing competition from the internet, will challenge the traditional role played by many of the Royal Borough's shopping centres.

Portobello Road and Market

- Portobello Road is a victim of its own success, with new landlords and national chain stores increasingly keen to share in it.
- The development of a shared vision and effective policy instruments are necessary to sustain its appeal.

In **Chapter 4** we also present the thinking behind our recommendations.

What we advise

Chapter 5 presents our recommendations. The framework for these is set out below, grouped under the three issues that we were asked to consider and targeted at the agency or agencies which can do most to bring about the action required.

“How best can we get the right balance between popular chain stores, smaller or specialist shops, boutiques and restaurants?”

Government, The Royal Borough and other local authorities should:

- support and encourage small retailers to help themselves, especially through assistance on property-related matters.

The Royal Borough and other local authorities should:

- set maximum quotas for particular uses by area, or by centre, where the retail mix is threatened.
- adopt a set of policies to ensure the continuing supply of small units.

The Royal Borough of Kensington and Chelsea should:

- prepare a succinct vision, or statement of aspirations, for each of its shopping centres, specifying its primary functions and identifying any requirements.
- encourage the location of specialist retail in the Borough, including niche clusters in local centres, where there is adequate convenience shopping close by.

Landlords should:

- be flexible in the terms of lease offered.

Social landlords, who own shops, **should:**

- set an example to all landlords, by promoting a retail mix appropriate to local needs and consistent with the vision for the centre in which they are located.

“What new ideas and perhaps legislation could help balance market powers with the needs of local communities?”

Government should:

- continue to favour retail investment within towns and suburbs, rather than out-of-town.
- review the Landlord and Tenant Act to prevent uncompetitive practices.
- allow local authorities to take over and manage retailers’ car parks with five spaces or more.

The Royal Borough and other local authorities should:

- see retail needs and supply as a legitimate area of community concern and well-being, as well as a planning function.
- bring to the attention of the Competition Commission local examples of non-competitive practices, as should **trade organisations** and others.
- recognise the need for ‘nip-in, nip-out’ parking - for shoppers to visit convenience and specialist shops, and for retailers to load home-delivery vehicles.
- recognise the role of national retail chains in kick-starting the regeneration of areas where convenience shopping is poor, lacking or in decline. “Can local retail areas be protected in a similar way to buildings?”

“Can local retail areas be protected in a similar way to buildings?”

Government should:

- amend the Use Classes Order to permit discretionary control at the local level to stop the loss of small units through amalgamation and to stop the change of use of small shops to cafés, neither of which currently require planning permission.

The Royal Borough and other local authorities should:

- impose trading restrictions where, and only where, absence of protection would threaten the long-term vitality of the area.
- assume the role of ‘champion’ of vulnerable centres where property ownership is fragmented between many landlords, by supporting local partnerships to monitor and influence the retail mix.
- promote attractive, non-standard shopfronts – whether conserved or contemporary.
- be assertive and consistent both in ensuring compliance and taking enforcement action against an unauthorised change of retail use.

The Royal Borough of Kensington and Chelsea should:

- recognise that Portobello Road and Market is unique in its diversity and vulnerability, requiring a distinct set of measures.

Recommendations

We have made 54 specific recommendations. Each is directed at the agency or agencies which can do most to bring about the action required.

They are set out in two different formats, for ease of reference. At the end of the report, in Chapter 5 they are arranged by topic. At the start of the report, preceding this Executive Summary, they are listed under the agency which can do most to bring about the action required.

We have devised a set of practical measures which, we believe, could help to maintain, or create, the vitality and diversity most of us would like to see in the streets where we live, work or shop.

By no stretch of the imagination, is Kensington and Chelsea typical of the United Kingdom as a whole – it is the country’s most densely populated area, with top-rate property values and a local economy larger than that of Northern Ireland. Nevertheless, we feel that many of the issues we have grappled with will resonate elsewhere in the country.

1. TASK: What we were asked to do

The Royal Borough of Kensington and Chelsea is seeking ways of protecting its mix of shops ...

“It started,” explains Merrick Cockell [Leader of the Council], “when Tesco’s took over Cullens, Europa and Harts, a small popular west London chain of neighbourhood delis two years ago. “In one case they installed the most garish, crude shopfront, right next door to a Grade 1 listed building,” he recalls. The residents simply rose up in fury.” About the same time, a vociferous group of residents and shopkeepers mounted a campaign to save Portobello Road from corporate colonisation. “There was a lot of gnashing of teeth,” says Cockell ...

A commission has been set up (with Terence Conran as one of its high profile members) and there is talk of creating ‘retail conservation areas’ (along the lines of protected shopping streets in Paris) or ‘finding some way’ of offering lower than market rents to attract and sustain quirky, niche-market shops.” We hope to come up with an option that would work anywhere,” says Cockell.

Lesley Gillilan, Financial Times. 22 July 2006

1.1 THE COUNCIL’S CONCERNS

The Council asked the Commission to consider three questions:

- 1. How best can we get the right balance between popular chain stores, smaller or specialist shops, boutiques and restaurants?**
- 2. What new ideas and perhaps legislation could help balance market powers with the needs of local communities?**
- 3. Can local retail areas be protected in a similar way to buildings?**

The membership of the Commission and its terms of reference are attached as Appendix 1.

1.2 THE APPROACH OF THE COMMISSION

Treasury economists and policy planners worry about how the demands of retailers and consumers can be met, and where.

We were asked to look through the other end of the telescope, from the places where people already live and shop, and address a different question: “What powers are needed at the local level to make our town centres and shopping parades work, especially for those who use them every day?”

Retail

Concerns about retailing are many and varied, and debated daily on television, in newspapers and through dedicated websites.

Alongside house prices, supermarkets and shopping rank high in the league table of topics of national conversation. In the last two years, the stream of reports, inquiries and campaigns affecting the retail sector has become a flood.

Our look at the latest reports uncovered a web of interconnecting concerns:

- **Supermarket dominance** – competition and choice in the groceries sector
- **Supply chain practices** – allegations of exploitation and price-fixing
- **Location of superstores** – out-of-town versus town centre development; ghost towns
- **Independent shops** – premises’ costs and viability; the threat of the net
- **Green issues** - local sourcing, food miles and support for local economies
- **Local diversity** – choice and mix of shops and services; clone towns
- **Community influence** - shopping area strategies and local partnerships

We have endeavoured to draw on only those issues relevant to this investigation, and not be distracted by the rest.

What we did

We commissioned research on six diverse **shopping areas** across the Royal Borough of Kensington and Chelsea. In December 2006 we obtained 2005 information on the ownership, mix of uses, presence of multiples, amalgamation of shop units, vacancy rates and rents, and on changes which had occurred since 2000. The main findings are reported in **2.2.3** below and a full report is available on the Council's website, www.rbkc.gov.uk.

We uncovered examples of **good practice** internationally, within the United Kingdom and within London.

We received **working papers** on a range of matters during the course of our work. These are listed in Appendix 2 and are available on the Council's website.

Between July 2006 and April 2007 we held several **hearings** and conducted many **interviews** receiving opinions and advice from a wide range of interested parties, both national and local.

We invited contributions from Borough residents, through the Borough's **website** and newsletter.

In February 2007 we asked the 1,200-strong **residents' panel** to complete a questionnaire on their shopping habits and preferences. 537 completed questionnaires were received. The main findings are reported in **2.2.3** below and a full report is available on the Council's website.



2. CONTEXT: What we investigated

“Two facts have been with us throughout our deliberations: less than 50 per cent of residents have cars and more than 70 per cent of the Borough is within conservation areas.”

Councillor Tim Ahern, Chairman of the Commission on Retail Conservation

Chapter 2 provides a snapshot of retailing in three sections - overview, trends and projections, with information presented at national, regional and local levels - United Kingdom, London and the Royal Borough of Kensington and Chelsea

Information presented in this chapter is derived from the reports listed in **Appendix 2, Acknowledgements and Sources.**

A **Glossary** is provided in **Appendix 3**, at the end of the report.

2.1 RETAIL OVERVIEW

2.1.1 United Kingdom

- In the 1980s, Government encouraged a shift by retailers to develop out-of-town shopping centres, retail warehouses and factory outlets, designed to be accessible by car. In 2005, the largest 50 centres accounted for over 40 per cent of the comparison goods (non-food) market.
- Planning guidance since 1996 (PPG6; PPS6 since 2005) has required a ‘town centre first’ approach. This has worked to some extent in helping town centres but some retailers feel it limits their options.
- Over the last decade consumers’ disposable income has increased but the amount of time available for shopping has fallen.
- National supermarkets have moved into the convenience store sector, increasingly stocking non-food as well as grocery items. Much of the comparative advantage of small retailers, in terms of convenience, has been lost.
- A series of investigations has been conducted into the structure and practices of the grocery sector. The Competition Commission is due to present its latest, preliminary findings in June 2007.
- Rents have increased significantly above the rate of inflation in recent years and this has affected retailers of all sizes.

2.1.2 **London**

- Retail directly employs 400,000 people in London, accounting for nine per cent of total employment.
- About 38 per cent of expenditure by households is on retail items, both 'convenience' (mostly grocery) and 'comparison' (non-food) goods.
- Retail is a growing sector of the economy, especially consumer spending on comparison goods, which has increased by four per cent each year over the past decade.
- Retail provides flexible employment opportunities, including a high share of employment for women, ethnic minorities and young adults.
- London's retail offer includes the West End, Brent Cross shopping centre, around 200 town centres and 50 out-of-centre retail parks.
- London also has over 1,200 neighbourhood and local centres providing retail and other services to local communities.
- Retail opportunities also exist in office developments, petrol station forecourts, in railway and underground stations and in stand-alone corner shops.
- The Mayor's London Plan 2004 provides the framework for meeting retail need in the Capital. It presents a hierarchy of five types of shopping centre: international, metropolitan, major, district and local.

2.1.3 **The Royal Borough of Kensington and Chelsea**

- The Borough's Unitary Development Plan 2002 identifies nine principal shopping centres supported by 37 local shopping centres.
- Policies for local centres generally resist the loss of any shops in an attempt to ensure that they continue to serve the needs of local people.
- A study in 2005 (Drivers Jonas) reported low vacancy rates and concluded that most of the Borough's principal centres appeared vital and vibrant. There was no evidence that the quality of the retail 'offer' had suffered as a result of a trend towards amalgamation of units to provide larger stores.
- Most of the Borough was incorporated into the extension westwards of the congestion charge zone in February 2007.
- The Borough is preparing a Local Development Framework in general conformity with the London Plan and will adopt its hierarchy of types of shopping centres - international, metropolitan, major, district and local.

2.2 RETAIL TRENDS

2.2.1 United Kingdom

- Rising costs for retailers, falling prices for consumers.
- Demand for larger-sized units, particularly from fashion and other comparison retailers.
- Increasing proportion of mixed-use schemes.
- Increasing polarisation of the retail market - between a small number of large centres with high and increasing comparison goods sales and a large number of smaller centres, many of which are static or in decline.
- New forms of retailing in response to advances in technology.
- Rise of 'value-retailing', intended to keep costs low through a relatively low-quality store fit-out.
- Blurring of traditional boundaries, especially in the supply chain, and consolidation of the retail process.
- Large retailers diversifying to exploit growth areas outside their core business.
- Resurgence of smaller food stores, often specialist or organic shops, rather than mini-supermarkets or convenience stores.
- Increasing recognition by historic areas of the need to enhance local distinctiveness, to give them a competitive edge.
- Increasing consumer awareness of retail-related issues.

2.2.2 London

- Declining retail within small town centres which have lost out to both large-scale town centres and out-of-town retail.
- Increasing out-of-town retail during the 1980s and 1990s, through the development of retail warehouse parks.
- Retail consolidation, particularly in the grocery sector.
- Fewer small retailers.
- Increasing efforts amongst retailers to increase their links to the leisure economy.
- Changes in ways retailers manage supply-chain and logistics issues.
- New retail formats in response to the growth of internet shopping.
- Increasing acceptance of the use of retail to underpin regeneration projects.

2.2.3 **The Royal Borough of Kensington and Chelsea**

- Closing of Post Offices, banks, pubs and petrol stations, despite local campaigns supported by the Council.
- Opening of large food stores, including three with a net sales area of over 3,500 sq. metres: one Tesco store on Cromwell Road, and two Sainsbury's stores, one on Cromwell Road and the other off Ladbrooke Grove in North Kensington.
- Expanding network of national supermarkets operating convenience stores in some local and all principal shopping areas, especially since the purchase by Tesco of the Cullens, Europa and Harts chains.
- Drift from commercial uses to local convenience services and residential.

The sample survey of six shopping centres prepared for the Commission by Roger Tym and Partners in December 2006 found that:

- Centres have not been losing shops overall but the proportion of multiples in the larger centres has risen, with more looking to locate there (Portobello Road, Earl's Court Road and Holland Park Avenue).
- Multiples represented tended to be small-scale, often London-based chains, apart from Earl's Court Road.
- National decline in the proportion of 'retail' space in local / neighbourhood shopping centres is not reflected locally. This may disguise a trend towards food-and-drink retail, including coffee shops.
- The opening of small-format convenience stores by major supermarket operators, seems to have affected smaller multiple operators (typically taken over) and independent grocery stores (three closures in Earl's Court), rather than specialist food stores such as butchers and bakers.
- Between 2000 and 2005 nine amalgamations of 18 shops had occurred. Of these, five amalgamations were in Portobello and three in Earl's Court. Most were for the expansion of an existing retailer. Only one amalgamation in each centre became occupied by a multiple retailer moving into the centre.
- Over the same period three 'disaggregations' occurred in these larger centres, one in Portobello, two in Earl's Court and each from one shop into two.
- Property prices are rising faster than sales growth and rents are often increased to a level which small independent retailers are unable to afford. Between 2005 and 2006 one-year rises of 20 per cent had occurred in Earl's Court Road and 15 per cent in Portobello Road.

A survey of residents was conducted by the Borough in February 2007 on behalf of the Commission, and 537 completed questionnaires were returned.

- Three out of ten respondents shopped daily, with 93 per cent meeting everyday needs from shops within the Borough and 72 per cent from local shops. Fewer respondents living in the north of the Borough (66 per cent) shopped within the Borough than respondents in the centre or south.
- Distance from home, followed by price of goods were the two most important factors in deciding where to shop. The order of these was reversed by respondents from the north of the Borough.
- Overall, 87 per cent of respondents were satisfied at least to some extent with the choice and diversity of shops in the Borough. More respondents aged over 50 (92 per cent) were satisfied than younger and geographically, the rate of satisfaction was higher in the south and lower in the north.
- Thirty-eight per cent of residents felt that the overall shopping experience in the Borough had improved over recent years. Too many coffee shops and chain stores were the most commonly stated reasons among the 18 per cent who said it had got worse.
- Asked where they shopped most of the time for food, 50 per cent of respondents said in a large national supermarket, 14 per cent in a small national supermarket, 10 per cent in specialist shops and six per cent at markets.
- Seventy per cent would like to see more independent shops in their nearest shopping street or centre, with 58 per cent wanting more specialty food stores. Other popular choices were shops selling household goods, DIY and electrical shops, and personal services (e.g. doctor's surgery).
- Fifty-seven per cent would like to see fewer estate agents, 33 per cent fewer high street names and 28 per cent fewer bars and restaurants.
- Asked if there was anything needed or wanted which was no longer available locally, the most common response was hardware / ironmonger, followed by a butcher and a fishmonger.
- Forty-three per cent of respondents said that they always travel on foot to shop for everyday purchases and 93 per cent at least sometimes. 73 per cent walked at least sometimes for special or occasional purchases.

2.3 RETAIL PROJECTIONS

2.3.1 National

- Fewer shops, larger units.
- Resurgence of smaller superstores.
- Greater variety of shopping locations.
- More ways to sell and buy - 'multi-channel' retailing.
- More international ownership.
- Linking of retail with leisure, pleasure and regeneration.
- Rise of concept / interactive stores.
- More showroom outlets for internet sites.
- Lower rent increases than in recent years.
- Retailers competing to respond to consumer concerns over sourcing of produce, exploitation of labour, green issues and global warming.

2.3.2 London

- Population will rise sharply, with more than a million extra residents forecast between 2001 and 2026. Employment in London is also expected to grow by 970,000 between 2003 and 2026.
- Consumer spending on retail goods will continue to grow strongly, with spending on comparison goods forecast to rise by 4.8 per cent per annum to 2016 and grocery retail spending by 2.0 per cent per annum.
- Online shopping will increase in importance. This will impact on some high street shops, such as electricals, books and music. Despite the rise of internet retail, there will remain a need for increased retail floor space in London over the next decade.
- Major retail developments and expansions to existing centres are planned, with Stratford and White City particularly significant. If developed as intended, both of these will enter the top-ten ranking of retail sites in London by turnover by 2016.
- The West End will remain London's premier shopping destination but environmental improvements to public areas will be required, especially around the east end of Oxford Street.
- London's town centres will benefit from both the rising consumer spending on retail, and also planning policies which state that retail development should be focused within existing town centres. However, competition from new and existing developments will mean that the importance of retail to some town centres will diminish.

2.3.3 The Royal Borough of Kensington and Chelsea

- Rate of rent rises are likely to reduce, reflecting national and London trends, but demand for new retail development will exceed supply until the opening of White City in late 2008.
- The Borough's principal shopping centres will face competition from the White City development which will be twice as big as Brent Cross. It is outside the congestion charge boundary and 4,000 car spaces are to be provided.
- The effect of the opening of White City on the Borough's centres and local rents is likely to vary between types of centres. Initially, Notting Hill Gate and Kensington High Street might come under pressure, though in the medium-term they may attract more specialist and niche retailers
- Concern about threats to retail diversity and choice in local centres will continue. In a 2005 consultation exercise, as part of the preparation of the Local Development Framework, the issue which attracted the highest number of responses was 'maintaining town centre uses and retailing'.



3. PERSPECTIVES: What we were told

“The Royal Borough of Kensington and Chelsea has both an enormous opportunity and quite a responsibility. If this Borough cannot achieve diversity, then it is bad news for the rest of the country. There is an opportunity here for an exemplary approach.”

Andrew Simms, New Economics Foundation.

Introduction

This chapter contains the views and ideas presented to us, mainly at the principal hearings in January and February but also at other meetings and from submissions, emails, seminars and reports. It forms the largest section of our report.

We have grouped them into five categories:

- 1 **Residents**
- 2 **Supermarkets**
- 3 **Small retailers and retail representatives**
- 4 **Landlords and investors**
- 5 **Retail analysts**

Under a sixth heading, **Portobello**, we bring together views from all five perspectives on one retail area of the Royal Borough.

3.1 RESIDENTS' PERSPECTIVES

Comments from residents

“The planners appear unable to view individual planning applications in an overall context, thereby playing into developers’ hands.”

“There should be more policies in the Local Development Framework to retain local character and local identity.”

“The redevelopment of Kensington Market was a disaster for High St Ken ... Anything noteworthy and creative tends to happen in East London now.”

“Stop agonising about the detail, forget the Use Classes Order - get a strategy.”

Introduction

Residents thought the Council was committed to public realm improvements but there was a need for a strategic view. Planning, as interpreted by the Council, tended to be regulation rather than a forward-looking process to create the town centres that residents wanted.

A recurring theme was the need for ‘balance’. A variety of shops was needed to provide a buzz and there was a conflict between diversity and niche, which should be acknowledged. Estate agents dominated some streets, and in others there were now too many drinking and eating places. When A3 uses (cafes and restaurants) became over-dominant, they threatened the quality of a shopping area. Balance was all.

Area management

We were told that surrounding boroughs had shared **visions and strategies** for shopping centres, and were managing change through partnerships. Their absence in Kensington and Chelsea meant that the Council and its planning officers were unable to view individual planning applications within an overall context, thereby playing into developers’ hands. Council planning officers needed to take a stronger line but in the absence of local retail visions or strategies, younger, less experienced officers were no match for high-powered developers’ consultants. The Council was asked to trust its partners – both business and community, and to form local partnerships.

It was suggested that some areas would benefit from a form of **town centre management**. Was it feasible for business and voluntary associations to develop a retail vision locally, or did that require ‘town centre managers’? We were informed of resident initiatives to promote Gloucester Road, backed by possible conservation area status.

We heard opposing views on the desirability or timeliness of **Business Improvement Districts**. (BIDs) The Chamber of Commerce would like to see a network of BIDs and town managers across the borough’s shopping centres, perhaps pioneered in Earl’s Court. These could have the effect of bringing in ‘non-virtuous’ landlords whether they liked it or not. But there were contrary opinions. BIDs would take too long to set up and there were problems associated with getting the necessary ‘buy-in’ of 60 per cent of the businesses. Another view was that BIDs would be premature. Unless you had working partnerships at a local level, it was too soon to launch a Business Improvement District. When a partnership was ready, what was needed first was some sort of town centre management and a commitment to a strategy.

There were arguments for and against the concept of **Business Conservation Areas**. Could bye-laws be imaginatively implemented to create traditional business zones, specifically to prevent Portobello antiques arcades from conversion to fashion multiples? We were referred to the restriction on change of use of West End theatres and how the City of Westminster had intervened with the Pollen Estate to champion the interests of Savile Row tailors.

Local character and individuality

We were given local examples of both benign and malignant **landlords**, of masterplans and of ‘planning by stealth’. It was a pity, we heard, that some landlords did not appreciate that in the longer term building on and enhancing the special character of an area was preferable to maximising profits in the short-term. Outside the aristocratic estates, a complication was the fractured freeholder base.

In both Portobello and the Brompton Road local **amenity shops** were being pushed out as leases were renewed. Many had wanted to renew their leases but had been unable to – this was partly a factor of price but also because landlords generally preferred letting to chains as it was considered more secure.

A number of representatives cited King’s Road and Kensington High Street as examples of once diverse and interesting shopping streets which had lost much of their individuality. The arrival of Wholefoods and the possible departure of many of the multiples in the wake of the White City development, provided an opportunity to give **Kensington** the High Street it deserved.

People wanted both the convenience of **supermarkets** and the charm and distinctiveness of small, often independent shops. The Council should not exclude smaller branches of national chains from local shopping areas. In Earl's Court, the coming of Sainsbury's had bucked up the convenience stores. Those which were no good had closed down, but the others were doing better. They also complemented the Marks and Spencer store which attracted new custom to the street but did not stock their range of goods. There was a symbiotic relationship.

There should be more policies in the Local Development Framework to retain **local character** and local identity. All retail planning applications should be subject to an overarching test floating above the Use Class Order system, based on considerations of amenity (local usefulness and accessibility), diversity (mix of type of shop and tenant) and character (a consequence of the two). The conditions applied to securing these should be strictly enforced.

Local controls

Residents were frustrated that the system of **'Use Classes'**, even after recent revisions, seemed unable to prevent the loss of 'proper' shops to fast food and drink premises. By selling small amounts of food to take away, companies running a coffee shop could argue that they were maintaining an A1 use.

Local powers to keep **small shops** small were considered crucial. Where a unit was in A3 use and the adjacent one A1 it was possible to remove the party wall and transform the entirety into a very large shop, without need for planning permission. The removal by a landlord of party walls allowed units to be doubled or tripled in size, so taking them beyond the reach of small, independent retailers.

We heard that through Management Orders the local authority has powers to bring back into use empty residential properties. It was suggested that something similar be adopted for **empty shops** – a retail management order, whereby the owner would be required either to let it or else it would be opened up to a bidding process. This could be restricted, possibly combined with a rates relief scheme, to provide opportunities for start-up businesses.

Others thought that the Council should utilise its powers more rigorously, including **enforcement and compliance**. One request was for a system to ensure compliance of a planning consent similar to that used for building consents, whereby the District Surveyor had to sign off any structural works required. Planning permission involving retail use should not be valid until 'signed as approved at completion'

The issue of **shopfronts** should be taken more seriously. Officers must negotiate harder to achieve improvements to their design as well as ensuring that they preserve or enhance the character or appearance of conservation areas, through application of policies in the Unitary Development Plan (specifically CD70 to

CD75). A recurring plea was that the house style of multiples should be toned down to prevent the visual cloning of shopping centres. But we also heard of successes, resulting in replacement fascias - for example, at Tesco in Holland Park Avenue. The Kensington Society had found the Tesco planners “surprisingly helpful” and their new designs “quite distinguished”.



3.2 SUPERMARKETS' PERSPECTIVES

Comments from supermarkets

"It doesn't follow that a supermarket butcher would be in competition with a specialist butcher - a lot depends on the quality of trading."

"I don't see why in principle we wouldn't entertain having a Post Office in-store."

"Alternative retailers once profitable do take off and it's in all our interests that innovation continues to thrive."

"Say this is our vision for our town and they'll go with you."

Introduction

Different chains have different policies. Waitrose wants to have stores with car-parking attached (charge refunded to customers) and has chosen not to enter the smaller convenience store market. The minimum size for a Sainsbury's convenience store is between 4,000-4,500sq ft (372-418 sq m) gross. Marks and Spencer believe that high streets need to protect their individuality but they would always look to trade in locations that were commercially viable and helped to offer customers choice.

Tesco see their stores as drivers of regeneration, both in terms of jobs created and providing a destination which increases local footfall for nearby shops. With regard to concerns about fascias, Kensington and Chelsea was probably the most sensitive borough.

Good neighbours

Most multiples have a good neighbour **policy**. We heard that Sainsbury's were including a Post Office and dry cleaners in an East Midlands store recently purchased from the Co-op. They also provide space for a police presence at some stores, as well as parking spaces, and are open to local suggestions to provide amenities. The company has a Town Centre Management and Business Improvement Districts department.

Supermarkets were well aware of the need to balance their requirements as retailers against those of residents and other transport users. Retail **logistics and delivery** was vital for supermarkets. It was a key element of retail competitiveness because consumers demanded stock on shelves. Deliveries early in the morning or late evening benefited from, and resulted in, less traffic congestion but caused disturbance to residents. Delivery curfews, parking tickets and congestion were issues of concern. Waitrose required a dedicated loading bay on their sites. Sainsbury's development in Pimlico was purpose-built with underground servicing and flats above but delivery times to the store had to be restricted following complaints after residents moved in.

We heard a view that **large stores in urban centres** worked best for everyone when they had a relatively narrow frontage but a large space 'back-of-house' – for example, the Waitrose stores in Marylebone High Street and King's Road.

Government and Local Authorities

We received several suggestions for Government or local action. **Town centres** should be run like shopping centres, with local authorities giving a strong lead. Retailers and institutions would welcome the stability this brings, rather than the current situation of high-risk investment based on second-guessing the market effect of ad hoc decisions.

If a local authority did not want **large stores** it should ask itself: "How can we prevent them?" Insisting on, say, a separate loading bay would be enough to put off a multiple from coming to a densely-built up location. Red Routes are also a very effective deterrent

An independent retailer selling a good enough product at a reasonable price should be able to compete. If there is a concern about **competition**, this is a matter for politicians to resolve through legislation. It was down to landlords to vary their initial returns if they wanted to encourage younger, newer retailers into a particular location. Carnaby Street has done a very good job of encouraging a mixed group of retailers - both multiple chains and independents.

Local authorities could also help to make possible affordable trading by a high value, low profit, retailer by offering a rates holiday.

There are issues around **restrictive covenants** which allow the bigger supermarkets to control the entry of competitors. The law supports anti-competitive behaviour and ought to be modified.

Multiples are stocking increasing amounts of comparison (non-food) goods, such as hardware and clothing. This is for two reasons: **comparison goods** have higher profit margins and the proportion of retail sales on food in the UK is decreasing relative to comparison goods. The rents charged should reflect this, and be based on the split of outturn sales between convenience and comparison goods. However, multiples, we were told, pay food-store rents which are relatively lower than for non-food stores. This was uncompetitive practice.

The work of the Competition Commission has resulted in restrictions put on acquisitions of sites by multiples, within different **ranges of store-size**: top, middle and low. Local authorities must be given the teeth to enact this locally. They should persuade the Government to extend to planning authorities the ability to restrict store numbers within the same size ranges.

3.3 SMALL RETAILERS' AND RETAIL REPRESENTATIVES' PERSPECTIVES

Comments from small retailers and retail representatives

“Large landlords would listen if the local authority took the initiative, held a meeting and said ‘This is how we perceive the area to be’.”

“I’ve been told by a supermarket chief that he wants a supermarket every half a mile - and that was just his supermarket. If councils continue to give planning consent it will come about. But you will have very few independent shops.”

“We have that peculiarly British institution, the upward-only rent review, which means a fairly massive hike in rents every five years.”

Introduction

Recurring issues have been the effect on small shops of above-inflation increases in rents and rates, parking controls and the threat to the retail mix of local centres from the replacement of local shops by national convenience stores, fashion and coffee / fast food chains.

Specifically, at our hearings there were concerns that landlords in both Notting Hill Gate and Portobello were looking to convert these centres into fashion parades, while in many other local centres, small shops were being squeezed out and units amalgamated to attract national or international chains.

Rent and rates

Changes were required to the Landlord and Tenant Act. Upward-only **rent reviews** guarantee an income to landlords regardless of the economic climate. This can put intolerable strain on smaller businesses as they trim their margins in order to afford rents that are above the market value of the property. Five year upward-only rent reviews were often based on the highest rent that one person had paid locally. We were told of rent hikes locally of more than 100 per cent, forcing out small and independent shops.

We were told that some **landlords** appeared to be interested only in the short term gains to be had from upping rents. They were not looking at the mix of retail, or considering the long-term viability of the centre. The local authority was perceived variously as unwilling or impotent (under existing planning regulations) to intervene. The British Property Federation said that high rent was only one factor, among many, for retailers getting into difficulties, ranking 11th out of 14 reasons given for insolvency in a recent survey.

The Forum of Private Business told us that approximately 50 per cent of all businesses lease the premises they occupy. The system of **business rates** was skewed against the interests of smaller firms, as it is segmented by size of premises rather than size of business.

In April 2005 arrangements came into effect providing rates relief for businesses in properties with rateable values below £5,000. This is funded by a supplement on the rate bill of those businesses in the local area which are not eligible for relief. The Forum favours eligibility based on turnover but, as turnover figures could be subject to manipulation, a proxy would be the amount of employees' National Insurance paid by the business. This was a reliable figure and produced monthly. Moreover, national tax costs should fall nationally rather than on local areas, as at present.

Groceries market

Many issues were raised which are being considered by the **Competition Commission** in its inquiry into the groceries market, including the 'unfair' buying power of national supermarkets.

The scale of operations of large multiples also allows them to reduce the impact of VAT on their business, especially by using the offshore VAT loophole. They can obtain, VAT-free, goods such as CDs and health food supplements, typically sold through Channel Island websites. In two years the volume of goods going through the Jersey Post Office has increased by 400 per cent.

The Association of **Convenience Stores** (ASC) told us that convenience stores, between 1,000 and 3,000 sq ft in size, differed from multiple convenience outlets in having a community role. They were retailers of services, as much as products. They also had a greater product range, based on 'essentials'. Typically a Tesco Express had 1,800 to 2,000 lines, compared to 3,500 to 4,000 in independents. Following the purchase of Cullens, Europa and Hart stores, Tesco now had 30 per cent market share of the grocery market across the UK. The number of convenience stores fell from 53,500 in 2002 to 51,500 in 2006. The decline has coincided with supermarkets expanding into the local store market. The advent of a multiple retailer in a shopping centre drove up rents, which led to rates increases, hitting convenience stores hard. Ten thousand independent stores affiliated to the ASC had closed since 2000, often selling out to groups such as Spar, Costcutter or Tesco.

Where once businesses had been reasonably supportive towards **charity shops**, this had changed with the shift in the major national charities to adopt a more professional management approach. There was now a strong feeling amongst retailers that charity shops should be subject to the same rules as everyone else.

A major concern was the proposal in the **Barker Review** to remove the obligation on out-of-town developers to demonstrate that a 'need' existed for a new store. Local authorities often backed down in face of the supermarkets' threat to take a decision to appeal, to avoid the 'unacceptable' costs if they lost.

Parking and access

There has been a steady rise in the number of **parking control** notices issued by local authorities in the past ten years. The general rules are the same throughout London but how tightly they are observed and regulated varies between boroughs, while Red Routes are controlled by Transport for London. Parking controls create a particular problem for small retailers. The main complaints are not enough bays, and bays not in the right places.

We were told that if you had a small, specialist shop you did not rely on the local walk-to-shop catchment area; you wanted to become a destination. Such shops could exist only if attention was given to people coming by car and their need to park. Free parking was offered by large superstores, whereas parking by local shops was often expensive and inconvenient. The availability of inexpensive or free parking was essential, particularly **short-term parking** that allowed people to 'nip in and nip out', perhaps on their way home from work. Within the Borough, the introduction of 30 minutes' meters at Holland Park Avenue was welcomed. But the over-zealous enforcement of parking controls by traffic wardens, even when there was no traffic, threatened the viability of street shops

Arranging for **deliveries** to shops from suppliers had become more difficult, particularly when delivery was from the street itself. When multiples moved in, their large lorries took up much of the road space. 'Free' delivery by shops to local customers was increasingly costly.

First, independent shops had to compete in renting a private parking space for a delivery vehicle (we were told that one space off Notting Hill Gate could cost £2,500 per annum). Second, two people were now required for the delivery itself, with one sitting in the vehicle to avoid getting a parking fine.

There was uncertainty about the likely impact on business of the westward extension of the **congestion charge zone** in February 2007.

Other concerns

We heard complaints about **'red tape'**, and that often legislation, however well-intentioned, impacted disproportionately on small businesses. For example, small retailers couldn't afford a health and safety officer but supermarkets could spread the cost over their stores.

Supermarkets employed their own security staff but with fewer staff, **shoplifting and store crime** was a worry for some small retailers. Carefully-sited CCTV cameras could help all retailers.

Extensive and uncoordinated **street works** could be “extremely bad news for shops”. We heard how, in 2006, there were successive excavations in Earl’s Court Road. The road was dug up, first, by the gas company, which found water leakages. Next, the water company excavated and reinstated the pipes. Then, the electricity cables needed attention, so the road was opened up for a third time.

We were told that any **extension of Sunday trading** hours to larger stores would add to the difficulties of small retailers. Current law limits shops over 3,000 sq ft to six hours trading on Sundays but smaller shops can stay open as long as they wish.

Area management and controls

A meeting of the local authority with substantial landlords to agree a **plan and approach** for local shopping centres would be useful. Landlords would consider representation from a local authority more than from an individual tenant. Regarding town centre managers, there were different arrangements in different areas, but the local authority was crucial to making things work.

BIDs could be useful but sometimes the boundaries were drawn too widely, or chosen to include those businesses who would pay, rather than define an area reflecting a genuine community of interest.

Local authorities should be allowed to take competition into account when determining a planning application. This would allow the Local Authority to influence **local trading decisions** by excluding retailers with more than, say, 12 per cent of market share in an area. Local planners should recognise that the smaller, grocery-based retailers, were becoming niche based, serving specific local needs.

The way to attract a wide variety of specialist shops is to encourage the retention and supply of **smaller-sized units**. Most national chains would not consider small units.

3.4 LANDLORDS' AND INVESTORS' PERSPECTIVES

Comments from landlords and investors

"I have some sympathy for multiples which have succeeded because they are popular."

"Subsidising rents tends to protect the poorer businesses and not necessarily encourage the good ones."

"A lot of property companies are owned by pension funds and we all want these to do well by securing a maximum return."

"Coffee chains have ferocious marketing strategies and are prepared to make a loss for the first five years to secure strategic high street positions."

"In retail, people vote with their feet."

Introduction

We were told that it was easy to blame landlords but they had a duty to their investors and shareholders to maximise profit. Much property investment in retail supported pension funds and most landlords looked for security of income, for as long as possible, to a good covenant.

The British Property Federation said that local authorities often took the lead in keeping rents high through prudent management of their own commercial portfolios.

In future, we were told, small local centres would have more neighbourhood shops, with a 'convenience' function, and there would be more restaurants and cafes. Multiples should be encouraged to operate there, as trade increased for other shops when the right retailer moved in, and they kick-started regeneration.

Portfolio management

There were examples of **landlords setting an example** in enabling an area to prosper by getting the balance of shops right. Some major London landlords seek out specialist - often independent - shops to enliven the retail mix, including Cadogan in Sloane Street and the Mercers' Company in Covent Garden. The example most frequently cited was Marylebone High Street, where the Howard de Walden Estate had shown how a coherent strategy by a dominant landlord could transform a shopping street. We were told that if Marylebone High Street was in multiple ownership, it would by now have six or seven, national coffee shops but the estate would permit only one, a Starbucks, to complement traditional cafes.

Some estates wanted more direct control over their commercial property than others. Most commercial leases allowed tenants to assign their leases without the right of the landlord to take back the lease if they wish. Some landlords included a **pre-emption clause** in their leases rather than give away rights to sub-let or assign. This meant that they could control the tenancy and tenant mix. Provided pre-emption clauses were used sensibly, this could be helpful in retaining the character of a retail area.

We heard that the **Cadogan Estate** had developed a form of lease for a maximum period of ten years, sometimes five, with rents subject to annual indexation but not review. Leases could not be assigned but, on surrender, reverted to the estate, which thereby retained control over types of uses and selection of lessees.

Area management

Where the fragmented nature of property ownership made planning difficult, the British Property Federation said the **local authority** should act as a proxy for ownership. Generally, councils had been reactive, letting the developer take the lead but then restricting what they could do. Councils, developers and property investors need to sit down and develop a 'vision'. They should take advantage of the new planning act to develop an overall strategic view of what an area should be, that took into account the public realm, transport and traffic, and other issues. To do this, they should consult the community about it and use plan-making to implement a policy to encourage a spread of ownership.

There was scepticism about the concept of **Retail Conservation Areas**. One major local landlord said that this was an impossibility: buildings were static, but areas evolved. Another said that shopping areas had always changed and that change, for the most part, was a good thing and market forces worked best.

Local authorities might take into **public ownership** commercial premises from which they could provide locally-needed services or on which they could impose restrictions on types of retail use. The Council could do more with its shops in North Kensington and south west Chelsea.

Planning controls

A1 Use Class (Shops) should be split into two, with a class for multiple retailers and a class for neighbourhood uses. Planning permission would be required to change from one to another. (See Appendix 3, **Glossary**, for explanation of Use Classes Order)

One landlord said that restaurants and cafes were an excellent way of introducing more vitality to a retail area. A3 uses (Restaurants and Cafes) were playing an increasingly important role in regenerating smaller centres. Where this happened good independent and multiple retailers flourish. Planners should encourage a flexible approach to allowing A3 / D2 uses (Assembly and Leisure).

To be vibrant, an area needed variety. Some landlords were prepared to charge slightly lower rents if this attracted more 'interesting' shops. There was a need to maintain the right balance of **basic service outlets** such as banks, estate agents and dentists but the existing Use Class Order effectively controls this. The recent introduction of A4 (Drinking Establishments) and A5 (Hot Food Takeaway) Uses Classes will further help.

Small business support

Local authorities could support business through investment in the **environment**, with enhanced street cleaning, lighting and security, and grants for renovating shopfronts. However, one landlord opposed preservation of shop fronts. This was something that his clients would resist. Retailers, he said, were often fussy about how they wanted their shop to look.

Local authorities were missing a trick on Section 106 agreements. They were obsessed with affordable housing. But Section 106 could equally be used to create **affordable retail** or business premises. One landlord suggested that if a major retailer wanted to move into an area, their presence would be offset by a levy that could underwrite independent retailers in side streets. This could operate like affordable housing, through a central fund. Alternatively, and where practicable, a multiple might agree to sub-let part of the premises to an independent.

Many independent retailers did not have access to, or knowledge of where to get, business advice. Local authorities could sponsor a **retail business consultancy**.

Often, small retailers were so keen to get into a unit that they signed a **lease** without advice or negotiation. They might take out a 25 year lease. A surveyor might have advised them to ask for a break clause at, say, year five, or a shorter lease, allowing them the option to move to a more expensive or cheaper location when right or necessary for their business. Some businesses maximised turnover but still couldn't pay the rent. They ended up on a prime site they couldn't afford.

Small shops do not have to be in a prime **location**. Islington was a good example where the side streets and shops off Upper Street were very vibrant and at half the rents. Rather than landlords subsidise rents in prime areas, businesses should move to secondary areas which were cheaper.

Independents needed **other advice** - on marketing, product display, finance, and other matters. The viability of an independent business depended not only on keeping costs down but also on increasing turnover, by various means. Opening at times to suit shoppers was one challenge; another was to provide consistency of both goods and services. Coffee chains had achieved this.

Social landlords

We met the Council's Valuer and heard from three registered social landlords, all long-established housing associations in the Borough.

The **Council** owns 107 shops. Of these 49 are in the Housing Revenue Account managed by the Tenant Management Organisation, and mostly located on estates. The other 58 are street properties, the majority in one of two areas; in Victorian properties in and around the Golborne Road, North Kensington; and in a 1970s range on the King's Road, Chelsea at World's End. The Council has operated a community shops policy for more than a quarter of a century, whereby particular types of retail or services are targeted, to complement the local shops already in the area.

In the 1980s the **Notting Hill Housing Group** purchased properties in All Saint's Road, to facilitate its regeneration. Around seven years ago, when the Group needed to recycle money back into social housing, the shops were sold off on 999 year leases. The Group retained the freehold. One of the Group's drivers was 'building sustainable communities', but the Board had decided it couldn't afford to subsidise commercial rents. However, the Group still owns and runs 20 charity shops in the Borough. We were told that the charity retail sector was here to stay. Charity shops receive 20 per cent rate relief but, despite this, like independent retail they felt in danger of being squeezed out, faced with above inflation rent rises caused by competition for properties - in particular from coffee chains.

Octavia Housing Association and **Affinity Sutton**, continue to manage, through agents, commercial portfolios in Portobello and Chelsea (Elystan Street) respectively. Affinity Sutton is undertaking a review of the future of the four unmodernised blocks on the Dalgarno estate in North Kensington. They may look at increasing retail on the estate. For both, the aim is to maximise commercial rents, with the strongest covenants, to re-invest in housing-related projects. The shops were not held as part of their charitable purpose, but were part of their income base. Where registered social landlords had a commercial interest, they had to charge the local rate. Rent increases were set on the advice of their agents.

All three landlords said that they would welcome some sort of a local framework, including discussions on the retail mix, co-ordinated by the Council.

3.5 RETAIL ANALYSTS' PERSPECTIVE

Comments from retail analysts

“Big stores and small shops, alike, welcome the support of an active land owner”

“Diversity doesn't happen naturally.”

“People want both independent shops and supermarkets - a choice. The problem is that half of that choice is evaporating.”

“When your neighbourhood stops being something you walk around but somewhere you drive to, you have a problem.”

“Independents need to scale up by working together. The UK has not gone as far as Italy or France in this.”

GLA economics

We heard from GLA Economics that at national and regional levels, **retail policy** was in a state of flux with yet more reviews of the grocery sector. Kate Barker's review, assessing the impacts of planning on productivity and competitiveness, had recommended a loosening of constraints. Retail policy could be about to change again.

In London and the south-east there are three strategic issues:

First, **incumbents versus new entrants**: Constraints which protect existing retailers lead to a more restricted entry. The tighter you make them, the easier it is for incumbents to cling on – and the big players will land-bank.

Second, **high land costs**: London and UK city centre costs are at least twice those of most European cities but in some respects it can be argued we are under-shopped. This apparent contradiction comes about partly because of overall limited land availability which restricts the amount categorised as 'retail land'.

Third, **size and location of stores**: Making access to new entrants more difficult can prevent economies of scale operating and so restrict choice. For example, IKEA has said that in the UK they cannot get the size of store they want. This means consumers pay more in IKEA, not in pounds but in time navigating, queuing, loading. They have to work harder to get the goods. Planning guidelines can also prevent retail regeneration. PPS6 says 'town centres first' but unless this is relaxed in under-served areas, they will remain under-served.

Retail conservation was a hard thing to put in place and could undermine its own rationale. Tensions arose when a shopping area climbed up the retail chain, from meeting local needs to having a wider catchment area. It should be accepted that these changes happen.

More dialogue was needed around the **retail and tenant mix** local authorities would like to see, and what landlords wanted.

Regarding the westward extension of the **congestion charging zone**, the GLA thought this might not have as much of a local impact as opponents feared.

New Economics Foundation

From the New Economics Foundation, we heard that diversity mattered not least because it encouraged stability, resilience and the ability to withstand economic shocks. A **practical alliance** at the local level was needed to achieve distinctive shopping areas.

Local ownership led to retention of economical benefits in the local area. Locally-owned businesses were long-term friends, not fair-weather ones. They were the 'social glue' in the community, and affected the way people behaved. Truly local shops provided many invisible services, for example, by asking after customers and supporting mental health; by challenging local youth and binding the social fabric.

There has been an absence, or wrong kind, of **advice to local businesses** - a failure in some local business support services. There were models that could be learned from: "Local Alchemy" and "Big Fizz" offer an approach more successful than the Government's business advice.

Other Analysts

Small retailers had to help themselves. They had to keep **up-to-date**, not least in the use of information and communication technologies. They could compete through branding, product advertising, customer service and store layout; also through sourcing and logistics, to push down costs.

We were advised not to romanticise small or independent shops. It was a mistake to focus on big versus small, or independent versus brand-owned. The key distinction was between **good shops and bad shops**. Some shopping areas full of small shops were distinctively dire. A common complaint from people living in a depressed area was: 'All we have around here are small businesses'. Often, they were desperate for a supermarket and chain stores.

Harlem, New York, was a pioneer of the concept of **regeneration-through-retail**. There had always been 'ethnic retailing' but it was now part of the marketing of the place: "But we had to put in a Starbucks and Gap first to get people to feel safe."

People who shopped by bus made three trips to spend the same amount of money as car owners making a single trip. We needed to find out more about people's changing **shopping habits** and what shoppers looked for but were unable to find. What were the retail implications of people cooking less, or less often, than they used to? It was suggested that home delivery was the way that shopping for food was moving, and for some brand items. The internet was part of this, and congestion on the streets a consequence, caused by the proliferation of white vans.

People often had poor knowledge about what was available locally. The Council should make sure people knew what shops were in the Borough - for example, through websites and small directories. It should map what was around and come up with an initiative that directed people to distinctive locations and **specialist shops** off the beaten track. Especially in Kensington and Chelsea, shopping as a leisure activity was there to be promoted. The Council should look at how people used **markets**.

Local Authorities and Retail

We received comments on current involvement by local authorities in local retail policy and development, and suggestions for a more assertive role in the future.

Local authorities had retail in a 'silo'. They neglected to involve other agencies, other local authority departments and the community and voluntary sectors. They failed to link retail strategy with other initiatives, for example housing investment, Local Enterprise Growth or New Deal for Communities.

Local authorities met with retailers and landlords only to negotiate over specific projects. More dialogue was needed around the mix local authorities would like to see and what landlords wanted. There should be a forum where different sectors could discuss the balance of incentives and regulation that was required to achieve shared objectives for a town or shopping centre.

Where there was a tension of long-term vision versus short-term profit new landlords had to recognise that the ability to command high rentals was a function of past investment, public and private. Local arrangements for town centre management should be considered.

Local authorities struggled with how, or whether, brand retail could bring lasting benefits and not destroy the existing fabric. The private sector needed to relay messages to other sectors that it could help solve area problems, but within the constraint that time was money.

Local authorities lacked plans for the economic development of deprived areas which weren't town centres. There was a need to align employment-creation aspects of retail regeneration with housing and enterprise strategies.



3.6 PORTOBELLO PERSPECTIVES

Comments on Portobello

“People go to Portobello because of what it isn’t.”

“To squander this resource would be tantamount to a failure of vision and management - husbandry on a par with the loss of a rain forest or extinction of a species.”

“If such practices were evident in today’s social housing sector it would be called Rachmanism”

“The Portobello brand is difficult to define and therefore difficult to protect.”

“The outcome of the Commission’s work must not be a huge amount spent on hanging baskets but leaving the real issues unaddressed.”

Introduction

Local feeling on the future of Portobello Road and its street markets runs high. At our second meeting we viewed a 20–minute film, **‘Portobello: Attack of the Clones’**, made in the summer of 2006, by TAG films, about perceived threats to the market, featuring traders and representatives of Friends of Portobello (referred to below as ‘the Friends’).

We gained information from this, from literature produced by the Friends and the Council, and from presentations to the Commission from a variety of perspectives.

Present

Portobello market runs from Chepstow Villas in the south to Golborne Road in the north, and comprises four sections: antiques; fruit and vegetable and unique sole trader; fashion tent and vintage stores; vintage, flea market and ethnic trading. According to the Friends, each section is interdependent on the others. If one part were to be lost, the market’s ecology would fail. The street is London’s fifth most-visited tourist attraction and its success is built primarily on the abundance and creativity of its sole traders.

In the past few years, some local shops have closed, with fashion chains and coffee companies taking their place. The Friends believe that if the trend continues, and national brands were to also to replace the clusters of specialist shops, a tipping point would be reached from which there would be no return.

Future

In their 2004 submission to the Council the **Friends of Portobello** requested that the Community Plan include the aim of “ensuring the borough’s markets remain viable and continue to contribute effectively to the economic vibrancy of the area.”

It also requested the Council to declare Portobello Road as London’s first Business Conservation Zone - to include all the antiques arcades, the street stalls, and shops, and to change the street’s planning designation from being a ‘principal shopping centre’ to a ‘local shopping centre’, with no change permitted from local trading uses to other forms of retail.

We heard that a **working group**, convened by the Council, had met four times between March and September 2006 to consider a range of issues relating to the street and its markets. The group had concluded that the symbiotic relationship of street, shops, traders and residents was under threat. Multiple outlets, charging (or paying) high rents threatened the unique character of Portobello with their national branding and shop designs. Planning law did not currently give local authorities the powers to prevent changes of use within the defined Use Classes.

One participant thought that, while there was a place for partnership-working, demarcation points were also important. Another suggested the need for greater integration between Council departments, especially planning and regeneration.

Campaigners’ Perspective

Campaigners told us that the future of Portobello was **threatened** by the unregulated activities of landlords, specifically UK Investments and Warren Todd.

UK Investments owns roughly ten per cent of the market retail frontage. Since purchase, we were told, they had amalgamated shops, changed shopfronts and leased to fashion shops and coffee companies, units previously occupied by an electrician, a butcher, a stationer, a baker and other local amenity shops. The concern of the Friends is that they want to turn Portobello Road into a contemporary version of Carnaby Street in the 1960s.

Warren Todd owns several dozen shops / arcades in the antiques section of the street. We heard fears that he too might be looking, in the medium term, to lease his properties to fashion multiples. It was impressed on us that the arcades had been bought on the basis of their established use and it would be fair and proper for the Council to restrict the arcades’ use to their traditional function.

We were told that small retailers were coming under extreme pressure from **upward-only rent reviews**. In 2006, two shops had had their rent increased by more than 100 per cent, forcing them to cease trading. There was a local perception that landlords only wanted to raise rents.

Landlords' Perspective

From landlords and their agents we heard that the street could potentially command significantly higher **rents** than were received from established uses. There were quite a few myths regarding Portobello Road becoming a 'clone High Street'. Recent changes were to do more with 'gentrification' than the influx of multiples. Landlords were keen to increase footfall, and extend it outside the peak Saturday – and, to a lesser degree, Friday and Sunday – peaks. When the market was closed on a Thursday, the street was dead.

One local commercial landlord is a registered social landlord, **Octavia Housing Association**. It has been accused of exploiting its position as a landlord and of contributing to changing the character of the area. Friends of Portobello observed that the Council had a community shops policy for its commercial properties but that housing associations did not. Octavia told us that even for a housing association it was not realistic to subsidise shops and it held them as investments. In the wake of adverse publicity, they had considered disposal of their commercial properties.

A landlord's agent said that one of the difficulties of Portobello Road was that ownership of freeholds was fragmented, making it very difficult to 'police' who was being offered leases and on what terms. Octavia saw the need for some sort of **a local framework**, "as people like us cannot control the market price". The Association would welcome an overarching strategy for the area.

Market Trading

We heard that there was a current feeling amongst the market **traders** of being unacknowledged and unloved. The people photographed in the market were the stall holders. They were the 'star attraction' and without them there would be no market.

The Friends recommend that the **market office** should be abolished in its present form and replaced by a partnership organisation, preferably a trust. This should regulate not only the market stalls but all retail activity in the proposed Business Conservation Area, and in conformity with the principles already outlined. A major task of such a trust should be the well-being and promotion of the area.

All markets were different, but **lessons** might be learnt, not least from management arrangements and local involvement, from Borough market (Southwark) and Church Street market (Westminster). The New Economics Foundation drew our attention to the 'Keep Louisville Weird' campaign, designed to promote the distinctiveness of their town.

Local Shopping

We heard that Camden Town once had a similar mix of shops and market to Portobello but that the area dramatically changed when the local shops went. Was this what we wanted to happen to Portobello Road? In Italy, they recognised ‘fast’ and **‘slow’ areas**, and planned for different needs. Whereas, Oxford Street, say, was a ‘fast’ area, Portobello was a ‘slow’ area.

We were told that Portobello should be designated a Local Shopping Centre in the Council’s **Local Development Framework**, with a policy to restrict – but not to banish – food and coffee chains. A workable framework needed to be developed to protect it from being overrun by chains. In the short-term, some sort of **Business Conservation Zone** was needed.

Another representative suggested designation of part only of the street as ‘local’, the stretch from Colville Terrace to Lancaster Road which met the day-to-day needs of residents. Because there were few local **amenity shops** in the streets around the market, residents would be disenfranchised if the fruit and vegetable market, and associated shops, were replaced by coffee shops and fashion stores.

A landlord’s agent suggested re-siting the ‘neighbourhood shopping areas’ in slightly **off-pitch locations** - for example, the north end of Portobello Road, with the local authority providing enhanced street cleaning, lighting and security, and grants for renovating shopfronts.

Antiques Section

From the Portobello Antiques Dealers’ Association we heard that the new owners were forcing dealers from their prime forecourt stands to inside stands and renting, at much higher levels, the **forecourt stands** to traders selling cheap jewellery, handbags and pashminas.

The area between Chepstow Villas and Elgin Crescent should be declared an **antiques area**, with protection for the arcades that ensured their use was not to change. Victorian shop-frontages should be protected or restored, and Victorian lamp posts reinstated.

Planning Controls

We were advised of the deficiencies of the planning system, and specifically the unhelpful definitions of **Use Classes Order**. We were told that there was case after case in Portobello Road of local shops turning into fast food / drink outlets without the requirement to obtain planning permission for a change of use. For example, the long-established toy shop had been replaced by a café, though it claimed to be a shop. There was nothing the planning department could do because it wasn’t a change of use. “But it wasn’t a shop, it was a cafe.”

Regarding the possible buy-out of Portobello to make it into a **fashion** street, we were told that the local authority should be given powers by Government to be able to limit the percentage of the floor space within a designated area to be used for a particular trading activity.

We were told that the **amalgamation** of separate shop units should be prohibited. It was put to us that while there was nothing sinister about a fashion chain knocking one unit into two or three, we should say 'so far but no more', and prevent the destruction of Portobello Market, just as the demolition of Covent Garden was stopped in the 1970s.

Street Environment

For regular shoppers and overseas visitors, the street was let down by a combination of poor infrastructure and conflicting interests. **Issues** included parking, auto-loos, and the design and configuration of market stalls. However, any improvements would be futile if the idiosyncratic nature of the road changed into that of a standard high street.

Campaigners and landlords had different perspectives on how tidy the street should become and how much shops should be **smartened up**. A landlord representative said that one of his clients had put a clause in his leases that tenants could not hang up goods outside their shop and sell on the forecourt. But we were told, the soul of Portobello was its music, artists, and even a certain scruffiness - it was this which resonated with young people. Another view was that if you cleaned up the area, there was the risk of losing vibrancy. This was a concern about the proposals, under discussion, for the regeneration of Golborne Road.



4. FINDINGS: What we discovered

In 4.1 of this chapter we set out our **main findings** which are grouped under three headings:

- United Kingdom
- The Royal Borough of Kensington and Chelsea
- Portobello Road and Market.

We then address the three questions that we were asked to consider:

“How best can we get the right balance between popular chain stores, smaller or specialist shops, boutiques and restaurants?”

“What new ideas and perhaps legislation could help balance market powers with the needs of local communities?”

“Can local retail areas be protected in a similar way to buildings?”

Phrases in **bold** type relate to specific recommendations contained in **Chapter 5**.

4.1 MAIN FINDINGS

4.1.1 United Kingdom

The trend of recent years for fewer shops but larger units will continue.

Retail expenditure is forecast to grow significantly over the next decade, with spending on non-food items and services likely to increase at a faster rate than spending on groceries.

As retail grows, so it will change. Despite the encouragement of current planning policy for much new retail development to occur in town centres, competition will increase from sales in non-traditional locations and in new forms – ‘multi-channel’, including online, retailing.

Most consumers want the choice of bigger and better stores, internet shopping and ‘traditional’, local shops, even if they seldom use the latter.

An issue in London is whether enough retail development can be supplied in existing town centres to meet the continued increase in demand.

Large town centres will tend to prosper at the expense of smaller town centres, neighbourhood centres and parades.

Not all high streets, neighbourhood shopping centres and parades will survive in a recognisable form and, those that do, may be more geared to leisure activities than the sale of non-food goods.

The move by the major supermarket chains into the town centre / local centre, convenience store market, together with extended opening hours, has sometimes supplemented but often displaced smaller or independent grocery retailers.

There have been even more far-reaching changes in patterns of shopping for non-food items (comparison goods). Many specialist shops selling goods such as electrical appliances, furniture and DIY have migrated from heavily built-up urban areas, or have closed down. Others continue to do so. In inner-city areas, with a low car-owning population, this has meant many people losing easy accessibility to these goods.

Sectors where high street sales are most under threat through competition with the internet are electrical goods, books, music and film, while 'shops' such as travel agents and building societies may not survive the expansion of travel and financial services online.

The trend of supermarkets to sell high-turnover comparison goods is likely to have a further effect on the make-up of high streets, by putting at risk other types of small or specialist retailer, such as newsagents and stationers.

Even with the development of online shopping, many people want to see or handle potential purchases before placing an order. Local factors, such as the scale of competition from nearby centres, accessibility by both public transport and car, and environmental amenity, will play their part in determining which centres thrive and which decline.

Public interest, concern and knowledge about retail issues are growing; government local authorities and others need to respond.

The Commission urges the Royal Borough and other local authorities to look beyond their regulatory powers and duties, vital as they are, and lead local debates on how their retail centres may change and can adapt. We welcome the recommendation of the Lyons Inquiry into Local Government that local authorities should have 'place-making' as a core function.

The way to protect and promote shopping areas is through local partnerships of interested parties and individuals recognised as champions of specific centres.

Small, specialist shops are essential to sustain the diversity, vibrancy and character of shopping areas.

Much play is made on the contrast between multiple - or chain - stores and independent retailers. Many shops assumed to be independents, and liked by many residents, are part of small, sometimes London-only, chains.

A more useful distinction is between general stores – ‘super-markets’, whether of groceries, fashion or a wide range of goods - and specialist stores, geared to a niche market or interest group, based on a particular food, product or activity.

Ways in which small shops can compete more effectively with large retailers include increased specialisation and competition on quality of service. Small, specialist retailers are more likely than multiple stores to show local commitment and receive customer loyalty

What matters to the consumer is the distinction between ‘good’ shops and ‘bad’ shops, irrespective of ownership and size.

Automatic, upward-only rent reviews are the biggest threat to the long term viability of small, specialist retailers.

Automatic, upward-only rent reviews are a national anomaly that should be challenged and outlawed. They are inflexible and can put intolerable strain on smaller businesses when there is an economic downturn and trading conditions are less favourable. They may result in empty properties if market value falls below existing rent levels.

4.1.2 **The Royal Borough of Kensington and Chelsea**

Tensions will persist, and may increase, between the Royal Borough’s local and ‘London World City’ roles.

The local shopping / local services needs and desires of visitors, workers and residents will often be in conflict, especially in those areas which are international tourist destinations.

One in three jobs in the Borough – many in retail - is in some way dependent on visitors to the area.

The proximity of the London Westfield (White City) shopping development (opens late 2008), combined with increasing competition from the internet, will challenge the traditional role played by many of the Royal Borough’s shopping centres.

Residents of the Borough have reported inconvenience from some types of retailer stocking comparison goods, such as electrical suppliers, disappearing from the high street. This is likely to be alleviated by the proximity and range of shops at London Westfield.

At the same time, the scale of that development (twice the size of Brent Cross) challenges the Borough to promote the diversity and vibrancy of its street-shopping opportunities as something different and complementary to both London Westfield and the West End.

4.1.3 **Portobello Road and Market**

Portobello Road is a victim of its own success, with new landlords and national chain stores increasingly keen to share in it.

Regeneration through retail has already happened in Portobello Road. The opening in 1989 of Sainsbury's at the top of Ladbrooke Grove, in North Kensington, was instrumental in the regeneration of the area. Tesco Metro located on the Portobello Road in the mid 1990s; and more recently, coffee shop and fashion chains have made their appearance.

The challenge today is to manage the success, while retaining the buzz and edge - the local feel and global appeal, that brought Portobello Road fame and affection in the first place.

The development of a shared vision and effective policy instruments are necessary to sustain its appeal.

Portobello differs from the Borough's other retail centres in its diversity and inter-relationship of different functions in different places at different times.

Since the 1960s, the Royal Borough has commissioned several reports on Portobello, each tasked to come up with solutions to problems both real and imagined. What is now required is a sustained and watchful eye on the evolution of Portobello Road and Market, to be provided by a forum which is informed, broad-based and locally accountable.

4.2 “HOW BEST CAN WE GET THE RIGHT BALANCE BETWEEN POPULAR CHAIN STORES, SMALLER OR SPECIALIST SHOPS, BOUTIQUES AND RESTAURANTS?”

The Royal Borough should prepare a succinct vision, or statement of aspirations, for each of its shopping centres, specifying primary functions and identifying any requirements.

The Commission believes that the Council should state its philosophy for particular areas - its vision or **shopping centre aspirations**. This will let everyone know what ambition the local authority has for the centre, and help retailers to decide if they want a presence there. The Council should then steer policies towards achieving it, including through Section 106 agreements.

This accords with recommendations of the Lyons Inquiry into Local Government that local authorities should play a more assertive role in ‘place-shaping’.

We suggest that the Council gives priority to consult on vision statements for those shopping areas which, unchecked, are in transition from a distinctly local to a more uniform character. These include **Portobello Road, Notting Hill Gate, Earl’s Court Road** and **Brompton Road**. Secondly, a retail vision is required for **Kensington High Street**, to be in place before London Westfield opens at White City in late 2008.

Different types of centres will have features in common, corresponding to the hierarchy of international, major, district, and local centres, as defined in The London Plan. The Council’s Local Development Framework should recognise and respect the **amenity, diversity and character** of individual retail areas.

The Royal Borough and other local authorities should set maximum quotas for particular uses by area, or by centre, where the retail mix is threatened.

The Commission shares the concerns of the Council and residents over the proliferation of certain types of shops and **non-retail uses**, notably, estate agents, bureaux de change, internet / phone shops, coffee shops and A3 restaurants. We note that local authorities can set quotas only for different types within a Use Class but that it cannot do so between Use Classes. Recent decisions on appeal appear to support local authorities who wish to protect a valued local use or service, such as a chemist, and this is encouraging.

We are reassured that since its adoption of the Unitary Development Plan in May 2002, the Borough has had in place a robust policy, whereby restrictions of particular uses can be applied to shopping parades as a whole, rather than to frontages of individual blocks.

We think that the planning authority should set quotas by centre rather than by blocks of shops. While this will not dilute existing concentrations, in the short-term at least, it will restrict new entrants. The application of quota policies should relate to the character of the centre as defined in its vision statement.

Social landlords who own shops should set an example to all landlords, by promoting a retail mix appropriate to local needs and consistent with the vision for the centre in which they are located.

The Council and other not-for-profit organisations hold portfolios of properties in the Borough, with those let for charitable purposes receiving subsidies. We have not quantified this but, together, they represent a significant resource, including units let by Westway Development Trust, the tenant management organisation and housing associations.

Some witnesses commended the Council for its support of small independent shops in the way that it manages the retail units it owns. These are concentrated in Golborne Road, North Kensington and at World's End, Chelsea. The Commission encourages the **Council** to expand its portfolio, as occasion allows and to extend its **community shops policy** across the Borough, targeting particular uses to meet local needs, charging 'affordable rents' where such uses cannot be supplied at market rates.

Registered **social landlords** told the Commission that they are not permitted to lease retail properties below the local market rate. We request that relevant national housing organisations review how policies and practices relating to retail premises owned by registered social landlords sit alongside mission statements to promote sustainable communities.

The Royal Borough and other local authorities should adopt a set of policies to ensure the continuing supply of small units.

Small units are more likely to be occupied by a start-up, independent or specialist trader than larger shops.

The Commission agrees with the Council policy whereby, when it grants planning permission for new business developments, it ensures that there are a number of units with a ground floor space (net) of less than 80 sq. metres (860 sq. feet).

We note the trend for major retailers to want larger shops and that, with limited new supply, this is encouraging the **amalgamation** of existing small units in traditional centres. Once adjacent shop units are amalgamated, the larger unit becomes a desirable target for national chains while new entrants are unlikely to be able to afford the rent. No planning consent is required to internally knock together adjacent shops, as long as both remain in retail use and, often the first the planning

authority knows of an amalgamation is an application to approve a shop-front. We therefore recommend that the Government introduces the need for planning permission locally for the merger of shop units. Preventing the conversion of two or more shop units into one larger unit permits, though it does not ensure, the presence of independent and more idiosyncratic shops. Without other restrictions, however, an area would be likely to attract the same numbers of coffee shops, phone shops, and some fashion chains - but not the retail multiples.

Local authorities should consider requiring, under Section 106 of the Town and Country Planning Act 1990, that developers gift a proportion of small units in a new retail development to the Council to manage as **affordable retail** units, in the same way that developers construct housing units for registered social landlords to house low-income residents.

The Royal Borough should encourage the location of specialist retail in the Borough, including niche clusters in local centres, where there is adequate convenience shopping close by.

Both street and farmers' **markets** require encouragement and support. As well as providing nutritional benefits and appealing to visitors, they offer opportunities for entrepreneurs and start-up businesses.

We urge the Council to exploit the growing links between retail and leisure, in particular the diversity and delights offered by the many and varied shopping environments of the Borough. We suggest that the Council produces a Borough **retail directory**, online and published, to promote its small, individual shops, which complement and contrast with purpose-built destinations such as London Westfield (White City).

Small retailers can compete in the retail market through **specialisation**, by providing a personalised service or by catering to a niche interest. This is because large retailers tend to cater to the largest possible number of people, and stock goods with a wide appeal.

We note that the Royal Borough is trying to achieve self-sustaining local centres where people can do most of their shopping on foot. Some local centres are highly specialised and this may appear to conflict with a policy to encourage diversity. We consider that where there is adequate convenience shopping within walking distance, niche shopping destinations add to the retail offer of the Borough and may help all small retailers in the area to remain competitive.

The Commission urges the Council to welcome and support specialist food stores, including grocery stores serving particular markets – for example, a minority-ethnic market. However, the long-term survival of specialist retail in smaller centres is dependent on regular purchases by residents and visitors who **shop local**.

Landlords should be flexible in the terms of lease offered.

We urge the Government to introduce a standard **small business lease**.

Rent based on turnover is an attractive **rental basis** for retailers but there can be a valuation problem with small businesses. A proxy would be to base it on VAT returns.

The Commission concludes that rent paid over the life of a **lease**, and based on annual indexation (cost of living without mortgages), is preferable to most current arrangements, including periodic upward-only rent reviews, as it provides certainty to landlords about what they are entitled to receive, and certainty to tenants about what they are required to pay.

Paying three months **rent in advance** can be a problem for start-up retailers. A requirement to pay only one month in advance would ease their cash flow.

The Government and other local authorities should support and encourage small retailers to help themselves, especially through assistance on property-related matters.

The Commission considers that a general policy to keep down rents is flawed, as it would result in 'key money' and lack of transparency.

Regarding **rate relief**, we would like the Government to extend the applicability of the Small Business Rate rebate scheme and make it more generous.

We note that local authorities can provide **time-limited subsidies**, for example preferential rate relief, even rates holidays, to specific types of shops or those below a specified size. We note also that the Council runs a hardship fund for rate relief in exceptional circumstances. Another option for local authorities wishing to assist a valued business in temporary difficulties is to waive rubbish collection charges.

When a major retailer is keen to move into an area, we suggest that the local authority considers a Section 106 agreement whereby the presence of a major store or stores is offset by a **retail levy** to support independent retailers located nearby.

Small and independent retailers should lobby central Government through their business associations (both sectoral and local) to reduce the burden and costs of **regulation** devised with larger concerns in mind.

Appropriate **advice** and training should be available from agencies that can encourage, inform, train and assist start-up and small retailers. This should include business-planning and appraisal, legal advice on leases, marketing, IT, creating a website and internet trading. The internet offers new and inexpensive opportunities to small and independent businesses, both in marketing and trading. However expertise in, and exploitation of, information and communication technology by small retailers is often low. The Council could assist by **funding expertise** through arms-length support for small and independent retailers to be provided by a Borough-based agency.

4.3 **“WHAT NEW IDEAS AND PERHAPS LEGISLATION COULD HELP BALANCE MARKET POWERS WITH THE NEEDS OF LOCAL COMMUNITIES?”**

The Government should continue to favour retail investment within towns and suburbs, rather than out-of-town.

We oppose the recommendation made by Kate Barker, in her review of land-use planning, to abolish the ‘need test’; this requires developers, when seeking planning consent for **large scale retail development** outside designated centres, to demonstrate that a ‘need’ exists that is not met elsewhere

The Commission shares the widespread concerns about the apparent centralisation of ‘planning-gain’ under current Government proposals for a tax based on the land value uplift produced by a development. If adopted, the ‘planning-gain supplement’ should not reduce the potential **local benefit** to the community in which the value is generated below that which would have been achievable through a ‘Section 106 agreement’.

Local authorities in London should continue to work alongside the Mayor to increase co-ordination of, and minimise disruption caused by **street works** carried out by utility companies in the installation, repair and replacement of pipes, wires, cabling, etc.

The Royal Borough and other local authorities should see retail needs and supply as a legitimate area of community concern and well-being, as well as a planning function.

We think that the growing interest and concern about local retail needs and supply should be reflected in a local authority’s **Community Strategy** and Local Development Framework. We welcome the recommendation of the Lyons Inquiry into Local Government that local authorities should have ‘place-making’ as a core function.

In area regeneration, the advantage of a dominant ownership cannot be overestimated. Problems often arise in streets where properties are in multiple ownerships. This means that many lessons from Marylebone High Street, for example - owned and managed by the Howard de Walden Estate - are not applicable to most shopping streets. Even with the advantages of sole ownership, regeneration is a long-term undertaking. The rejuvenation of Marylebone High Street took the best part of ten years.

Local authorities and the property industry should promote good practice in managing portfolios, achieved by both private and public/community landlords.

The Commission suggests that the Council holds a **retail conference** which might combine presentations (e.g. on centre visions, the Local Development Framework and best practice in securing a mix of retail) and promotion (e.g. launch of a specialist shops directory). This could be primarily a Borough event with invited local groups, but with industry input and appeal.

We support representations that the Royal Borough should engage broadly, both with other departments and with external agencies and interests, on strategies for specific centres, and to ensure **Council coherence** and effectiveness in working to achieve the aspirations for its centres.

Joint-working should include both **consultation between developers, retailers and residents** over new developments, and promotion of **neighbourliness**, through agreed and enforceable policies, in established centres.

The Government should review the Landlord and Tenant Act to prevent uncompetitive practices.

The Commission considers that automatic, upward-only **rent reviews** are a national anomaly that should be challenged and outlawed.

We believe it totally unreasonable for landlords to put **restrictive covenants** on usage of land or property to prevent direct competition.

The Government should ensure that reversion of **leaseholder liability** for dilapidations and rent stops with the current leaseholder.

The Royal Borough, other local authorities, trade organisations and others should bring to the attention of the Competition Commission local examples of non-competitive practices.

Economies of scale give multiples an advantage, but some independent stores offer more choice and better value, if not the lowest prices.

Local authorities and others should continue to support campaigns to create a **level playing field** for large and small retailers alike. We note that the Competition Commission has requested local examples of unfair practices to inform the second phase of its investigation into the grocery industry.

We consider year-round **'Sales'** in shops are an example of uncompetitive practice and should be regulated. Sales in the run-up to Christmas have a particularly adverse effect on small retailers. Also, the proliferation of Sales banners, etc. can give the impression that a shopping street is failing.

We recommend to small retailers that they become members of an appropriate trade association for **mutual support**, including information-sharing, lobbying of national and local government, and for **joint purchase** arrangements. Chambers of Commerce should encourage retailers to link with other local traders and local suppliers in pursuit of business advantage and local community interests.

The Commission thinks that cultivating strong local connections is a strength on which small retailers can build. There are a number of ways in which small retailers can increase footfall in their stores, such as selling tickets for the National Lottery and for the congestion charge, or by having a 'loyalty card' which rewards regular customers. Smaller retailers will tend to serve fewer, but more local, customers. Employing fewer staff compared to large retailers gives them more opportunity to get to know their customers and to provide a personalised service.

The Royal Borough and other local authorities should recognise the need for 'nip-in, nip-out' parking - for shoppers to visit convenience and specialist shops, and for retailers to load home-delivery vehicles.

We note there are currently 28,000 parking bays and 40,000 parking permits in the Borough.

The Borough has 'short-stay' meters, with a maximum stay time of either 30 minutes or one hour, located on minor roads. The Borough also has a scheme which allows **on-street parking** up to a maximum of 30 minutes in spaces adjacent to shops on major roads. Meters operate outside peak hours only, that is between 10am to 4pm, as occupation of the spaces often blocks part of the highway. At present, they are installed at only two locations, Holland Park Avenue (operational from Monday to Friday) and Notting Hill Gate (Monday to Saturday).

The intention of both types of short-stay meters is to allow quick shopping trips and the like.

The Commission considers that 'nip-in, nip-out' parking is a critical, if ultimately irresolvable issue, for maintaining and increasing footfall for specialist, 'destination' shops, located on main roads.

We recommend that, where practicable, meters which allow a free 30-minute stay should be installed in such locations to encourage the casual use of street shops by people from outside the immediate neighbourhood.

The Government should allow local authorities to take over and manage car parks of five spaces or more currently owned by multiple stores.

The Commission suggests that local authorities are given powers to co-ordinate and control **off-street parking** attached to the stores of major retailers, whereby charges (made at normal meter rates) are shared, and the revenue obtained by the local authorities used to support and encourage small businesses.

We note the confusion, sometimes worries, surrounding the congestion charge which may deter potential shoppers from outer London and beyond. We support attempts by the Mayor of London and central London boroughs to demystify it by highlighting the areas, days and times it covers.

The Royal Borough and other local authorities should recognise the role of national retail chains in kick-starting the regeneration of areas where convenience shopping is poor, lacking or in decline.

Regeneration-through-retail applies both to areas which might be described as shopping 'deserts' (sometimes referred to as 'under-served' areas) and to town centres fallen on hard times. The revival of Marylebone High Street was anchored on the presence of a Waitrose store.

We welcome the guidance to planning authorities from the Government, PPS6, which retains the 'town-centre first' focus of PPG6 but allows that "new centres may be designated through the plan-making process, with priority given to deprived areas". This is likely to be less relevant in Kensington and Chelsea than in many other local authority areas.

4.4 “CAN LOCAL RETAIL AREAS BE PROTECTED IN A SIMILAR WAY TO BUILDINGS?”

The Royal Borough and other local authorities should impose trading restrictions where, and only where, absence of protection would threaten the long-term vitality of the area.

The concept of retail conservation as a blanket area policy is fraught, and almost certainly counter-productive. As we were reminded: “Buildings are static but areas evolve.”

This does not mean that nothing can, or ought to be done. Specific functions in specific settings can be protected. We think that this is now required for the antiques arcades on Portobello Road.

More generally, with regard to **local shopping**, the Council’s Local Development Framework needs to resist the loss of local amenity and retail use in the Borough’s 37 local centres.

The Royal Borough and other local authorities should assume the role of ‘champion’ of vulnerable centres where property ownership is fragmented between many landlords, by supporting local partnerships to monitor and influence the retail mix.

The Commission urges local authorities to look beyond their regulatory powers and duties, vital as they are, and lead local debates on how their retail centres may change and can adapt. Central to this is establishing **local partnerships**, funding arrangements and policy mechanisms that will ensure the process is managed in ways that inspire rather than alienate, and produce centres that provide a mix of shops which meet, if not residents’ every requirement, at least their day-to-day needs.

We note that there has not been strong advocacy for **Business Improvement Districts** in the Borough and we remain to be convinced that any are required at this time. However, the establishment and conduct of the Commission has confirmed the demand in selected locations for some sort of local oversight arrangements, certainly in Portobello Road, and arguably in Earl’s Court and Brompton Road / South Kensington.

The Commission recommends that the Borough employs a full-time member of staff to be a **town centres’ champion**, who would promote shopping centres throughout the Borough and act as conduit between the Council, local groups and other interested parties.

“Don’t underestimate White City,” we were told. We consider the challenge to the Borough from White City (London Westfield) is to make street-shopping an attractive alternative to mall-shopping, in terms of access, safety, security, cleanliness and comfort. We would encourage retailers, resident groups and police support officers, among others, to work with the Council to achieve this, through formal or informal arrangements for a **retail neighbourhood watch**.

Well-maintained and signposted pedestrian routes are important. One resident representative, no doubt with Kensington High Street in mind, described the Council’s public realm improvements as exemplary. We note that the Council intends to replace paving stones with York stone throughout the Borough.

The Royal Borough should recognise that Portobello is unique in its diversity and vulnerability, requiring a distinct set of measures.

The juxtaposition of the market stalls and small shop units is the key to the vitality of the street. At present, the combination of a slightly chaotic and dishevelled vibrancy at weekends, and low footfall mid-week, remains an off-putting factor for most multiple retailers.

However, from the evidence presented to us, the Commission agrees with Friends of Portobello and others that Portobello Road could, though not inevitably will, reach a tipping point which would significantly dilute its current individuality and longer-term appeal. Unrestricted amalgamation of significant numbers of small shop units would make this more likely. Elsewhere, we recommend legislation to introduce local discretion over permitting amalgamations.

In addition, we are recommending that the Council puts in place a package of proposals to provide a steer on how it sees the evolution both of Portobello as a whole and of its constituent parts.

First, the Council should facilitate the immediate establishment of a Portobello Road **Retail Forum**. This should evolve from the Portobello Road working group which has met for over a year, but with a new remit and its membership reviewed. The remit to the Forum should include preparation of a vision and retail management strategy for Portobello Road.

Second, the Council should fund the appointment of a full-time post to support the Portobello Road Retail Forum and act as a **local champion**.

Third, the Local Development Framework should recognise the diverse functions, character and appeal of Portobello Road - both locally and internationally, with an overall designation as a **‘special district’**, to which appropriate sets of planning policies will be applied. The significance of the local shopping function of the central part of the road and market should be evaluated, within the context of convenience shopping in North Kensington.

Fourth, the Council should confirm its commitment to the future of the **antiques market** in Portobello. The Council, in partnership with landlords, stall holders and traders, and resident organisations, should complement this action with a package of measures designed to increase footfall by promoting its niche status within London.

Fifth, the Council and its local partners should review the functions and widen the remit of the Portobello Market Office, to include promotion of the **street market** as well as enforcement.

The Government should amend the Use Classes Order to permit discretionary control at the local level to stop the loss of small units through amalgamation and to stop the change of use of small shops to cafes, neither of which currently require planning permission.

Whether or not a change of retail use is subject to planning permission is defined by the Use Classes Order. A change of use within a particular class can only be opposed and resisted if there is a justified planning reason. (For details see Appendix 3, Glossary).

Under the current regulations, planning authorities struggle to implement local priorities to prevent local shopping centres turning into eating and drinking parades, to the detriment of both residents and visitors. An A2 use (Financial and Professional Services) is permitted to change to A1 (Shops), but an A1 use cannot become A2 without planning permission. The new type of coffee shop is normally an A1 use (Shops), not an A3 one (Restaurants and Cafes).

We note that the Council has gone to Appeal over this and lost, at great expense, because the inspector determined that a coffee shop was selling principally to people who were taking away their purchases. We consider that an opportunity was lost by the Government when the Use Classes Order was revised in 2005, not to create a separate Use Class for coffee shops.

The Commission recommends that the Council lobby the Government to make two changes to the Use Classes Order.

First, to put **small shops** into a different Use Class to the rest of the A1 Use Class. An amendment to the General Permitted Development Order should allow the change of use of large shop units to small shop units but not the reverse. Small shops should be defined as those having a ground floor space (net) of less than 80 sq. metres (860 sq. feet).

Second, to create additional classes for **coffee shops** and **internet cafés**. An amendment to the General Permitted Development Order should allow the change of use of coffee shops and internet cafes to class A1 shops but not vice versa.

The Royal Borough and other local authorities should promote, attractive, non-standard shopfronts – whether conserved or contemporary.

The Commission considers that shopfronts add diversity to streets and centres and that local authorities could do more to control their appearance.

The **design** of shopfronts within conservation areas should strengthen and not undermine local character. Restrictions on changes to shopfronts might deter major chains from occupying premises in sensitive areas, so meeting another of the Council's objectives.

We recommend that the Council extends protection beyond conservation areas to other shopfronts of merit. An 'Article 4 Direction' applied to a retail property means that particular permission is required for the removal or alteration of the shopfront. We are advised that local authorities are no longer liable to pay compensation as a result of serving the Direction.

We recommend that the Council considers reintroducing a programme of **grants** for shopfront improvements and restoration.

The Royal Borough and other local authorities should be assertive and consistent both in ensuring compliance and taking enforcement action against an unauthorised change of retail use.

The Commission heard concerns from residents' representatives about the difficulties encountered by young and inexperienced planning officers when dealing with determined and specialist property professionals. We believe that the preparation of vision statements for centres, as previously commended, will strengthen the hand of planning officers in their dealings with developers and their consultants.

Where there has been **unauthorised development**, we think that local authorities should be able to serve Stop Notices, in exceptional circumstances and for a set period, without liability for claims for compensation.

We believe prompt action by local authorities to ensure compliance is essential, not least to deter others who might offend.

The Commission heard concerns that in parts of the Royal Borough, notably Brompton Road, a centre could change its character from a local centre to a major / principal centre not as result of planning policy but as a cumulative effect of the amalgamation of small units. Unless or until local authorities obtain the powers to approve or reject amalgamation of retail units the Royal Borough should be alert to 'planning creep' or 'planning by stealth', if **retention of small shops** and local centres is its aim.

Planning permission involving **structural alterations** to buildings in retail use should not be valid until 'signed as approved at completion', with as-built drawings submitted.

Regarding retail units kept empty by landlords to maintain local rent levels, the Chancellor, in his March 2007 Budget, proposed changes in the charging of business rates designed to discourage this happening.





5 RECOMMENDATIONS: What we advise

Chapter 5 presents our recommendations. We list them under the three questions that we were asked to consider by the Royal Borough:

- How best can we get the right balance between popular chain stores, smaller or specialist shops, boutiques and restaurants?
- What new ideas and perhaps legislation could help balance market powers with the needs of local communities?
- Can local retail areas be protected in a similar way to buildings?

By no stretch of the imagination is Kensington and Chelsea typical of the United Kingdom as a whole: it is the country's most densely populated area, with top-rate property values and a local economy larger than that of Northern Ireland. Nevertheless, we feel that many of the issues we have grappled with will resonate elsewhere in the country.

We have devised a set of practical measures which, we believe, could help to maintain, or create, the vitality and diversity most of us would like to see in the streets where we live, or work or shop.

Each recommendation is directed at the agency or agencies which can do most to bring about the action required. In the **Executive Summary** at the start of the report, recommendations are grouped by agency and numbered sequentially. Here they are listed under topic, with the same number displayed in brackets.

5.1 “HOW BEST CAN WE GET THE RIGHT BALANCE BETWEEN POPULAR CHAIN STORES, SMALLER OR SPECIALIST SHOPS, BOUTIQUES AND RESTAURANTS?”

The Royal Borough should prepare a succinct vision, or statement of aspirations, for each of its shopping centres, specifying primary functions and identifying any requirements.

Shopping centre aspirations (22)

The Royal Borough should prepare vision statements for its centres, prioritising:

- shopping areas which, unchecked, are in transition from a distinctly local to a more uniform character, including Portobello Road, Notting Hill Gate, Earl's Court Road and Brompton Road
- the retail future of Kensington High Street.

Amenity, diversity and character (24)

The Royal Borough should recognise and respect in its Local Development Framework, the amenity, diversity and character of its 46 retail areas.

The Royal Borough and other local authorities should set maximum quotas for particular uses by area, or by centre, where the retail mix is threatened.

Non-retail uses (26)

The Royal Borough should review, and tighten up, the number of particular uses permitted within the Borough's retail centres, including estate agents, bureaux de change, internet / phone shops, coffee shops and restaurants.

Social landlords who own shops should set an example to all landlords, by promoting a retail mix appropriate to local needs and consistent with the vision for the centre in which they are located.

Shops owned by the Council (29)

The Royal Borough should review arrangements for the targeting of particular uses within Council-owned retail units, especially in its World's End and Golborne Road portfolios, to support the vision statements for those centres.

Community shops policy (30)

The Royal Borough should seek to expand its retail portfolio, as occasion allows, and extend the Council's community shops policy across the borough, targeting particular uses to meet local needs, and charging 'affordable rents' where such uses cannot be supplied at market rates.

Social landlords (44)

Social Landlords should set an example: Communities England (the successor body to the Housing Corporation), the National Federation of Housing Associations and registered social landlords should review policies and practices relating to commercial holdings to ensure that these do not undermine locally their efforts to build sustainable communities.

The Royal Borough and other local authorities should adopt a set of policies to ensure the continuing supply of small units.

Small shops (19)

The Royal Borough and other local authorities should encourage the retention of existing, and entry of new, shops having a ground floor space (net) of less than 80 sq. metres in their shopping centres.

Amalgamations (2)

The Government should amend legislation to require planning permission for a merger of a ground floor retail unit of less than 80 sq. metres with another unit.

Affordable retail (32)

The Royal Borough should require, through a Section 106 agreement, that developers gift a proportion of small units in a new retail development to the Council to manage as affordable retail units, in the same way that developers construct housing units for registered social landlords to house low-income residents.

The Royal Borough should encourage the location of specialist retail in the Borough, including niche clusters in local centres, where there is adequate convenience shopping close by.

Markets (33)

The Royal Borough should encourage street and farmers' markets.

Retail directories (35)

The Royal Borough should ensure people know what shops are in the Borough, through a retail directory, online and published, including specialist shops, markets and adjacent visitor attractions.

Specialisation (48)

Small and independent retailers should consider specialisation, catering to a niche market, as a means to compete with large retailers and multiples.

Shop local (54)

Residents and visitors should buy from local, independent and specialist shops if they want them to thrive and survive.

Landlords should be flexible in the terms of lease offered.

Small business lease (7)

The Government should introduce a standard lease for small businesses.

Rental basis (41)

Landlords should promote increasing use of a rent related to turnover.

Lease (42)

Landlords should offer tenants the option of a fixed period lease with rent based on annual indexation (cost of living without mortgages).

Rent in advance (43)

Landlords should provide the option of rent payable one month in advance, rather than the customary three, to help the cash-flow of small and start-up businesses.

The Government and other local authorities should support and encourage small retailers to help themselves, especially through assistance on property-related matters.

Rate relief (11)

The Government should widen the applicability of the Small Business Rate Rebate Scheme and apply national funding to make it more generous.

Time-limited subsidy (38)

The Royal Borough should agree, in exceptional circumstances, to waive charges for rubbish collection and/or business rates for a defined period.

Retail levy (20)

The Royal Borough and other local authorities should negotiate a 'Section 106 Agreement', whereby the presence of a major store or stores is offset by a levy to support independent retailers located nearby.

Over-regulation (53)

Small and independent retailers should lobby central Government through their business associations (both sectoral and local) to reduce the burden and costs of regulation devised with larger concerns in mind.

Advice (49)

Small and independent retailers should obtain professional advice before signing leases, perhaps from local agencies sponsored to provide this.

Fund expertise (37)

The Royal Borough should provide funding, equivalent to a half-time post to establish and manage a Borough-wide service to give advice on all aspects of starting and sustaining a small retail business.



5.2 “WHAT NEW IDEAS AND PERHAPS LEGISLATION COULD HELP BALANCE MARKET POWERS WITH THE NEEDS OF LOCAL COMMUNITIES?”

The Government should continue to favour retail investment within towns and suburbs, rather than out-of-town.

Large-scale retail development (5)

The Government should reject the recommendation of the Barker Review to abolish the ‘need test’; this requires developers, when seeking planning consent for large-scale retail outside designated centres, to demonstrate that a ‘need’ exists that is not met elsewhere.

Local benefit (6)

The Government should ensure that, if adopted, the ‘planning-gain supplement’, a tax based on the land value uplift produced by a development, does not reduce the potential benefit to the community in which the value is generated below that which would have been achievable through negotiation permitted under Section 106 of the Town and Country Planning Act 1990 (a ‘Section 106 agreement’).

Street works (21)

The Royal Borough and other local authorities in London should continue to work alongside the Mayor of London to increase co-ordination of, and to minimise disruption caused by utility companies in the installation, repair and replacement of pipes, wires, cabling, etc.

The Royal Borough and local authorities should see retail needs and supply as a legitimate area of community concern and well-being, as well as a planning function.

Community Strategy (14)

The Royal Borough and other local authorities should give increased attention to retail needs and supply when reviewing their Community Strategy and in preparing a Local Development Framework. This is central to the place-making role advocated by the Lyons Inquiry into Local Government.

Conference (36)

The Royal Borough should host a Borough retail conference, perhaps under the auspices of the Community Strategy, to contribute to visions for Borough centres and share good practice from elsewhere.

Council coherence (31)

The Royal Borough should ensure closer joint-working between the Council’s planning, regeneration, valuation and other departments in its approach to retail and economic development matters.

Consultation between developers, retailers and residents (16)

The Royal Borough and other local authorities should promote consultation between developers, retailers and residents at all stages of a major retail development to establish the optimum mix of uses and unit sizes, and designs appropriate for the neighbourhood.

Neighbourliness (47)

Supermarkets and other chain stores should negotiate 'good neighbour policies' with fellow retailers, the local authority and residents, in any local shopping centre where they have an outlet.

The Government should review the Landlord and Tenant Act to prevent uncompetitive practices.

Rent review (8)

The Government should abolish automatic upward-only rent reviews for new leases.

Restrictive covenants (9)

The Government should outlaw restrictive covenants, which result in uncompetitive practices or properties being kept empty.

Leaseholder liability (10)

The Government should ensure that reversion of liability for dilapidations and rent stops with the current leaseholder.

The Royal Borough, other local authorities, trade organisations and others should bring to the attention of the Competition Commission local examples of non-competitive practices.

Mutual support (50)

Small and independent retailers should become members of an appropriate business association and of local bodies such as the Chamber of Commerce.

Level playing field (51)

Small and independent retailers should provide evidence, through their business association, to the Competition Commission on any local practices by supermarkets or (multi-) national chain stores which place smaller retailers at a disadvantage.

Joint-purchase (52)

Small and independent retailers should consider, through their business association, combining with others to create a joint purchase association.

'Sales' (12)

The Government should impose a national restriction on retail merchandise 'Sales' outside agreed and specified dates in the year.

The Royal Borough and other local authorities should recognise the need for 'nip-in, nip-out' parking - for shoppers to visit convenience and specialist shops, and for retailers to load home-delivery vehicles.

On-street parking (18)

The Royal Borough and other local authorities should introduce free 30-minute parking meters at local shopping areas to encourage use of local shops by more people.

The Government should allow local authorities to take over and manage retailers' car parks with five spaces or more.

Off-street parking (13)

The Government should permit the following terms for retailers' car parks under local authority management:

- normal meter rates in the area to be charged by the local authority, with the revenue generated to be shared 50: 50 with the store.
- parking charges not to be refunded by the store to customers either in cash or kind.
- business rate for the car park to be based on the revenue generated.
- revenue received by the local authority to be used to support and encourage small businesses.

The Royal Borough and other local authorities should recognise the role of national retail chains in kick-starting the regeneration of areas where convenience shopping is poor, lacking or in decline.

5.3 “CAN LOCAL RETAIL AREAS BE PROTECTED IN A SIMILAR WAY TO BUILDINGS?”

The Royal Borough and other local authorities should impose trading restrictions where, and only where, absence of protection would threaten the long-term vitality of the area.

Local shopping (25)

The Royal Borough should resist, in its Local Development Framework, the loss of local amenity and retail use in the Borough’s 37 local shopping centres.

The Royal Borough and other local authorities should assume the role of ‘champion’ of vulnerable centres where property ownership is fragmented between many landlords, by supporting local partnerships to monitor and influence the retail mix.

Local partnerships (15)

The Royal Borough and other local authorities should monitor and attempt to influence, in partnership with other interests, the retail mix in areas where there are many property owners.

Retail neighbourhood watch (17)

The Royal Borough and other local authorities should encourage local partnerships to achieve and maintain high standards of repair, cleaning, safety and security in retail areas, including the removal of unsightly roller shutters and graffiti.

Business Improvement Districts (45)

Landlords should consider, along with retailers and local authorities, the establishment of a Business Improvement District where the commercial health of a centre is under threat, particularly if caused in part by environmental and security concerns.

Champion (23)

The Royal Borough should fund the appointment of a full-time post to be a champion for shopping centres, and to network and inform groups concerned about the sustainability of their local centre(s).

The Royal Borough should recognise that Portobello Road and Market is unique in its diversity and vulnerability, requiring a distinct set of measures. (34)

Retail forum (34-1)

The Royal Borough should facilitate the immediate establishment of a Portobello Road Retail Forum to prepare a vision and retail management strategy for Portobello Road.

Local champion (34-2)

The Royal Borough should fund the appointment of a full-time post to champion Portobello Road and Market, and to provide support for the Portobello Road Retail Forum.

Special policies (34-3)

The Royal Borough should recognise, through the Local Development Framework, the diverse functions, character and appeal of Portobello Road - both locally and internationally, by designating it a 'special district', to which an appropriate set of planning policies will be applied.

Antiques market (34-4)

The Royal Borough should confirm its commitment to the future of the antiques market in Portobello. The Council, in partnership with landlords, stall holders and traders, and resident organisations, should complement this action with a package of measures designed to increase footfall by promoting its niche status within London.

Street market (34-5)

The Royal Borough should maintain and promote the street market, including a review of the functions of the Portobello Market Office, to include promotion as well as enforcement.

The Government should amend the Use Classes Order to permit discretionary control at the local level to stop the loss of small units through amalgamation and to stop the change of use of small shops to cafes, neither of which currently require planning permission.

The Government should make two changes to the Use Classes Order. (1)

Small shops (1-1)

These should be put into a different Use Class from the rest of the A1 Use Class. An amendment to the General Permitted Development Order should allow the change of use of large shop units to small shop units but not the reverse. Small shops should be defined as those having a ground floor space (net) of less than 80 sq. metres (860 sq. feet).

Coffee shops and internet cafés (1-2)

An additional Use Class should be created for coffee shops and internet cafés. An amendment to the General Permitted Development Order should allow the change of use of coffee shops and internet cafes to class A1 shops but not the reverse.

The Royal Borough and other local authorities should promote, attractive, non-standard shopfronts – whether conserved or contemporary.

Shop front design (46 / 39)

Supermarkets and other chain stores should enhance rather than detract from local character in the design of their stores and shopfronts, particularly in conservation areas. (46)

The Royal Borough should require high-quality design in new shopfronts throughout the Borough and extend protection of shopfronts of merit to those located outside conservation areas. (39)

Shopfront grants (40)

The Royal Borough should provide grants to help restore or enhance shopfronts both within and outside conservation areas.

The Royal Borough and other local authorities should be assertive and consistent both in ensuring compliance and taking enforcement action against an unauthorised change of retail use.

Unauthorised development (3 / 28)

The Government should amend legislation to allow local authorities to serve Stop Notices on developers in exceptional circumstances for 28 days without liability. (3)

The Royal Borough should take prompt and firm enforcement action against developers contravening planning regulations. (28)

Retention of small shops (27)

The Royal Borough should resist ‘planning creep’ or ‘planning by stealth’, whereby a street of A1 uses is cumulatively turned into a street of A3 uses.

Structural alterations (4)

The Government should amend legislation so that planning permission, which involves structural alterations to buildings in retail use, is not valid until as-built drawings are submitted and signed ‘as approved at completion’ by the planning authority.

APPENDIX 1.

Membership of the Commission and Terms of Reference

Membership of the Commission

Tim Ahern, Councillor,
Mayor of the Royal Borough of Kensington and Chelsea (Chairman)

Andrew Ashenden,
formerly Chief Executive, Howard de Walden Estates Ltd

Sir Terence Conran, Chairman, Conran Holdings

Denis McCoy, Principal Architect, McCoy Associates

Robin Price, Chairman, The Kensington Society

Peter Simon, Chairman, Monsoon

Terms of Reference

- 1.** Consider information on the retail mix in Kensington and Chelsea and identify areas of special interest to look at in greater detail.
- 2.** Consider other relevant studies.
- 3.** Consider best practice in planning, regeneration and urban management domestically and, where reasonably, internationally, that seeks to secure a rich variety of retail offerings.
- 4.** Hear evidence from interested and relevant parties.
- 5.** Consider views on the benefits and costs of allowing market mechanisms alone to settle retail mix issues.
- 6.** Consider whether there is a case for any other controls or arrangements which might enhance the contribution of a broad church retail sector to the quality of modern city life.
- 7.** Report in twelve months from commencement with recommendations.



APPENDIX 2

Acknowledgements and Sources

1. ACKNOWLEDGEMENTS: THE COMMISSION IS GRATEFUL FOR THE CONTRIBUTIONS FROM THE FOLLOWING ORGANISATIONS BETWEEN JANUARY AND MARCH 2007

Affinity Sutton
All-Party Parliamentary Small Shops Group
Alsop Verrill – acts for Tesco (planning)
Assoc. of Convenience Stores
British Property Federation
British Retail Consortium
British Shops and Stores
Brompton Association
Cadogan Estates
The Chelsea Society
Delancey – acts for Land Securities plc
Earl's Court Neighbourhood Association
Forum for Private Business
Friends of Portobello
GLA Economics
Holland Park Traders Association
JMW Barnard Management - acts for UK Investments Ltd
Kensington and Chelsea Chamber of Commerce
The Kensington Society
Ladbroke Association
Lidgates
Marks & Spencer
National Federation of Retail Newsagents
New Economics Foundation
North Kensington Environment Forum
Notting Hill Housing Group
Notting Hill Improvements Group
Octavia Housing Association
Portobello Antiques Dealers Association
Retail Enterprise Network
Royal Borough of Kensington and Chelsea
Sainsbury's
TAG films
Tylers
University of Surrey
Victoria Road Area Residents Association
Waitrose
Warren Todd

Also, local shopkeepers, landlords and residents, who made representations in a personal capacity.

2. MAIN REPORTS CONSULTED

Clone Town Britain

New Economics Foundation.
2005.

Comparative Analysis of the Rented Sector in the UK 2002

Institute for Retail Studies at the University of Stirling.
Adapted and published in Edinburgh and Area Retail Needs Study.
Halcrow Group Limited.
2005

Current and Future Trends in Retailing

CB Richard Ellis. Published in Historic Development in Historic Areas.
Historic Environment Local Management / English Heritage.
December 2005.

Groceries Market Investigation: 'Emerging thinking' of the Competition Commission

Competition Commission.
January 2007.

High Street Britain 2015

House of Commons.
The report of the All-Party Parliamentary Small Shops Group.
2006.

Kensington and Chelsea Retail Study

Drivers Jonas for RBKC.
June 2005.

Local Development Framework: Issues and Options Consultation

RBKC 2006. Report on feedback on consultations, November 2005 to
January 2006.

Lyons Inquiry into Local Government

Final report.
March 2007.

Planning for Accessible and Sustainable Retail

TCPA.

July 2005.

Retail in London

GLA Economics. October 2006.

Plus working papers, including Working Paper G. Small Retailers.

March 2006

Tescopoly. How one shop came out on top and why it matters

Andrew Simms. Constable.

March 2007.

The Contribution of the Retail Sector to the Economy, Employment and Regeneration

King Sturge LLP, in association with business in the community.

September 2006.

The Effect of Supermarkets on Existing Retailers

Roger Tym and Partners. Federation of Small Businesses (Scotland).

December 2006.

The London Plan.

Spatial Development Strategy for Greater London

Mayor of London.

February 2004.

Unitary Development Plan

RBKC.

May 2002.

3. PAPERS RECEIVED BY THE COMMISSION

Business Improvement Districts

An introduction and review of progress. April 2007.

Groceries Market Investigation: 'Emerging thinking' of the Competition Commission

Digest of aspects of interim report relevant to the work of the Commission. March 2007.

Lyons Inquiry into Local Government

Extracts of final report relevant to the work of the Commission. April 2007.

Map and summary descriptions of the Borough's shopping centres

Extract from Kensington and Chelsea Retail Study. Drivers Jonas.

Published in June 2005.

October 2006.

Portobello: Attack of the Clones

Film. Produced by TAG films. August 2006.

Viewed by the Commission in October 2006.

Regional and Local Policies.

RBKC briefing note. July 2006.

Residents Panel Survey: Retail Conservation.

Report of survey of 1,200 residents commissioned from the Royal Borough.

April 2007.

Retail in London

Digest of report by GLA Economics, published in October 2006.

January 2007,

Retail Trends, Issues and Proposals

Collated from recently-published national and regional reports.

January 2007.

Section 106 agreements / The Use Classes Order / Powers under Section 52: 'Well Being'. RBKC briefing notes. July 2006.

Surveys of Selected Shopping Centres in Kensington and Chelsea

Report commissioned from Roger Tym and Partners. February 2007.

The above papers can be found on the website of the Royal Borough of Kensington and Chelsea; www.rbkc.gov.uk

APPENDIX 3: Glossary

Article 4 Direction

Issued by the local authority, this has the power to remove the right to specific development permitted under the Town and Country Acts. It requires the landowner to seek planning consent for such development. For example, a Direction may be served to prevent the loss of architectural or decorative features on a building.

Barker Report

In December 2005, the Chancellor and the Deputy Prime Minister asked Kate Barker, former Chief Economic Advisor at the CBI, to conduct an independent review of the speed, responsiveness and efficiency of the land-use planning system in England. Her final report was published in December 2006 and a formal response from the Government is awaited.

Business Improvement District (BID)

A precisely defined geographical area within which a majority of **business ratepayers** has voted to invest collectively in local improvements and management, through a levy on all businesses.

Big Fizz

A programme that offers free and confidential support to anyone who wants to start or expand a business, backed up by a panel of local people who provide practical assistance, key contacts and local know-how.

Big Four supermarkets

Refers to the four leading supermarket chains in the UK: Asda-Wal-Mart, J Sainsbury's plc, Wm. Morrisons and Tesco plc.

Business rates

Charge paid by businesses and other organisations that occupy non-domestic premises, to help fund local services provided by local authorities. Premises are given a rateable value which, in combination with the Uniform Business Rate set nationally for each country in the UK, produces the business rates liability. Some types of business, including charities, non-profit organisations and certain rural and small businesses are eligible for **(small business) rate relief**.

Chain store

One of eight or more stores with similar characteristics, owned by the same company. The terms **chain store** and **multiple store** are used with the same meaning in this report.

Cluster

As in 'retail cluster': a group of shops, often used to refer to shops selling the same type of products.

Community strategy.

A document published by a local authority or **local strategic partnership**, which promotes a long-term vision for improving the economic, environmental and social well-being of an area (see **Section 2 'well-being' powers**).

Comparison goods

Special rather than convenience purchases, typically clothing, footwear, household appliances, carpets, furniture, computers, books, music / videos, toys, DIY items, audio-visual materials, sports equipment and leisure goods. Consumers will often compare prices of the same type of goods in different outlets before purchasing.

Competition Commission

An independent public body which conducts inquiries into mergers, markets and the regulation of the major regulated industries.

Convenience goods

Everyday essential items, especially groceries, but including food, drink, tobacco, household goods, newspapers and magazines.

Convenience shop / store

Shop / store with a sales area (net) of 600 sq m (about 6000 sq ft) or less, selling groceries and other products. Used by consumers for convenience, perhaps because it is close-by and open for longer hours than a conventional supermarket, but not generally charging the lowest prices.

Conservation Area

An area of special architectural or historic interest designated by the local planning authority under the provisions of the Planning (Listed) Buildings and Conservation Areas) Act 1990, the character or appearance of which it is desirable to preserve or enhance.

Core frontage

That part of a **principal shopping centre** in which the main retail uses are concentrated and / or retail activity is high. (As defined in RBKC's **Unitary Development Plan** 2002)

Department store

A large store that sells a variety of merchandise, organised into departments according to type.

Department of the Environment, Transport and the Regions (DETR)

Former Government department, responsible for land-use planning from 1997 to 2001. Prior to May 1997, planning was the responsibility of the Department of the Environment.

Destination retailer / shop

A retailer/shop to which customers will make a special trip, even if it means going out of their way.

Enforcement Notice

A notice served on a developer which specifies what the planning authority considers to be a breach of planning control. It will specify the remedial action that must be taken by the developer within a deadline specified by the planning authority but which must be no less than 28 days. See also **Stop Notice**.

Fascia

The horizontal band above the glazed area of a shopfront, containing signage with the name or logo of the retailer.

Footfall

Number of potential consumers who visit a shop or shopping area, whether or not they make a purchase.

General Permitted Development Order

Sets out where a change from one use of a building, or part of a building, to another does not require planning permission. For details, see notes at the end of the Glossary.

Greater London Authority (GLA)

Created by the Greater London Authority Act 1999, it is made up of a directly elected Mayor – the Mayor of London and a separately elected Assembly - the London Assembly with around 600 staff to help them in their duties.

Housing Association

A non-profit making society or company established to improve, construct or manage housing. A housing trust is a housing association whose expenditure is sanctioned by trustees.

Hypermarket

A hypermarket is an extremely large, self-service retail outlet with a warehouse appearance. Typically, it will have a sales area (net) of 5,600 sq m (about 60,000 sq ft) or more, with a broad product range, including groceries.

Independent shop

Strictly, a one-off shop in private ownership. Some shops commonly thought to be, or referred to as, 'independent' may have more than one outlet and operate a small number of **chain stores**, often restricted to one region or city.

Land bank

Land and property acquired in anticipation of future development needs or opportunities.

Local Alchemy

Operates in different parts of the East Midlands, bringing together residents, businesses, public sector and voluntary organisations, to 'reinvent the local economy' and produce new and growing businesses, better access to business support, and more jobs for local people.

Local Development Framework (LDF)

A set of Local Development Documents (LDDs) that outlines how planning will be managed in an area. In Kensington and Chelsea, the LDF will include several Development Plan Documents (DPDs) and Supplementary Planning Documents (SPDs), along with the Mayor of London's **London Plan**. The LDF will replace the **Unitary Development Plan** as the basis on which all planning decisions are taken.

Local planning authority

The local authority, usually a Borough or District Council, that is empowered by law to exercise planning functions for a particular area.

Local shopping centre

A centre usually offering a smaller range of **comparison shops** than a **principal shopping centre** and commonly having a higher proportion of convenience shopping. (As defined in RBKC's **Unitary Development Plan 2002**.)

Local Strategic Partnership

Agencies operating within a local authority area, from the public, private, community and voluntary sectors, working together to improve local services and people's quality of life. The LSP will be involved in the preparation of the area's **Community Strategy**.

The London Plan

The Mayor of London's Spatial Development Strategy published in 2004, setting out strategic planning guidance for Greater London.

Lyons Inquiry

In Autumn 2004, the Government asked Sir Michael Lyons to conduct an inquiry into the funding of local government. In 2005, the remit of the inquiry was extended to consider also the future role and function of local government. His final report was published in March 2007.

Mall

A combination of many stores designed to serve a large geographic area.

Management Order

Legal document used to support any enforceable measures. For example, an Empty Dwelling Management Order under the Housing Act 2004 allows local authorities to apply for temporary management control of a dwelling in order to lease it out.

Multi-channel retailing

Retailers and customers interacting through a variety of means and technologies, including stores, catalogues, the internet, text messages and TV cable channels.

Multiple retailer

Operator of a **chain** of stores.

Multiple store

One of eight or more stores with similar characteristics, owned by the same company. The terms multiple store and **chain store** are used with the same meaning in this report.

Niche shop

Retail outlet selling specialist merchandise within a relatively narrow range of products. The terms niche shop and **specialist shop** are used with the same meaning in this report.

Non-retail uses

As used in this report refers to shop-based services such as banks, building societies, estate agents; personal and community services; restaurants, bars and entertainment.

Office of the Deputy Prime Minister (ODPM)

Government department responsible for land-use planning from 2001 to 2006. Since May 2006, planning has been the responsibility of the Department of Communities and Local Government.

Office of Fair Trading (OFT)

The UK's consumer and competition authority. Established in 1973, the OFT is a non-ministerial government department charged with making markets work well for consumers.

One-stop shopping

Purchase of a range of products at the same time and from the same store.

Online retailing

Selling retail goods or services through the internet. Also known as Internet Retail, Retail E-Commerce, E-Retail, E-tail, E-tailing.

Place-making

A term to describe the process of creating squares, plazas, parks, streets, and waterfronts that will attract people because they are pleasurable or interesting. A theme of the final report of the **Lyons Inquiry** and used in its title: 'Place shaping: a shared ambition for the future of local government'.

Planning-gain Supplement (PGS)

A tax that would allow extraction of a proportion of the increase in value of land following successful receipt of planning permission for future development. The **Barker Report** recommended that the Government should introduce a tax to fund essential infrastructure. Between December 2006 and February 2007, the Government consulted on its possible introduction through a publication, Changes to **Planning Obligations**: a Planning-gain Supplement consultation. Its conclusions are awaited. If implemented, it will replace **Section 106 agreements**.

Planning obligations

A restriction or requirement under **Section 106** of the Town and Country Planning Act 1990.

Planning Policy Guidance Note 6 (PPG 6)

Planning guidance, Town Centres and Retail Development, published in 1996 by the **Department of the Environment**. Superseded by **PPS 6** in March 2005.

Planning Policy Statement 6 (PPS 6)

Planning guidance, Planning for Town Centres, published in 2005 by the **Office of the Deputy Prime Minister**. Replaced **PPG 6**.

Pre-emption clause

Whereby the landlord has the right to buy-back the interest in a property before the lessee is free to sell to anyone else. The price will be fixed or determined by a mechanism laid down in the leasing agreement, or deed.

Principal shopping centre

Main centres of the Borough offering both **comparison** and **convenience** shopping where core and non-core shopping frontages have been defined. (As defined in RBKC's **Unitary Development Plan 2002**.)

Public realm

As used in this report, refers to external areas accessible to the public, including shopping streets, precincts and squares.

Registered social landlord

A body registered with the Housing Corporation under provisions in the Housing Act 1996 to provide housing for people in need. Most are constituted as **housing associations**.

Restrictive covenant

A legal obligation imposed in a deed by the seller upon the buyer of land or property, restricting the development or use of land.

Retail mix

The mix of shops. The term can refer in different contexts to the types of shop (merchandise sold), the size of shops, or to the status of retailers (**independent** or **multiple**).

Retailer

An individual or firm that sells goods and services directly to the consumer. Most retailers buy goods from **wholesalers** or manufacturers for resale to customers.

Section 106 agreement

Section 106 of the Town and Country Planning Act 1990 allows a local planning authority to enter into a legally-binding agreement or **planning obligation**, with a developer. The agreement, regarding matters related to a proposed development, is linked to the planning permission.

Single Regeneration Budget

Government initiative (now ceased) for funding time-limited, area-based regeneration programmes, awarded as a result of a competitive bidding process and managed by a local partnership of relevant public, private, community and voluntary organisations.

Small Business Rate Relief (SBRR)

Businesses in England in premises with a rateable value below £15,000 (or £21,500 in London) can apply to their local authority for relief on payment of **business rates**.

Small shop

Defined, for the purposes of possible changes to the Use Classes Order, as a retail unit having a ground floor space (net) of less than 80 sq. meters (860 sq. feet)

Social landlords

Landlords in receipt of government, charitable or other public funding, including local authorities, tenant management companies, housing trusts and **housing associations**. See also **registered social landlord**.

Specialist shop

Retail outlet selling specialist merchandise within a relatively narrow range of products. The terms specialist shop and **niche shop** are used with the same meaning in this report.

Stop Notice

Issued by the local authority, this has the power to immediately halt development for a period of up to 28 days. It may be served at the same time as an Enforcement Notice. Often however it is issued after an **Enforcement Notice** has been served in cases where a severe breach of planning control continues to occur, either because the Enforcement Notice has been ignored or because an appeal has been lodged against the enforcement notice.

Supermarket

Self-service grocery store where the space devoted to the retail sale of groceries exceeds the space devoted to other merchandise.

Supplier

A manufacturer or **wholesaler** that sells a product to a **retailer**.

Top-up shopping

Usually grocery and other everyday items to complement purchases made elsewhere or on a previous occasion.

Unitary Development Plan

The Unitary Development Plan (UDP) provides the statutory planning framework for the **local planning authority**. It sets out the objectives, policies and proposals for the use of land and buildings in the area for the next 10 years. UDPs will be superseded by **Local Development Frameworks**.

Upward-only rent review

Describes arrangement whereby the cost to tenants of renting can only increase and where there is no possibility of a decrease.

Use Classes Order

Sets out broad classes of use for land and buildings in order to regulate the change from one use to another defined under the **General Permitted Development Order**. For details, see notes at the end of the Glossary.

'Well-being' powers

Section 2 of the Local Government Act 2000 provides powers for local authorities to do anything which they think is likely to promote the economic, social or environmental well-being of their area, to benefit the whole of the community or a section of it.

Wholesaler

An individual or firm selling goods to **retailers** to sell on to individual customers.



USE CLASSES ORDER

The Use Classes

The Town & Country Planning Use Classes Act 2005 is the most recent attempt to set out broad classes of use for land and buildings.

Planning permission is not required for changes within a particular Use Class. Generally, planning permission is required for a change from one Use Class to another but under the General **Permitted Development Order** certain changes of use between Use Classes are 'permitted development' and planning permission is not required.

Retail uses are mostly covered by A1 – A5 Use Classes.

Change between Use Classes A1 to A5

Some uses of land are so similar, in planning land-use terms, that to require planning permission to change between them might be considered as overly burdensome. Therefore the Town and Country Planning Act 1990 excludes from the definition of development any change of use where both the existing and proposed uses fall within the same Use Class, as defined by the Order.

The following changes of use are permitted between Use Classes A1 to A5, without the need for planning permission. These changes are permitted only in the direction shown.



Use Classes Order October 2005	Principal uses / Description of development	Permitted change to another use
A1 Shops	Retail sale of goods other than hot food Post Office Tickets / travel agency Hair dressing Funeral directors and undertakers Hiring out of personal and domestic goods Washing or cleaning of clothes on the premises Sandwich bars (sandwiches or other cold food purchased and consumed off the premises) Internet café	No permitted change
A2 Financial and Professional Services	Banks, building societies and bureaux de change Estate agents and employment agencies Betting shops	A1 (where there is a ground floor display window)
A3 Restaurant and Cafes	Restaurant and cafes for the sale of food for consumption on the premises. (Other than internet cafes – see A1)	A1 or A2
A4 Drinking Establishments	Public house, wine bar or other drinking establishment	A1, A2 or A3
A5 Hot Food Takeaway	Use for the sale of hot food for consumption off the premises	A1, A2 or A3

Notes