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Planning + Development Consultants

Sunderland Retail Needs Assessment 2016

Sunderland City Council

Volume 1 – Main Report – Final

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1 INSTRUCTIONS, SCOPE OF WORK AND OUTLINE OF REPORT

Instructions

- 1.1 In January 2016, Sunderland City Council instructed hollissvincent to undertake a Retail Needs Assessment, so as to provide a robust evidence base to underpin the retail and town centre policies in the forthcoming Publication Draft Core Strategy. The previous Sunderland Retail Needs Assessment (the SRNA) was prepared by Roger Tym & Partners and published in September 2009. However, this earlier study was prepared in the context of Planning Policy Statement 6 (PPS 6) of March 2005, which was first superseded by Planning Policy Statement 4 (PPS 4) in 2009, and then by the National Planning Policy Framework (the NPPF) published in March 2012. Moreover, much of the evidence base for the Roger Tym & Partners report dates from late 2008, including the findings of a telephone survey of shopping patterns undertaken by NEMS Market Research in November 2008; hence the urgent need for an updated study.

Scope of Work

- 1.2 The specification for the current study required us:
- to provide a résumé of recent and projected changes in the structure of the retail industry, in e-commerce and in multi-channel retailing and the potential consequences for the retail function of the hierarchy of centres within Sunderland and particularly for the three main town centres;
 - to identify the overall catchment area of the City and provide an analysis of shopping patterns within and beyond the catchment area, using the findings of a bespoke telephone survey;
 - to assess the quantitative and qualitative need for new or refurbished retail floorspace in the convenience and comparison goods sectors, at five yearly intervals in the period up to 2035;

-
- to confirm whether or not the centres identified in Strategic Policy CS5.1 of the Core Strategy and Development Management Policies Draft Revised Preferred Options consultation document of August 2013 (hereinafter referred to as the Core Strategy consultation document) provide an appropriate network and hierarchy and to identify the realistic role and function of centres in each level of the hierarchy;
 - to assess the overall health of the City Centre, taking full account of relevant market signals, the ten indicators of vitality and viability identified in Paragraph ID: 2b-005 of the National Planning Practice Guidance (the NPPG) and customer views in relation to a variety of factors relating to the City Centre's retail/leisure/services offer; in relation to environmental and personal safety issues; and in relation to accessibility by various modes of travel and ease of movement around the centre on foot;
 - to identify the need/scope for expansion or contraction of different parts of the City Centre and assess whether there is a requirement to amend the City Centre Retail Core, as defined in Policy S2A of UDP Alteration No. 2 (Central Sunderland), in the light of recent developments in the City Centre;
 - to define the overall extent of the City Centre and the two other main town centres and define their primary shopping areas, based on a clear definition of primary and secondary frontages;
 - to identify areas within the City Centre and in the two town centres which are likely to be most suitable for accommodating new/refurbished/redeveloped retail floorspace and areas where diversification of uses are most needed;
 - to review the findings of England and Lyle's study of January 2015 in relation to the health of Washington and Houghton-le-Spring Town Centres, and in relation to the six District Centres;
 - to assess whether there are any parts of the identified centres where the concentration of non-retail uses (e.g. hot-food takeaways) is significantly adversely affecting the vitality and viability of those centres and suggest appropriate policy mechanisms for remedying this; and
 - to identify whether, when assessing applications for retail developments outside town centres, there is a need to consider a local threshold for retail impact

assessments that is lower than the 2,500sq m threshold set out in Paragraph 26 of the NPPF.

Empirical Survey Evidence

1.3 The main elements of the new empirical survey evidence incorporated into the present study are as follows:

- a telephone survey, undertaken in February 2016 by NEMS Market Research, of 1,500 households resident throughout the administrative area of Sunderland and in parts of South Tyneside (Boldon/Cleadon/Whitburn), Gateshead (Wrekenton/Birtley) and Durham (Seaham/Murton/South Hetton/Haswell/Sherburn/Great Lumley/Chester-le-Street and Ouston);
- a survey of 251 pedestrians in Sunderland City Centre, 148 pedestrians in Washington Town Centre and 151 pedestrians in Houghton-le-Spring Town Centre, all undertaken by NEMS Market Research in February 2016;
- face-to-face consultations with key stakeholders;
- Experian Goad survey data for Sunderland City Centre, Washington Town Centre and Houghton-le-Spring Town Centre, as at September 2015; and
- fieldwork undertaken in February, March and April 2016 in Sunderland City Centre, in Washington and Houghton-le-Spring Town Centres, in the six District Centres and in the 14 Local Centres identified in the Council's Core Strategy consultation document of August 2013.

Outline of Report

1.4 The remainder of our report is structured as follows:

- **Section 2** sets out a résumé of national policy for town centres in the plan making context, as set out in the National Planning Policy Framework (the NPPF) and in the National Planning Practice Guidance (the NPPG);
- **Section 3** provides an assessment of recent national trends in retailing and the implications for planning for retail development in the hierarchy of centres set out in Policy CS5.1 of the Council's Core Strategy consultation document of August 2013;

- **Section 4** provides an up to date assessment of the health of Sunderland City Centre, utilising the 10 health check indicators set out in the NPPG, and taking into account our fieldwork and the findings of the telephone survey of pedestrians;
 - **Section 5** provides our review of England & Lyle's Health Check findings for Town and District Centres, as set out in its report to the Council of January 2015;
 - **Section 6** sets out current patterns of shopping in the comparison and convenience goods sectors, utilising the results of the telephone survey of 1,500 households undertaken by NEMS Market Research in February 2016;
 - **Section 7** provides our assessment of the quantitative and qualitative need for further retail development at five yearly intervals, up to the year 2035;
 - **Section 8** sets out our recommendations in relation to primary shopping areas, primary and secondary frontages, overall town centre boundaries, development opportunity areas and areas in need of diversification and improvement; and
 - **Section 9** sets out our other recommendations to the Council in relation to the hierarchy of centres, a strategy for meeting retail needs, impact thresholds, and policy for non-retail uses.
- 1.5 Our main report is accompanied by **Volume 2**, which comprises Survey Questionnaires, Figures¹ and Spreadsheet Tables, and **Volume 3**, which comprises Technical Paper 1, covering the findings of the surveys of pedestrians, and Technical Paper 2 which identifies the concentrations of hot food takeaways in each of the 23 centres surveyed.

Price Base

- 1.6 All monetary figures in this report are expressed in constant year 2014 prices, unless otherwise specified.

¹ Volume 2 contains all of the Figures referred to in the Main Report, most of which are also reproduced in the Main Report itself, but sometimes at a smaller scale.

2 NATIONAL POLICY CONTEXT

Introduction

- 2.1 The National Planning Policy Framework (the NPPF) was published on 27th March 2012, with the overarching goal to promote sustainable development. The NPPF forms the basis for plan making and decision taking.

Sustainable Development

- 2.2 Paragraph 6 of the NPPF explains that the purpose of the planning system is to contribute to the achievement of sustainable development and that Paragraphs 18 to 219 of the NPPF, taken as a whole, constitute the Government's view of what sustainable development in England means in practice for the planning system. Paragraphs 7 and 8 of the NPPF then explain that there are three dimensions to sustainable development – economic, social and environmental – and that these are mutually dependant, so that gains in each should be sought jointly and simultaneously.

The Importance of the Development Plan

- 2.3 Under the heading of *'the presumption in favour of sustainable development'*, Paragraph 12 confirms that the NPPF *'...does not change the statutory status of the development plan as the starting point for decision making'*. Thus, Paragraph 12 states that:

'...development that accords with an up-to-date local plan should be approved and proposed development that conflicts should be refused unless other material considerations indicate otherwise'.

- 2.4 Paragraph 14 of the NPPF then sets out the presumption in favour of sustainable development in more detail and says that it *'...should be seen as a golden thread running through both plan-making and decision-taking'*. For plan-making this means that:

- local planning authorities should positively seek opportunities to meet the development needs of their areas;

- Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless:
 - any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or
 - specific policies in this Framework indicate development should be restricted.

2.5 Thus, the NPPF emphasises the importance of having a development plan that is up to date and ‘*sound*’, which according to Paragraph 182 means that it should be:

- **Positively prepared** – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development;
- **Justified** – the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence;
- **Effective** – the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and
- **Consistent with national policy** – the plan should enable the delivery of sustainable development in accordance with the policies in the Framework.

Core Planning Principles

2.6 Paragraph 17 of the NPPF then sets out 12 core planning principles which it says ‘*...should underpin both plan-making and decision-taking*’. These principles, amongst other things, include the need for the planning system to:

- be genuinely plan-led;
- be a creative exercise that seeks to enhance and improve the places in which people live and not simply about scrutiny;
- be a proactive driver of sustainable economic development, so as to deliver the homes, business, industry and infrastructure that are needed;

- secure high quality design and a good standard of amenity;
- be aware of the different roles and character of different areas and promote the vitality of our main urban areas;
- encourage the effective use of previously developed land that is not of high environmental value;
- promote mixed use developments; and
- make the fullest use of public transport, walking and cycling and focus significant development in locations which are, or can be made, sustainable.

Building a Strong, Competitive Economy

2.7 Paragraph 18 of the NPPF explains that the Government is committed to securing economic growth in order to create jobs and prosperity and meet the twin challenges of global competition and a low carbon future. Paragraph 19 goes on to state that the Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. In order to achieve such growth, Paragraphs 20 and 21 emphasise the need to meet the development needs of business and to address potential barriers to investment, including a poor environment, or any lack of infrastructure, services or housing.

Ensuring the Vitality of Town Centres

2.8 Paragraphs 23 to 27 of the NPPF deal with the need to promote the vitality of town centres. Paragraph 23 states that planning policies should promote competitive town centre environments and that, in drawing up local plans, local planning authorities should, amongst other things:

- *‘recognise town centres as the heart of their communities and support their vitality and viability’;*
- *‘define a network and hierarchy of centres that is resilient to anticipated future economic changes’*

- *‘define the extent of town centres and primary shopping areas, based on a clear definition of primary and secondary frontages in designated centres, and set policies that make clear which uses will be permitted in such locations’;*
- *‘promote competitive town centres that provide customer choice and a diverse retail offer...’;*
- *‘allocate a range of suitable sites to meet the scale and type of retail, leisure, commercial, office, tourism, cultural, community and residential development needed in town centres...’ so that the ‘...needs for retail, leisure, office and other main town centre uses are met in full and not compromised by limited site availability’;*
- *‘allocate appropriate edge of centre sites for main town centres uses that are well connected to the town centre where suitable and viable town centre sites are not available’;*
- *‘set policies for the consideration of proposals for main town centre uses which cannot be accommodated in or adjacent to town centres’;*
- *‘recognise that residential development can play an important role in ensuring the vitality of centres and set out policies to encourage residential development on appropriate sites’;* and
- *plan positively for town centres that are in decline.*

2.9 Thus, the main focus of this study is to provide an up-to-date and robust evidence base to underpin the retail and town centre policies in the forthcoming Publication Draft Core Strategy, and to advise on the scale and type of retail development that the Council needs to plan for within the overall network and hierarchy of its town centres in the period up to 2035, and at five yearly intervals up to that point.

The National Planning Practice Guidance (the NPPG)

2.10 The National Planning Practice Guidance (the NPPG) urges Local Authorities to plan positively, so as to support town centres and promote beneficial competition within and between centres. The NPPG states (Paragraph 2b-001) that: *‘Local planning authorities should assess and plan to meet the needs of main town centre uses in full...adopting a*

“town centre first” approach and taking account of specific town centre policy’. The positive approach is to include improvements to the quality and quantity of car parking in town centres and adoption of appropriate parking charges.

- 2.11 The NPPG then stresses the importance of having a strategic vision for town centres, articulated through the Local Plan, which will assist in supporting sustainable economic growth and provide a wide range of social and environmental benefits (Paragraph 2b – 002). Paragraph 2b-003 advises that any strategy should be based on evidence of the current state of town centres and opportunities to meet development needs which will support their vitality and viability; strategies should answer the following questions:
- What is the appropriate and realistic role, function and hierarchy of town centres in the area over the plan period? This will require an audit of their vitality and viability and their potential to accommodate different types of development?
 - What is the vision for the future of each town centre, and what would be the most appropriate mix of uses to enhance the town centre’s overall vitality and viability?
 - Can the town centre accommodate the scale of assessed need for main town centre uses, which will involve an assessment of the scope for expansion, new development, redevelopment of existing under-utilised space and evaluation of different policy options (for example in relation to the market share of a particular centre)?
 - In what timeframe should new retail floorspace be provided?
 - What complementary strategies are necessary to enhance the town centre and how can these be delivered?
 - How can parking provision be enhanced, including the need to make parking charges and enforcement proportionate?
- 2.12 Strategies should also identify changes in the hierarchy of centres; where a town centre is in decline, the local planning authority should seek to manage its decline positively.
- 2.13 The NPPG then goes on to emphasise the need for local planning authorities to address market signals and keep retail land allocations under regular review. A range of health

check indicators are set out in Paragraph 2b-005, which are similar to those contained in the former PPS4, including: diversity of uses; proportion of vacant street level property; commercial yields; customer views; retailer representation and intentions to change; commercial rents; pedestrian flows; accessibility; perception of safety and occurrence of crime; and environmental quality.

- 2.14 Paragraph 2b-005 states that: *‘Not all successful town centre regeneration projects have been retail led or involve significant new development. Improvements to public realm, transport (including parking) and accessibility as well as other measures promoted through partnership can also play important roles’*. The strategy should identify relevant sites, actions and timescales and be articulated in the Local Plan, so as to enable it to be considered by residents and investors; and it should be regularly reviewed to assess the change in the role and function of different parts of the town centre over time.
- 2.15 In the event that required development cannot be accommodated in the town centre to meet the forecast needs – because of physical or other constraints – authorities are required to plan positively to identify the most appropriate alternative strategy for meeting the need, having regard to the sequential and impact tests. In the plan making process, the sequential approach requires a thorough assessment of the suitability, viability and availability of locations for main town centre uses *‘...with particular regard to the nature of the need that is to be addressed’* (Paragraph 2b-009). This requires an assessment of the type of land needed and the demand for land for main town centre uses, through reference to recent take-up.
- 2.16 A key requirement which runs through the NPPF and in the NPPG is the need, as expressed in Paragraph 73 of the NPPF, for *‘careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable’*. Thus, Paragraph 173 goes on to state that the sites and scale of development identified in the plan *‘...should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened’*.
- 2.17 We have had full regard to the requirements of the NPPF and its provisions have guided our analysis, and our advice and recommendations to the Council.

3 RECENT AND FUTURE CHANGES IN RETAILING

Introduction

- 3.1 The global recession, which started in 2008 and continued in the UK until the third quarter of 2012, together with the substantial growth in e-commerce and the evolution of multi-channel retailing, have had a very significant effect on town centres within the last six to seven years. From 2010 to 2013 there was a marked reduction in disposable income generally as a result of relatively high levels of unemployment, low growth in incomes, and high housing costs. The drop in disposable income in this period had an obvious impact on the rate of growth of retail expenditure per capita, particularly in the comparison goods sector. As a consequence, many well-known retail businesses closed down, town centre vacancy rates increased, and there was a rise in the representation of charity shops, discount retailers, betting shops and payday loan businesses.
- 3.2 In light of these changing circumstances, the Taskforce report '*Beyond Retail*', published in November 2013, reached a conclusion that many town centres now have too much retail floorspace, and that their functions need to be rebalanced, so as to provide for a wider range of alternative uses. The Taskforce report followed the Secretary of State's Statement in the foreword to DCLG's July 2012 publication, 'Re-imagining Urban Spaces to Help Revitalise our High Streets', in which he stated that:

'There is no point in simply chasing the traditional model of the high street – a place where people come together to shop. Retail is an important element of a thriving town centre, but it is not sufficient. Instead you need to re-imagine your high street and town centre, and drive towards a new future where people come together for many different reasons'.

- 3.3 In this section of the report, therefore, we first outline the effects of the recession on recent and projected changes in retail expenditure per capita. We then provide a summary of recent and anticipated future trends in e-commerce and multi-channel retailing and the implications of these trends for the comparison and convenience goods retail sectors. Next, we summarise the recommendations for town centres arising from

three influential reports, these being the Mary Portas Review, the aforementioned Taskforce report, and the Grimsey Review. We conclude with the potential implications of these structural changes in the retail sector for Sunderland City Centre and for the Town Centres of Washington and Houghton-le-Spring.

Historic, Recent and Projected Changes in Retail Expenditure per Capita

- 3.4 There are two authoritative sources of information on retail expenditure growth, these being Pitney Bowes/Oxford Economics and Experian. Pitney Bowes' Retail Expenditure Guide for 2015/16² shows that comparison goods expenditure growth in the 50-year period from 1964 to 2014 averaged 4.6 per cent, per capita, per annum, and that convenience expenditure growth over the same 50-year period was just 0.2 per cent, per capita, per annum (Table 3.2 of Pitney Bowes). Similarly, Experian's information on 'ultra-long term' trends, which covers the 40 year period from 1973 to 2013, reveals growth rates over this period of 4.5 per cent, per capita, per annum in the comparison goods sector and 0.2 per cent, per capita, per annum in the convenience goods sector³.
- 3.5 In the latest edition of its Retail Planner Briefing Note of October 2015, Experian has replaced the ultra-long-term trends it previously used, dating back to the early 1970s, so as to '*...provide a more relevant view of long-term trends*'⁴. Therefore, the October 2015 Briefing Note incorporates historic growth rates over three time periods, these being: 1997 to 2007 (the pre-recession period); 2008 to 2011 (the recession and its aftermath) and 2012 to 2014 (the recovery). These time periods reveal respective growth rates in the comparison goods sector of 8.0 per cent, 1.1 per cent and 4.1 per cent per capita, per annum, which equates to a 5.8 per cent, per capita, per annum overall growth rate from 1997 to 2014. In the convenience goods sector, there has been a negative per capita expenditure change in each of these three periods, at minus 0.3 per cent per annum (pre-recession), at minus 3.4 per cent per annum (during the recession) and at minus 1.0 per cent per annum (in the recovery). As a consequence, the negative change in convenience

2 Pitney Bowe's Retail Expenditure Guide 2015/2016, August 2015

3 Experian's Retail Planner Briefing Note 12.1, October 2014

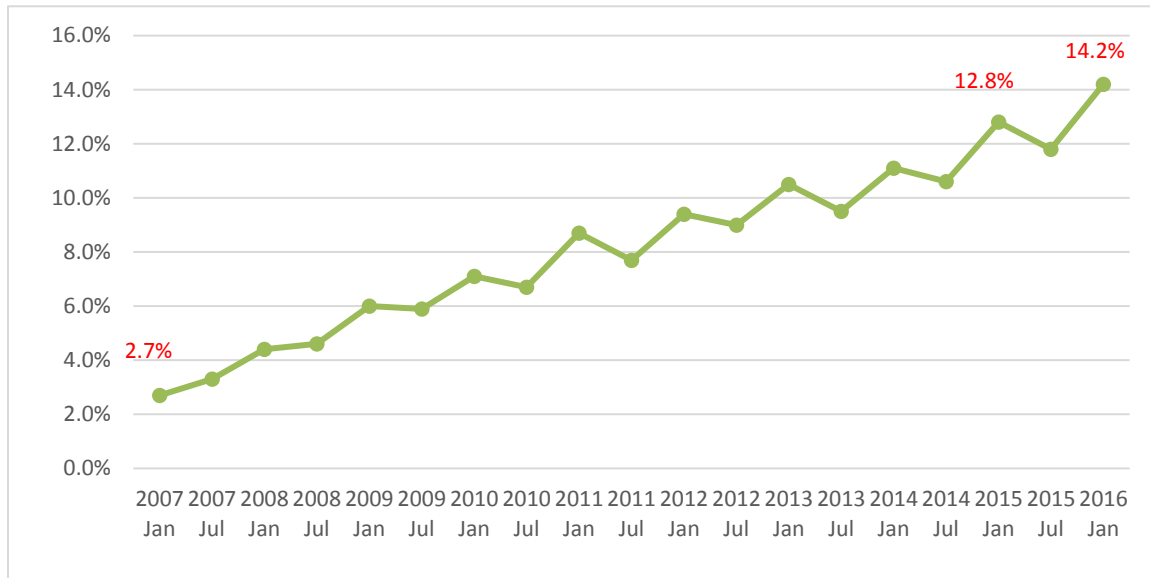
4 Experian's Retail Planner Briefing Note 13, October 2015

goods expenditure in the overall period from 1997 to 2014 has averaged minus 1.1 per cent, per capita, per annum.

- 3.6 Indeed, Table 3.1 of Pitney Bowes' Retail Expenditure Guide for 2015/2016 reveals ten consecutive years of negative per capita expenditure change in the convenience sector, from 2006 to 2015. Similarly, Figures 1a and 1b of Experian's Briefing Note 13 show ten consecutive years of negative growth in per capita expenditure in the convenience goods sector, with particularly sharp falls in 2008, 2009 and 2011.
- 3.7 The short-term trends in per capita expenditure change that have occurred since the recession commenced in 2008 have had a substantial impact on forecasts of future retail expenditure growth, particularly in the comparison goods sector. Thus, Pitney Bowes' forecasts for the period from 2015 to 2026 envisage growth rates of 3.6 per cent, per capita, per annum in the comparison goods sector and 0.7 per cent, per capita, per annum in the convenience goods sector. Similarly, Experian's forecasts for the period from 2015 to 2026 suggest growth rates of 3.1 per cent, per capita, per annum and 0.1 per cent, per capita, per annum in the comparison and convenience sectors, respectively.
- 3.8 Thus, both forecasters envisage lower rates of growth in the comparison goods sector over the next ten years or so, than have occurred over the past fifty years. Moreover, not only can we expect lower rates of growth in comparison goods retail spending in the future, we can also anticipate that a higher share of comparison goods expenditure will be absorbed by e-commerce and various forms of multi-channel retailing, which is the next topic that we address.

E-Commerce and Multi-Channel Retailing

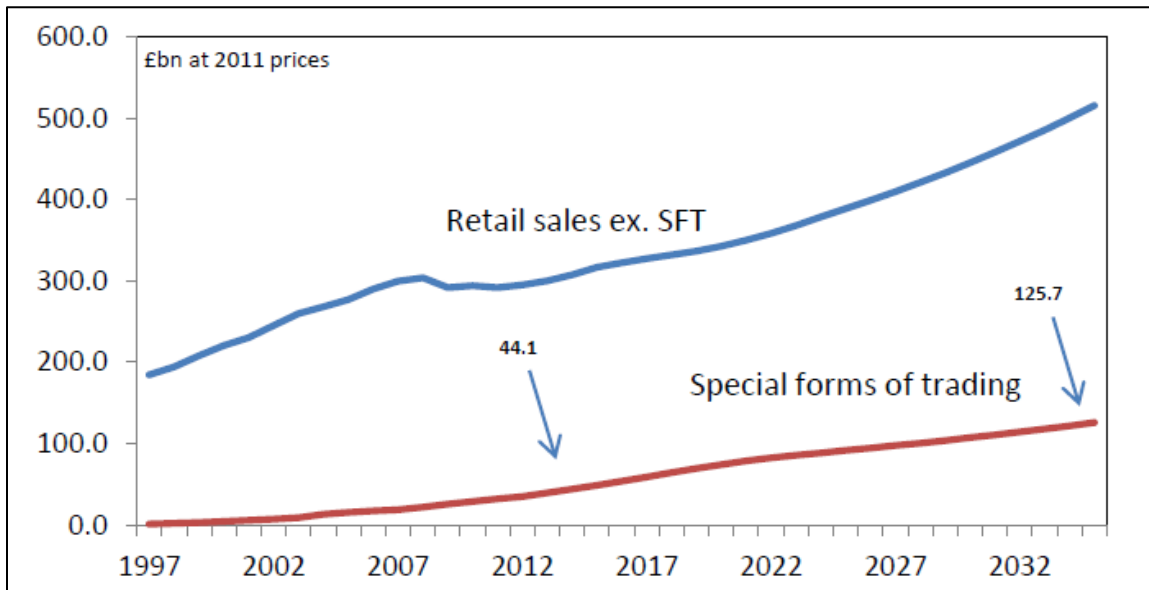
- 3.9 Data provided by the Office of National Statistics (ONS) reveal that online shopping (also known as e-commerce) has seen rapid growth in the past decade (Figure 3.1). Indeed, ONS' data suggest that online sales, which represented just 2.7 per cent of all retailing in 2007, have grown to reach 14.2 per cent of all retailing, in January 2016.

Figure 3.1: Online Sales as a Proportion of All Retailing

Source: Office for National Statistics Statistical Bulletin - Retail Sales, March 2016

- 3.10 Moreover, Experian's Retail Planner Briefing Note 13, of October 2015, anticipates that 'non-store retail sales' (or Special Forms of Trading) will continue to grow, at least until the early 2030s, albeit that the rate of growth is projected to decline after 2020 (Figure 3.2). Thus, Experian projects that non-store retail sales will reach 17.8 per cent of all retail sales by 2020, and reach 19.6 per cent of all retail sales by 2035. However, these rates drop to 11.4 per cent in 2020, and to 12.5 per cent by 2035, when products that are taken from store shelves are excluded.
- 3.11 Indeed, Experian identifies 'Click & Collect' as the key driver of current and future internet growth, which it regards as being 'space demand neutral'. Moreover, a recent survey carried out by NEMS⁵ reveals that 48 per cent of online shoppers have at some point made a 'Click & Collect' purchase and that food is the category of goods that is bought most often by this method. The NEMS survey suggests that women are more likely to use a 'Click & Collect' service because of its convenience.

5 NEMS Market Research: Measuring and Understanding Public Opinion - Click & Collect, October 2015

Figure 3.2: Retail Sales Volume in £bn 1997 to 2035

Source: Experian Retail Planner Briefing Note 13, October 2015

- 3.12 Interactive Media in Retail Group's (IMRG's) top 50 online retailer rankings of September 2015⁶ shows that Amazon, Argos, Apple, Tesco, M&S, Next, ASDA and John Lewis are the current leaders in online retailing in the UK, followed by Netflix, Currys, B&Q, ASOS, Debenhams and Boots. The rise of Netflix is likely to be due, in part, to the collapse of Blockbuster. In the online clothing/fashion sector retailers within the Top 50 include Next, John Lewis, ASOS, Debenhams, Sports Direct, New Look, House of Fraser, Boohoo, JD Sports, River Island and Topshop.
- 3.13 Clearly, the way people shop is changing and a report by the Javelin Group⁷, as early as 2011, identified various forms of multi-channel retailing, which it defines as '*...sales in which at least two channels, including the store, have played a part in the customer journey*'. Thus, the Javelin Group report divides the retail market into five segments, as follows:
- **Store Only** – in which the online channel plays no significant part;
 - **Research Online and Purchase Offline/In-store** – in which research takes place online, but the product is purchased in-store;

⁶ Interactive Media in Retail Group (IMRG): Top 50 Retailer Ranking

⁷ Javelin Group: How Many Stores Will We Really Need?, October 2011

- **‘Click & Collect’** – in which the customer buys or orders goods online from a store’s website, but collects them from a local branch;
- **Store to Direct** – in which the online purchase is made at the store and then delivered to the purchaser’s home; and
- **Home Delivery** – in which the customer buys or orders goods online from a store’s website, but where the goods are delivered to the purchaser’s home and where the store plays no significant part.

- 3.14 More recently, Tensator⁸ has identified another form of retailing known as **‘showrooming’**, whereby a customer visits a store to view an item before purchasing it online. Indeed, Tensator’s survey found that 86 per cent of respondents had experience of using this method. The survey also found that 68 per cent of respondents *‘...admitted to using their phone to check the price of an item online before deciding whether to purchase in-store’*. These survey findings show that shoppers are readily adapting to the technological and structural changes in retailing and are using these changes to their benefit to ensure that they make informed purchase decisions and seek out bargains.
- 3.15 This technological advancement is particularly evident with advancements in mobile phone technology and the rise of the ‘smart phone’. Indeed, the Centre for Retail Research has confirmed that *‘mobile retailing is the fastest-growing retail sector’*⁹. Thus, despite the PC/laptop having a 73.4 per cent share of online sales by device, and mobile devices (phone/tablets) having only a 26.6 per cent share of online sales by device, the mobile device sales growth between 2014 and 2015 was 64.3 per cent, whereas the PC/laptop sales growth was only 4.3per cent over the same period.
- 3.16 The changing ways in which people shop, is further highlighted in Figures 3.3 and 3.4¹⁰, which illustrate how shoppers now use the internet before and during a town centre visit.

8 Tensator Group: Survey Reveals Customers Disenchanted by High Street Shopping Experience, November 2014

9 Centre for Retail Research: Mobile Retailing, 2015 - <http://www.retailresearch.org/mobileretailing.php>

10 Hart C, Shadow G, Rafiq M and Laing A: The Customer Experience of Town Centres - Project Report Loughborough University, 2014

Figure 3.3: Internet Usage before a Town Centre Visit (% of respondents)

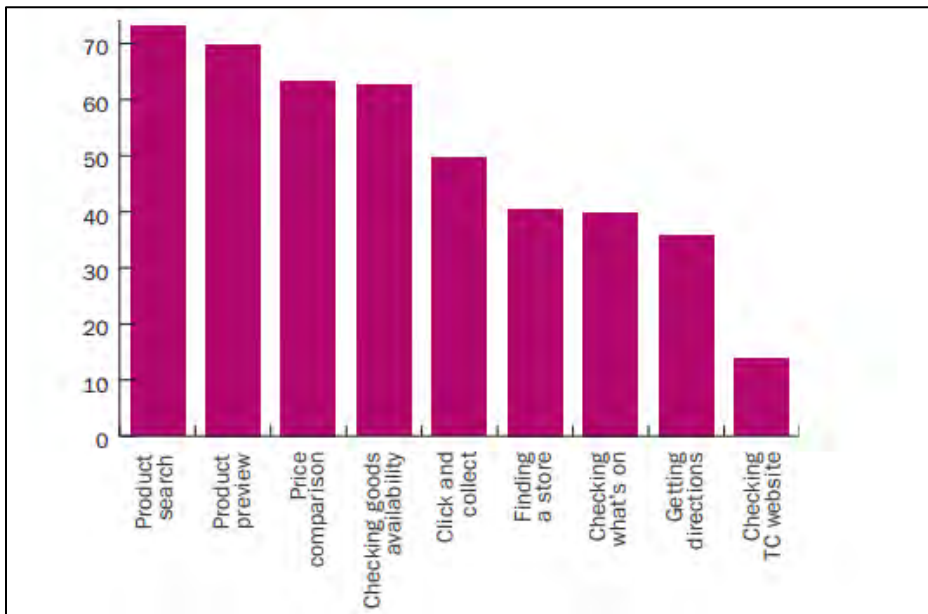
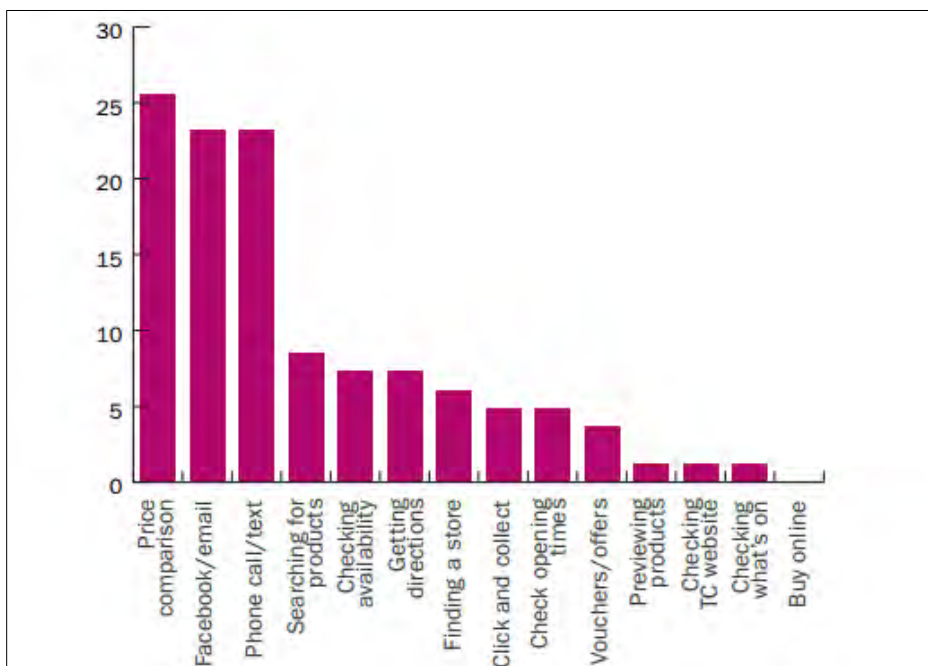


Figure 3.4: Internet Usage during a Town Centre Visit (% of respondents)

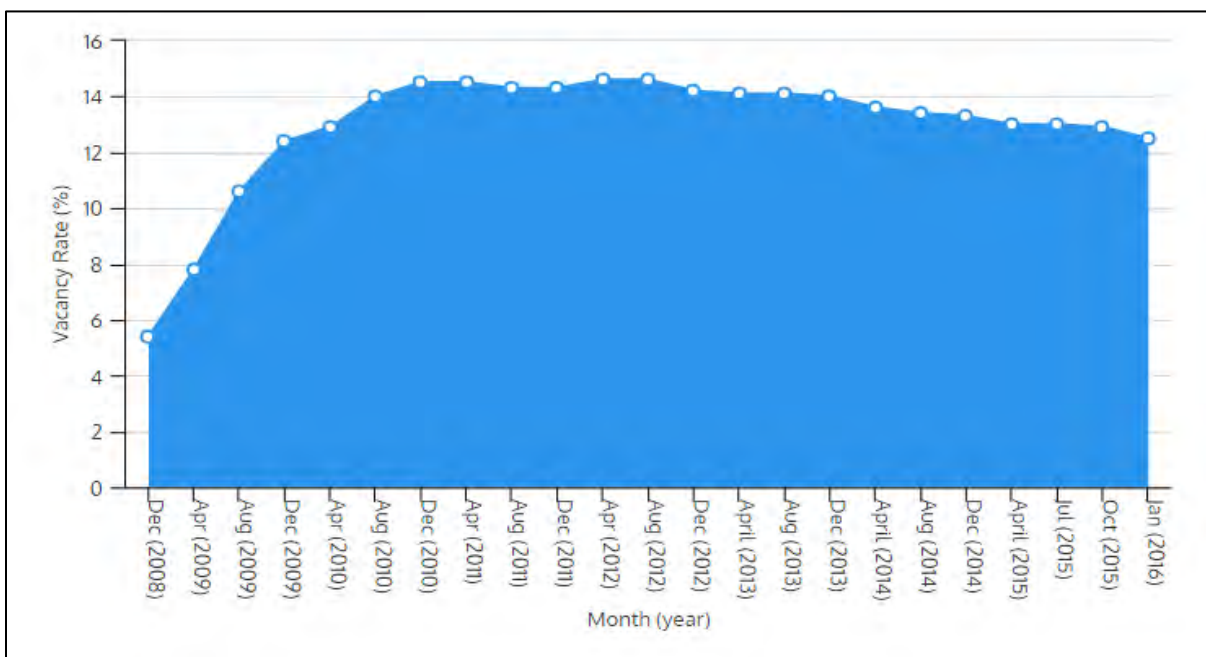


Consequences for Retailing Arising from the Recession and E-Commerce

3.17 The reduction in levels of disposable income that occurred from 2010 to 2013, and the rising levels of e-commerce, led to a rise in vacancies in town centres, and a gain in the number of premises occupied by charity shops, betting shops, payday loan shops and pound shops. Indeed, a number of major well-known retailers failed during the recession,

including Blockbuster, Clinton Cards, Comet, Focus DIY, Habitat, Jane Norman, Jessops, JJB Sports, HMV, TJ Hughes and Woolworths, and more recent failures include Austin Reed and BHS. Thus, The Local Data Company's (LDC's) report of February 2016 has shown that vacancies in Great Britain grew from 5.4 per cent in December 2008 to reach a peak of 14.6 per cent in August 2012 (Figure 3.5). However, the recovery since 2012 has led to a very gradual fall in the average vacancy rate in Great Britain to 12.5 per cent in January 2016, which LDC state is the lowest vacancy level in six years.

Figure 3.5: Shop Vacancy Rates in Great Britain



Source: The Local Data Company – February 2016

- 3.18 Nevertheless, despite these signs of improvement, the LDC warns that 4.5 per cent of the shop vacancies in Great Britain are 'persistent' (defined as vacant for more than three years) and it emphasises that the level of 'persistent' vacancies is highest in the North East Region, at 7.3 per cent. LDC's somewhat sombre conclusion, therefore, is that '*...we cannot shy away from the vast numbers of empty shops that are never likely to be reoccupied again*'.
- 3.19 The growth of e-commerce and the high cost of business rates and shop rents, compared to the lower cost of setting up online businesses, has meant that the proportion of retail

spending taking place in town centres has declined. Indeed, the Portas Review¹¹ reported a reduction in town centre retail spending from 49.4 per cent in the year 2000, to 42.5 per cent in 2011 and it anticipated a further fall to 39.8 per cent by 2014. With this context in mind, we turn to our assessment of the implications of these structural changes for the comparison and convenience goods sectors.

The Comparison Goods Sector

- 3.20 The aforementioned Javelin report of October 2011, looks at the four largest non-food sectors, these being: electrical; clothing and footwear; furniture and floor-coverings; and health and beauty. The report projects that sales through stores, including those researched online but transacted in-store, in these four sectors will decline from 86 per cent in 2010 to just 66 per cent by 2020. Indeed, Javelin predicts that the internet will play a role in 75 per cent of transactions in these sectors by 2020, albeit that 'Click & Collect' will form two thirds of these internet transactions.
- 3.21 As a consequence, Javelin suggests that retailers in these non-food categories will face falling gross margins as customers seek out the best prices online, causing a reduction in store space requirements as retailers migrate to more effective formats and channels. Indeed, Javelin predicts that chain store space in these four non-food sectors will have fallen by 20 per cent by 2020.
- 3.22 In the **electrical goods** sector, Javelin anticipates further consolidation, with reduced floorspace requirements in town centre stores, but with much larger e-commerce operations and fewer, but larger, out-of-centre stores.
- 3.23 In the **clothing and footwear** sector, Javelin expects online orders for home delivery to double to 21 per cent by 2020. This projection, and the further competition anticipated from supermarkets, leads Javelin to predict that the proportion of the overall clothing and footwear market taken by in-store specialist chains will fall from 73 per cent in 2010 to 51 per cent by 2020, causing store closures, particularly in secondary town centre shopping venues. Indeed, Javelin expects there to be 31 per cent fewer clothing and footwear

11 The Portas Review: An Independent Review into the Future of our High Streets, December 2011

stores in town centres by 2020 as a result of the growth of e-commerce, competition from large supermarkets and a migration to out-of-centre locations where there are generally larger footprints.

- 3.24 In the **furniture and floor-coverings** sector, Javelin also anticipates a decline in the proportion of in-town selling space (already at the low base in this sector), as furniture retailers respond to the growing demand through the 'Click & Collect' mechanism, which they perceive is best serviced by larger, out-of-centre stores with ample car parking.
- 3.25 In the **health and beauty** sector, Javelin expects the internet to play an increasingly important role in the higher margin beauty segment, but to have less impact on the lower margin hygiene or grocery end of the market, where there will be continued growth in supermarket sales at the expense of independents and specialist chains such as Boots and Superdrug. As a consequence, Javelin expects an 18 per cent reduction in the number of health and beauty stores in town centres by 2020.
- 3.26 Thus, although the growth in e-commerce will vary depending on the type of goods being sold, a common theme for comparison goods retailers seems to be that they will require a fewer number of stores and less town centre floorspace in aggregate. We can expect, therefore, further polarisation in the comparison goods sector, whereby the larger retailers seek fewer outlets overall, with more of a focus on larger stores in larger town centres and in out-of-centre retail parks in response to the growth in 'Click & Collect' and the associated demands for car parking.
- 3.27 The biggest source of growth in demand for floorspace in the comparison goods sector in recent years has come from discount traders such as Primark, TK Maxx, Poundland, Wilkinsons and Home Bargains.

The Convenience Goods Sector

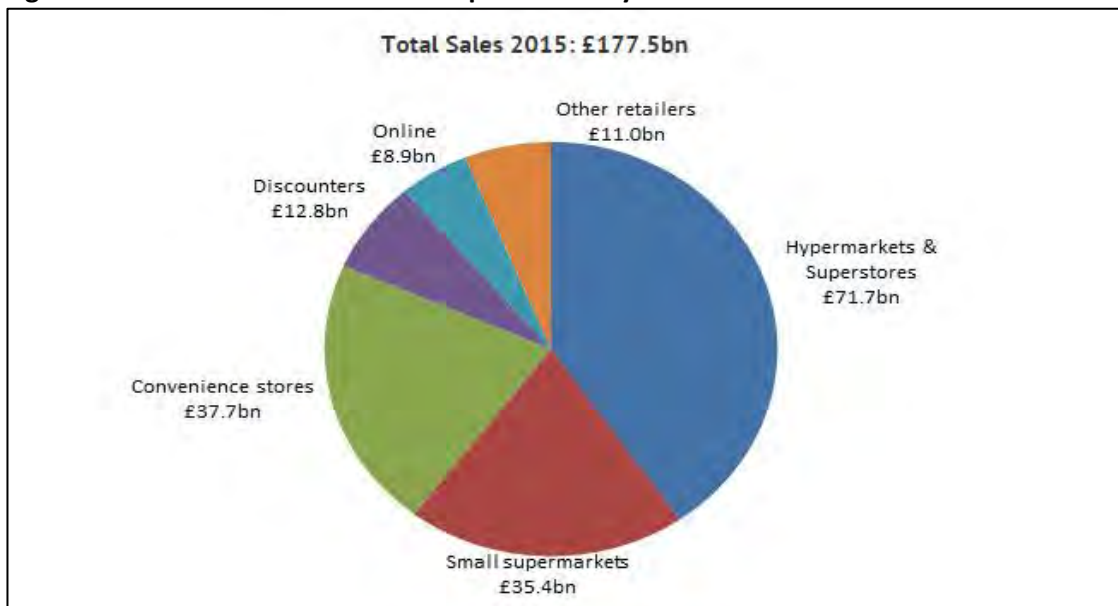
- 3.28 The Institute of Grocery Distribution (IGD) reported, in 2015¹², that the UK grocery market was worth £177.5 billion, and it forecasts that the market will be worth £200.6 billion in 2020, this being a 13 per cent increase on 2015. However, these monetary

12 Institute of Grocery Distribution: UK Grocery Retailing, June 2015

figures are in 'current' prices rather than 'constant' prices, so that much of this growth is accounted for by inflation. Bearing this in mind, Figure 3.6 identifies the different channels that make up the grocery market in 2015.

- 3.29 IGD anticipates that sales through hypermarkets and superstores will decline by 2.9% to £69.6bn over the next five years, but that they will remain by far the most important channel in terms of volume of sales¹³. Conversely, IGD forecasts that the discount channel will see aggregate sales growth of £10.5bn over the next four years, more than any other channel and that this will be driven by expansion and stronger performance by both the food discounters, such as Aldi and Lidl, and high street discounters such as Poundland.

Figure 3.6 – The Channels that make up the Grocery Market



Source: Institute of Grocery Distribution - June 2015

- 3.30 The negative impacts of the recession, and the associated rise in unemployment and reduction in levels of disposable income, caused shoppers to increasingly seek value for money in the convenience goods sector. As a result, the deep discounters such as Aldi and Lidl have secured a growth in their market share at the expense of the 'big-four' operators (i.e. Tesco, ASDA, Sainsbury's and Morrisons). Indeed, Aldi and Lidl's combined market share has doubled since 2012¹⁴. According to Kantar World Panel¹⁵, Aldi now

¹³ Institute of Grocery Distribution: Five Year Forecast, The Grocery Market by 2020, June 2015

¹⁴ <http://www.theguardian.com/business/2015/nov/17/soaring-sales-at-aldi-and-lidl-drive-market-share-to-10-percent>

¹⁵ <http://www.kantarworldpanel.com/en/grocery-market-share/great-britain>

accounts for 6.0 per cent of the UK's convenience goods market and Lidl now accounts for 4.4 per cent of the UK's convenience goods market.

- 3.31 However, the success of the deep discounters is not solely due to the change in shopper attitudes brought about by the need to secure value; rather, the discounters have broadened their fresh product ranges, are sourcing more British produce and are promoting more high quality products, such as premium steak, ham and lobster. As such, they have been successfully '*...providing an offering which is currently appealing to a wide spectrum of British grocery shoppers*'¹⁶.
- 3.32 Thus, whilst the big four food operators have substantially cut back on their development programme, Aldi and Lidl are keen to secure further floorspace in their search for even more market share. Netto has also re-emerged onto the UK retail scene in 2014, in a joint venture with Sainsbury's, whereas it had previously sold all of its stores to ASDA in May 2010. Netto opened its first new generation store at the end of 2014 and it is progressing expansion plans for a portfolio of 25 UK stores, of which 13 are currently in operation. The joint venture between Netto and Sainsbury's represents the first time that any of the UK's top four retailers have attempted to gain representation in the discount sector¹⁷. This growth in the discount supermarket sector has also been mirrored at the premium end of the market, with Waitrose seeking to promote 14 new stores in 2016.
- 3.33 Perhaps the biggest change in recent years, however, is the proliferation of smaller format, local convenience stores operated by the leading operators. Indeed, Tesco now has 1,713 Express format stores and Sainsbury's has over 700 Local stores. It is noteworthy, however, that KPMG (as administrators) has recently closed many of the My Local stores that Greybull Capital had purchased from Morrisons in October 2015, as a result of the competitive nature of the convenience store sector.
- 3.34 IGD's data suggest, however, that unaffiliated independents and symbol groups such as Spar and Londis continue to account for two thirds of the nation's convenience stores (those under 3,000 sq. ft. in size) and approximately 55 per cent of the sales of these

¹⁶ Institute of Grocery Distribution: Shopper Vista Channel Focus Guide, Discount Shoppers - Top Trends, 2014

¹⁷ <http://www.ibtimes.co.uk/sainsburys-open-10-new-netto-stores-uk-1536917>

convenience stores¹⁸. Indeed, IGD states that there were just over 46,000 convenience stores in June 2015, which represented a marginal increase of 0.9 per cent compared to the previous year. However, IGD also predicts that ‘...after years of rapid advances, sales growth in convenience will be more measured over the next five years’¹⁹. Indeed, IGD expects a sales growth for convenience stores of 17 per cent between 2015 and 2020, which is well below the growth achieved between 2010 and 2015, of 27.4 per cent.

- 3.35 Experian’s forecasts suggest that the convenience goods sector will be least affected by the growth in e-commerce because much of the produce sourced online actually comes off the shelves of existing supermarkets, whether through ‘Click & Collect’, or home delivery. Nevertheless, IGD predicts that online grocery shopping will continue to grow as their research shows that 47 per cent of shoppers ‘would like to use it more over the next two to three years’²⁰.
- 3.36 IGD emphasises, however, that the majority of food and drink will continue to be sold in large format stores by the leading operators²¹. This leads IGD to conclude that whilst all food operators will have their own distinctive approaches going forward, there are four key elements to the strategy that most food retailers should adopt if they are to increase market share in the future, these being:
- **Innovation in Food** – as well as low prices, shoppers are still looking for quality and innovation and retailers must provide a superior experience for shoppers in terms of convenience, variety, provenance, health and pleasure;
 - **Back Room Efficiency and Automation** – operating costs will continue to rise and to counteract this, retailers could further automate the non-customer facing parts of the supply chain;
 - **Investment in Staff** – whilst online shopping is generally a quick and efficient shopping experience, shoppers in stores will be looking for friendly, informative human interaction;

18 Institute of Grocery Distribution: Convenience Retailing Factsheet, June 2015

19 Institute of Grocery Distribution: IGD Launches New UK Market and Channel Forecasts, June 2015

20 Institute of Grocery Distribution: Five Year Forecast, The Grocery Market by 2020, June 2015

21 Institute of Grocery Distribution: Winning the Recovery – How to Kick-Start Grocery Retail’, March 2014

- **Omnichannel** – food retailers will be working to link together their routes to the market through various media, with the ultimate aim being to meet the needs of all shoppers, in all locations, all the time.

The Shopping Centre Development Pipeline

- 3.37 The recession had a major impact on the level of shopping centre development being undertaken in the UK, compared to the quantum of development undertaken in the period from 1998 to 2009, which was typically around 400,000 sq. m. gross per annum. Indeed, data from Cushman & Wakefield²² suggest that the average amount of shopping centre development undertaken, or to be undertaken, in the six year period 2012 to 2017 will be marginally less than 150,000 sq.m per annum (Table 3.1).

Table 3.1 Estimated Amount of Shopping Centre Development in the UK from 2012 to 2017

Year	Amount of Shopping Centre Development Undertaken in the UK (sq.m)
2012	Negligible
2013	289,000
2014	250,000
2015	186,000
2016	158,000
2017	102,000

- 3.38 The reduced amount of shopping centre development that has taken place in recent years reflects viability challenges and the fact that there has been very limited development finance for real estate. Indeed, the Taskforce's Beyond Retail report of November 2013 states that *'Old funding models for retail development, relying on investment from commercial banks, pension funds, life insurance funds or Real Estate Investment Trusts [REITs], sometimes supported by public sector contributions, are no longer fit for purpose'*. Thus, in the period 2013 to 2015, it seemed that the institutions and many REITs had lost their appetite for risky, large-scale town centre developments that can take around ten years to deliver, and there were relatively few active UK developers of shopping centres, with Intu, Hammerson, British Land and Land Securities dominating the market, along with international investors such as Westfield Corporation.

²² Cushman & Wakefield: Marketbeat Shopping Centre Development Reports of April 2014 and September 2015

- 3.39 C&W suggests, however, that whilst the development pipeline is still weak, developers are becoming more confident, and that the short term focus is on extensions and improvements to existing schemes²³. Indeed, C&W identifies eleven extension schemes and five new shopping centres that were to be delivered in 2015²⁴. Similarly, CBRE's 2015 report²⁵ states that 75 per cent of the total number of shopping centre schemes in 2015 were for extensions or redevelopments of existing centres.
- 3.40 Moreover, we note that C&W is of the opinion that the appetite for investment appears to be strengthening in prime locations within the dominant regional centres. Thus, whilst C&W accepts that town and city centre development remains challenging, with long-lead in times and high levels of up front capital exposure, it advises that *'Many of the towns and cities that are starting to see development progress, are places where local authorities have taken a more creative approach, challenging traditional ideas of the role of the public sector in delivering development'*. In recognition of the changing circumstances, Councils are becoming increasingly aware of the need for a proactive role which is resulting in an *'increasing number of local authorities taking a direct role in promoting development, stepping in to address market failure and enable sites'*²⁶.

The Out-of-Centre Development Market

- 3.41 The out-of-centre development market is reported to be receiving a boost from the growth of e-commerce, particularly through the 'Click & Collect' mode which generates high demand for parking. Thus, fashion retailers such as Next and Debenhams are very active and keen to secure prime open A1/fashion space and are targeting larger format stores in out-of-centre locations²⁷. In addition, C&W advises that occupier demand for bulky goods space is strong in prime locations, with retailers such as Wren Living, Tapi Carpets, DFS and Dunelm looking to expand their national store portfolios. In the convenience sector, out-of-centre demand is being driven by Aldi, Lidl and M&S.

23 Cushman & Wakefield: Quarterly Marketbeat - United Kingdom, December 2015

24 Cushman & Wakefield: Shopping Centre Development Report, September 2015

25 CBRE: Shopping Centre Pipeline H1 2015

26 Cushman & Wakefield: Shopping Centre Development Report, September 2015

27 Cushman & Wakefield: Quarterly Marketbeat - United Kingdom, December 2015

Discounters such as Home Bargains, Poundland and TK Maxx are also seeking further out-of-centre representation.

- 3.42 Indeed, CBRE's most recent Retail Warehouse Pipeline Report suggests that retail warehouse space under construction increased from 91,000 sq. m. gross in the first half of 2015 to 110,000 sq. m gross in the second half of 2015²⁸. Demand is said to be particularly strong from value retailers such as Home Bargains and B&M, who are reported to want to open 50 stores in 2016, and from retailers such as Tapi Carpets who are also looking to develop 50 stores a year. Another trend reported by CBRE is the growth in demand for premises in retail parks from food and beverage operators, so that vacancy rates in retail parks are reported by the Local Data Company to be significantly lower, at 6.2 per cent, than the average for shopping centres, of 14.1 per cent.

Influential Retail Reports

The Portas Review

- 3.43 The adverse impact on town centres caused by the recession and the growth of e-commerce led to a series of influential reports on the future of town centres. The first was the Portas Review, commissioned by the Government and published in December 2011. The report contains 28 recommendations, including, amongst others:
- the need to put in place a 'Town Team', which Portas defines as being a visionary, strategic and strong operational management team for High Streets;
 - the need for Government to consider whether business rates can better support small businesses and independent retailers;
 - the need for Local Authorities to use their discretionary powers to give business rate concessions to new local businesses;
 - amendments to the Use Classes system, so as to make it easier to change the use of key properties on the High Street, including a recommendation that betting shops should have a separate Use Class;

28 CBRE UK Retail Warehouse Pipeline, H2 2015

- the need for the then-emerging NPPF to make explicit a presumption in favour of town centre development;
- the need for large retailers to support and mentor local businesses and independent retailers;
- support for the use of lease structures other than upward-only rent reviews;
- further disincentives to prevent landlords leaving units vacant;
- the need for Local Authorities to make more proactive use of Compulsory Purchase Order powers;
- the suggestion that Local Authorities be empowered to step in when landlords are negligent with new *'Empty Shop Management Orders'*; and
- support for imaginative community use of empty properties through *'Community Right to Buy'*, *'Meanwhile Use'* and a new *'Community Right to Try'*.

3.44 In February 2012, the Government announced that there would be twelve *'Portas Pilot Towns'* and it made its formal response to the Portas report in March 2012. The latter included a commitment to work with an industry-led cross-sector Taskforce to look at a broad range of issues that were having an impact on bringing commercial property into use, or attracting investment in town centres. The Taskforce report, which is entitled *'Beyond Retail'*, was published in November 2013.

The Taskforce Report 'Beyond Retail'

- 3.45 The Beyond Retail report states that: *'Town centres of the future need to move beyond retail and be a vibrant centre for living, culture, entertainment, leisure, shopping, business and civic activity'* and that: *'Successful town centres in the future will have a clear understanding of their primary functions within the local and regional economy'*.
- 3.46 The report goes on to suggest that further polarisation will result in three broad types of town centre offer:

- *‘Strong, dominant centres offering the widest range of retail, leisure and food and beverage... to provide consumers with an experience, and provide shop units commensurate with retailer demand’;*
- *‘Convenience food and service based centres with an element of fashion and comparison goods... an improved leisure and evening offer, more residential and community support’;* and
- *‘Localised convenience and every day needs focused centres. The trend is for the larger basket weekly shop being done online complemented by regular top up visits to smaller local convenience stores. This is being driven by time poor consumers, rising fuel costs, more single occupancy living and better quality convenience store provision from the major multiples. Local shopping is further supported by the ageing population profile, the growth in the number of urban households and more frequent budget constrained shopping’.*

3.47 The Taskforce report also envisages that there will be active intervention on the part of Local Authorities, who will have a clear vision of the role and function of town centres, and the position of their respective retail offers in the regional retail hierarchy.

3.48 Other key observations include: the need for a re-basing of occupational costs in terms of rents and rates; a need for new residential development near town centres; more accessible and safe parking facilities; and a flexible approach to car park pricing.

3.49 The Taskforce report then sets out a number of primary challenges relating to:

- **Funding** – with old funding models for retail development, based on lending from banks, pension funds, life insurance funds and so on, said to be *‘no longer fit for purpose’*;
- **Diversification** – with many town centres said to have too much retail floorspace as a result of competition from out-of-centre development and e-commerce, so that town centres have become too reliant on retailing and need to be rebalanced to provide an alternative range of functions, including employment, commercial, leisure, community, residential, healthcare and education;

- **Flexibility in the Planning System** – with the system said to have insufficient flexibility to accommodate a rapidly evolving retail and leisure environment in town centres, which is contributing to high vacancy rates;
- **Retail Capacity Studies** – these are alleged to be no longer fit for purpose, with a need for Local Authorities to better understand the catchment demographics, evolving consumer shopping patterns and the role of each town centre within the retail hierarchy, which often requires cross-border working;
- **Compulsory Purchase Orders** – there is a need for more proactive and aggressive approach to the use of CPO powers, so as to facilitate long-term change;
- **Car Parking** – too many car parks are not competitively priced, not well-managed and not well-maintained;
- **Business Rates** – retailers’ physical occupational costs are, in many cases, prohibitively high, with business rates said to be *‘one of the highest property taxes in the world’*. Thus, in a multi-channel environment, multiple retailers are increasingly selective regarding location and new independent start-up retail businesses are deterred by the costs of entry. This is exacerbated by the fact that business rates are based on pre-recession, year 2008, rental levels and by the imbalance in the business rates taxation levied on shops, compared to that levied on online-only retailers;
- **Digitising the High Street** – town centres must meet the technology demands of today’s multi-channel consumer in order to achieve a thriving retail market, with consumers increasingly demanding a seamless approach to multi-channel, with mobile online access in all parts of the town centre.

3.50 Thus, the 13 principal recommendations put forward by the Taskforce include, amongst others, the need for:

- retail capacity models to be adapted for changing business requirements that will see fewer stores needed, as online trade will continue to erode store sales;
- greater cross-border co-operation between Local Authorities to better understand the impact of broader existing shopping patterns;

- long-term master planning to *'strengthen the retail core, re-configure town centre space and re-use obsolete areas by defining new uses'*;
- *'proactive use of Compulsory Purchase Orders (CPOs) to bring about the scale required for major reconfiguration and regeneration within towns alongside an urgent review of the complexity and costs associated with CPO'*;
- *'a workable, private sector led Tax Increment Finance (TIF) model which works alongside traditional funding models for town centre redevelopment'*;
- *'piloting the concept of a joint venture vehicle and associated high street property fund that will pool land assets and address fragmented ownership'*;
- a cap on the annual business rate inflationary increase at no more than 2.0 per cent until 2017; and
- the need for a review of the quality, quantity and cost of town centre car parking.

The Grimsey Review

3.51 The Grimsey Review: An Alternative Future for the High Street was published in September 2013. The report claims that the Portas Review fails to highlight the dramatic structural changes impacting upon the retail industry. Nevertheless, many of the 31 recommendations put forward in the Grimsey Review echo, or complement, those of Portas and the Taskforce. Indeed, there are, a number of common themes in all three reports, including:

- a recognition that there is a need to diversify town centres so as to encompass other non-retail functions such as housing, arts, office space, healthcare facilities and leisure activities;
- a recognition of the need for a review of the business rates system, so as to reduce occupational costs for town centre businesses;
- a need to make it easier to change the use of buildings through further permitted use reforms;

- a need for Local Authorities to be more proactive in the use of their CPO powers and for simplification of the CPO procedures; and
- a need for enhancement of secure car parking facilities and a review of pricing and management practices.

The Government's Response

3.52 The Chancellor's Autumn Statement of December 2013 announced a series of measures which were intended to support town centres. The Background Note, which was published at the same time as the Statement, recognises that *'The way the nation shops is undergoing a radical transformation'* and that *'High Streets have to adapt in order to survive and succeed'*.

3.53 Thus, in line with the findings of the Portas and Taskforce reports, the Supporting High Streets and Town Centres Background Note to the Chancellor's Statement, of 6th December 2013, suggests that:

'Town centres need to be diverse, accessible, modern and attractive. Above all, the key to success is local leadership and diversity. Every area needs to come up with their own plan for the future of their town centres, with local authorities working hand in hand with local businesses to transform their town centres'.

3.54 The Government therefore announced a number of measures under four headings:

- i) support for business and the private sector to have a greater stake in their high streets;
- ii) making it easier to diversify town centres;
- iii) ensuring that town centres remain accessible to visitors; and
- iv) promoting the use of technology to modernise town centres.

3.55 Under the first heading of the Background Note, relating to support for business, the Government introduced business rate discounts of a £1,000 for smaller retail businesses for two years, an extension of the doubling of the Small Business Rate Relief for another

year and a reoccupation relief of 50 per cent for up to 18 months to help bring empty shops back into business use.

- 3.56 The Chancellor's Autumn Statement of 2014 further extended the doubling of Small Business Rate Relief to April 2016 and extended the 2 per cent cap on the RPI increase in the business rate multiplier to 2016. There was also additional support for the retail sector by increasing the business rates discount for shops with a rateable value below £50,000 from £1,000 to £1,500. However, it is noticeable that the Chancellor's Autumn Statement of 2015 does not refer, specifically, to town centre issues, although it does further extend the doubling of the Small Business Rate Relief to April 2017.
- 3.57 Under the second heading, of making it easier to diversify town centres, the Government made various amendments to the Town and Country Planning (General Permitted Development) Order, particularly Part 3, as a vehicle through which to achieve greater liberalisation of the planning system. The initial amendments to the GPDO were introduced in May 2013 (SI 2013/1101), and then further amendments were introduced in April 2014 (SI 2014/564). In April 2015, the Government published a consolidated version of the GPDO (SI 2015 No. 596) to replace the much amended 1995 Order, and to further widen the range of changes of use that can be made as permitted development. However, it is important to note that many of the recently introduced permitted development rights are subject to prior approval, and some of these rights will only be in place for a limited period of time.
- 3.58 The Explanatory Memorandum²⁹ published alongside the consolidated GPDO of April 2015 states that the Government is creating new permitted development rights to support growth in the economy, to make it easier for businesses to make the best use of their premises and to support the high street. It is noted that the Town and Country Planning Use Classes Order 1987 was also amended, in April 2015, so that betting offices and pay day loan shops, which previously fell within Class A2 of the Order, are removed

²⁹ Department for Communities and Local Government: Explanatory Memorandum to The Town and Country Planning (General Permitted Development) (England) Order 2015, the Town and Country Planning (Compensation) (England) Regulations 2015 and the Town And Country Planning (Use Classes) (Amendment) (England) Order 2015

from that Class. This means that these types of premises are now classed as sui generis and a planning application is required for a change of use to such premises.

- 3.59 The most recent amendment to the 2015 Order came into force in April 2016, with SI 2016/332 having the effect of allowing a change of use from offices to residential to be made permanent, but still subject to the prior approval process.
- 3.60 Under the third heading of the December 2013 Background Note, which relates to the need for town centres to remain accessible to visitors, the Government introduced a freeze on parking penalty charges for the remainder of the Parliament, and updated its parking enforcement guidance.
- 3.61 Finally, under the fourth heading of the 2013 Background Note, relating to the promotion of technology to modernise town centres, the Government introduced a Future High Streets Forum to champion good practice.

Implications of the Recent Trends for the Hierarchy of Centres in Sunderland

- 3.62 The main implications of recent trends in retailing for the hierarchy of centres in Sunderland would seem to relate to:
- the need for continued diversification of town centre uses, particularly in secondary shopping frontages, so as to reflect lower levels of projected retail expenditure growth, the need for the re-occupation of empty premises and the need for more healthy night time economies, recognising that retailers will benefit from the spinoff from the increasing levels of leisure spending in the food and drink and the entertainment sectors;
 - the need for consolidation and some contraction of the City Centre's Primary Shopping Area, so as to reflect lower levels of demand from bricks and mortar retailers, and the change to newer more effective formats, involving fewer and larger stores, some of which will be in out-of-centre locations in response to the growing 'Click & Collect' market;

- the need for partnership approaches to take some of the risk away from proposed major development, and the need for the Council to take a more proactive approach to Compulsory Purchase Orders;
- the need for proactive approaches to public realm improvements aimed at increasing footfall and dwell time, and increasing investor confidence;
- the need to encourage business development through new starts and inward investment, building on the work of the Sunderland BID;
- the need to promote housing in the City Centre and recognise the link between housing and retail and leisure spending; and
- the need to draw in people by making town centres safer, and more accessible through the promotion of events such as the Tall Ships Races, live music and cultural events, the air show and so on.

Diversification of Land Uses

3.63 The key messages from the Portas Review and the Taskforce Report are already being translated into action in Sunderland City Centre, and in Washington and Houghton-le-Spring Town Centres, where much of the ongoing and planned investment will result in a diversification of uses. Thus, in our assessment of the 'health' of Sunderland City Centre, set out in Section 4, and in our subsequent recommendations (Sections 8 and 9), we emphasise the need to diversify its secondary shopping frontages, recognising that retailers will benefit from the spinoff from the increasing levels of leisure spending in the food and drink and the entertainment sectors. We will be referring, in particular, to:

- the ongoing development of the City Centre Campus for Sunderland College;
- the ongoing development of Sunderland University's Enterprise and Innovation Hub;
- the progress being made with the development of the Music, Arts and Culture Quarter (the MACQ) by the MAC Trust, which has already secured the refurbishment of the Dun Cow public house, and Heritage Lottery funding for redevelopment of the

former fire station so as to create dance and theatre studios, a cafe, a bar/restaurant and exhibition space;

- the proposals for new hotels at the former Joplings store, near Keel Square and at the Stadium of Light;
- planning permission for the first phase of the office-led mixed use redevelopment of the Vaux site by Siglion;
- the phase 4 redevelopment of the Bridges Shopping Centre, which will provide for new leisure, and food and drink uses through the redevelopment of the remaining part of the former Crowtree Leisure Centre, with Phase 3 being taken by a leading fashion retailer; and
- the development of residential accommodation for students, such as that being developed at Phoenix House in Union Street and at Cassaton House in Fawcett Street.

3.64 In Washington Town Centre, the ongoing diversification of uses has been demonstrated by:

- the substantially improved food and drink offer available within the Galleries, particularly at Wessington Square;
- the Council's investment in the new Washington Leisure Centre, which provides state of the art facilities for a range of sports (including gymnastics, swimming, squash, badminton, football and dance), a health suite, children's play facilities, and a gym; and
- planning permission for a new cinema and food and drink uses to the immediate south west of the Galleries Shopping Centre.

3.65 Furthermore, we would emphasise the role of the Galleries Retail Park in helping to diversify Washington Town Centre's retail offer.

3.66 Similarly, Houghton-le-Spring Town Centre has benefited from investment in the Houghton Sports and Wellness Centre and the refurbishment of the offices occupied by Gentoo.

Contraction and Consolidation of the City Centre's Primary Shopping Area

- 3.67 The lower levels of demand from bricks and mortar retailers, and the change to newer more effective formats, involving fewer and larger stores, some of which will be in out-of-centre locations in response to the growing 'Click & Collect' market, makes it more likely that there will be a need for a contraction and consolidation of the Primary Shopping Area in the City Centre.

Partnership Initiatives for Major Development

- 3.68 Our review of trends has shown the increasing difficulty in funding major town centre development projects, and the need for innovative partnership approaches in promoting development. In Sunderland, we note that there is already a joint venture partnership between Carillion and Sunderland City Council, which is managed by leading property experts Igloo Regeneration. The joint venture is called Siglion, which is a Local Asset Backed Vehicle (LABV) responsible for driving the leisure-led mixed use development at Seaburn, the office-led central business district at the Vaux site, and large scale housing development at Chapel Garth in Sunderland South. This partnership approach has reduced risk and enhanced development expertise, thereby maximising the chances of successful delivery, and it is likely that similar initiatives will be required over the lifetime of the emerging development plan. For example, such a partnership may be the key to unlocking the development potential at Houghton Colliery.
- 3.69 Given the likely simplification of the Compulsory Purchase Order procedure, it makes sense for the Council's Officers to gain further expertise in this procedure, so as to facilitate a more proactive approach to land assembly in the future. A key area with redevelopment potential likely to require a Compulsory Order Procedure is the remainder of the Holmeside Triangle site, following the completion of the City Centre Campus for Sunderland College.

Proactive Approaches to Public Realm Improvements

- 3.70 This section of our report has highlighted the importance of public realm improvements in generating investment confidence and improved visitor numbers. The proactive approach already being taken by Sunderland City Council is encouraging, and has been essential to the delivery of such recent public realm improvements as: the realignment of St. Marys Way, so as to allow for the creation of Keel Square; the development of Sunnyside Gardens; and the ongoing improvements to High Street West and Market Square. Future public realm initiatives in the City Centre should include enhanced pedestrian linkages between the University and the Retail Core, so as to improve footfall and dwell time. The public realm improvements are also critical in improving investor confidence and likely levels of occupier demand.
- 3.71 Similar considerations apply in Washington Town Centre where there is a need for further improvements to the external environment of the Galleries Shopping Centre, and in Houghton-le-Spring Town Centre, where England and Lyle found a number of buildings to be 'tired' in their appearance.

Encourage Business Development

- 3.72 Recent trends have shown that improved business performance within town and city centres is essential to the prospects for diversification of land uses within these centres, and the attraction of higher income visitors and workers. Sunderland is fortunate, therefore, in having active business leadership groups such as the Sunderland Economic Leadership Board, the Sunderland Business Group and the Sunderland Business Improvement District (the BID).

Housing as a Driver of Growth for Retail and Leisure Spending

- 3.73 There is likely to be a need to give more recognition to the role of housing as a driver for retail and leisure spending, not only for students, but also in attracting higher earning households. The redevelopment of the Vaux site is an excellent example that will provide for a range of high quality housing as part of an employment led mixed use development.

The Importance of Attractive and Safe Town Centres

- 3.74 The growing competition posed by e-commerce and the lower levels of projected growth in comparison good spending, compared to the past 50 years, means that other ways need to be found to attract people into city and town centres. It is not surprising, therefore, that many of the initiatives being supported by the Sunderland BID relate to events and festivals, improvements to the Markets, safety measures, improvements to cleanliness and visual appeal, and the reinvigoration of the evening economy.

4 SUNDERLAND CITY CENTRE HEALTH CHECK

Introduction

4.1 In this Section, we provide our assessment of the current health of Sunderland City Centre, having regard, in particular, to the 10 health check indicators in paragraph 2b-005 of the NPPG, which are:

- diversity of uses;
- proportion of vacant street level property;
- commercial yields on non-domestic property;
- customers' views and behaviour;
- retailer representation and intentions to change representation;
- commercial rents;
- pedestrian flows;
- accessibility;
- perception of safety and occurrence of crime; and
- state of the town centre environmental quality.

4.2 In undertaking our appraisal in relation to these health check indicators, we have had regard to the following sources of information:

- i) Experian's RetailScape centre ranks, published in 2013 and in 2015, based on estimated comparison goods spending of town centres in Great Britain;
- ii) the findings from Roger Tym & Partners' original Sunderland Retail Needs Assessment of September 2009;
- iii) the findings of the pedestrian surveys, carried out by NEMS Market Research in February 2016;
- iv) an analysis of Experian's Goad report and electronic listings, for 30th September 2015;
- v) an analysis of representation in the City Centre from Experian's list of 27 'major' national comparison goods retailers;
- vi) an analysis of representation in the City Centre from a basket of 100 multiple retail and service operators typically found in sub-regional centres of the size of Sunderland;
- vii) Sunderland City Council's Economic Masterplan, 2015;

- viii) the 3, 6, 9 Vision, prepared by the Sunderland Economic Leadership Board;
- ix) the findings from our own consultations with key stakeholders, in March and April 2016 ;
- x) the findings of Sunderland Business Improvement District's Year One Evaluation of June 2015, which was based on 100 telephone interviews with levy paying businesses in Sunderland City Centre, undertaken by Bluegrass Thinking Research;
- xi) the findings of CACI's survey of 540 visitors to the Bridges Shopping Centre, carried out in December 2015, on behalf of the owners of the Bridges; and
- xii) the findings and observations from our own fieldwork centre visits.

Diversity of Uses

- 4.3 The existing Retail Core in Sunderland City Centre is as defined in Figure 2 of UDP Alteration No. 2, and it is covered by Policy S2A. The Retail Core is relatively tightly defined and corresponds to the term 'Primary Shopping Area', as set out in Annex 2 of the NPPF; it is, therefore, the preferred location for retail development. Thus, the Retail Core, as currently defined, includes the Bridges Shopping Centre, High Street West, Blandford Street, Fawcett Street, Sunderland Station, the Holmeside Triangle (which will soon contain the new City Centre Campus of Sunderland College), the Park Lane Shopping Village, the Park Lane Interchange and the former Joplings department store on John Street, which has been vacant for a number of years.
- 4.4 Figure 2 of UDP Alteration No. 2 also identifies the overall City Centre boundary. The areas outside the Retail Core, but within the overall City Centre Boundary, provide for the principal civic, business, leisure and cultural functions, the University's Chester Road campus, the Vaux site (which is intended to be developed as a central business district), the Theatre Quarter and important areas of public open space such as Mowbray Park. Within these mixed use areas, the Council seeks to encourage offices, commercial, leisure, food and drink, entertainment, arts, culture, tourism and housing uses, so that they add, greatly, to the overall diversity of the City Centre, and help to attract investment and people to the City. It is somewhat disappointing, however, that the City Centre, as defined in Figure 2 of UDP Alteration No. 2, has a usually resident population which we estimate to be less than 2,000.

- 4.5 Thus, having identified some of the wider non-retail functions in the City Centre, our assessment of the diversity of retail uses draws on Experian’s Goad survey of September 2015. The Goad survey area is slightly more geographically extensive than the Retail Core area and includes buildings/premises in close proximity to the Retail Core boundary. However, Goad does not include car parks, leisure uses, offices, libraries, religious institutions, entrances, and so on within its listing of categorised units.

Goad Survey of September 2015

- 4.6 Table 4.1 provides a comparison of the Sunderland City Centre Goad Surveys of April 2008 and September 2015, in terms of numbers and proportions of units by broad sector. Table 4.1 shows that since 2008 there has been a fall in the proportion of comparison goods units from 45.3 per cent to 38.7 per cent and a rise in the proportion of services units from 29.8 per cent to 33.0 per cent. There has also been a small increase in the number and proportion of convenience goods units, and a slight increase in the number of vacant units. As a consequence, the proportion of vacant units in Sunderland City Centre, at 16.2 per cent in September 2015, is significantly above the UK average. Further analysis of vacancies is provided later in this section of our report, under the sub-heading ‘The Proportion of Vacant, Street-Level Property’.

Table 4.1 – Unit Numbers in Sunderland City Centre in April 2008 and September 2015

Number of Outlets						
Broad Sector	Goad Survey 2008	Sunderland (%) 2008	UK Average (%) 2008	Goad Survey 2015	Sunderland (%) 2015	UK Average (%) 2015
Convenience	39	8.9	9.1	44	10.5	9.2
Comparison	199	45.3	44.8	163	38.7	39.8
Services	131	29.8	33.4	139	33.0	37.5
Vacant	64	14.6	11.4	68	16.2	12.3
Miscellaneous	6	1.4	1.3	7	1.7	1.2
TOTAL	439	100.0	100.0	421	100.0	100.0

Source: Experian Goad Surveys of April 2008 and September 2015

- 4.7 Table 4.2 provides a similar analysis to Table 4.1, but this time in terms of proportion of floorspace. Table 4.2 shows that the proportion of floorspace in the comparison goods sector has fallen since 2008, but that the City Centre remains over-represented in the comparison goods sector, as would be expected for a centre of sub-regional significance.

Conversely, the proportion of the City Centre’s floorspace in the convenience goods sector in September 2015 continues to remain significantly below the UK average. The amount and proportion of vacant floorspace has risen slightly since 2008, and the September 2015 floorspace vacancy rate of 15.4 per cent is significantly above the UK average of 10.3 per cent. The proportion of floorspace in the services sector has grown, but the service sector representation in the City Centre at September 2015 is almost exactly in line with the UK average.

Table 4.2 – Floorspace in Sunderland City Centre in April 2008 and September 2015

Amount of Floorspace						
Broad Sector	Goald Survey 2008	Sunderland (%) 2008	UK Average (%) 2008	Goald Survey 2015	Sunderland (%) 2015	UK Average (%) 2015
Convenience	10,350	9.9	16.7	10,060	10.1	18.3
Comparison	56,150	53.8	50.8	48,400	48.4	45.0
Services	21,340	20.5	21.8	25,030	25.0	25.4
Vacant	14,990	14.4	9.6	15,370	15.4	10.3
Miscellaneous	1,480	1.4	1.1	1,130	1.1	1.0
TOTAL	104,310	100.0	100.0	99,990	100.0	100.0

Source: Experian Goald Surveys of April 2008 and September 2015

- 4.8 In the convenience goods sector, the Tesco Metro store within the Bridges, represents the single largest store in the City Centre, at 1,480 sq. m gross, and is the only representation from the ‘big 4’ convenience retailers (these being ASDA, Morrisons, Tesco, and Sainsbury’s). Therefore, the City Centre is still lacking in a food superstore, which the Roger Tym & Partners study of September 2009 found to be a qualitative gap in its retail provision. Nevertheless, the need for a food superstore in the City Centre did not feature highly in the NEMS’ survey of pedestrians commissioned for this study.
- 4.9 In the comparison goods sector, BHS and Debenhams are the key department stores and the main national multiples include Marks & Spencer, Boots, Next, Dorothy Perkins, River Island, Topshop and Primark, with many of the larger comparison retail units located in the Bridges Shopping Centre and along High Street West.
- 4.10 Table 4.3 provides a more detailed breakdown of retailer representation in Sunderland City Centre in September 2015. In terms of floorspace (final column), Sunderland has a slight over-representation in the ‘variety, department & catalogue showrooms’, ‘mixed and general clothing’ ‘greengrocers & fishmongers’ and the ‘women’s, girl’s and children’s

clothing' sub-sectors. Conversely, Sunderland is under-represented in terms of floorspace in the 'grocery and frozen foods', 'confectioners, tobacconists, newsagents' and 'DIY, hardware & household goods' categories. Sunderland is also under-represented in the 'hairdressers, beauty parlours and health centres category'.

Table 4.3 – Detailed Breakdown of Retail and Service Uses in Sunderland City Centre in Sept. 2015

Sunderland City Centre Uses Summary									
GOAD Code	GOAD Categorisation of Operator	Units				Floorspace			
		No. of Units	% of Total Units	UK Average %	Difference	Amount of Floorspace (sq m)	% of Total Floorspace	UK Average %	Difference
Convenience Goods									
G1A	Bakers	16	3.8%	2.2%	1.7%	1,660	1.7%	1.1%	0.6%
G1B	Butchers	3	0.7%	0.8%	0.0%	390	0.4%	0.4%	0.0%
G1C	Greengrocers & fishmongers	4	1.0%	0.6%	0.3%	3,830	3.8%	1.4%	2.5%
G1D	Grocery and frozen foods	9	2.1%	3.0%	-0.8%	3,230	3.2%	12.9%	-9.7%
G1E	Off-licences and home brew	1	0.2%	0.5%	-0.2%	70	0.1%	0.3%	-0.2%
G1F	Confectioners, tobacconists, newsagents	11	2.6%	2.3%	0.4%	880	0.9%	2.3%	-1.4%
TOTAL		44	10.5%	9.2%	1.2%	10,060	10.1%	18.3%	-8.3%
Comparison Goods									
G2A	Footwear & repair	5	1.2%	1.7%	-0.5%	870	0.9%	1.2%	-0.4%
G2B	Men's & boys' wear	5	1.2%	0.9%	0.3%	1,230	1.2%	0.8%	0.4%
G2C	Women's, girls, children's clothing	14	3.3%	3.2%	0.1%	4,980	5.0%	3.1%	1.9%
G2D	Mixed and general clothing	20	4.8%	4.0%	0.7%	9,550	9.6%	6.3%	3.2%
G2E	Furniture, carpets & textiles	15	3.6%	3.3%	0.2%	3,010	3.0%	3.6%	-0.6%
G2F	Booksellers, arts/crafts, stationers/copy bureaux	12	2.9%	4.2%	-1.3%	2,700	2.7%	3.1%	-0.4%
G2G	Electrical, home entertainment, telephones and video	17	4.0%	3.6%	0.5%	2,430	2.4%	2.5%	-0.1%
G2H	DIY, hardware & household goods	3	0.7%	2.4%	-1.7%	780	0.8%	4.8%	-4.0%
G2I	Gifts, china, glass and leather goods	2	0.5%	1.7%	-1.2%	150	0.2%	0.9%	-0.7%
G2J	Cars, motorcycles & motor accessories	2	0.5%	1.1%	-0.7%	520	0.5%	1.8%	-1.2%
G2K	Chemists, toiletries & opticians	15	3.6%	3.9%	-0.3%	3,510	3.5%	3.9%	-0.4%
G2L	Variety, department & catalogue showrooms	6	1.4%	0.6%	0.8%	11,120	11.1%	6.3%	4.9%
G2M	Florists and gardens	2	0.5%	0.9%	-0.4%	50	0.1%	0.4%	-0.3%
G2N	Sports, toys, cycles and hobbies	13	3.1%	2.0%	1.1%	3,490	3.5%	2.3%	1.2%
G2O	Jewellers, clocks & repair	12	2.9%	1.9%	0.9%	1,230	1.2%	0.9%	0.3%
G2P	Charity shops, pets and other comparison	20	4.8%	4.4%	0.4%	2,780	2.8%	3.0%	-0.3%
TOTAL		163	38.7%	39.8%	-1.1%	48,400	48.4%	45.0%	3.4%
Service Uses									
G3A	Restaurants, cafes, coffee bars, fast food & take-aways	66	15.7%	17.0%	-1.3%	13,690	13.7%	12.5%	1.2%
G3B	Hairdressers, beauty parlours & health centres	30	7.1%	10.1%	-3.0%	3,290	3.3%	4.9%	-1.6%
G3C	Laundries & drycleaners	0	0.0%	0.9%	-0.9%	0	0.0%	0.4%	-0.4%
G3D	Travel agents	9	2.1%	1.1%	1.1%	1,380	1.4%	0.7%	0.7%
G3E	Banks & financial services (incl. accountants)	25	5.9%	4.0%	1.9%	5,140	5.1%	4.3%	0.9%
G3F	Building societies	3	0.7%	0.5%	0.2%	450	0.5%	0.4%	0.0%
G3G	Estate agents & auctioneers	6	1.4%	3.9%	-2.5%	1,080	1.1%	2.2%	-1.1%
TOTAL		139	33.0%	37.5%	-4.5%	25,030	25.0%	25.4%	-0.3%
Miscellaneous Uses									
G4A	Employment, careers, Post Offices and information	7	1.7%	1.2%	0.5%	1,130	1.1%	1.0%	0.1%
G4B	Vacant units (all categories)	68	16.2%	12.3%	3.8%	15,370	15.4%	10.3%	5.0%
TOTAL		75	17.8%	13.5%	4.3%	16,500	16.5%	11.4%	5.2%
GRAND TOTAL FOR CATEGORISED UNITS		421	100.0%	100.0%	-	99,990	100.0%	100.0%	-
(blank)	GOAD Uncategorised Units	125				67,960			
GRAND TOTAL INCLUDING UNCATEGORISED UNITS		546				167,950			

GOAD uncategorised units include the following: car parks, entrances, offices, schools, religious institutions, etc

Key Yellow to red = Under-representation compared to UK average
Colour Light green to dark green = Over-representation compared to UK average, or in line with UK average
Code:

Source: Experian Goad Survey (September 2015) and Experian National Averages (January 2016)

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- 4.11 There are 44 shops in the all-important clothing and footwear sector within Sunderland City Centre (Goad categories G2A, G2B, G2C and G2D) and representation is more or less in line with the UK average.
- 4.12 An important part of the retail offer in Sunderland is performed by the Markets, with the Council being responsible for the management of the indoor Jackey Whites Market and the outdoor Farmers Market. Jackey Whites Market can provide for up to 79 small trading stalls, and is fully accessible, being located within the Bridges. During our visit, however, we noted that a lot of the stalls were amalgamated to form larger trading areas, which is mirrored by the information supplied on Council's website, which indicates that 36 traders are operating in Jackey Whites Market, and that only 3 stalls are vacant. Jackey Whites Market trades from Monday to Saturday between 9.00am and 5.00pm.
- 4.13 The Farmers Market, which is held on the fourth Friday of each month, is located at Market Square, which has benefitted from a recent £1m investment in lighting and decluttering measures. There is an additional outdoor market in Park Lane, but we understand that the demand for stalls has decreased dramatically over the years; indeed the Park Lane market was predominately vacant during our fieldwork visits.
- 4.14 We consider that there may be potential to improve the representation of markets in Sunderland City Centre by increasing the frequency, and widening the types, of markets that the City Centre holds, which would enable the City Centre to attract additional footfall. Indeed, Sunderland BID lists the improvement of markets in Sunderland as one of a number of priorities in its Business Plan. We consider that the City Centre's ability to hold more markets has been improved by the opening of Keel Square, following £2m worth of public realm improvements. Indeed, Keel Square provides an accessible, open and well-connected venue with potential for both specialist and traditional markets, such as the Christmas Market that was held there in December 2015.
- 4.15 Specialist and traditional markets tend to complement existing retail businesses, as they help to increase footfall in a centre, and are often regarded as being attractions in their own right. We consider that holding more markets in Keel Square may help to reinforce Council's ongoing public realm improvement works along High Street West by enhancing
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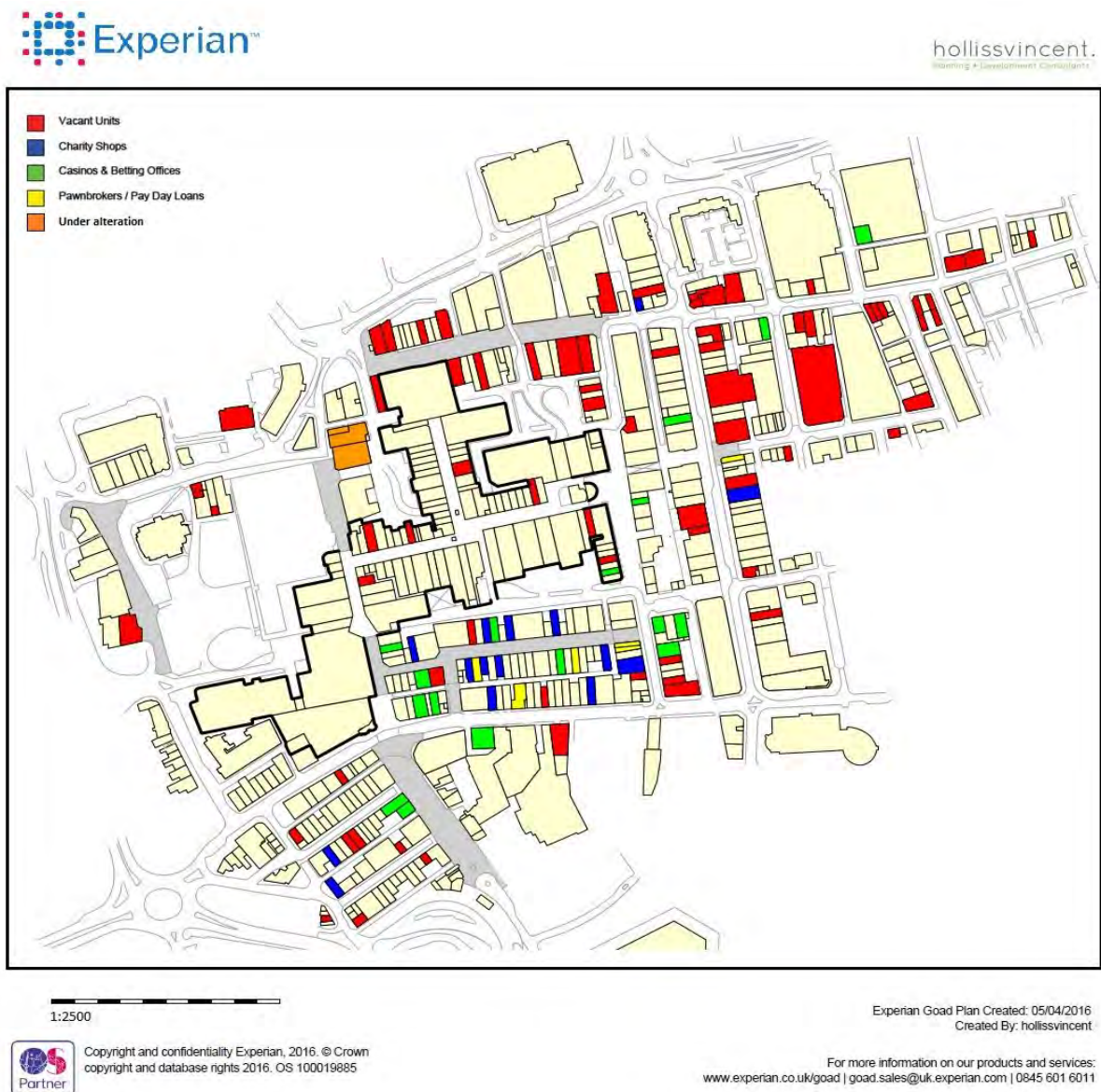
footfall within this struggling primary shopping frontage. In addition, such markets would be likely to support and complement the emerging Music, Arts and Culture Quarter (MACQ), which will involve the redevelopment of the former fire station and help to transform one of the most historic areas of Sunderland and some of its most iconic buildings into an exciting and vibrant part of the City Centre.

The Proportion of Vacant, Street-Level Property

- 4.16 The Goad survey of September 2015 shows a total of 68 vacant units in Sunderland City Centre, which represents a vacancy rate of 16.2 per cent, compared to a UK average rate of 12.3 per cent. In terms of floorspace, the Goad survey reveals a vacancy rate of 15.4 per cent, compared to a UK floorspace vacancy rate of 10.3 per cent. Thus, in September 2015, Sunderland had a significantly higher proportion of vacant floorspace than the UK average. Moreover, there has been a slight increase in the quantum of vacant floorspace in Sunderland City Centre since the time of the April 2008 Goad survey used in the original SRNA, i.e. from 14,990 sq. m to 15,370 sq. m.
- 4.17 We note that the second largest vacancy identified in the 2015 Goad survey, of 1,070 sq.m gross (the former Primark building on Fawcett Street), has now been occupied by Flannels, a high-end clothing store, that opened on 1st July 2016, and that the largest vacant unit, of 2,360 sq.m gross (the former Joplings store on John Street), is now subject to an extant consent for a hotel development with ground floor retail (ref: 16/00037/FUL). Conversely, the BHS store on High Street West has now ceased trading, following the nationwide collapse of the chain, and Goad's floorspace figure for the BHS store, of 2,390 sq.m, is almost identical to the floorspace in the former Joplings store.
- 4.18 We would emphasise, however, that 81 per cent of the vacant units, at September 2015, are less than 280 sq. m gross in size and that only nine out of the 68 units are above 400 sq.m gross. Thus, the average size for vacant units in the City Centre, at September 2015, is just 226 sq.m gross, which is too small for many modern retailers.
- 4.19 Figure 4.1 reveals that the Bridges Shopping Centre has a very low level of vacancy, in line with the findings of our consultations, which suggest that the Bridges Shopping Centre is

trading quite well and that it attracts approximately 18 million visitors a year. We understand, however, that in the period 2010 to 2013, which felt the brunt of the recession, there were more voids and tenants in administration within the Bridges and that, under the previous tenure of Land Securities, a number of incentives were offered to selected tenants, including contributions to fit out costs, rent free periods and, in some instances, turnover based rents. These incentives are no longer required, however, following the recovery and the low level of voids that now exists within the Bridges.

Figure 4.1 – Annotated Goad Plan showing Vacancies & Other ‘Recession Indicators’, September 2015



Note: Figure 4.1 shows the 68 units categorised as being vacant in Experian Goad’s survey of September 2015 and referred to in Tables 4.1 and 4.3 of our Report, as well as those uncategorised vacant units also identified in the same survey, i.e. vacant pubs, vacant offices and so on.

- 4.20 Blandford Street also has a low level of vacancies, but it suffers from a proliferation of charity shops, betting offices, and pawn brokers, which indicates a decline in its vitality. Blandford Street also provides for a number of low cost multiples such as Home Bargains, Pound Stretcher, Cooplands and Heron Frozen Foods.
- 4.21 Figure 4.1 illustrates that vacancies are spread across the remainder of the City Centre, but that they tend to be concentrated along High Street West and in the northern section of Fawcett Street. Indeed, the well documented migration of the centre of retail gravity westwards towards the Bridges, means that Fawcett Street, which was once located in the heart of the retail core of Sunderland, has now become a secondary retail location, and is finding it difficult to compete with the Bridges for national retail operators. Nevertheless, the recent attraction of Flannels to Fawcett Street should help to reverse some of the decline that has occurred in Fawcett Street.
- 4.22 The decline in the retail fortunes of High Street West is reflected in a number of medium-sized vacant units, such as the former JJB premises, which should be capable of appealing to national retailers. High Street West also contains the recently vacated former BHS premises, which now forms an important development/refurbishment opportunity. There is also a cluster of vacancies at Mackie's Corner, although listed building designations in this area of the City Centre add to the complexities of redevelopment and refurbishment.
- 4.23 Thus, in recognition of the importance of High Street West, Sunderland City Council has allocated £3.5 million funding to deliver public realm improvements either side of Keel Square. The Council's aspiration is that these works, which are ongoing, will improve the look and feel of this part of the City Centre to make it more inviting, add vibrancy, and attract customer spend and private sector investment. It is further noted, that the business led flagship redevelopment of the Vaux site should also be of benefit to High Street West by increasing the level of footfall around the northern section of the Retail Core. We note that Phase 1 of the Vaux site is to contain a four storey office building (of approximately 6,000 sq. m) with a ground floor offering a range of ancillary retail and leisure uses. We understand that future phases of the development will include a considerable residential component that will improve Sunderland's 'city living' offer.

- 4.24 We consider, therefore, that the high number of vacant units in Sunderland, as depicted in Figure 4.1, reflects a number of factors, including:
- the small size of the majority of vacant units, which, although suitable for independent retailers and new start-up businesses, are too small for many national retailers;
 - the impact of structural changes in retailing, including further polarisation, which has meant that Sunderland has faced ever-increasing competition not only from the growth of e-commerce, but also from other major retail destinations such as Newcastle City Centre (the regional centre), the Metro Centre, Team Valley Retail Park and Dalton Park; and
 - the continued migration of the retail core of Sunderland westwards towards the Bridges and away from the previously significant retail function of Fawcett Street, John Street and eastern parts of High Street West.

Commercial Yields on Non-Domestic Property

- 4.25 The Valuation Office no longer publishes information on prime shopping yields, so that there is no longer any information on yields which is available on a consistent basis for all centres, thereby diminishing greatly the usefulness of this health check indicator.

Customers' and Businesses' Views and Behaviour

- 4.26 As part of this study, Sunderland City Council commissioned a survey of pedestrians in the City Centre and in the Town Centres of Washington and Houghton-le-Spring, undertaken by NEMS in February 2016. The survey findings, which are reported in full in Technical Paper 1 in Volume 3, have enabled us to obtain a better understanding of customers' views of the City Centre and we make reference to them in this sub-section of our report.
- 4.27 The NEMS survey showed that Sunderland City Centre is more reliant on public transport than the Town Centres of Washington and Houghton-le-Spring, with 49 per cent of the trips to the City Centre being by bus or train. The NEMS finding reflects a report prepared for Sunderland BID by Bluegrass Research in June 2015, based on a survey of 100 levy paying businesses, which found that 'public transport' was by far the most positive of the

City Centre's attributes, followed by *'customer service'*, *'lack of congestion'*, *'good place to run a business'* and *'eating/drinking'*.

- 4.28 It is encouraging to see *'eating/drinking'* feature in the top five responses, which aligns with the findings of the NEMS' survey of pedestrians, which found that *'a good range of places to eat'* was the fourth most frequently cited response to the question *'What aspect do you like most about Sunderland City Centre?'* However, a common theme emerging from our consultations with key stakeholders was an alleged lack of high quality restaurants and drinking establishments within the City Centre. Indeed, whilst there is a strong provision of cafés, takeaways and pubs, it does seem that the City Centre has a qualitative deficiency in terms of representation of higher order independents, and national brand, food and drink outlets.
- 4.29 We had anticipated that another qualitative deficiency in the City Centre that customers were likely to identify is the lack of a larger food supermarket, other than Tesco Metro. However, this deficiency was not borne out of the findings of the NEMS pedestrian survey, which found that only 27 per cent of respondents perceived there to be a deficiency in the City Centre's food retail offer, although most of those who did perceive a deficiency were calling for a larger supermarket operator such as ASDA or Morrisons.
- 4.30 So far as the City Centre's non-food offer is concerned, opinions were equally divided as to whether there was, or wasn't, a particular deficiency. Of those who did perceive a deficiency, the top desire was for another *'department store'* followed by *'ladies' clothes shops'*, *'clothing shops in general'*, *'children's clothes shop'* and *'independent retailers'*. The response from pedestrians reflected opinions of the stakeholder consultees, several of whom mourned the loss of quality department stores, notably Joplings and Binns.
- 4.31 Customers are also split in their opinions as to whether there is a particular gap in the City Centre's leisure offer. Respondents who did perceive a deficiency were calling for a *'leisure centre'*, *'swimming pool'* and *'ice rink'*, which would seem to reflect the gap left by the closure of the Crowtree Leisure Centre. This gap was also apparent in Bluegrass Research's survey findings, as they report that businesses rate *'leisure attractions'* and *'things to do in the evening'* among the worst aspects of the City Centre's offer.

- 4.32 Table 4.4 summarises the customer satisfaction ratings for the City Centre, compared to Washington and Houghton-le-Spring Town Centres, in terms of their: retail/leisure/service offer; environmental and personal safety; and accessibility. In each case, customers in Washington Town Centre gave a much higher mean satisfaction rating.

Table 4.4 – Mean of Means for Pedestrian Satisfaction Ratings

	Retail/ Leisure/ Service Offer		Environmental and Personal Safety		Accessibility	
	Mean of Means	Overall Rank	Mean of Means	Overall Rank	Mean of Means	Overall Rank
Sunderland	3.49	2	3.18	2	3.53	3
Washington	4.20	1	4.49	1	4.48	1
Houghton-le-Spring	3.29	3	3.12	3	3.97	2

- 4.33 Somewhat disappointing and surprising, is the pedestrian survey finding that visitors to the City Centre have a lower propensity for undertaking linked trips, than do visitors to Washington and Houghton-le-Spring. The linkages investigated related to combining shopping with visits to services (for financial, legal, personal, or health purposes), visits to eating and drinking outlets and visits to leisure facilities.

Retailer Representation and Intentions to Change Representation

- 4.34 Sunderland City Centre's retail offer is dominated by mid-market and down-market shops, with very little representation in the up-market sector. Indeed, Sunderland City Centre is ranked fifth out of the top ten value centres in the UK in Callcredit Information Group's Retail Vision report 2014³⁰, with 24 per cent of its stores defined as 'value stores'. Similarly, Javelin's 2013-2014 Venuescore report identifies Sunderland's market position classification as 'lower middle'.
- 4.35 Thus, in order to identify the types of store that are missing, we have undertaken an analysis of a basket of 100 multiple and service traders that could be expected to be represented in a sub-regional centre such as Sunderland (Table 11 of Volume 2). The Experian Goad plan (September 2015) shows that Sunderland City Centre enjoys representation from 66 of the traders in our basket; those retailers which do not have a

30 Callcredit Retail Vision: The Impacts of Modern Shopping Habits on the Evolving High Street, February 2015

standalone shop, and are therefore noticeable by their absence, include those identified in Table 4.5. It should be noted, however, that Miss Selfridge, Oasis and Warehouse have concessions within the Debenhams department store.

Table 4.5 – Notable Comparison Goods National Multiples missing in Sunderland

Accessorize	French Connection	Laura Ashley	Oasis
Apple	GAP	Matalan	Sony Centre
B&M Bargains	Hotel Chocolat	Miss Selfridge	Warehouse
Clas Ohlson	Jane Norman	Monsoon	Zara
Currys & PC World	La Senza	Optical Express	

- 4.36 When we undertook an identical analysis in recent retail studies of the comparable sub-regional centres in Wolverhampton and Stockport, we found that both of these centres enjoy representation from 68 of the 100 retail and service operators, so that Sunderland is very much in line with these comparator centres. Furthermore, representation within Sunderland City Centre has been recently improved with the opening of the Flannels store, which advertises the following high end brands on its shopfront: Michael Kors; Jimmy Choo; Moschino; Hugo Boss; Armani Jeans; Polo Ralph Lauren; Versace; and Vivienne Westwood.
- 4.37 We have also undertaken analysis of Experian’s basket of 27 ‘major’ national comparison goods retailers, which it uses to gauge the comprehensiveness of the offer in city and town centres. Table 4.6 shows that Sunderland has a total of 24 of the ‘major’ national retailers present, which is identical to the number represented in Darlington Town Centre, and compares to 25 out of 27 for Middlesbrough Town Centre³¹, these being the comparator centres for Sunderland City Centre in the North-East.
- 4.38 So far as the future retail and leisure operator requirements are concerned, we have drawn on a database produced by Perfect Information Property (Pip), which confirms that there have only been four expressions of firm interest in being represented in Sunderland, since the 1st of January 2016. These four operators have an aggregate requirement in the range 1,470 sq.m to 3,640 sq.m, as set out in Table 4.7. However,

³¹ As sourced from the Darlington Retail and Town Centre Study, September 2014 and the Middlesbrough Retail Capacity Update, January 2013.

none of these retail and leisure operators are in our basket of 100 retail and service traders; nor are they in Experian's list of 27 'major' national comparison goods retailers. Thus, the operators on Pip's latest list would not greatly assist in enhancing the overall qualitative retail offer in the City Centre.

Table 4.6 – 'Major' National Comparison Goods Retailers Present in Sunderland City Centre, Washington Town Centre and Houghton-le-Spring Town Centre

Experian's Schedule of 27 'major' Comparison Retailers	Sunderland	Washington	Houghton-le-Spring
Argos	Yes	Yes	No
BHS	Yes	No	No
Boots Chemist	Yes	Yes	No
Burton	Yes	No	No
Carphone Warehouse	Yes	Yes	No
Clarks	Yes	Yes	No
Clintons	Yes	Yes	No
Debenhams	Yes	No	No
Dorothy Perkins	Yes	No	No
H&M	Yes	Yes	No
HMV	Yes	No	No
House of Fraser	No	No	No
John Lewis	No	No	No
New Look	Yes	Yes	No
Next	Yes	Yes	No
O2	Yes	Yes	No
Phones 4U	No	No	No
Primark	Yes	No	No
River Island	Yes	No	No
Superdrug	Yes	Yes	Yes
TK Maxx	Yes	No	No
Topman	Yes	No	No
Topshop	Yes	No	No
Vodafone	Yes	Yes	No
Waterstones	Yes	No	No
WHSmith	Yes	No	No
Wilkinsons	Yes	Yes	No
	24 out of 27	12 out of 27	1 out of 27

Table 4.7 – Retail and Service Operator Requirements in Sunderland City Centre in May 2016

Name of Operator	Type	Minimum Floorspace (sq.m)	Maximum Floorspace (sq. m)
Quiz Clothing	Comparison	167	250
Jump Inc.	Leisure	929	2,787
No Name Quoted	Leisure	232	325
Bliss Clothing	Comparison	139	278
Total		1,470	3,640

Source: PIP's Retailer Requirements Database (May 2016)

Commercial Rents

- 4.39 The original Sunderland Retail Needs Assessment prepared by Roger Tym & Partners in 2009 reported a peak level of Zone 'A' rents in Sunderland in 2008 of £205 per sq. ft., which was higher than the Zone 'A' rents being achieved in Middlesbrough (£150 per sq. ft.) and in Darlington (£100 per sq. ft.). Indeed, Roger Tym & Partners reported a growth in Zone 'A' rents in Sunderland of 58 per cent, between June 2000 and June 2008.
- 4.40 However, our consultations with a range of key stakeholders have confirmed a substantial reduction in Zone 'A' rents since 2008. For example, in the Bridges Shopping Centre, Zone 'A' rents are said to have fallen from £175 per sq. ft in mid-2008 to £115 per sq. ft. in 2016, and in Market Square, Zone 'A' rents are reported to have fallen from £135 per sq. ft in 2008 to £45 per sq. ft. today. Thus Zone 'A' rents in the Bridges have fallen by 34 per cent, and Zone 'A' rents in Market Square appear to have fallen by a massive 67 per cent.
- 4.41 Nevertheless, based on WYG's Darlington Retail and Town Centre Study, of September 2014, it would seem that the decline in Zone 'A' rents in the Bridges has been less than the fall in Zone 'A' rents generally in Middlesbrough, but higher than the fall in Zone 'A' rents generally in Darlington (Table 4.8).
- 4.42 Of fundamental importance, however, is the finding from our consultations that Zone 'A' rents in Sunderland are often substantially below the rateable value of the property, so that the need for re-evaluation of rateable values is urgent, albeit that rateable values in Sunderland are low compared with much of the UK.

Table 4.8 – Zone 'A' Rents in Larger Centres within the North East, between 2005 and 2013

	2005	2006	2007	2008	2009	2010	2011	2012	2013	Change Between 2008 and 2013
Newcastle	£320	£325	£325	£325	£325	£320	£285	£260	£200	-38.5%
Durham	£100	£105	£110	£120	£90	£95	£90	£100	£105	-12.5%
Middlesbrough	£135	£135	£150	£150	£110	£110	£100	£100	£90	-40.0%
Hartlepool	£90	£110	£110	£110	£90	£90	£90	£85	£85	-22.7%
Darlington	£85	£90	£100	£100	£75	£75	£75	£80	£75	-25.0%
Stockton-on-Tees	£60	£60	£60	£65	£40	£40	£40	£35	£35	-46.2%
Redcar	£60	£60	£65	£65	£45	£40	£35	£35	£30	-53.8%

Source: WYG's Darlington Retail and Town Centre Study, September 2014

Pedestrian Flows

- 4.43 Sunderland City Council purchases pedestrian flow data from Springboard, who have cameras positioned in six locations outside the Bridges Shopping Centre, these being Park Lane, Market Square, St Thomas Street, High Street West, High Street West at Primark and West Sunnyside. The Park Lane and Market Square counts are consistently the highest, followed by St Thomas Street, whereas the counts in West Sunnyside are consistently the lowest. The data from Springboard reveal that footfall outside the Bridges Shopping Centre, for the year ending May 2015, was 5.2 per cent down on the previous year. In contrast, however, our consultations with the management of the Bridges confirm a footfall rise within the Shopping Centre of 6.9 per cent from December 2014 to December 2015, and with annual visitors numbering approximately 18 million, or around 350,000 a week.
- 4.44 These footfall findings reflect the perceptions that we gained from field visits undertaken in March and April 2016, which confirm that the Bridges is by far the busiest part of the City Centre, with the highest weekly counts in the Springboard data being in respect of Market Square and Park Lane, both of which were generating a weekly footfall of approximately 110,000 in mid-2015, or a third of the level achieved within the Bridges. During the course of our fieldwork, footfall was also reasonably high during the day in Holmeside, Blandford Street and Fawcett Street, and on the main route from the Sunderland University Campus into the City Centre.
- 4.45 However, our evening visits to the City Centre during the course of the week from Monday to Thursday, confirmed the lack of evening activity and the significant reduction after 6.00pm in the flow of both pedestrians and traffic. Our perceptions are confirmed by the data from Springboard, which show very low pedestrian counts after 6.00pm. Notwithstanding this general finding, our fieldwork confirmed that the main pockets of evening activity were focused around the leisure facilities provided by the Empire Cinema, MFA Bowling, and Grosvenor Casino area, the bus stops within the City Centre, the Interchange, Holmeside, and the area of bars located between Sunderland University's Campus and the Bridges (being the Night Life and the Cultural Quarters).

Nevertheless, the number of people on the streets and in the public spaces within these areas, was limited. Therefore, it is understandable that businesses expressed concerns in Bluegrass Research's survey with respect to crime/antisocial behaviour and the City's lack of ability to attract visitors and families in the evening.

Accessibility

- 4.46 Bluegrass Research's survey of businesses found that '*public transport*' is considered to be the strongest element of the City's offer and that the '*lack of congestion*' within the City Centre was also ranked as one of its top five most positive aspects. Indeed, the majority of businesses rated access into the City Centre and accessibility within the City Centre as positive aspects. Furthermore, we note that accessibility to the City Centre by road has been, or will be, improved through the realignment of St. Mary's Way (Phase 1 of the Strategic Transport Corridor), the proposed new River Wear crossing (Phase 2 of the Strategic Transport Corridor), and the proposed works to North Bridge Street.
- 4.47 The City Centre is provided with approximately 3,065 parking spaces (as per Council's website), including a mix of on street and off street parking. Nevertheless, the NEMS survey of pedestrians found relatively low levels of satisfaction in relation both to the amount and cost of car parking in the City Centre, compared to Washington and Houghton-le-Spring Town Centres. Furthermore, Bluegrass Research reported that the parking offer within the City Centre was seen as a negative by the majority of the surveyed City Centre businesses. We note, however, that the Council has introduced free parking on Thursday evening, which is encouraging, albeit that the impacts of this initiative need to be evaluated.
- 4.48 In terms of public transport, the City Centre benefits from the Park Lane Interchange, and the centrally located Railway Station. In addition, the City Centre is provided with a multitude of bus stops along some of the main routes within the City, most notably along Holmeside, Fawcett Street and John Street. The Railway Station is dated in appearance, but plans are being progressed by the City Council, Network Rail and Nexus to give it, and the public realm around it, a much needed make-over.

- 4.49 Another positive aspect of the City Centre is the proliferation of pedestrianised areas, and shared spaces, which allows pedestrians to move around the city quite freely. Nevertheless, our key stakeholder consultations, suggested that there is potential to further pedestrianise parts of Derwent Street and Olive Street, so as to deliver a product that is similar to the successful Gardner Street in Brighton. In addition, the presence of strategically located crossing points throughout the City Centre also help to improve pedestrian movement. A key concern of consultees, however, is that St. Michael's Way acts as a physical barrier between the City Centre and the University.
- 4.50 Nevertheless, the City Centre benefits from a reasonably level topography and the footpaths and pedestrianised surfaces within the City Centre are generally of a high quality and appropriately dimensioned, although we observed that there are some footpaths that need replacing, or require improvement/maintenance works. The footpaths most in need of improvement include the northern part of Fawcett Street, parts of Holmeside, the southern entrance to the Railway Station, and the eastern parts of High Street West and Sunnyside.

Perception of Safety and Occurrence of Crime

- 4.51 The NEMS Pedestrian Survey findings suggest that Sunderland City Centre falls somewhat behind Washington Town Centre in terms of perception of environmental and personal safety, but we consider that this reflects the different nature of the two centres. The Bluegrass Research survey of businesses shows that '*being safe*' within the City Centre was seen as a positive by the majority, but that '*crime/antisocial behaviour*', and the City Centre's ability to '*attract families*' and '*attract visitors*' both during the day and during the early evening were viewed as negatives.
- 4.52 The crime statistics do not reveal any clear trends. Thus, whilst we note that the City Centre benefits from CCTV and good quality street lighting which provide a sense of safety, particularly at night, it would seem that the low levels of footfall within the City Centre erode this sense of safety. If the City Centre's evening economy can be further developed and footfall is increased during the evening, this would help to improve the overall sense of safety within the City Centre, and it would also help to reduce

opportunities for antisocial and criminal behaviour. One suggestion put forward by stakeholders is the need to further promote the eastern section of High Street West, for additional entertainment and restaurant uses that would complement the existing offer, so as to better integrate this area with the remainder of the City Centre. This would also help to further advance the vision for the Sunnyside Quarter.

- 4.53 Our consultations with key stakeholders, also raised concerns with respect to the southern end of Norfolk Street, where social problems relating to the misuse of drugs and alcohol are said to be increasing and linked to a high number of homeless hostels and needle exchanges in this area.

State of the Town Centre Environmental Quality

- 4.54 During the course of our fieldwork, we observed that the environmental quality of much of Sunderland City Centre is attractive, with a number of well-maintained public spaces, parks and squares, architecturally important buildings, conservation areas and clean streets which benefit from seating, planting and directional signage. Notable jewels in Sunderland's public realm 'crown' are Mowbray Park, Bishopwearmouth Park, Sunnyside Gardens, Keel Square and Riverside Park.
- 4.55 However, Market Square and the area around Sunderland Station is in urgent need of further improvement and would benefit from the provision of soft landscaping, or additional planter beds to improve the 'greenness' in this area. High Street West is also undergoing public realm improvement works, which, when completed, will further add to Sunderland's public realm offer.
- 4.56 Nevertheless, in the secondary areas, some of the buildings appear run down, and concentrations of vacant units detract from the overall quality of parts of the City Centre, particularly within the eastern point of Sunnyside and the southern side of Holmeside. Whilst the buildings immediately surrounding Sunnyside Gardens are of a high quality, the areas further east, north east and south east are in a poor state, with dilapidated buildings and the presence of non-town centre uses such as vehicle maintenance garages, valeting services, warehousing and storage yards. Thus, the Council's vision for Sunnyside

has not yet been fully realised, despite efforts to stimulate investment in the area by publishing the Sunnyside Planning and Design Framework, and by delivering Sunnyside Gardens. During our consultations, the key stakeholders advised that they would like to see Sunnyside promoted as an area similar to Jesmond in Newcastle, the Jewellery Quarter in Birmingham, or as a China Town/Asian restaurant Quarter.

- 4.57 Much of the Holmeside Triangle is being redeveloped to provide for the new City Centre Campus for Sunderland College. However, other parts of the site are vacant and underused and in a variety of ownerships. The frontage to Holmeside (Photograph 4.1) is in a poor state which is exacerbated by some prominent vacancies, and the inactive frontage associated with the Illusions night club. In addition, there are issues of noise and air pollution due to the amount of buses that travel along Holmeside.

Photo 4.1: Showing a view along Holmeside



- 4.58 Furthermore, there are some prominent vacant buildings which detract from the overall appearance of other parts of the City Centre, particularly the former Joplings store on John Street, a number of units along the High Street West (such as the former JJB Sports unit) and at Mackey's Corner at the junction of Bridge Street and High Street West. The existence of prominent vacant buildings may go some way to explaining the low mean score accorded to '*quality and overall appearance of buildings and landscaping*' in the NEMS survey of pedestrians. It is also possible that the scoring for appearance of buildings was affected by the considerable degree of construction work which was ongoing at the time of the pedestrian surveys, including works to High Street West, at the

Holmeside Triangle (for Sunderland College's new campus), at Sunderland University's new Enterprise and Innovation Hub and at Union Street, where buildings are being refurbished to provide for new student accommodation.

- 4.59 However, the recent planning approvals to redevelop the former Joplings store as a hotel, with retail on the ground floor, and to redevelop the former Fire Station as part of the MAC quarter are encouraging signs. Moreover, Bluegrass Research's survey found that the majority of businesses in the City Centre viewed the environmental quality of the City Centre more positively than negatively, particularly '*parks and public spaces*', '*greenery/floral displays*' and '*cleanliness (litter/vandalism)*'. In addition, they reported that these aspects of the City Centre have been improved over the past year. We note also that the environmental quality of Sunderland was generally referred to in a positive manner during our consultations with key stakeholders, and the cleanliness of the streets was commended.
- 4.60 Thus, we find it surprising that visitors' opinions differ so starkly when compared with businesses in the City Centre and key stakeholders active in Sunderland. Whilst Sunderland City Centre does have its challenges, particularly with respect to prominent vacant buildings, we consider, on balance, that the City Centre has a relatively high level of environmental quality.

Town Centre Rankings

- 4.61 In addition to the NPPG health check indicators, we have looked at the rankings of town centres prepared by Experian in 2013 and 2015, based on estimated comparison goods spend. Table 4.10 shows that Sunderland City Centre has moved up one place in the Great Britain rankings from 142 in 2013 to 141 in 2015, and that Experian's estimate of total comparison spend within the City Centre has also increased from £291m to £333m³². In contrast, both of the comparator centres for Sunderland have fallen substantially. Thus, Middlesbrough has fallen from 54th place in 2013, to 105th place in 2015 and Darlington has fallen from 104th places in 2013 to 123rd place in 2015.

³² Experian's estimated short term increase in comparison goods turnover runs against the NEMS survey findings for the longer term period 2008 to 2016, during which the City Centre's comparison goods turnover appears to have fallen.

Nevertheless, the ranking of these three centres within the Northern Region has not changed, with Middlesbrough in 3rd place, Darlington in 4th place and Sunderland in 6th.

Table 4.9 – Experian’s Retail Ranking, Based on Estimated Comparison Goods Spend

Retail Centre	Comparison Spend 2013 (£m)	Great Britain Rank 2013	Northern Region Rank 2013	Comparison Spend 2015 (£m)	Great Britain Rank 2015	Northern Region Rank 2015
Middlesbrough	523	54	3	415	105	3
Darlington	345	104	4	366	123	4
Sunderland	291	142	6	333	141	6

Source: Experian's RetailScape Centre Ranks, 2013 and 2015

Overall Conclusion in Relation to the Health of Sunderland City Centre

4.62 The NPPG’s Health Check Indicators provide mixed messages in relation to changes in the vitality and viability of the City Centre in the past seven years since the time of the original Sunderland Retail Needs Assessment of September 2009. On the positive side, we would emphasise the following:

- **Diversity of Uses** – the diversity of uses in the City Centre is set to improve as a result of ongoing and planned investments, which include the City Centre Campus for Sunderland College, Sunderland University’s Enterprise and Innovation Hub, the Music, Arts and Culture Quarter initiative, the third and fourth phases of the Bridges Centre, which is set to attract a major fashion retailer and a range of food and beverage outlets, and new hotels at the site of the former Joplings store, the proposed Holiday Inn near Keel Square and the Hilton hotel by the Stadium of Light.
- **Accessibility** – the accessibility of the City Centre, which is already a strength has been, and is being, improved as a result of the realignment of St. Mary’s Way (Phase 1 of the Sunderland Strategic Transport Corridor SSTC), the new Wear crossing, as part of Phase 2 of the SSTC and the proposed revamp of Sunderland Railway Station.

4.63 On the negative side, however, we would emphasise the following:

- **Zone A rents** – there has been a substantial fall in Zone A rents since 2008, although the decline has been less than in Middlesbrough.

- **Vacant Street Level Property** – the proportion of floorspace which was vacant in the City Centre in September 2015 is substantially higher than the UK average. We have noted the recent occupation of the former Primark store on Fawcett Street by Flannels and the proposals for the former Joplings store, but these reductions in vacancy are offset by the closure of BHS.
- **Retailer Representation and Intentions to Change Representation** – Sunderland City Centre’s retail offer is mid to down market and the City Centre has secured representation from only 66 of the basket of 100 traders that we would expect to see in a sub-regional centre. Furthermore, the Perfect Information Property Database reveals only four specific retailer and leisure operator requirements in May 2016, although the recent opening of Flannels, which retails high end clothing brands, is an encouraging sign.
- **Food and Drink Offer** – there is a distinct qualitative deficiency in high quality restaurants and drinking establishments that are needed to attract higher spending customers to the City Centre and to retain workers in the evenings.
- **Usually Resident Population** – we estimate that the usually resident population within the City Centre is currently less than 2,000 and there is clearly a need to attract more residents, particularly in the higher socio-economic groups, so as to improve retail and leisure spending power.
- **Perception of Safety and Occurrence of Crime** – there appears to have been a decline in perceptions of safety and a perceived increase in the occurrence of violent crime, although the crime data is inconclusive.

4.64 Having undertaken extensive desk based research, fieldwork and key stakeholder consultations, we consider that Sunderland City Centre is set to benefit from a series of investments that, if fully realised, will enhance the City Centre’s overall offer and attractiveness. However, we are aware that Sunderland’s Economic Masterplan 2015, warns that *‘The growth of employment primarily in out-of-town locations has left the city centre underpowered as an economic driver’* and that, *‘The scarcity of jobs has hindered the development of better shopping and leisure facilities, leaving the centre insufficiently*

attractive to residents and businesses alike’ so that, ‘...the city centre does not serve its purpose economically or socially’.

- 4.65 Thus, in order to address the concerns set out in the Masterplan, a number of partnerships and groups have been formed, which aim to showcase local business, encourage new start-ups and improve the City Centre’s overall profile. These groups/partnerships include Sunderland Business Improvement District (the BID), the Sunderland Economic Leadership Board, the Sunderland Business Group, the Sunderland Business Network, Siglion (which is a joint venture between Carillion and Sunderland City Council, managed by Igloo Regeneration), the Music, Arts and Culture Trust and the Vibrancy Group.
- 4.66 Other key players that are active with the City Council include Sunderland AFC, the Bridges Shopping Centre, Sunderland University, Sunderland College, Gentoo and Sunderland Live. These organisations are involved with a number of positive initiatives which include ‘Sunderland Vibrancy’, ‘Healthy High Streets’, ‘See It Do It Sunderland’, ‘Wear1City’, ‘Make It Sunderland’, ‘Sunderland Vibe’, ‘Active Sunderland’, the ‘3,6, 9 Vision’, the ‘Music, Arts and Culture Quarter’, the BID’s ‘Quarters Initiative’, the ‘Park Lane Shopping Village’ and the ‘Sunderland Short Film Festival’. We note, also, that Sunderland is bidding to be the UK City of Culture in 2021, and that the City was successful in its bid to be one of the home ports for the prestigious ‘Tall Ships Races’ in 2018, along with Cherbourg (France), Esbjerg (Denmark) and Stavanger (Norway).
- 4.67 The drive of these groups/partnerships, and recent and planned investments, are likely to have a very positive impact on Sunderland City Centre’s overall profile, attractiveness and health. These investments include:
- the recent completion of Keel Square;
 - the recent approval of the mixed use hotel and retail development within the former Joplings building;

-
- the recent opening of Flannels on Fawcett Street, which enhances the comparison offer within the City Centre and brings a long term prominent vacant building back into use;
 - the recent approval of a mixed use development comprising dance/theatre studios, café, bar/restaurant and exhibition space within the former fire station (which is to be delivered with the assistance of £2.4m funding from the Heritage Lottery Fund);
 - the recent submission of a hybrid office and residential led mixed use planning application for the Vaux Brewery site, which one consultee described as being ‘a *beacon of light*’ and likely to act as a conduit to facilitate further investment and development in the City Centre;
 - the ongoing construction of Sunderland College’s City Centre Campus at Holmeside;
 - the ongoing construction of Sunderland University’s Enterprise and Innovation Hub (which is expected to attract over 120 innovative growth businesses over five years, generating around 250 jobs, with a further 400 created over the longer term);
 - the ongoing public realm improvement works to High Street West;
 - the ongoing redevelopment of the upper floors of Cassaton House to provide luxury student accommodation;
 - the new Wear Crossing;
 - the proposed £10m revamp of the Sunderland Railway Station which will involve co-operation between Sunderland City Council, Nexus and Network Rail;
 - the upcoming Phase 3 of the Bridges Shopping Centre, which will involve new development on the demolished part of the former Crowtree Leisure Centre site so as to provide for a much larger store for a leading fashion retailer, with Phase 4 involving redevelopment of the remaining part of the former Crowtree leisure centre for leisure and food and drink uses; and
 - the proposed Music, Arts and Culture Quarter.

4.68 Therefore, if the abovementioned development projects and investments are realised, we would anticipate a marked improvement in the provision of facilities, services and attractions that will entice the higher income demographic to the City Centre, both in terms of visitors and residents. In addition, we would expect a noticeable improvement in investor and operator confidence in the City Centre, which together with an up-to-date and flexible development plan, can ensure that there is every prospect of a reduction in the high number of vacancies over the short to medium term, and a discernible improvement in Sunderland City Centre's overall health. If guided by a strong and clear vision, and a sound plan, we are confident that the strengths and opportunities within Sunderland City Centre can outweigh existing weaknesses and threats.

5 REVIEW OF ENGLAND & LYLE'S HEALTH CHECK FINDINGS FOR TOWN AND DISTRICT CENTRES

Introduction

5.1 In this Section, we provide a review of England & Lyle's assessment of the health of the Town and District Centres, as set out in its report to the Council, of January 2015. The Town and District Centres which have been appraised are those set out in Policy CS5.1 of the Core Strategy and Development Management Policies Draft Revised Options consultation document of August 2013, which are:

- Washington Town Centre;
- Houghton-le-Spring Town Centre;
- Concord Major District Centre;
- Sea Road Major District Centre;
- Hetton Major District Centre;
- Southwick Green District Centre;
- Chester Road District Centre; and
- Doxford Park District Centre.

5.2 It is important to note that the three '*Major District Centres*' and three '*District Centres*' listed above are all identified as '*Local Centres*' in the hierarchy set out in Figure 2 of the UDP, which was adopted in 1998. However, Roger Tym and Partners' Retail Needs Assessment, of September 2009, recommended that the categorisation of Sunderland's main centres should be amended to better reflect their role and performance. Roger Tym & Partners therefore suggested two categories of District Centres and this recommendation is reflected in the aforementioned Policy CS5.1.

5.3 In undertaking our review of England & Lyle's health check assessments, we have had regard to the 10 health check indicators set out in Paragraph 2b-005 of the NPPG, as listed in Paragraph 4.1 of our report. We have also drawn on the following sources of information:

- i) Roger Tym & Partners' Sunderland Retail Needs Assessment of September 2009;
- ii) Experian's Goad report and electronic listings for Washington Town Centre, dated 11th September 2015;
- iii) Experian's Goad report and electronic listings for Houghton-le-Spring Town Centre, dated 16th September 2015;
- iv) Experian's Retailscape Rankings for the years 2013 and 2015;
- v) pedestrian surveys in Washington Town Centre and Houghton-le-Spring Town Centre, carried out by NEMS Market Research in February 2016;
- vi) hollissvincent's fieldwork observations and desk based research;
- vii) hollissvincent's face-to-face consultations with key stakeholders, including commercial surveyors, land owners, developers, property managers, and public sector institutions, undertaken in March/April 2016;

5.4 We should emphasise, at the outset, however, the comprehensive nature of England & Lyle's report and the soundness of the evidence on which it is based. As a consequence, we focus our comments on those areas where we would put forward a different emphasis, and on updates of factual information.

Washington Town Centre

5.5 England & Lyle considers that Washington is performing relatively well and is a vital and viable Town Centre. The convenience offer is said to be strong, and the ASDA and Sainsbury's superstores clearly play a key role as anchor traders within the Galleries Shopping Centre. England & Lyle also describes Washington as having a strong representation of national multiple comparison retailers and good representation in the financial and professional services sector. Furthermore, England & Lyle notes that the vacancy rates are low and that the Town Centre accommodates a number of community and leisure uses, including a bowling alley, a bingo hall, a library, a health centre and a leisure centre.

5.6 We concur with all of these findings and further agree that Washington provides for a relatively pleasant shopping environment with well-maintained shop fronts, surfacing and internal seating. Indeed, in our audits of various planning applications for out-of-centre retail developments near Washington, undertaken for the City Council in the last five years, we have outlined the substantial capital investment that has been made by Prudential (M&G Real Estate) since it acquired the Galleries in 1990. This investment includes the following:

- development of the second phase of the Galleries Retail Park;
- the refurbishment of, and new layout for, the bus station;
- improvements to the pedestrian links between the Retail Park and the Galleries;
- the introduction of restaurant units into the Eastern Car Park areas;
- the refurbishment of the first floor of the Galleries and the introduction of many new Class A2 uses;
- a substantial programme of mall enlivenment measures, including the creation of a new focal point and enhanced food and drink offer in Wessington Square, which now has a fully glazed roof; and
- the creation of a new store for Wilkinsons, which, in turn, enabled Sainsbury's to undertake extensive works to improve its own store.

5.7 Thus, whilst we agree with England & Lyle's finding that there is a need for further investment in the public realm, particularly in relation to the principal elevations of the Galleries, it seems clear that the investment that has been made has helped Washington to withstand the effects of the recession in a much better way than other Town Centres of similar size. Indeed, it would seem that Washington Town Centre continues to enjoy the reasonably good level of health that was originally reported in the Sunderland Retail Needs Assessment, prepared by Roger Tym & Partners in 2009. This planning judgement takes into account the following factors:

-
- the persistently low vacancy level of less than 10 per cent of units (13 vacant units out of a total of 131 units) and only 3.0 per cent of floorspace, according to Goad’s survey of September 2015 (as set out in Tables 5.1 and 5.2 and shown in Figures 5.1 and 5.2);
 - the high and, until recently, growing levels of pedestrian footfall, although the Centre Manager reports a slight decline in the last two years;
 - the busyness of the main car parks, although the Centre Manager points out that much of the busyness arises from the fact that these car parks (2,700 spaces) serve approximately 3,000 workers in the Town Centre;
 - the very good accessibility to Washington Town Centre by a range of means of transport, especially by bus and by car;
 - the fact that the Galleries is a well-managed, self-contained shopping centre under one ownership;
 - the presence of two key anchor food superstores, one of which, ASDA, is substantially over-trading (according to the telephone survey of shopping patterns undertaken by NEMS), so that there is a high retention level for convenience goods expenditure;
 - the successful role performed by the two key anchor food superstores in generating linked trips with other retail and service traders in Washington Town Centre, as confirmed by the Council’s survey of March 2013, which showed that 73 per cent of those exiting the ASDA and Sainsbury’s stores had already visited other stores or service traders in the Town Centre earlier on the day of the survey, or were about to visit other stores and service traders in the centre on the same day;
 - the very high level of multiple retailers present in the Town Centre, which according to Experian’s Goad survey of September 2015, amounts to 75 of the 131 categorised units;
 - the reasonable level of representation in most of the comparison goods sub-sectors, and the range of multiples, which includes Boots, Next, Marks & Spencer, New Look, Wilkinsons, Argos, Vodafone, H&M, Internaçional, Brantano, Game and Fonehouse;

- the very good range of business services and the improving range of food and drink operators, which will be enhanced when the current planning commitment for a new multiscreen cinema and associated food and drink uses is developed;
- the presence nearby to the Galleries of an important range of town centre uses, including the Library, the Career Service, the Health Centre, the Police Station and the new Leisure Centre; and
- the sheltered, clean and safe environment within the Galleries, albeit that there is some scope for improvements in security and landscaping on the footpaths leading to the car parks and to the Retail Park, and scope for further improvement of the external appearance of parts of the Galleries.

Table 5.1 – Unit Numbers in Washington Town Centre in September 2014 and September 2015

Number and Proportion of Units by Broad Sector in Washington Compared to the UK Average					
Broad Sector	E&L's Findings in 2014		Goad Survey September 2015		UK Average (%) 2015
	No. of Units	Percentage of Units	No. of Units	Percentage of Units	
Convenience	11	8.6	13	9.9	9.2
Comparison	68	53.1	66	50.4	39.8
Services	36	28.1	38	29.0	37.5
Vacant	13	10.2	13	9.9	12.3
Miscellaneous	N/A	N/A	1	0.8	1.2
TOTAL	128	100.0	131	100.0	100.0

Sources: E&L Health Check Assessments (January 2015), Experian Goad Survey (September 2015) and Experian National Averages

Table 5.2 – Floorspace in Washington Town Centre by Broad Sector in September 2015

Amount and Proportion of Floorspace in Washington Compared to the UK Average			
Broad Sector	Floorspace (sq m)	Washington (%)	UK Average (%)
Convenience	22,520	38.8	18.3
Comparison	26,890	46.4	45.0
Services	6,830	11.8	25.4
Vacant	1,710	2.9	10.3
Miscellaneous	50	0.1	1.0
TOTAL	58,000	100.0	100.0

Sources: Experian Goad Survey (September 2015) and Experian National Averages

Figure 5.1: Annotated Goad Plan showing Vacancies & other 'Recession Indicators' at the Ground Floor Level of Retail and Service Units in Washington, September 2015

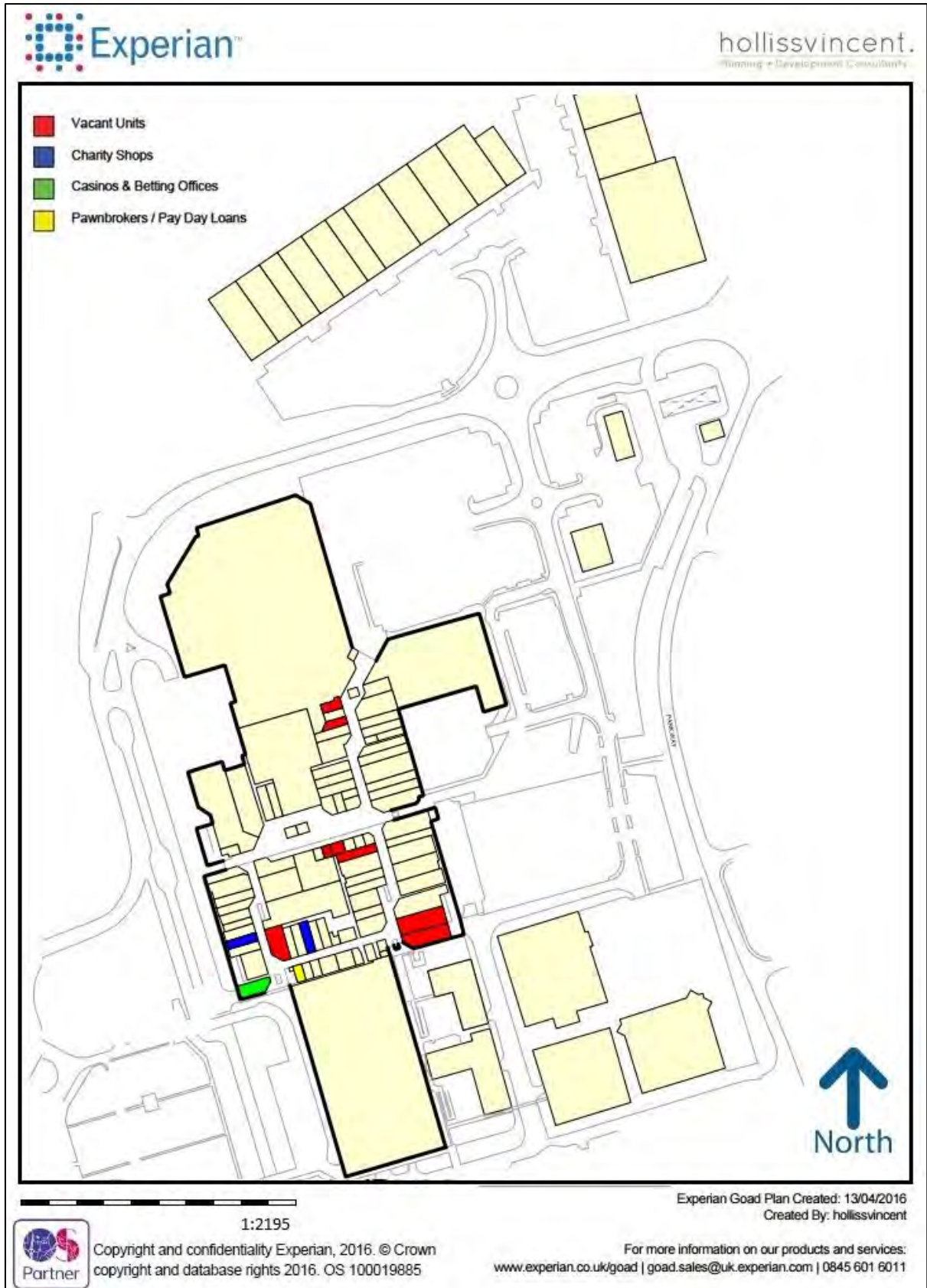
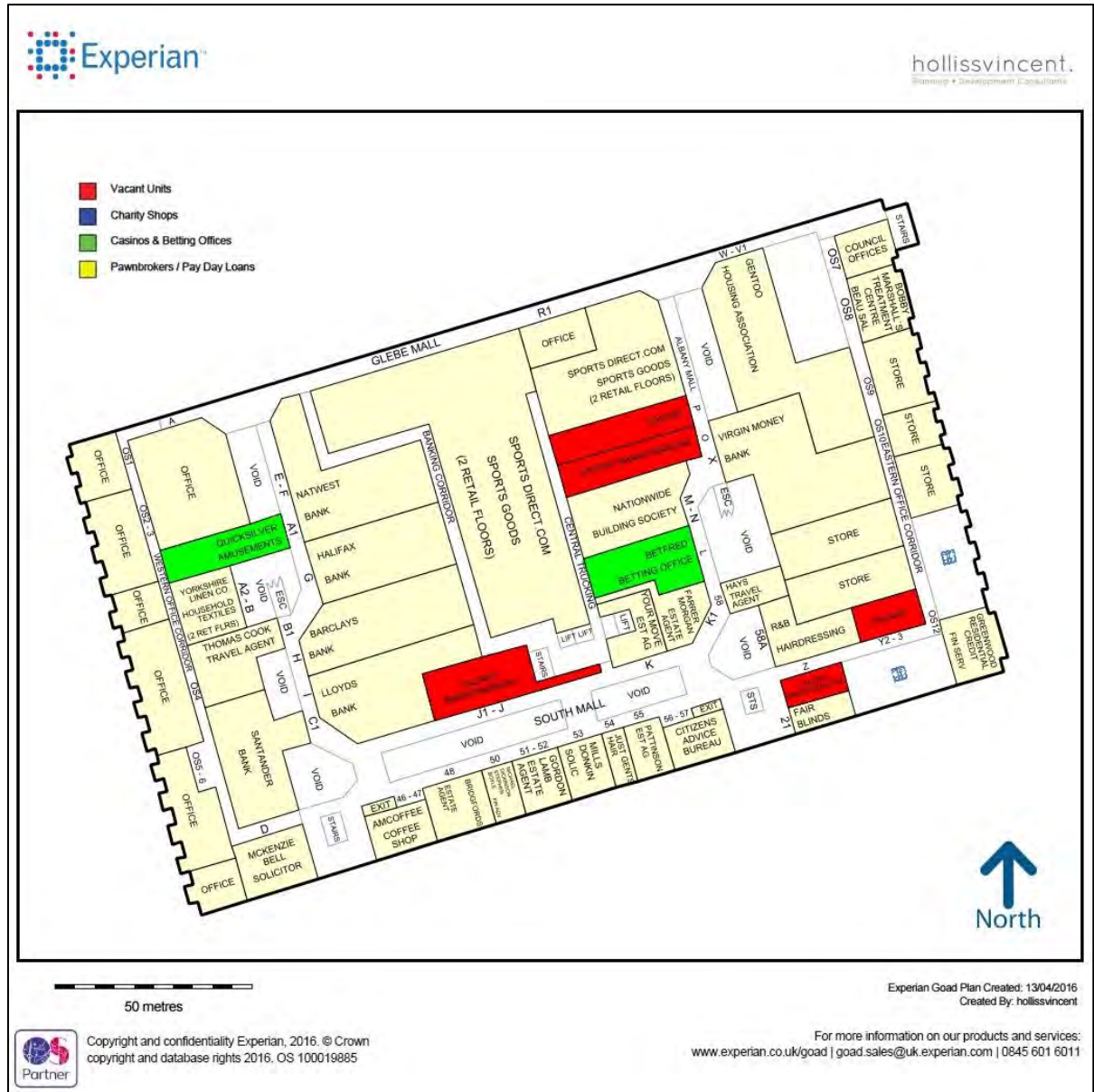


Figure 5.2: Annotated Goad Plan showing Vacancies & other 'Recession Indicators' at the First Floor Level of the Galleries Shopping Centre, September 2015



5.8 In our assessment, therefore, it is clear that most of the health indicators for Washington Town Centre are positive. Furthermore, it would seem that the substantial level of investment made by M&G Real Estate has been a key factor in Washington’s rise in the national rankings of Town Centres, according to Management Horizons Europe, from 308th position in 2000/01 to 227th in 2008. According to Experian’s Retailscape Rankings, Washington continued to rise until 2013, when it achieved a position of 202nd in the Great Britain rankings. Nevertheless, it should be noted that Washington has

subsequently dropped to 252nd position in Experian's Retailscape Rankings in 2015, and this would seem to be corroborated by the slight decline in footfall over the past two years reported by the Centre Manager for the Galleries. Washington has also dropped one place from 11th to 12th in Experian's rankings of centres in the Northern Region, having been overtaken by Kendal.

- 5.9 An important piece of new evidence derives from the survey of pedestrians in Washington, undertaken by NEMS in February 2016. The survey found that Washington ranked above Sunderland City Centre and Houghton-le-Spring Town Centre in relation to each of the 16 factors that reflect: the Town Centre's retail/leisure/service offer; environmental and personal safety factors; and accessibility factors. Indeed, Washington's overall mean score, on a ranking of 1.0 for 'very dissatisfied' to 5.0 for 'very satisfied', was 4.40. This compares to mean scores for Sunderland City Centre and Houghton-le-Spring of 3.41 and 3.49, respectively (see Tables 11 to 15 of Technical Paper 1 in Volume 3).
- 5.10 It is not surprising, therefore, that when asked what they disliked most about Washington, 58.1 per cent of respondents had no opinion or stated '*nothing in particular*' and that when asked how Washington could best be improved, 48.7 per cent of respondents did not have any comment/did not mention anything specific. Nevertheless, 10 per cent of the pedestrians surveyed suggested that Washington's leisure facilities were deficient, with half of these respondents calling for a new cinema. Thus, the delivery of the approved multi-screen cinema and associated A1 to A5 units (Ref. 13/02714/FUL) will help to develop Washington's evening economy and complement the recently opened Washington Leisure Centre. These types of facilities will ensure that Washington is provided with the level of services and attractions needed to strengthen and secure its 'healthy' position.
- 5.11 Table 5.3 provides a detailed breakdown of retailer representation in Washington Town Centre. In terms of floorspace, Washington has a significant over-representation in the '*grocery and frozen foods*' sub-sector, and a slight over-representation in the '*mixed and general clothing*' and '*charity shops, pets and other comparison*' sub-sectors. Conversely,

Washington Town Centre has a significant under-representation in the 'restaurant/café/coffee bars/fast foods and takeaways' sub-sector and in 'the variety/department/catalogue showrooms' sub-sector.

Table 5.3 – Detailed Breakdown of Retail and Service Uses in Washington Town Centre in Sept. 2015

Washington Town Centre Uses Summary									
GOAD Code	GOAD Categorisation of Operator	Units				Floorspace			
		No. of Units	% of Total Units	UK Average %	Difference	Amount of Floorspace (sq m)	% of Total Floorspace	UK Average %	Difference
Convenience Goods									
G1A	Bakers	3	2.3%	2.2%	0.1%	290	0.5%	1.1%	-0.6%
G1B	Butchers	1	0.8%	0.8%	0.0%	110	0.2%	0.4%	-0.2%
G1C	Greengrocers & fishmongers	0	0.0%	0.6%	-0.6%	0	0.0%	1.4%	-1.4%
G1D	Grocery and frozen foods	6	4.6%	3.0%	1.6%	21,030	36.3%	12.9%	23.3%
G1E	Off-licences and home brew	0	0.0%	0.5%	-0.5%	0	0.0%	0.3%	-0.3%
G1F	Confectioners, tobacconists, newsagents	3	2.3%	2.3%	0.0%	1,090	1.9%	2.3%	-0.4%
TOTAL		13	9.9%	9.2%	0.7%	22,520	38.8%	18.3%	20.5%
Comparison Goods									
G2A	Footwear & repair	4	3.1%	1.7%	1.4%	1,480	2.6%	1.2%	1.3%
G2B	Men's & boys' wear	1	0.8%	0.9%	-0.2%	230	0.4%	0.8%	-0.4%
G2C	Women's, girls, children's clothing	6	4.6%	3.2%	1.4%	2,270	3.9%	3.1%	0.8%
G2D	Mixed and general clothing	6	4.6%	4.0%	0.6%	7,060	12.2%	6.3%	5.8%
G2E	Furniture, carpets & textiles	5	3.8%	3.3%	0.5%	480	0.8%	3.6%	-2.8%
G2F	Booksellers, arts/crafts, stationers/copy bureaux	5	3.8%	4.2%	-0.4%	800	1.4%	3.1%	-1.7%
G2G	Electrical, home entertainment, telephones and video	8	6.1%	3.6%	2.5%	1,080	1.9%	2.5%	-0.7%
G2H	DIY, hardware & household goods	2	1.5%	2.4%	-0.9%	2,740	4.7%	4.8%	-0.1%
G2I	Gifts, china, glass and leather goods	4	3.1%	1.7%	1.4%	340	0.6%	0.9%	-0.3%
G2J	Cars, motorcycles & motor accessories	1	0.8%	1.1%	-0.4%	800	1.4%	1.8%	-0.4%
G2K	Chemists, toiletries & opticians	8	6.1%	3.9%	2.2%	1,820	3.1%	3.9%	-0.8%
G2L	Variety, department & catalogue showrooms	2	1.5%	0.6%	0.9%	1,260	2.2%	6.3%	-4.1%
G2M	Florists and gardens	0	0.0%	0.9%	-0.9%	0	0.0%	0.4%	-0.4%
G2N	Sports, toys, cycles and hobbies	6	4.6%	2.0%	2.6%	2,070	3.6%	2.3%	1.3%
G2O	Jewellers, clocks & repair	4	3.1%	1.9%	1.1%	360	0.6%	0.9%	-0.3%
G2P	Charity shops, pets and other comparison	4	3.1%	4.4%	-1.3%	4,100	7.1%	3.0%	4.0%
TOTAL		66	50.4%	39.8%	10.6%	26,890	46.4%	45.0%	1.4%
Service Uses									
G3A	Restaurants, cafes, coffee bars, fast food & take-aways	10	7.6%	17.0%	-9.4%	3,120	5.4%	12.5%	-7.2%
G3B	Hairdressers, beauty parlours & health centres	9	6.9%	10.1%	-3.2%	590	1.0%	4.9%	-3.9%
G3C	Laundries & drycleaners	0	0.0%	0.9%	-0.9%	0	0.0%	0.4%	-0.4%
G3D	Travel agents	4	3.1%	1.1%	2.0%	460	0.8%	0.7%	0.1%
G3E	Banks & financial services (incl. accountants)	9	6.9%	4.0%	2.9%	2,040	3.5%	4.3%	-0.8%
G3F	Building societies	1	0.8%	0.5%	0.3%	210	0.4%	0.4%	0.0%
G3G	Estate agents & auctioneers	5	3.8%	3.9%	-0.1%	410	0.7%	2.2%	-1.5%
TOTAL		38	29.0%	37.5%	-8.5%	6,830	11.8%	25.4%	-13.6%
Miscellaneous Uses									
G4A	Employment, careers, Post Offices and information	1	0.8%	1.2%	-0.4%	50	0.1%	1.0%	-0.9%
G4B	Vacant units (all categories)	13	9.9%	12.3%	-2.4%	1,710	2.9%	10.3%	-7.4%
TOTAL		14	10.7%	13.5%	-2.8%	1,760	3.0%	11.4%	-8.3%
GRAND TOTAL FOR CATEGORISED UNITS		131	100.0%	100.0%	-	58,000	100.0%	100.0%	-
(blank)	GOAD Uncategorised Units	38				21,390			
GRAND TOTAL INCLUDING UNCATEGORISED UNITS		169				79,390			

GOAD Uncategorised Units include the following: car parks, entrances, offices, schools, religious institutions, etc.

Key Yellow to red = Under-representation compared to UK average
Colour Light green to dark green = Over-representation compared to UK average, or in line with UK average
Code:

Source: Experian Goad Survey (September 2015) and Experian National Averages (January 2016)

5.12 We accept that there is scope to improve representation in Washington amongst the 27 ‘major’ comparison goods retailers identified by Experian, with only 12 of the 27 currently represented, as referred to earlier in Table 4.6. Indeed, Table 5.4 reveals that nine of the missing comparison goods traders are represented in one or more of the comparator centres of Durham, Hartlepool and Stockton-On-Tees.

Table 5.4 – Major Comparison Retailers not present in Washington Town Centre, but present in its Comparator Centres

Store	Comparator Centre Locations
BHS	Durham and Hartlepool (but now closed)
Debenhams	Stockton-On-Tees
Dorothy Perkins	Durham and Hartlepool
Primark	Hartlepool
River Island	Stockton-On-Tees and Hartlepool
Topman	Stockton-On-Tees and Durham
Topshop	Stockton-On-Tees and Durham
Waterstones	Durham and Hartlepool
WH Smith	Durham, Stockton-On-Tees and Hartlepool

5.13 Furthermore, our consultation with representatives of M&G Real Estate confirmed that this investor is nervous about competition from higher order centres such as Newcastle City Centre and the Metro Centre and from out-of-centre destinations such as Team Valley Retail Park, the Peel Centre and Dalton Park. Thus, M&G emphasises that:

- Washington Town Centre is in a relatively unusual situation, in that it is effectively in one ownership, so that M&G has been able to be innovative and flexible in relation to tenancies, so as to limit vacancies, albeit that this has had performance implications as a result of the cost of the incentives that have been offered to some of its at risk tenants, and which continue to be offered;
- footfall in the Town Centre, has fallen slightly over the last two years, with the Centre Management team considering footfall to be significantly dependent on the two major food superstores;
- Zone A rents have fallen from £100 per sq. ft. in 2008 to £80 per sq. ft today;

- many of the car park spaces are occupied by those working in the Town Centre, both in the offices and in the retail outlets, so that the high level of car park occupancy is not necessarily a reflection of health and vitality;
- the quality and range of retailer representation has been enhanced by the Retail Park which has provided units with a floorplate required by modern retailers, but is susceptible to competition from out-of-centre retail developments; and that
- there has been major recent investment in the Town Centre, including: the investment in the redevelopment of Wessington Square, so as to improve the food and drink offer, and create space for the reconfiguration of the outlets operated by Sainsbury's and Wilko; general mall enlivenment; and external works to Sainsbury's.

5.14 We would emphasise, however, that whilst the Zone A rents in Washington are reported to have decreased by 20 per cent from £100 per sq. ft. in 2008 to £80 per sq. ft. in 2016, this rate of reduction is much lower than that experienced in the Bridges Shopping Centre in Sunderland, where rents are reported to have fallen by 34 per cent from 2008 to 2016. Furthermore, WYG's Darlington Retail and Town Centre Study of September 2014 suggests that Zone A rents have also fallen faster in Stockton-on-Tees and Hartlepool, where the reductions in the period 2008 to 2013 have been 46 per cent and 23 per cent, respectively (see Table 4.8 of our report).

5.15 Nevertheless, we acknowledge M&G's concern with respect to competition from higher order centres and out-of-centre retail parks. We also consider that there is scope for improvement in the presence in Washington of some of Experian's basket of major multiple retailers, that there is a need for improvement in Washington's evening economy, and that there is a need for further investment in the public realm.

5.16 Our overall conclusion, however, is that Washington is a vital and viable Town Centre, which is performing well. Indeed, most of the health check indicators are positive and most of the customer satisfaction ratings derived from the NEMS survey are high. Thus, we have no hesitation in concurring with England & Lyle's overall conclusion that *'Washington Town Centre is performing relatively well and is a vital and viable centre'*.

Houghton-le-Spring Town Centre

- 5.17 England & Lyle's overall vitality and viability score for Houghton-le-Spring, of 2.9, is significantly lower than its overall score for Washington Town Centre of 3.5. This reflects low scores in relation to 'retailer representation' and in relation to 'diversity of uses'. We concur with England & Lyle's assessment that Houghton-le-Spring has poor representation in the key clothing sub-category and that it lacks a main foodstore following the closure of the Co-op although the latter is being replaced by a new Lidl store of 2,387 sq. m gross.
- 5.18 We also concur with England & Lyle's conclusions that Houghton-le-Spring performs a localised 'top up' shopping role and that it plays an important role as the main administrative centre for the Coalfield area. This administrative role is evidenced by the relatively strong representation of financial and professional services and a number of community and leisure uses, including the Houghton-le-Spring Library and Learning Centre. Moreover, the administrative function is aided by the very good levels of accessibility by car and public transport.
- 5.19 We further agree with England & Lyle that there is a variation in the quality of the shopping environment across the Town Centre. At the southern end, there are a number of attractive buildings lying within the St. Michael's Conservation Area, but elsewhere within the Town Centre there are a number of buildings which have a tired appearance and which are in need of investment.
- 5.20 As was the case in Washington, we have new evidence from the NEMS survey of pedestrians in Houghton-le-Spring Town Centre, which was undertaken in February 2016. The survey reveals a lower level of satisfaction with Houghton-le-Spring's retail and leisure offer compared to Washington and Sunderland, although Houghton-le-Spring did achieve a mean score of 3.99 in relation to the range of financial, legal and personal services that it provides, as shown in Table 11 of Technical Paper 1 in Volume 3 (using a range from 1.0 point for 'very dissatisfied' to 5.0 points for 'very satisfied').
- 5.21 Houghton-le-Spring also achieves good scores in relation to a range of accessibility factors, particularly 'accessibility by bus' and 'cost of car parking', as shown in Table 13 of

Technical Paper 1. However, Houghton-le-Spring achieves low satisfaction ratings in relation to *'shelter from weather'* (2.28) and *'pedestrian safety'* (3.36), as shown in Table 12 of Technical Paper 1.

- 5.22 The localised *'top-up'* role of Houghton-le-Spring is reflected by the fact that 62 per cent of respondents cited *'near to home/convenient'* as being the most liked aspect of the Town Centre. Furthermore, when asked what the main purpose of their visit was, 51 per cent said *'to buy food and groceries'*. Thus, given the closure of the Co-op store, it is not surprising that when respondents were asked how Houghton-le-Spring could best be improved, the most frequent response was a *'bigger/better supermarket'* (Table 7 of Technical Paper 1 in Volume 3). Furthermore, when asked if the centre was lacking in any type of food shop, 59 per cent of respondents replied in the affirmative, with the most frequently cited responses being *'more choice of supermarkets'*, *'ASDA'*, *'Aldi'*, *'Morrisons'* and *'Co-op'* (Table 8 of Technical Paper 1).
- 5.23 It is fortunate, therefore, that Lidl has been granted planning permission for a new store, on the site of the former Co-op, and that this new store will have a larger gross internal area and larger sales area than the Co-op. Indeed, the new store will have a gross internal area of 2,387 sq. m and a sales area of 1,434 sq. m.
- 5.24 However, it would appear that visitors to Houghton-le-Spring are split in their opinions of its non-food retail offer. Of the 48 per cent of respondents who identified a gap in the Town Centre's non-food offer, the most frequently cited type of shop were *'shoe shop'*, *'hardware shop'*, *'women's clothes shops'*, *'men's clothes shops'* and *'electrical shop'*.
- 5.25 Table 5.5 sets out the broad composition of retail and service provision in Houghton-le-Spring, as at the time of the Goad survey of September 2015. There are only seven categorised vacant units in the Town Centre, so that the vacancy rate, in terms of number of units, is well below the UK average. Moreover, since the time of the England & Lyle survey, there has been an increase in the number of comparison goods retailers in Houghton-le-Spring and a reduction in the number of service operators, which is a positive indicator.

Table 5.5 – Unit Numbers in Houghton-le-Spring Town Centre in September 2014 and September 2015

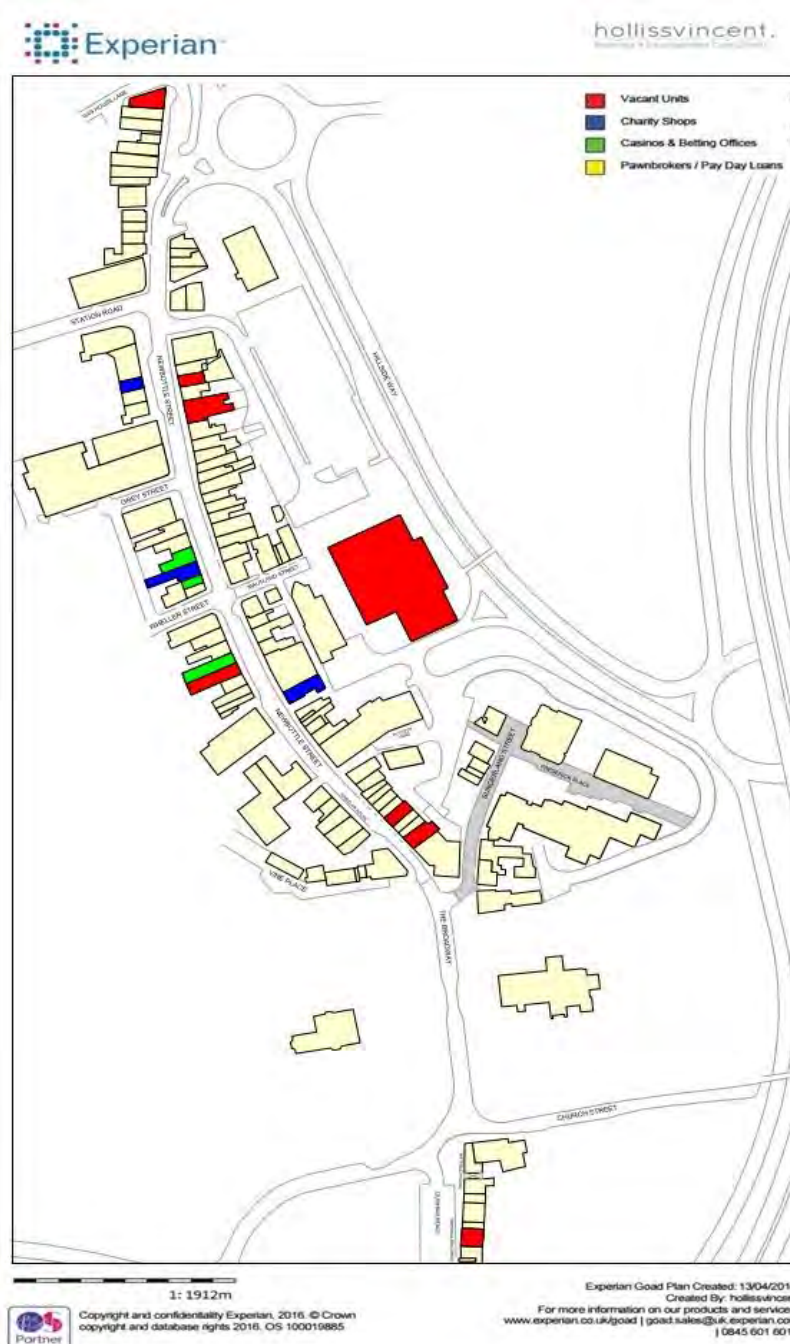
Number and Proportion of Units by Broad Sector in Houghton-le-Spring Compared to the UK					
Broad Sector	E&L's Findings in 2014		Goad Survey September 2015		UK Average (%) 2015
	No. of Units	Percentage of Units	No. of Units	Percentage of Units	
Convenience	13	12.1	12	12.2	9.2
Comparison	33	30.8	38	38.8	39.8
Services	53	49.5	40	40.8	37.5
Vacant	8	7.5	7	7.1	12.3
Miscellaneous	N/A	0.0	1	1.0	1.2
TOTAL	107	100.0	98	100.0	100.0

Source: E&L Health Check Assessments (January 2015) and Experian Goad Survey (September 2015)

- 5.26 Whilst the Goad survey suggests that Houghton-le-Spring's floorspace vacancy rate in September 2015 was higher than the UK average, this reflects the inclusion of the vacant Co-op store, which has subsequently been demolished to make way for the new Lidl store. Figure 5.3 confirms that the former Co-op store was the largest of the vacancies and, when the appropriate adjustment is made to exclude the Co-op, the floorspace vacancy rate is only 3.6 per cent, compared to a UK average of 10.3 per cent. Thus, this low vacancy rate is another positive indicator of vitality and viability.
- 5.27 Table 5.6 provides a more detailed breakdown of retailer representation in Houghton-le-Spring. In terms of floorspace, the Town Centre has an over-representation in the 'DIY, hardware & household goods', 'chemists, toiletries & opticians', 'hairdressers, beauty parlours & health centres', 'mixed and general clothing' and 'furniture, carpets & textiles' sub-sectors, when compared with the UK averages.
- 5.28 Conversely, Houghton-le-Spring is significantly under-represented, in floorspace terms, in the 'grocery and frozen foods' and in the 'variety, department & catalogue showrooms' sub-sectors. The Town Centre is also slightly under-represented in the 'booksellers, arts/crafts, stationers/copy bureaux', 'women's, girls, children's clothing', and 'sports, toys, cycles and hobbies' sub-sectors.
- 5.29 Nevertheless, the Lidl store, which is under construction will be delivered in the near future and will go some way to rectifying the floorspace deficiency in grocery and frozen

foods sub-sector. It is clear that the implementation of the approved Lidl store will help to address a qualitative gap in Houghton-le-Spring, and in doing so will strengthen the Town Centre’s overall vitality. However, until this occurs, there is a recognised qualitative deficiency in Houghton-le-Spring’s convenience offer.

Figure 5.3: Annotated Goad Plan showing Vacancies & other ‘Recession Indicators’ in Houghton-le-Spring, September 2015



Note: Figure 5.3 shows the eight vacant units identified by Experian Goad’s survey of September 2015, which includes seven categorised units (as referred to in Table 5.5) and one uncategorised (office) unit.

Table 5.6 – Detailed Breakdown of Retail and Service Uses in Houghton-le-Spring Town Centre in Sept. 2015

Houghton-le-Spring Town Centre Uses Summary									
GOAD Code	GOAD Categorisation of Operator	Units				Floorspace			
		No. of Units	% of Total Units	UK Average %	Difference	Amount of Floorspace (sq m)	% of Total Floorspace	UK Average %	Difference
Convenience Goods									
G1A	Bakers	3	3.1%	2.2%	0.9%	270	1.9%	1.1%	0.8%
G1B	Butchers	2	2.0%	0.8%	1.3%	120	0.9%	0.4%	0.5%
G1C	Greengrocers & fishmongers	2	2.0%	0.6%	1.4%	180	1.3%	1.4%	-0.1%
G1D	Grocery and frozen foods	1	1.0%	3.0%	-1.9%	280	2.0%	12.9%	-10.9%
G1E	Off-licences and home brew	1	1.0%	0.5%	0.5%	60	0.4%	0.3%	0.1%
G1F	Confectioners, tobacconists, newsagents	3	3.1%	2.3%	0.8%	240	1.7%	2.3%	-0.5%
TOTAL		12	12.2%	9.2%	3.0%	1,150	8.2%	18.3%	-10.1%
Comparison Goods									
G2A	Footwear & repair	1	1.0%	1.7%	-0.7%	100	0.7%	1.2%	-0.5%
G2B	Men's & boys' wear	0	0.0%	0.9%	-0.9%	0	0.0%	0.8%	-0.8%
G2C	Women's, girls, children's clothing	1	1.0%	3.2%	-2.2%	140	1.0%	3.1%	-2.1%
G2D	Mixed and general clothing	4	4.1%	4.0%	0.1%	1,180	8.5%	6.3%	2.1%
G2E	Furniture, carpets & textiles	7	7.1%	3.3%	3.8%	730	5.2%	3.6%	1.6%
G2F	Booksellers, arts/crafts, stationers/copy bureaux	5	5.1%	4.2%	0.9%	110	0.8%	3.1%	-2.3%
G2G	Electrical, home entertainment, telephones and video	2	2.0%	3.6%	-1.5%	280	2.0%	2.5%	-0.5%
G2H	DIY, hardware & household goods	4	4.1%	2.4%	1.7%	1,350	9.7%	4.8%	4.9%
G2I	Gifts, china, glass and leather goods	1	1.0%	1.7%	-0.7%	110	0.8%	0.9%	-0.1%
G2J	Cars, motorcycles & motor accessories	1	1.0%	1.1%	-0.1%	70	0.5%	1.8%	-1.3%
G2K	Chemists, toiletries & opticians	1	1.0%	3.9%	-2.9%	1,290	9.3%	3.9%	5.3%
G2L	Variety, department & catalogue showrooms	6	6.1%	0.6%	5.5%	80	0.6%	6.3%	-5.7%
G2M	Florists and gardens	1	1.0%	0.9%	0.2%	140	1.0%	0.4%	0.6%
G2N	Sports, toys, cycles and hobbies	2	2.0%	2.0%	0.0%	110	0.8%	2.3%	-1.5%
G2O	Jewellers, clocks & repair	2	2.0%	1.9%	0.1%	80	0.6%	0.9%	-0.3%
G2P	Charity shops, pets and other comparison	1	1.0%	4.4%	-3.3%	490	3.5%	3.0%	0.5%
TOTAL		6	6.1%	39.8%	-33.7%	6,260	44.9%	45.0%	-0.1%
Service Uses									
G3A	Restaurants, cafes, coffee bars, fast food & take-aways	16	16.3%	17.0%	-0.7%	1,840	13.2%	12.5%	0.7%
G3B	Hairdressers, beauty parlours & health centres	16	16.3%	10.1%	6.2%	1,110	8.0%	4.9%	3.1%
G3C	Laundries & drycleaners	0	0.0%	0.9%	-0.9%	0	0.0%	0.4%	-0.4%
G3D	Travel agents	1	1.0%	1.1%	0.0%	100	0.7%	0.7%	0.1%
G3E	Banks & financial services (incl. accountants)	3	3.1%	4.0%	-0.9%	340	2.4%	4.3%	-1.8%
G3F	Building societies	0	0.0%	0.5%	-0.5%	0	0.0%	0.4%	-0.4%
G3G	Estate agents & auctioneers	4	4.1%	3.9%	0.1%	350	2.5%	2.2%	0.3%
TOTAL		40	40.8%	37.5%	3.3%	3,740	26.8%	25.4%	1.5%
Miscellaneous Uses									
G4A	Employment, careers, Post Offices and information	1	1.0%	1.2%	-0.2%	240	1.7%	1.0%	0.7%
G4B	Vacant units (all categories)	7	7.1%	12.3%	-5.2%	2,550	18.3%	10.3%	8.0%
TOTAL		8	8.2%	13.5%	-5.3%	2,790	20.0%	11.4%	8.7%
GRAND TOTAL FOR CATEGORISED UNITS		98	100.0%	100.0%	-	13,940	100.0%	100.0%	-
(blank)	GOAD Uncategorised Units	34				9,250			
GRAND TOTAL INCLUDING UNCATEGORISED UNITS		132				23,190			

GOAD Uncategorised Units include the following: car parks, entrances, offices, schools, religious institutions, etc.

Key Yellow to red = Under-representation compared to UK average
Colour Light green to dark green = Over-representation compared to UK
Code: average, or in line with UK average

Source: Experian Goad Survey (September 2015) and Experian National Averages (January 2016)

5.30 Another positive indicator for the overall health of Houghton-le-Spring, is the absence of pawnbrokers and pay day loan shops and the low number of betting shops and charity shops, as shown in Figure 5.3. However, a contrary indicator is the fact that there is only one retailer requirement in Houghton-le-Spring on Perfect Information Property's database, as at January 2016, this retailer beings Pets at Home. Furthermore, we note

that Houghton-le-Spring has fallen from a position of 1,852nd in Experian's Retailscape Centre Rankings for the year 2013, to 2,127th in the 2015 rankings. Similarly, Houghton-le-Spring's position in the Northern Region has dropped from 96th in 2013 to 120th in 2015.

- 5.31 So far as the leisure sector is concerned, it is clear that the Houghton Sports Centre and Wellness Centre has substantially improved the sports and fitness facilities on offer, and the main missing facility cited in the pedestrian survey was '*swimming pool*'.
- 5.32 Our overall conclusion, therefore, is that we concur with England & Lyle's findings that the main functions performed by Houghton-le-Spring are as a localised convenience shopping centre and as the main administrative centre for the Coalfield area, as is evidenced by the relatively strong representation of financial and professional services, and the presence of various community and leisure uses.
- 5.33 We further agree, however, that the Town Centre is displaying various signs of weakness, including: a lack of representation from a main foodstore (which will be rectified to a great extent when Lidl commences trading); the limited comparison retail sector, with poor representation in the key men's and women's clothing sub-categories; the need for investment in the Town Centre's buildings; and other environmental enhancement works for parts of the centre.
- 5.34 Despite this, the overall findings from the pedestrian surveys are encouraging, particularly with respect to accessibility factors and with respect to the range of financial, legal and personal services. Thus, given the reasonable level of footfall and high frequency of visits to the centre by those who patronise it, and the imminent delivery of a new Lidl foodstore, it is considered that the Town Centre can reasonably be described as being moderately healthy.

Concord District Centre

- 5.35 We agree with England & Lyle's overall conclusion that Concord District Centre is a vital and viable centre with important local roles in providing 'top up' shopping and service facilities for residents of Concord.

5.36 The broad breakdown of retail and service provision within Concord District Centre is set out in Table 5.7, which reveals a very high proportion of service uses, well above the UK average, but with very few vacancies. The main foodstores are the Co-op, Heron Foods and Premier, although there is also a range of independent convenience stores. However, representation by comparison retailers is limited, with no representation at all in the ‘clothing and footwear’ and ‘jewellers, clock and repairs’ sub-categories. Indeed, the retail offer is reflective of the centre’s ‘top-up’ shopping role and its close proximity to Washington. Furthermore, we agree with England & Lyle’s finding that there is an extremely limited representation of financial and professional services, which is a particular weakness of the District Centre.

Table 5.7 – Unit Numbers in Concord District Centre in September 2014 and March 2016

Number and Proportion of Units by Broad Sector in Concord Compared to the UK					
Broad Sector	E&L's Findings in 2014		HV Survey March 2016		UK Average (%) 2015
	No. of Units	Percentage of Units	No. of Units	Percentage of Units	
Convenience	11	12.1	11	12.1	9.2
Comparison	23	25.3	23	25.3	39.8
Services	50	54.9	52	57.1	37.5
Vacant	7	7.7	5	5.5	12.3
Miscellaneous	N/A	N/A	N/A	N/A	1.2
TOTAL	91	100.0	91	100.0	100.0

Source: E&L Health Check Assessments (January 2015) and HV Survey (March 2016)

- 5.37 Similarly, we agree with England & Lyle’s observation that there is a high proportion of hot food takeaways (14) and hair and beauty outlets. The high number of take away outlets causes an issue in terms of ‘inactive’ frontages during the day, particularly towards the east of the centre, as discussed in more detail in Technical Paper 2.
- 5.38 Nevertheless, Concord District Centre benefits from good levels of accessibility by both bus and car. Indeed, the District Centre has a bus station accommodating six stands, and three surface level car parks. As a consequence, the centre benefits from a strong level of pedestrian footfall concentrated around Victoria Road, Arndale House and the bus interchange, but with a lower level of pedestrian flow on Front Street/Speculation Place and Heworth Road.

5.39 Ultimately, we agree with England & Lyle’s conclusion that Concord represents a healthy District Centre, which serves primarily as a local convenience and service centre with an attractive and pleasant environment. Concord benefits from: a vacancy level that is well below the UK average; recent investment in the public realm; an attractive and safe shopping environment; free car parking areas; good levels of connectivity and accessibility; and a strong level of pedestrian footfall (both at the time of England & Lyle’s visit and at the time of our visit). We envisage that Concord will maintain its existing healthy position and its ‘top-up’ shopping and service role for surrounding residents, so as to complement Washington Town Centre’s higher order role.

Sea Road District Centre

5.40 We concur with England & Lyle’s overall conclusion that Sea Road is a healthy centre, performing an important ‘top up’ shopping and service role for local residents.

5.41 The broad breakdown of retail and service provision within Sea Road District Centre is set out in Table 5.8, which reveals a very high proportion of service uses, well above the UK average, but with very few vacancies. Indeed, as was the case in Concord, there has been a slight reduction in the number of vacant units in Sea Road from eight at the time of the England & Lyle survey, to seven at the time of our own survey. There has, however, been a growth in the number of service operators within Sea Road District Centre and a small reduction in the number of comparison goods traders.

Table 5.8 – Unit Numbers in Sea Road District Centre in September 2014 and March 2016

Number and Proportion of Units by Broad Sector in Sea Road Compared to the UK					
Broad Sector	E&L’s Findings in 2014		HV Survey March 2016		UK Average (%) 2015
	No. of Units	Percentage of Units	No. of Units	Percentage of Units	
Convenience	14	13.2	14	13.0	9.2
Comparison	40	37.7	37	34.3	39.8
Services	44	41.5	50	46.3	37.5
Vacant	8	7.5	7	6.5	12.3
Miscellaneous	N/A	N/A	N/A	N/A	1.2
TOTAL	106	100.0	108	100.0	100.0

Source: E&L Health Check Assessments (January 2015) and HV Survey (March 2016)

- 5.42 Nevertheless, the convenience sector representation in Sea Road is strong, as confirmed by the presence of Sainsbury's, together with other convenience stores operated by Best One, Premier, One Stop, Subway and Greggs. There is also a range of independent convenience traders including a butcher, a fishmonger, a greengrocer and a confectioner.
- 5.43 So far as the comparison sector is concerned, England & Lyle emphasise that a high proportion of the outlets at Sea Road focus on the sale of bulky goods, including furniture/home interior goods and DIY/hardware. However, Sea Road has a relatively limited representation in the clothing sub-category, despite the presence of a boutique-style fashion clothing outlet, called Corner 93.
- 5.44 In the services sector, England & Lyle emphasise the presence of a good range of hair and beauty related businesses and the fact that financial and professional services are also well represented. There are very few hot food takeaways, which is an advantage in that the amount of inactive frontages is less than in other District Centres such as Southwick Green and Concord.
- 5.45 So far as accessibility is concerned, England & Lyle emphasise the ease of pedestrian movement and the presence of west bound and east bound bus stops throughout the centre, which is also served by the Seaburn Metro Station. We note that the car park located to the side and rear of Sainsbury's and the Bluebell Public House, which was formerly a pay and display car park, as previously reported by England & Lyle, is now free and well used.
- 5.46 Ultimately, we consider that Sea Road represents a healthy District Centre, which benefits from: a vacancy level that is almost half of the UK average; a reasonable convenience provision; a clean, pleasant and safe shopping environment with a well maintained public realm; an appropriately-sized free car park; unrestricted parking areas along the residential streets that run perpendicular to Sea Road; good levels of connectivity and accessibility (particularly with the Seaburn Metro Station to the west of the centre); and a strong level of pedestrian footfall (both at the time of England & Lyle's visit and at the time of our visit).

Hetton District Centre

5.47 England & Lyle's overall conclusion in relation to Hetton District Centre is that it forms part of a group of centres that are displaying acute signs of weakness, and that it is considered to be particularly vulnerable. We do not agree fully with this conclusion, although, we are concerned that approximately one fifth of the units within Hetton District Centre are vacant, as shown in Table 5.9. The vacancy problem is exacerbated by the size and prominent central location of some of these units within the centre and their poor physical condition, which detracts from the centre's overall appearance. However, we recorded one fewer vacancy than England & Lyle, and a further unit at No. 28 Front Street, which was undergoing internal fit out/alteration works, and appears to be opening soon. Therefore, the overall vacancy level will soon reduce to 8 units.

Table 5.9 – Unit Numbers in Hetton District Centre in September 2014 and March 2016

Number and Proportion of Units by Broad Sector in Hetton Compared to the UK					
Broad Sector	E&L's Findings in 2014		HV Survey March 2016		UK Average (%) 2015
	No. of Units	Percentage of Units	No. of Units	Percentage of Units	
Convenience	9	20.5	8	18.2	9.2
Comparison	9	20.5	10	22.7	39.8
Services	16	36.4	17	38.6	37.5
Vacant	10	22.7	9	20.5	12.3
Miscellaneous	N/A	N/A	N/A	N/A	1.2
TOTAL	44	100.0	44	100.0	100.0

Source: E&L Health Check Assessments (January 2015) and HV Survey (March 2016)

- 5.48 So far as the retail offer is concerned, we concur with England & Lyle's finding that the comparison sector is weak, with no multiples and no representation in the clothing sub-sector. Conversely, there is good representation in the convenience sector, including Tesco Express, Heron Foods and Greggs, together with a range of independent traders which include two butchers and two greengrocers.
- 5.49 Another positive indicator is that the level and range of service units and community uses within Hetton District Centre aligns with the UK average. Indeed, the District Centre incorporates among other things, a Barclays bank, a Post Office, two public houses, a social club, a café, a community hall and the Hetton Community Pool and Wellness

Centre. We agree, therefore, with England & Lyle's finding that Hetton has a relatively healthy number and range of services.

- 5.50 On balance, we conclude that whilst Hetton District Centre is showing some signs of weakness, such as the worryingly high level of vacant units and an extremely poor comparison retail offer, it can be reasonably described as being moderately healthy. We base this finding on: the fact that the District Centre benefits from a reasonable provision of convenience and service operators; its clean, pleasant and safe shopping environment, with a well maintained public realm; the seemingly appropriate level of car parking; good levels of connectivity and accessibility (particularly the conveniently located bus station that provides regular services to a range of destinations); and a reasonable level of pedestrian footfall (both at the time of England & Lyle's visit and at the time of our visit).
- 5.51 Nevertheless, we agree with England & Lyle's conclusion that Hetton District Centre is in need of intervention to maintain its long-term viability, so that the recent investment into public realm improvement works around the junction of Front Street and Park View are to be welcomed. However, more investment like this, and more initiatives such as Sunderland City Council's 'Shop Local' initiative will be required to help ensure that Hetton does not become an 'unhealthy' District Centre.

Southwick Green District Centre

- 5.52 England & Lyle considers Southwick Green District Centre to be a moderately vital and viable District Centre, performing an important 'top up' shopping and service role for local residents. However, there has been a significant increase in the number of vacant units from 5 at the time of the England & Lyle survey, to 12 at the time of our own survey in March 2016, as identified in Table 5.10. As a consequence, Southwick Green now has a vacancy rate that has gone from being under half of the UK average to being higher than the UK average in the space of 15 months. Furthermore, the increase in vacancy is exacerbated by the fact that there are a number of independent retailers in Southwick Green that appear to operate on the basis of short trading hours. The effect of vacancies is particularly pronounced within the eastern section of the Centre, where hot-food

takeaways are also clustered, thereby adding to the negative impact of 'inactive' frontages during the day.

Table 5.10 – Unit Numbers in Southwick Green District Centre in September 2014 and March 2016

Number and Proportion of Units by Broad Sector in Southwick Green Compared to the UK					
Broad Sector	E&L's Findings in 2014		HV Survey March 2016		UK Average (%) 2015
	No. of Units	Percentage of Units	No. of Units	Percentage of Units	
Convenience	12	14.0	11	12.1	9.2
Comparison	22	25.6	17	18.7	39.8
Services	41	47.7	44	48.4	37.5
Vacant	5	5.8	12	13.2	12.3
Miscellaneous	6	7.0	7	7.7	1.2
TOTAL	86	100.0	91	100.0	100.0

Source: E&L Health Check Assessments (January 2015) and HV Survey (March 2016)

- 5.53 Nevertheless, the District Centre has a strong 'top-up' convenience function with representation from Londis, Premier, Iceland, Heron Foods and Lifestyle Express. However, Southwick Green does not enjoy the presence of any of the big four food operators. In the comparison goods sector, there is a range of independent stores and the presence of an important low value multiple retailer in the form of B&M Bargains.
- 5.54 In addition, the District Centre provides a strong level of services such as banks, a dental surgery, two funeral directors, a health centre, hair and beauty salons, public houses, take aways, and an amusement arcade. The high number of take away outlets (10) causes an issue, in terms of 'inactive' frontages during the day, as discussed in more detail in Technical Paper 2 in Volume 3.
- 5.55 So, whilst we agree with England & Lyle's overall conclusion that Southwick Green is moderately healthy, we are concerned that the direction of travel is one of deterioration, so that the Council will need to evaluate any edge and out-of-centre proposals for retail development with a great deal of caution.

Chester Road District Centre

- 5.56 England & Lyle's overall conclusion is that Chester Road is a vital and viable centre performing an important 'top up' shopping and service role for residents in the local area. However, as is the case in Southwick Green, the level of vacancies within Chester Road

District Centre has increased substantially since England & Lyle's survey. Indeed, the number of vacancies has risen from three to ten, so that the centre now has a vacancy rate, which is only just below the UK average, as set out in Table 5.11.

5.57 Chester Road has also experienced a small increase in the overall number of service units since England & Lyle's survey, but there has been a reduction in the number of convenience and comparison units. Nevertheless, representation in the convenience sector remains significantly above the UK average, which is a positive, given Chester Road's localised 'top-up' shopping function. There is also a reasonably diverse range of service uses available in Chester Road, which helps to encourage linked trips within the centre. However, the supermarket offer is limited to Premier and Spar and does not include any of the big four.

Table 5.11 – Unit Numbers in Chester Road District Centre in September 2014 and March 2016

Number and Proportion of Units by Broad Sector in Chester Road Compared to the UK					
Broad Sector	E&L's Findings in 2014		HV Survey March 2016		UK Average (%) 2015
	No. of Units	Percentage of Units	No. of Units	Percentage of Units	
Convenience	21	25.0	17	19.8	9.2
Comparison	26	31.0	22	25.6	39.8
Services	34	40.5	37	43.0	37.5
Vacant	3	3.6	10	11.6	12.3
Miscellaneous	N/A	N/A	N/A	N/A	1.2
TOTAL	84	100	86	100	100

Source: E&L Health Check Assessments (January 2015) and HV Survey (March 2016)

5.58 The District Centre benefits from its location on a main road (the A183) into the City Centre, so that people commuting to/from, or travelling to/from, the City Centre can provide additional patronage for the District Centre. Chester Road District Centre also enjoys good accessibility from the surrounding residential areas, although there is a limited amount of parking. Nevertheless, the linear roadside nature of the District Centre is also associated with the negative impacts of noise and air pollution.

5.59 We disagree slightly with England & Lyle's finding that Chester Road is a healthy District Centre. We would describe Chester Road as being 'healthy, but showing some signs of weakness', as reflected in the significant rise in vacancies that have occurred since the

time of the England & Lyle survey. Nevertheless, we accept that the District Centre benefits from: a reasonably diverse range of convenience and service uses; a generally clean, pleasant and safe shopping environment; a well maintained public realm; a good level of connectivity to and accessibility from the closely adjoining residential areas; and a strong level of pedestrian footfall.

Doxford Park District Centre

- 5.60 Doxford Park is different to the other District Centres, in that it comprises just 15 units and is overwhelmingly dominated by the Morrisons food superstore, which anchors the Centre. Thus, we agree with England & Lyle's finding that Doxford Park District Centre primarily functions as a destination for main food and grocery shopping. Although Morrisons is supported by a limited number of independent retail traders, most of the other units are occupied by service traders, as set out in Table 5.12. It is notable, however, that there are no vacancies.

Table 5.12 – Unit Numbers in Doxford Park District Centre in September 2014 and March 2016

Number and Proportion of Units by Broad Sector in Doxford Park Compared to the UK					
Broad Sector	E&L's Findings in 2014		HV Survey March 2016		UK Average (%) 2015
	No. of Units	Percentage of Units	No. of Units	Percentage of Units	
Convenience	3	20.0	3	20.0	9.2
Comparison	2	13.3	2	13.3	39.8
Services	10	66.7	10	66.7	37.5
Vacant	0	0.0	0	0.0	12.3
Miscellaneous	N/A	N/A	N/A	N/A	1.2
TOTAL	15	100	15	100	100

Source: E&L Health Check Assessments (January 2015) and HV Survey (March 2016)

- 5.61 We acknowledge that the purpose built District Centre is highly reliant on Morrisons supermarket as its anchor and this reliance was evident during our visit to the centre as the majority of those visiting were using the Morrisons. Thus, the other convenience, comparison and service uses within the District Centre benefit from linked trips with the Morrisons supermarket. In addition, the District Centre has the advantage of a large car park, which was well utilised during our visit, as was the case when England & Lyle undertook its fieldwork.

- 5.62 A new Aldi has been constructed in an edge-of-centre location to the south of Doxford Park Way, and that it was operational at the time of our visit. However, we noticed that its car park was less than half full. We anticipate, however, that the Aldi store will become more popular with the passage of time and that it will have some impact on Morrisons, although not in the 'significantly adverse' category.
- 5.63 We did not observe any particular weaknesses when we visited the centre and are somewhat perplexed, therefore, by England & Lyle's overall finding which places Doxford Park in a group of centres described as having moderate health whilst displaying various signs of weakness. On this occasion, we do not agree with England & Lyle's finding and we consider that Doxford Park District Centre is both vital and viable.

Town Centre and District Centre Health Check Review Conclusions

- 5.64 It is clear from our review of England & Lyles's Town Centre and District Centre Health Check findings that hollissvincent is in broad agreement with the majority of its findings. However, we have a more positive view regarding the health of Hetton District Centre and Doxford Park District Centre. In addition, we feel that Southwick Green's signs of weakness are now more pronounced, as reflected by the significant increase in the number of vacant units. Nevertheless, we would still place Southwick Green in the moderately healthy category.
- 5.65 We also recommend that Council adopts a cautious approach with respect to change-of-use applications, particularly to non-retail uses (such as takeaways) within Concord District Centre and Southwick Green District Centre, as they already contain a worryingly high number of takeaway units. This aspect is discussed in further detail in Technical Paper 2.
- 5.66 For ease of cross-referencing, Table 5.13 combines Roger Tym & Partners' Health Check findings, of September 2009, with England & Lyle's findings, of January 2015, and hollissvincent's most recent health check review, so as to compare and contrast the health of each of the relevant centres during the different assessment periods.

Table 5.13 – Previous and Current Health Check Findings

Comparison Health Check Assessment of Sunderland's City Centre, Town Centres and District Centres			
Centre	Roger Tym & Partners, Sept 2009	England and Lyle, Jan 2015	hollissvincent, June 2016
Sunderland	Showing some signs of weakness	No 'Health Check' carried out	Moderately Healthy, but showing some signs of weakness
Washington	Very Healthy	Healthy	Healthy
Houghton-le-Spring	Showing some signs of weakness	Moderately Healthy with signs of weakness	Moderately Healthy, but showing some signs of weakness
Concord	Healthy	Healthy	Healthy
Sea Road, Fulwell	Healthy	Healthy	Healthy
Hetton	Showing some signs of weakness	Vulnerable, showing acute signs of weakness	Moderately Healthy, but showing some signs of weakness
Southwick Green	Showing significant signs of weakness	Moderately Healthy with signs of weakness	Moderately Healthy, but showing more pronounced signs of weakness
Chester Road	Showing some signs of weakness	Healthy	Healthy, but showing some signs of weakness
Doxford Park	Showing some signs of weakness	Moderately Healthy with signs of weakness	Healthy

6 EXISTING SHOPPING PATTERNS

Survey Area

- 6.1 Our assessment of the current patterns of retail spending is based on the telephone survey of 1,500 households, undertaken by NEMS Market Research in February 2016. The survey area comprises fifteen Zones, based on postcode sectors (as shown in Figure 6.1 and Table A of Volume 2); the survey area had an estimated population in 2015 of 452,643. Zones 1 to 9, inclusive, more or less coincide with the administrative area of Sunderland, whereas Zones 12 to 15, inclusive, are predominantly located in Durham, Zone 10 is located mainly in Gateshead and Zone 11 is located in South Tyneside.
- 6.2 The survey questionnaire, which is reproduced in Volume 2 of our report, sought to establish patterns of comparison goods spending, based on the last two purchases of seven different categories of comparison goods, as follows:
- a) clothing and footwear (28.5 per cent of all the comparison goods spending of residents of the survey area, according to the Experian base data);
 - b) furniture, carpets and soft furnishings (12.5 per cent of all comparison spending);
 - c) DIY and decorating goods (4.4 per cent of all comparison spending);
 - d) domestic appliances and electrical goods (13.5 per cent of all comparison spending);
 - e) health, beauty and chemist items (12.3 per cent of all comparison spending);
 - f) recreational goods (14.3 per cent of all comparison spending); and
 - g) all other comparison goods, including books, CDs, jewellery, china and glass (14.6 per cent of all comparison spending).
- 6.3 The composite pattern of comparison goods spending is derived from the application of a weight to each of the seven categories of comparison goods spending, which reflects the proportion of total comparison goods expenditure accounted for by each category (as recorded in paragraph 6.2).

- 6.4 Patterns of convenience goods spending have been based on the last two trips for three categories of expenditure, these being *'main food and groceries'*, *'top up shopping'* and *'spending in small shops'*. The survey questionnaire also sought information on how much money is normally spent on each of these three types of convenience goods purchases. The data gathered enabled NEMS to calculate a mean spend of £74.20 for main food shopping trips; a mean spend of £13.17 for top-up trips; and a mean spend of £5.75 for other convenience spending in small shops. These mean spend results enabled NEMS to provide us with composite patterns of convenience goods spending.

Population and Expenditure

- 6.5 Table 1a of Volume 2 sets out the current and projected population for each of the survey Zones. The population projections have been provided by Experian, with the base data derived from its year 2014 database (the latest available). Experian's projections are based on the ONS's 2012 sub-national population projections for England, released on the 29th May 2014. However, we have also utilised an alternative population projection supplied by Sunderland City Council, derived from modelling work undertaken by Edge Analytics, under Job Growth Scenario K (which reflects the objectively assessed housing needs identified within the Council's latest Strategic Housing Market Assessment – the SHMA). The City Council's projection suggests substantially higher population growth for the administrative area of Sunderland, compared to Experian. Accordingly, we recommend that the Experian projections constitute the base forecast, with the City Council's forecast used as a sensitivity test.
- 6.6 Tables 1b and 1d of Volume 2 set out the current and projected per capita expenditure in the comparison and convenience goods sectors, respectively. These projections are based on the latest forecasts published by Experian in October 2015 (Retail Planner Briefing Note 13). Tables 1c and 1e of Volume 2 then set out the total existing and projected expenditure in the comparison goods and convenience goods sectors; these are based on the product of Tables 1a and 1b in the comparison goods sector and on the product of Tables 1a and 1d in the convenience goods sector.

Comparison Goods Spending Patterns

- 6.7 The current pattern of comparison goods spending is set out in Table 2 of Volume 2, in terms of percentage market shares, and in Table 3 of Volume 2, as absolute monetary flows. Table 3 reveals that the total comparison goods expenditure of residents of the survey area amounts to £1,425.7m in the year 2015, of which £710m, or 49.8 per cent, is retained by centres and stores located within the overall survey area. This represents a decline in the comparison goods retention level since the Sunderland Retail Needs Assessment (the SRNA) of September 2009, when the retention level was 55.9 per cent, albeit from a slightly smaller survey area.
- 6.8 The remaining 50.2 per cent of comparison goods expenditure is accounted for by locations beyond the survey area and by Special Forms of Trading (£212.8m). We treat the latter as being part of expenditure leakage, although we would acknowledge that an unknown proportion of this expenditure represents 'Click & Collect' spending, with the items picked up from stores located within the survey area.
- 6.9 Table 6.1, which is derived from Table 3 of Volume 2, summaries the primary destinations for comparison goods spending. As expected, Sunderland City Centre is by far the most important destination for comparison goods spending and has an estimated comparison goods turnover drawn from residents of the overall survey area of £272.1m. This represents 19.1 per cent of the overall comparison goods expenditure of residents of the survey area, and 38.3 per cent of the expenditure retained by retail locations within the survey area (see Sunderland City Centre row in the final two columns of Table 6.1).
- 6.10 Figure 6.2 of Volume 2, which is derived from Table 2 of Volume 2, reveals that Sunderland City Centre has a comparison goods market share of over 30 per cent in only five of the survey Zones (numbers 1 to 5), and that the City Centre has a comparison goods market share of less than 5 per cent for residents in Zones 8 and 9 (Washington), in Zone 10 (Wrekenton), and in Zones 14 and 15 (Chester-le-Street and Birtley/Ouston).

Table 6.1 Comparison Goods Expenditure Destinations in 2015 (derived from NEMS Survey of February 2016)

Zone	Destinations	Comparison Goods Turnover £m	Total Market Share %	Share of Retained Expenditure %
1	Sunderland City Centre	272.1	19.1%	38.3%
8	Washington Town Centre	111.3	7.8%	15.7%
7	Houghton-Le-Spring Town Centre	8.7	0.6%	1.2%
	SUB-TOTAL FOR TOWN CENTRES IN SUNDERLAND	120.0	8.4%	16.9%
	Town and District Centres Elsewhere Within The Survey Area			
11	Asda/Boldon Colliery District Centre	16.5	1.2%	2.3%
12	Seaham Town Centre	29.2	2.0%	4.1%
14	Chester-le-Street Town Centre	20.2	1.4%	2.8%
15	Birtley District Centre	6.0	0.4%	0.8%
	SUB-TOTAL FOR TOWN AND DISTRICTS CENTRES ELSEWHERE WITHIN THE SURVEY AREA	71.9	5.0%	10.1%
	District Centres in Sunderland			
9	Concord District Centre	1.9	0.1%	0.3%
5	Sea Road District Centre	9.3	0.7%	1.3%
6	Hetton District Centre	5.0	0.4%	0.7%
4	Southwick Green District Centre	5.2	0.4%	0.7%
3	Chester Road District Centre	1.1	0.1%	0.2%
2	Doxford Park District Centre	3.8	0.3%	0.5%
	SUB-TOTAL FOR DISTRICT CENTRES IN SUNDERLAND	26.3	2.0%	3.7%
	Local Centres in Sunderland			
1	Grangetown Local Centre	3.1	0.2%	0.4%
1	Hendon Local Centre	3.7	0.3%	0.5%
1	Ryhope Local Centre	2.9	0.2%	0.4%
2	Silksworth Local Centre	4.6	0.3%	0.6%
3	Pallion Local Centre	4.0	0.3%	0.6%
3	Pennywell Local Centre	2.4	0.2%	0.3%
4	Castletown Local Centre	2.9	0.2%	0.4%
	SUB-TOTAL FOR LOCAL CENTRES IN SUNDERLAND	23.6	1.7%	3.3%
	Retail Parks and Freestands Stores/Outlets			
1	Asda Leechmere Road	18.0	1.3%	2.5%
2	Sainsbury's Silksworth Lane	10.5	0.7%	1.5%
3	Pallion Retail Park	18.4	1.3%	2.6%
3	Trimdon Street Retail Park	40.7	2.9%	5.7%
4	Hylton Riverside Retail Park	16.6	1.2%	2.3%
4	Sainsbury's Wessington Way	2.1	0.1%	0.3%
5	Sunderland Retail Park	12.1	0.9%	1.7%
9	Peel Retail Park	4.5	0.3%	0.6%
9	B&Q Armstrong Industrial Estate	18.6	1.3%	2.6%
12	Dalton Park Outlet Centre	29.8	2.1%	4.2%
	SUB-TOTAL FOR RETAIL PARKS/FREESTANDING STORES	171.3	12.1%	24.1%
X	All Other Destinations Within Primary Catchment Area	24.8	1.7%	3.5%
	OVERALL TOTAL WITHIN SURVEY AREA	710.00	49.8%	100.0%
X	Leakage from overall survey area and SFT	715.8	50.2%	
	TOTAL COMPARISON GOODS EXPENDITURE	1425.8	100.0%	

- 6.11 The second most important comparison goods spending destination within the survey area is Washington Town Centre, which has an estimated comparison goods turnover drawn from residents of the survey area of £111.3m (Table 6.1). Washington Town Centre has comparison goods market shares of approximately 31 per cent of the expenditure of residents in Zones 8 and 9, and comparison goods market shares of 15 per cent and 12 per cent in Zones 7 and 6 respectively. However, in all other Zones, Washington Town Centre has a comparison goods market share of less than 10 per cent.
- 6.12 Houghton-le-Spring's maximum comparison goods market share is 6 per cent in Zone 7, and it has an estimated comparison goods turnover of just £8.7m (Table 6.1). The six District Centres identified in the Core Strategy consultation document of August 2013 achieve, in aggregate, a comparison goods spend which is estimated to be £26.3m (Table 6.1), with Sea Road District Centre seemingly the most successful. The largest of the Local Centres identified by the telephone survey collectively account for a further £23.6m of comparison goods expenditure, with each having a comparison goods turnover of around £2m to £5m.
- 6.13 Retail Parks and Freestanding stores have an aggregate comparison goods turnover, which is estimated to be £171.3m, which is almost a quarter of the retained expenditure (final column of Table 6.1). The most successful of the retail parks is Trimdon Street, which has an estimated comparison goods turnover of £40.7m, including the B&Q store. Dalton Park Outlet Centre also achieves a significant comparison goods turnover drawn from residents of the survey area, of approximately £30m, and it achieves a comparison goods market share in Zone 12 of 10.5 per cent.
- 6.14 Other centres outside the administrative area of Sunderland, but within the survey area include Seaham Town Centre, Chester-le-Street Town Centre, Boldon District Centre and Birtley District Centre. These centres, collectively, account for 10.1 per cent of the retained expenditure, with an aggregate comparison turnover of £71.9m (Table 6.1).
- 6.15 The principal destinations for the comparison goods expenditure which 'leaks' to locations beyond the survey area are set out at the bottom of Table 3 of Volume 2. The most important source of 'leakage' is Special Forms of Trading (SFT). Indeed, SFT

spending by residents of the survey area amounts to £212.8, or 14.9 per cent of the total comparison goods expenditure pot, which compares to a UK figure of 15.6 per cent. It is fair to anticipate that a proportion of this expenditure represents 'Click & Collect' spending, with the items picked up in stores located within the survey area.

- 6.16 The other main leakage destinations are Newcastle City Centre, which attracts £135.5m of the comparison goods expenditure of residents of the survey area, the Metro Centre (£123.0m) and Team Valley Retail Park (£62.7m).

Convenience Goods Spending Patterns

- 6.17 The current pattern of convenience goods spending is set out in Table 6 of Volume 2, as percentage market shares and in Table 7 of Volume 2, as absolute monetary flows. Table 7 of Volume 2 reveals an aggregate retention rate for convenience goods spending of 82.1 per cent. The main destinations for convenience goods spending are set out in Table 6.2 of this main report. The latter reveals that Sunderland City Centre has an estimated convenience goods turnover of just £32.8m, which is only 4.6 per cent of the retained convenience goods expenditure.
- 6.18 In contrast, Table 6.2 shows that Washington Town Centre has an estimated convenience goods turnover of £117.5m, with the ASDA and Sainsbury's stores having estimated convenience goods turnovers of £46.9m and £36.8m respectively. Houghton-le-Spring's Town Centre's current convenience turnover is estimated at £9.5m, but this can be expected to increase once the supermarket being constructed for Lidl is operational.

Table 6.2 Convenience Goods Expenditure Destinations in 2015 (derived from NEMS Survey of February 2016)

Zone	Destinations	Convenience Goods Turnover £m	Total Market Share %	Share of Retained Expenditure %
1	Sunderland City Centre	32.8	3.8%	4.6%
8	Washington Town Centre	117.5	13.6%	16.5%
7	Houghton-Le-Spring Town Centre	9.5	1.1%	1.3%
	SUB-TOTAL FOR TOWN CENTRES IN SUNDERLAND	127.0	14.7%	17.9%
	Town and District Centres Elsewhere Within The Survey Area			
10	Wrekenton District	4.5	0.5%	0.6%
11	Asda/Boldon Colliery District Centre	65.0	7.5%	9.1%
12	Seaham Town Centre	56.7	6.5%	8.0%
14	Chester-le-Street Town Centre	36.8	4.2%	5.2%
15	Birtley District Centre	17.8	2.1%	2.5%
	SUB-TOTAL FOR TOWN AND DISTRICTS CENTRES ELSEWHERE WITHIN THE SURVEY AREA	180.8	20.9%	25.4%
	District Centres in Sunderland			
9	Concord District Centre	2.5	0.3%	0.4%
5	Sea Road District Centre	5.5	0.6%	0.8%
6	Hetton District Centre	10.8	1.2%	1.5%
4	Southwick Green District Centre	6.1	0.7%	0.9%
3	Chester Road District Centre	0.9	0.1%	0.1%
2	Doxford Park District Centre	47.5	5.5%	6.7%
	SUB-TOTAL FOR DISTRICT CENTRES IN SUNDERLAND	73.3	8.5%	10.3%
	Local Centres in Sunderland			
1	Grangetown Local Centre	4.0	0.5%	0.6%
1	Hendon Local Centre	1.6	0.2%	0.2%
1	Ryhope Local Centre	5.2	0.6%	0.7%
2	Silksworth Local Centre	2.5	0.3%	0.4%
3	Pallion Local Centre	1.8	0.2%	0.3%
3	Pennywell Local Centre	6.9	0.8%	1.0%
4	Castletown Local Centre	0.3	0.0%	0.0%
	SUB-TOTAL FOR LOCAL CENTRES IN SUNDERLAND	22.3	2.6%	3.1%
	Retail Parks and Freestanding Stores/Outlets			
1	Asda Leechmere Road	54.9	6.3%	7.7%
1	Lidl Ryhope Road	11.8	1.4%	1.7%
2	Aldi Knollside Close, Doxford	8.9	1.0%	1.3%
2	Lidl Durham Road	5.0	0.6%	0.7%
2	Sainsbury's Silksworth Lane	41.4	4.8%	5.8%
3	Aldi St Mark's Road	17.9	2.1%	2.5%
4	Aldi Hylton Riverside	18.1	2.1%	2.5%
4	Aldi Carley Hill Road	11.0	1.3%	1.5%
4	Sainsbury's Wessington Way	15.7	1.8%	2.2%
5	Morrisons Seaburn	23.4	2.7%	3.3%
5	Sunderland Retail Park	27.6	3.2%	3.9%
14	Aldi Picktree Lane, Chester-le-Street	10.9	1.3%	1.5%
	SUB-TOTAL FOR RETAIL PARKS/FREESTANDING STORES	246.6	28.5%	34.7%
X	All Other Destinations Within Primary Catchment Area	28.6	3.3%	4.0%
	OVERALL TOTAL WITHIN SURVEY AREA	711.4	82.1%	100.0%
X	Leakage from overall survey area and SFT	154.8	17.9%	
	TOTAL COMPARISON GOODS EXPENDITURE	866.2	100.0%	

- 6.19 Town and District Centres outside the administrative area of Sunderland, but within the survey area, include Wrekenton District Centre, ASDA/Boldon Colliery District Centre, Seaham Town Centre, Chester-le-Street Town Centre and Birtley Town Centre. Together, these town and district centres account for 25.4 per cent of retained expenditure (final column of Table 6.2). The six district centres within Sunderland account for 10.3 per cent of retained expenditure, with Doxford Park having a significantly greater convenience goods turnover than all of the others because of the presence of the Morrisons superstore. Hetton District Centre would appear to be the second most important in terms of convenience goods turnover.
- 6.20 Many of the 14 Local Centres identified in the Council's Core Strategy consultation document of August 2013 hardly registered in the telephone survey findings, and the three largest Local Centres in terms of convenience turnover appear to be Pennywell, Ryhope and Grangetown.
- 6.21 It is significant that the 12 freestanding supermarkets/superstores identified in Table 6.2 account for just over a third of the retained convenience goods expenditure, the largest of these freestanding stores being the ASDA at Leechmere Road, the Sainsbury's at Silksworth Lane and the Morrisons store at Seaburn. However, the Sunderland Retail Park, which includes Tesco and Lidl, also has a significant convenience goods turnover.
- 6.22 Leakage of convenience goods expenditure from residents of the survey area to locations beyond the survey area amounts to £154.8m, or 17.9 per cent. The principal destinations for this leakage are Durham City Retail Park (£24.5m), Team Valley Retail Park (£14.5m), Gateshead Town Centre (£12.7m), Arnison District Centre (£12.4m), the ASDA store at Peterlee (£11.3m), Jarrow Town Centre (£10.7m) and the Aldi at Shields Road, Pelaw (£10.1m). We have also included SFT as part of the leakage and this amounts to £16.0m, or 1.8 per cent of the convenience goods expenditure of residents of the survey area.
- 6.23 Figure 6.3 in Volume 2, and Table 6.3 of this Main Report, which are derived from Table 6 of Volume 2, set out the localised convenience goods retention levels for clusters of Zones, which approximate to the Core Strategy Sub-Areas. Table 6.3 shows that the localised gap in convenience goods provision in Sunderland North that was identified in

the Retail Needs Assessment Update of April 2012 has largely disappeared as a result of the development of the Sainsbury's store at Wessington Way, the Aldi store at Carley Hill near Southwick Green and the Tesco store at Sunderland Retail Park. Thus, the 2016 survey shows very healthy convenience goods retention rates for all of the Sub-Areas except the Coalfield, whose retention rate will improve following the opening of the Lidl store currently under construction in Houghton-le-Spring and delivery of the extant consent for a foodstore at Philadelphia (ref: 14/00538/HYB).

Table 6.3 – Convenience Goods Retention Levels by Sub-Area (from February 2016 survey)

Zones	Sub Area	Localised Retention Level in 2015 (%)
1, 2 and 3	Sunderland South and City Centre	85.9
4 and 5	Sunderland North	74.2
8 and 9	Washington	77.4
6 and 7	Coalfield	20.7

- 6.24 Figure 6.4 of Volume 2 shows the locations of the hierarchy of centres in Sunderland, and the locations of the main freestanding supermarkets, superimposed on top of a mapping of the Index of Multiple Deprivation for 2015. Figure 6.4 reinforces the need to improve convenience goods provision in the Coalfield area because of the high levels of deprivation to the south and east of Hetton-le-Hole, in pockets of Houghton-le-Spring and in the vicinity of Shiney Row/Penshaw.

Conclusions in Relation to Retail Spending Patterns

Comparison Goods

- 6.25 The latest NEMS survey suggests that there has been a reduction in the proportion of comparison goods expenditure retained within the survey area, so that the current retention level has fallen to 49.8 per cent. Much of the additional leakage of expenditure is accounted for by SFT, which accounts for £212.8m, albeit that we acknowledge that part of the SFT expenditure will represent 'Click & Collect' shopping, where items are collected from shops in the Sunderland catchment area. However, there is also evidence

of further polarisation, with leakage to Newcastle City Centre increasing from £101.5m in 2009 (having converted to 2014 prices) to £135.5m, and with leakage to the Metro Centre increasing from £87.0m in 2009 (having converted to 2014 prices) to £123.0m.

- 6.26 Sunderland City Centre's comparison goods market share has fallen from 27.9 per cent in 2009 to 19.1 per cent in 2016, and the City Centre's estimated comparison goods turnover has fallen from £335m at the time of the SRNA of 2009 (having converted to 2014 prices), to £272m (in year 2014 prices), according to the findings of NEMS' February 2016 survey. Indeed, Sunderland City Centre's comparison goods market share exceeds 30 percent in only five of the 15 survey Zones and these correspond with the heavily urbanised area of Sunderland, i.e. Sunderland North and Sunderland South.
- 6.27 In contrast, Washington Town Centre's comparison goods market share has decreased only marginally from 9.0 per cent at the time of the original SRNA in 2009 to 7.8 per cent in the present study, and it currently has an estimated comparison goods turnover of £111m. However, Washington Town Centre's market share exceeds 30 per cent only in Zone 8 and in Zone 9, which form the main urban area of Washington.
- 6.28 Houghton-le-Spring's comparison goods turnover is estimated at only £8.7m. In contrast, retail parks and freestanding stores have an estimated aggregate comparison goods turnover of £171.3m, which represents a total market share of 12.1 per cent (Table 6.1).

Convenience Goods

- 6.29 The aggregate retention rate for convenience goods spending is a healthy 82.1 per cent, which represents a static position since 2009. However, there is now a much improved localised retention rate in Sunderland North as a result of the development of the foodstores operated by Sainsbury's, Aldi and Tesco. Indeed, of the Draft Core Strategy Sub-Areas, it is only the Coalfield for which the localised convenience goods retention rate is unacceptably low, although this will be improved when the Lidl store becomes operational in Houghton-le-Spring and when the foodstore at Philadelphia is developed.
- 6.30 Washington Town Centre represents the most important destination for convenience goods spending, with an estimated aggregate convenience goods turnover of £117.5m,

compared to a convenience turnover of Sunderland City Centre of only £32.8m (Table 6.2). Indeed, the ASDA and Sainsbury's stores in Washington have an estimated combined convenience turnover of £84m, and they represent key anchors for the Town Centre.

- 6.31 The freestanding food superstores continue to enjoy the highest levels of convenience goods turnover, together with the food superstores at Doxford Park District Centre and at Boldon Colliery District Centre. It is noteworthy, however, that the discount foodstore operators, Aldi and Lidl, are eating into the market shares of the superstore operators, with the Aldi stores at St Mark's Road and at the Hylton Riverside Retail Park having particularly high convenience turnovers, as does the Lidl store at Ryhope Road, which is soon to be replaced by a new larger Lidl store (planning permission ref: 15/01588/FUL).

7 QUANTITATIVE AND QUALITATIVE NEED

Introduction

7.1 In drawing up their Local Plans, the sixth and seventh bullet points of Paragraph 23 of the NPPF require that local planning authorities should:

- *'allocate a range of suitable sites to meet the scale and type of retail, leisure, commercial, office, tourism, cultural, community and residential development needed in town centres',* stating that *'It is important that needs for retail, leisure, office and other main town centre uses are met in full and are not compromised by limited site availability. Local planning authorities should therefore undertake an assessment of the need to expand town centres to ensure a sufficient supply of suitable sites';*
- *'allocate appropriate edge of centre sites for main town centre uses that are well connected to the town centre where suitable and viable town centre sites are not available... If sufficient edge of centre sites cannot be identified, [local planning authorities should] set policies for meeting the identified needs in other accessible locations that are well connected to the town centre'.*

7.2 Thus, we have undertaken an up-to-date assessment of the quantitative retail need that is likely to arise in the comparison and convenience sectors in the period up to 2025 and, more tentatively, up to 2035. The findings of this assessment will form part of the evidence base for the emerging development plan and will assist the Council in identifying the scale of retail development that should be planned for in the different types of centre in its overall network and hierarchy of centres.

7.3 The quantitative work has also been taken into account in our subsequent recommendations in Section 8, with respect to the definition of Primary Shopping Areas and overall town centre boundaries. We note, however, that neither the NPPF, nor the NPPG specifically refer to the need to consider whether there is a requirement for enlargement or contraction of Primary Shopping Areas. This is obviously a critical issue in applying the sequential test to proposals for retail development, for which the definition of *'edge of centre'* relates to locations up to 300m from the Primary Shopping Area,

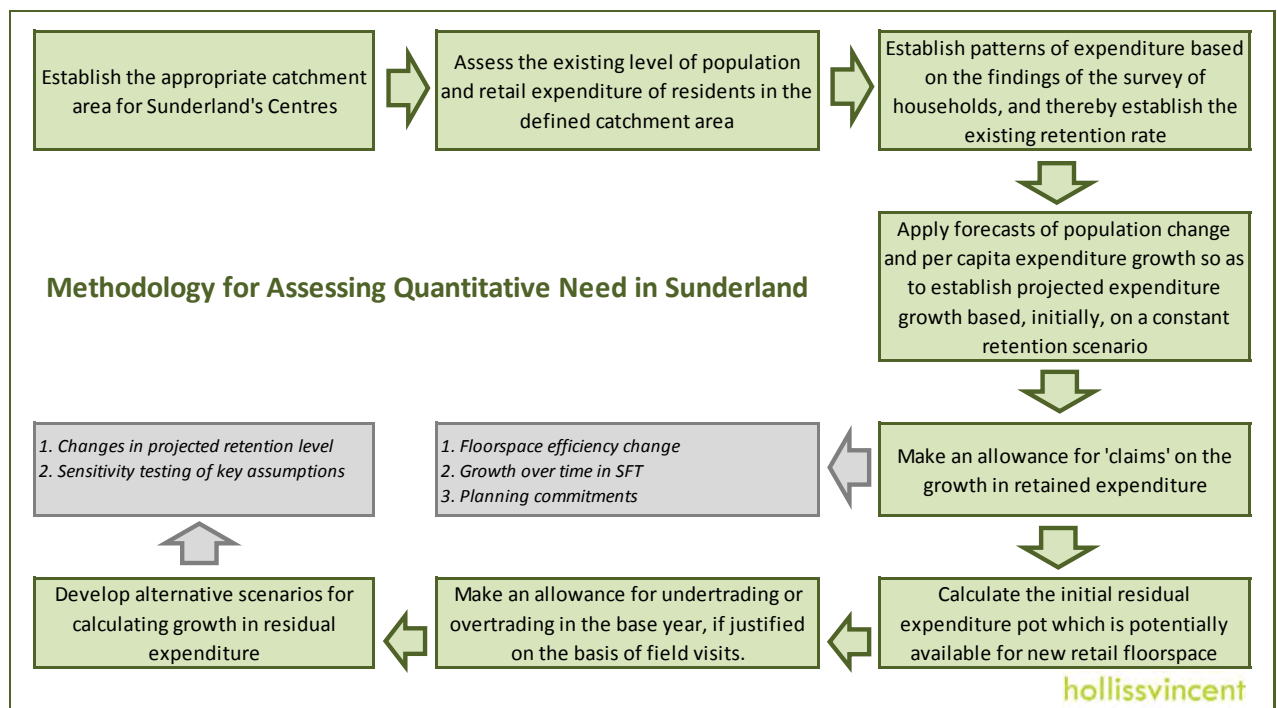
whereas for the other main town centre uses the definition of 'edge of centre' is through reference to locations within 300m of the overall town centre boundary, or, in the case of office uses, to a 500m distance from a public transport interchange.

Methodology

7.4 With this policy background in mind, we turn first to a description of the methodology we have employed in assessing quantitative need in both the comparison and convenience goods sectors in the period up to 2035. It is important to recognise, however, that the effects of expenditure growth over time become exponential. Thus, in looking to the period beyond 2025, the Council should adopt a plan, monitor and manage approach, so as to ensure that the forecast floorspace requirements are kept in line with changes in expenditure and changing methods of retailing.

7.5 There is no detailed guidance as to how to assess the quantitative need for retail development in the NPPF or in the NPPG. As a consequence, we have applied an eight step approach, which represents a refinement of the methodology advocated in Appendix B of the now-superseded Planning for Town Centres Practice Guidance of December 2009. These eight steps are shown, diagrammatically, in Figure 7.1.

Figure 7.1: Methodology for Assessing Surplus Expenditure Capacity, or Quantitative Need



7.6 Thus, the eight steps are as follows:

- i) The first step is to establish the appropriate overall retail catchment area for the hierarchy of centres in Sunderland, which is shown in Figure 6.1 of Volume 2. This catchment area covers the whole of the administrative area of Sunderland, together with parts of the administrative areas of South Tyneside, Gateshead and Durham. Thus, the overall catchment comprises 15 zones, defined on the basis of clusters of postcode sectors, with Zones 1 to 9 approximately equating to the administrative area of Sunderland.
- ii) The second step is to assess the existing level of population and the existing volume of retail expenditure of those who reside within the overall catchment area.
- iii) The third step is to establish where the retail expenditure of residents of the overall catchment area is currently spent, through the use of an empirical survey of households and thereby establish the proportion of the retail expenditure of catchment area residents which is currently retained by town centres, retail parks and freestanding stores located within the overall catchment area – that is the aggregate retention rate.
- iv) The fourth step is to apply forecasts of population change and per capita expenditure change, so as to establish the overall level of projected growth in expenditure for residents of the overall catchment area, and an assessment of growth in retained expenditure, based, initially, on a constant retention scenario.
- v) The fifth step is to make an allowance for growth in inflows of expenditure into the catchment area from those who reside outside in the catchment area.
- vi) The sixth step is to make an allowance for under-trading, or over-trading in the base year, but only if this is justified on the basis of the clear empirical evidence³³.

33 Evidence of over-trading might include, for example, low stocked shelves, stocking during opening hours, full car parks, queues at tills and survey evidence of customer dissatisfaction with store/centre congestion. Evidence of under-trading might include underutilisation of car parks, low levels of pedestrian footfall, high levels of vacancy, low survey derived turnovers, and so on. The important point, however, is that such evidence would need to apply to a large part of the overall survey area, or throughout a Core Strategy Sub-Area in order to justify any allowance. If such evidence does not exist, as is the case in this study of retail needs in Sunderland, the starting position is assumed to be one of equilibrium.

- vii) The growth in retained expenditure (step iv), is added to the growth in inflows (step v), and an allowance for under / over-trading (step vi), so as to derive an initial expenditure surplus. Thus, the seventh step is to make allowance for 'claims' on the initial expenditure surplus, as a result of:
- floorspace efficiency change for existing retailers (growth over time in turnover per sq. m sales area);
 - growth over time in Special Forms of Trading (SFT); and
 - planning commitments.
- viii) The culmination of steps i) to vii) is the calculation of the residual expenditure pot which is potentially available for new retail floorspace, under a constant retention assumption. Thus, the final step is to develop alternative scenarios for calculating growth in residual expenditure, based on:
- increases or decreases in the projected retention level; and
 - sensitivity testing of key assumptions, such as projected population change.

7.7 The methodology we have employed is essentially the same in both the comparison and convenience sectors, and we consider that the **base scenario** should utilise Experian's population projections, which are based on the ONS year 2012 sub-national projections. However, we have also undertaken a **sensitivity scenario** in which we utilise the employment led population forecasts prepared by Edge Analytics, under its Scenario K, which reflects the objectively assessed housing needs identified within the Council's latest Strategic Housing Market Assessment. For each of these two population scenarios, we undertake a number of assessments based on a variation in the retention level, which is the proportion of expenditure of residents in the NEMS survey area that is spent in centres and individual stores located within the survey area.

Comparison Sector Retention Levels

7.8 In the comparison goods sector, we have adopted three assumptions in relation to the retention level – a static retention at 49.8 per cent throughout the forecast period (on the basis that SFT is treated as being part of the expenditure leakage); a gradual reduction in

the retention level from 49.8 per cent in 2015 to 47.8 per cent by 2035 (i.e. a loss of two percentage points), to reflect the potential for further regional centre polarisation and loss of market share by Sunderland City Centre; and a gradual increase in the retention level from 49.8 per cent in 2015 to 53.8 per cent by 2035 (i.e. a gain of four percentage points), to reflect the potential for enhancement of retail offer within Sunderland's administrative area, vis-à-vis competing locations beyond.

Convenience Sector Retention Levels

- 7.9 In the convenience goods sector, however, we have only two retention scenarios – a static retention rate at 82.1 per cent, and an increase from 82.1 per cent in 2015, to 84.1 per cent by 2035 (i.e. a gain of two percentage points). There is no justification for a fall in the aggregate retention level in the convenience sector, given that convenience shopping should be undertaken on as localised a basis as possible.

Findings in Relation to Quantitative Need

- 7.10 We next set out our findings in relation to quantitative need, under the **base population scenario**, at five yearly intervals from 2015 to 2035. The first step is to identify the residual expenditure that is potentially available to support new development/reconfiguration/refurbishment, in both the comparison and convenience goods sectors. Then we translate the residual expenditure available into a range of floorspace needs at the various retention levels.
- 7.11 It is important, therefore, for the Council to understand what we mean by the 'quantitative need' floorspace figures, which are all expressed in terms of sq. m. gross. For example, in the comparison goods sector, under the uplift in retention scenario, we identify a need, up to 2025, for approximately 18,000 sq.m gross; this figure should be interpreted as the net gain in occupied retail stock, and this net gain may be achieved in a number of ways. For example, the net gain of 18,000 sq. m gross may comprise the demolition of 10,000 sq. m. gross of existing retail stock and the provision of 28,000 sq. m. gross of new/refurbished/reconfigured accommodation, and/or a reduction in the quantum of vacant floorspace. Alternatively, the net gain of 18,000 sq.m gross may

involve demolition of just 5,000 sq.m gross and the provision of 23,000 sq.m gross of new/refurbished/reconfigured accommodation, and/or a reduction in vacancies.

Comparison Goods Sector under Base Population Scenario

- 7.12 The findings of our assessment of residual expenditure capacity, or quantitative need, in the comparison goods sector, under the **base population scenario**, are set out in spreadsheet Tables 5a (static), 5b (decrease in retention) and 5c (increase in retention), all of which are in Volume 2. These spreadsheet Tables show a residual comparison goods expenditure capacity in the twenty-year period up to 2035 which is in the range £174.4m (Table 5b) to £347.1m (Table 5c). It is important to stress, however, that much of the residual expenditure capacity arises in the period after 2025, because of the exponential nature of expenditure growth. Thus, the comparison goods expenditure residual over the next ten years, up to 2025, is in the range £13.9m (Table 5b) to £75.9m (Table 5c). In part, this reflects the assumption that the commitments, set out in spreadsheet Table 4 of Volume 2, are all implemented and operational by the year 2020.
- 7.13 The potential gross floorspace requirements associated with these residual expenditure capacity estimates are set out in Table 7.1, which derives from spreadsheet Tables 5a, 5b and 5c of Volume 2. It is important to acknowledge that these floorspace requirements relate to the whole of the survey area, including locations outside of the administrative area of Sunderland, such as Seaham Town Centre, Chester-Le-Street Town Centre, Birtley District Centre and Boldon District Centre. It is appropriate, therefore, that some of the residual expenditure identified is channelled towards these centres.
- 7.14 Thus, our estimated comparison goods floorspace requirement, for the survey area as a whole, over the next ten years up to 2025, is in the range 2,800 sq.m gross to 17,900 sq.m gross. These floorspace figures reflect an assumed comparison goods sales density of £5,000 per sq.m sales area in 2015, rising to £6,339 per sq.m sales area by 2035. This sales density estimate assumes that much of the new/reconfigured/refurbished floorspace would be in the form of town centre development, but it makes some allowance for further retail warehousing.

Table 7.1 Summary of Quantitative Need in the Comparison Goods Sector for the Sunderland Survey Area as a Whole (sq.m gross), under the Base Population Scenario

	Decline in Retention	Static Retention	Uplift in Retention
	Sq.m gross	Sq.m gross	Sq.m gross
2015-2020	-8,100	-5,900	-1,400
2020-2025	10,900	13,700	19,400
2025-2030	14,600	18,100	25,200
2030-2035	20,100	24,500	33,400
2015-2025	2,800	7,800	17,900
2015-2035	37,500	50,500	76,500

NB: Figures are rounded to the nearest 100 sq.m gross

- 7.15 Over the longer period up to 2035, the potential capacity in the comparison goods sector increases substantially to a range from 37,500 sq.m gross to 76,500 sq.m gross. We would reiterate, however, that the capacity identified in the period after 2025 should be treated as indicative, and that the Council should be undertaking regular reviews, adopting the principles associated with plan, monitor and manage.

Convenience Goods Sector under Base Population Scenario

- 7.16 The findings of our assessment of residual expenditure capacity, or quantitative need, in the convenience goods sector, under the **base population scenario**, are set out in spreadsheet Tables 9a (static) and 9b (increase in retention) of Volume 2. These Tables show a negative residual convenience goods expenditure capacity, across the survey area as a whole, in the twenty-year period up to 2035, which is in the range minus £110.2m (Table 9a), to minus £91.6m (Table 9b).
- 7.17 The negative residual in the convenience goods expenditure arises, quite simply, because the initial surplus derived from growth in retained expenditure, which amounts to £42.2m in the period up to 2035 (assuming a static retention), is more than outweighed by the claims on that expenditure, which includes seven convenience commitments, with a projected aggregate convenience turnover in the year 2020 of £100.6m. Furthermore, the expected growth in Special Forms of Trading itself marginally exceeds the projected growth in retained expenditure up to 2035.

- 7.18 Thus, across the Survey Area as a whole, there would seem to be an excess supply of convenience goods floorspace, even if we assume an increase in the aggregate convenience goods retention rate. However, this finding does not mean that there should be no foodstore development over the next 20 years. This is because there will still be localised gaps in convenience goods provision and some convenience stores will need to be replaced or refurbished. Furthermore, there is a generalised gap in the convenience sector provision within the Coalfield, where the retention rate is unacceptably low, as previously discussed in Section 6.
- 7.19 Bearing these points in mind, the negative gross floorspace requirements associated with these negative residual expenditure estimates are summarised in Table 7.2, which derives from spreadsheet Tables 9a and 9b of Volume 2. These tables assume a sales density in the convenience goods sector of £10,000 per sq.m in the year 2015, growing marginally to £10,116 per sq.m by 2035. Thus, the negative residual in the period up to 2035 is in the range of minus 14,000 sq.m gross to minus 16,900 sq.m gross. In the shorter term period up to 2025, the negative residual is in the range of minus 15,500 sq.m gross to minus 16,900 sq.m gross.

Table 7.2 Summary of Quantitative Need in the Convenience Goods Sector for the Sunderland Survey Area as a Whole (sq.m gross), under the Base Population Scenario

	Static Retention	Uplift in Retention
	Sq.m gross	Sq.m gross
2015-2020	-16,800	-16,100
2020-2025	-200	+500
2025-2030	+100	+800
2030-2035	-100	+700
2015-2025	-16,900	-15,500
2015-2035	-16,900	-14,000

NB: Figures are rounded to the nearest 100 sq.m gross

Employment Led Population Growth Sensitivity Test

- 7.20 Tables 7.3 and 7.4 set out the findings of our sensitivity testing, in which we use the employment led population forecasts developed by Edge Analytics (under its Scenario K, which reflects the Council's latest objectively assessed housing needs). Table 7.3 is

derived from spreadsheet Tables 5d, 5e and 5f of Volume 2, and Table 7.4 is derived from spreadsheet Tables 9c and 9d of Volume 2.

Table 7.3 Summary of Quantitative Need in the Comparison Goods Sector for the Sunderland Survey Area as a Whole (sq.m gross), under the Employment Led Population Sensitivity Test

	Decline in Retention	Static Retention	Uplift in Retention
	Sq.m gross	Sq.m gross	Sq.m gross
2015-2020	-6,900	-4,700	-200
2020-2025	12,400	15,200	21,000
2025-2030	16,500	20,200	27,500
2030-2035	22,700	28,300	36,600
2015-2025	5,500	10,600	20,800
2015-2035	44,700	58,100	84,900

NB: Figures are rounded to the nearest 100 sq.m gross

Table 7.4 Summary of Quantitative Need in the Convenience Goods Sector for the Sunderland Survey Area as a Whole (sq.m gross), under the Employment Led Population Sensitivity Test

	Static Retention	Uplift in Retention
	Sq.m gross	Sq.m gross
2015-2020	-15,900	-15,300
2020-2025	+700	+1,400
2025-2030	+1,000	+1,700
2030-2035	+900	+1,500
2015-2025	-15,300	-13,900
2015-2035	-13,400	-10,400

NB: Figures are rounded to the nearest 100 sq.m gross

- 7.21 The employment led population forecast produces a population increase for the administrative area of Sunderland, up to 2035, of approximately 20,200, which compares to an ONS year 2012 sub-regional forecast for the administrative area of Sunderland, over the same period, of just 4,200.
- 7.22 As a consequence, the sensitivity test increases the comparison goods need across the survey area as a whole, up to 2035, by 8,400 sq.m gross, under the **uplift in retention scenario**, and it reduces the negative residual in the convenience goods sector by 3,600 sq.m gross, again under the **uplift in retention scenario**.

Distribution of Quantitative Need by Core Strategy Sub-Area

Comparison Goods

- 7.23 We have taken a strategic approach to identifying the overall level of net gain to the comparison goods retail stock that is required across the whole of the Survey Area, in the period up to 2035 (including in centres such as Seaham, Chester-Le-Street, Birtley and Boldon, which are outside the administrative area of Sunderland). The next step is to provide some advice on the potential distribution of the net gain in comparison goods retail stock across the Core Strategy Sub-Areas.
- 7.24 We anticipate that the emerging Publication Draft Core Strategy may refer to the evaluation of a number of options for distributing the quantitative need that we have identified. As our starting point, however, we have considered a spatial distribution which is based on the amount of comparison goods expenditure currently retained by centres and freestanding stores in each of the four Sub-Areas (having merged the City Centre with Sunderland South), and in Zones 10 to 15, which are outside the administrative area of Sunderland. This analysis is derived from spreadsheet Table 3 of Volume 2, as annotated in spreadsheet Table 10 of Volume 2, and summarised in Table 7.5 below.

Table 7.5 Distribution of Comparison Goods Expenditure Residual by Core Strategy Sub-Area based on Constant Market Shares

Zones	Sub-Area (Approximately)	Retained Comparison Goods Expenditure	Percentage Share
1, 2 and 3	Sunderland South and City Centre	£395.7m	55.7%
4 & 5	Sunderland North	£53.0m	7.5%
6 & 7	Coalfield	£15.3m	2.1%
8 & 9	Washington	£136.9m	19.5%
Sub-Total for SCC	Sunderland City Council Area	£600.9m	84.6%
10 to 15	Outside the admin area of SCC	£109.1m	15.4%
Overall Total	Overall Survey Area	£710.0m	100.0%

- 7.25 Thus, under the base population scenario, and under the static market share approach, the net gain in occupied comparison goods floorspace requirement for each Sub-Area within Sunderland, and in the combined area covered by Zones 10 to 15, are as set out in Table 7.6.

Table 7.6 Distribution of Comparison Goods Net Gain in Occupied Floorspace Need by Core Strategy Sub-Area based on Constant Market Shares

Zones	Sub-Area (Approximately)	Percentage Share	Net Gain in the Occupied Comparison Floorspace Stock Sq.m Gross
1, 2 and 3	Sunderland South and City Centre	55.7%	28,100
4 & 5	Sunderland North	7.5%	3,800
6 & 7	Coalfield	2.1%	1,100
8 & 9	Washington	19.3%	9,700
Sub-Total for SCC	Sunderland City Council Area	84.6%	42,700
10 to 15	Outside the admin area of SCC	15.4%	7,800
Overall Total	Overall Survey Area	100.0%	50,500

NB: Figures are rounded to the nearest 100 sq.m gross

- 7.26 A reasonable alternative, which would go some way towards reversing the polarisation trend within the Sunderland retail hierarchy, might see a distribution along the lines of that set out in Table 7.7.

Table 7.7 Reasonable Alternative Distribution of Comparison Goods Net Gain in Occupied Floorspace Need by Core Strategy Sub-Area based on Constant Market Shares

Zones	Sub-Area (Approximately)	Percentage Share	Net Gain in the Occupied Comparison Floorspace Stock Sq.m Gross
1, 2 and 3	Sunderland South and City Centre	52.5%	26,500
4 & 5	Sunderland North	7.5%	3,800
6 & 7	Coalfield	5.0%	2,500
8 & 9	Washington	25.0%	12,600
Sub-Total for SCC	Sunderland City Council Area	90.0%	45,400
10 to 15	Outside the admin area of SCC	10.0%	5,100
Total	Overall Survey Area	100.0%	50,500

NB: Figures are rounded to the nearest 100 sq.m gross

- 7.27 The figures in Table 7.7 again derive from the base population scenario and a constant aggregate retention assumption for the survey area as a whole. However, in this alternative distribution, we adjust the market shares amongst each of the sub-areas, whilst increasing the overall share for centres and stores within the administrative area of Sunderland to 90.0 per cent, from 84.6 per cent, so as to reflect the desire to improve the performance of the overall hierarchy of centres in Sunderland. The effect of these

assumptions (compared to the constant market share approach set out in Table 7.6) is to marginally reduce Sunderland City Centre's share, whilst boosting the shares for Washington and the Coalfield, but with no impact on Sunderland North.

7.28 The choice of distribution strategy for retail development that is most appropriate will depend on a range of factors, including:

- an examination of the physical and environmental potential of the existing town centres to provide for appropriate retail, or retail-led mixed use development, which is viable, and which meets the requirements of the sequential test;
- the potential for the development industry to progress viable redevelopment in locations which meets the requirements of the sequential test; and
- the strength of existing and latent demand from the retail industry to occupy premises in each of the Sub-Areas.

Qualitative Need

7.29 Our assessment of qualitative needs in each of the three main Town Centres derives from a number of streams of work, as follows:

- our consultations with key stakeholders;
- the survey of pedestrians in each of the three town centres;
- our health checks;
- our assessment of the changes in the structure of the retail industry;
- our analysis of shopping and leisure patterns;
- our review of the findings of England & Lyle's Health Check report; and
- our own fieldwork.

7.30 We set out our findings in relation to qualitative need separately for each of the three main Town Centres, but obviously with most emphasis on the City Centre, which should be a key driver of the sub-regional economy.

Sunderland City Centre

- 7.31 For Sunderland City Centre, we have grouped our assessment of qualitative needs under six headings, some of which overlap with the more detailed work on other main town centre uses which is being undertaken by England Lyle Good.³⁴

Diversification of Uses in the Secondary Shopping Frontages

- 7.32 A common theme emerging from our report is the need for a diversification of uses, particularly outside the City Centre's Primary Shopping Area, which we propose to be consolidated and slightly contracted, as set out in Section 8. Furthermore, there is the need for City Centre retailers to benefit from the growth in leisure spending generally, but particularly from spending in food and beverage outlets. The expenditure that retailers gain from linked trips can help reduce the level of leakage of retail spending currently flowing to Newcastle and other competing destinations.
- 7.33 Indeed, several of the consultees referred to the need to improve the family leisure and food and drink offer available in the City Centre, so as to persuade more people to remain in/visit the City Centre in the evening. Furthermore, an analysis of the Goad listings for September 2015 confirms that there is scope to attract more independent and national brand coffee shops, better quality restaurants, and a better quality of bars that can attract higher spending visitors.
- 7.34 These perceptions are confirmed by the NEMS telephone survey of households, which reveals that Sunderland City Centre was the primary destination for pubs, bars and nightclubs for only 15 per cent of the respondents throughout the survey area, with a maximum market share of approximately 40 per cent in Zones 1 and 2. By comparison, Newcastle City Centre is the main pubs/bars/nightclub destination for 10 per cent of the households throughout the Sunderland survey area.
- 7.35 Similarly, Sunderland City Centre is the primary destination for restaurants and cafes for only 26 per cent of the respondents throughout the survey area, and it achieves a market share in excess of 10 per cent in only six of the fifteen survey zones, these being Zones 1

³⁴ This ongoing work is not to be confused with the work previously undertaken by England & Lyle in relation to the health of the various town, district and local centres, which culminated in its Report to the Council of January 2015.

to 5 which cover the main urban area of Sunderland and Zone 12 (Seaham/Murton/Easington). By comparison, Newcastle City Centre is the main destination for restaurants and cafes for 13 per cent of the respondents throughout the Sunderland survey area, so that Newcastle City Centre would appear to be achieving half the visitation rate for these purposes from residents of the Sunderland catchment area compared to Sunderland City Centre.

- 7.36 These findings suggest that there is a considerable qualitative need for Sunderland City Centre to improve its performance as a sub-regional centre, and its disappointing evening economy is one of the key factors that detracts from its performance. Further discussion on these matters is provided by England Lyle Good's separate report to the City Council on other main town centre uses.

More Retailer Representation in the Middle and Upper-Middle Sectors

- 7.37 Sunderland City Centre's retail offer continues to be dominated by the mid to lower end sectors of the market, as was the case at the time of Roger Tym & Partners' Sunderland Retail Needs Assessment of September 2009. Indeed, the NEMS telephone survey of households confirms an increasing level of expenditure leakage to Newcastle City Centre and to the Metro Centre, where the quality of retailer representation in the comparison goods sector is distinctly more upmarket.
- 7.38 Furthermore, the NEMS survey of February 2016 confirms that Sunderland City Centre achieves a comparison goods market share of over 30 per cent only amongst residents within the core of the Sunderland urban area (Zones 1 to 5), which is another indication of under-performance as a sub-regional centre. This under-performance must reflect, in part, the absence of a critical mass of retailers in the middle and upper-middle sectors of the market of the sort listed earlier in our report in Table 4.5. There is also a need to continue to promote niche independent operators and specialist markets.
- 7.39 Consultees also mourned the loss of Binns and Joplings, and identified a qualitative need for a further department store in addition to Debenhams, and the need for more fashion clothing in general. The Phase 3 development of the Bridges, so as to provide for a substantially larger store for a leading fashion retailer will certainly help in this respect.

Modern Retailer Requirements

7.40 An analysis of the Goad listings for September 2015 confirms that the mean size of vacant units in Sunderland City Centre is just 226 sq.m gross, with 81 per cent of the vacant units being of less than 280 sq.m gross, which is too small to meet the requirements of many national retailers. Another issue which emerged from our consultations was the lack of retail accommodation suited to meet demands arising from the growing 'Click & Collect' market, which requires much more back-up floorspace for storage and sorting.

Retail Development

7.41 Another common theme running throughout our report is the need for future retail development in Sunderland City Centre to focus on the redevelopment/refurbishment/remodelling of existing retail accommodation, given that there is unlikely to be a qualitative need for a new shopping mall in the short to medium term future. In our assessment, therefore, the short to medium term focus should be on the need to secure:

- better connections between the Bridges Shopping Centre and the remainder of the City Centre, particularly in terms of pedestrian linkage with the Sunderland University City Centre Campus, linkages with the Interchange, linkages with High Street West (including with the leisure facilities provided by Empire Cinemas, Grosvenor Casino and MFA Bowl) and linkages with Market Square and the Station;
- a strategy for a reduction in long term vacant floorspace, which is likely to require some consolidation and contraction of the Primary Shopping Area, but with diversification of uses in the secondary frontages and further initiatives to promote interim and 'meanwhile' uses, including financial incentives;
- land assembly in relation to the development opportunity areas that we subsequently identify in Section 8, with a particular need for land assembly of the remaining part of the Holmeside Triangle, following the completion of the City Centre Campus of Sunderland College, a process that is likely to require CPO procedures;

- a reappraisal of the potential of the Sunnyside area, which has not fully achieved the Vision originally set for it, which is a process that will require the relocation of non-conforming uses, property refurbishment, land assembly and marketing; and
- further partnership initiatives of the sort achieved with Siglion, so as to reduce the risk associated with complex developments throughout the wider City Centre.

Need to Promote Business Development

7.42 The Economic Masterplan has identified the scarcity of jobs in the City Centre as having hindered the development of better shopping and leisure facilities. As a consequence, we consider that full support should be given to various initiatives already underway to promote business development for new starts and inward investment, particularly the work being undertaken by the Economic Leadership Partnership and Sunderland BID, and the investment by Sunderland University in its new Innovation and Enterprise Hub.

7.43 The employment led mixed-use development of the Vaux site is clearly critical in promoting more jobs in the City Centre, and thereby boosting the potential for spin-off expenditure by employees in the City Centre's retail, leisure and service establishments. The successful development of the Vaux site will also assist in boosting patronage for the emerging hotel proposals near Keel Square and at the Stadium of Light.

Need to Promote Quality Housing

7.44 Another common theme emerging from our research is the increasingly important role of new housing development in promoting the health of Town Centres, through the attraction of new residents to improve the socio-economic profile of the immediate catchment area, and by bringing in new expenditure to support the evening and daytime economies of these centres. New high quality housing development can also assist in altering perceptions and improving investor confidence, and we consider that the residential component of the Vaux development will be critical to its success and the contribution it makes to the wider City Centre. Other areas that have the potential to attract more residential redevelopment include Farrington Row and Sunnyside.

Washington Town Centre

7.45 Washington Town Centre has benefitted from substantial levels of investment by Prudential/M&G Real Estate since the time it acquired the Galleries Shopping Centre in 1990. In Section 5, we have outlined the nature of the investment made, and its contribution towards maintaining the health of Washington Town Centre and in securing diversification of the Town Centre's food and beverage offer. As a consequence, there are fewer obvious qualitative needs, but those which we have identified as being particularly important are:

- need to secure, as quickly as possible, the cinema and food and beverage investment for which planning permission has already been approved;
- the need to improve the comparison goods offer and secure representation from retailers such as Dorothy Perkins, Primark, River Island, TK Maxx, Topman, Topshop, Waterstones and a WH Smith, with all of these retailers present in one or more of Washington's comparator centres in the North-East (these being Stockton-On-Tees, Hartlepool and Durham); and
- the need for further public realm improvements to the external environment.

Houghton-le-Spring Town Centre

7.46 Houghton-le-Spring Town Centre performs well as the main administrative centre of the Coalfield, but its retail function is more limited than Washington, despite having been placed at the same level in the UDP's hierarchy of centres. As a consequence, the Coalfield Sub-Area suffers from substantial amounts of expenditure leakage, in both the comparison and convenience goods sectors. Thus, there are substantial flows of comparison goods expenditure from the Coalfield to Sunderland, Washington, Durham, the Metro Centre and Newcastle. Indeed, even in the convenience sector, the Coalfield has by far the lowest localised retention rate, with substantial leakage to Washington, Durham and Doxford Park; this is a reflection of the fact that there is no food superstore located within the Coalfield, despite the longstanding opportunity for such a store at the Houghton Colliery site, with ASDA having withdrawn its previous interest in the site.

- 7.47 Thus, although the ongoing redevelopment of the former Co-op site in Houghton-le-Spring to provide for a new Lidl store, and the extant consent for a foodstore at Philadelphia, will help to improve the localised expenditure retention level, there remains a qualitative need for a further supermarket, at least medium in size, so as to reduce unnecessary levels of car travel.
- 7.48 In the comparison sector, representation in Houghton-le-Spring is limited, with very few national multiples present. We consider, however, that the biggest qualitative gap is in the clothing sector, so that the attraction of additional clothing retailers would help in the effort to secure an improved localised retention level in the comparison goods sector.

8 RECOMMENDATIONS WITH RESPECT TO PRIMARY SHOPPING AREAS, OVERALL TOWN CENTRE BOUNDARIES, DEVELOPMENT OPPORTUNITY AREAS AND AREAS IN NEED OF DIVERSIFICATION AND IMPROVEMENT

Introduction

- 8.1 In this Section of our report, we put forward our recommendations with respect to the definition of Primary Shopping Areas, the definition of overall Town Centre boundaries, the identification of development opportunity areas and the identification of areas in need of diversification and improvement. These recommendations have been informed by various strands of work, including: fieldwork (some of which, in the City Centre, was undertaken in the company of the Council's officers); consultations with officers and key stakeholders; Experian's Goad mapping and store listings; and the previous boundary definitions set out in the Sunderland Unitary Development Plan (for Washington and Houghton-le-Spring) and in UDP Alteration No. 2 (for Sunderland City Centre).
- 8.2 In the introduction to Section 7 of our Report, we set out the requirements of Paragraph 23 of the NPPF insofar as they relate to allocation of sites in the development plan process and the need to consider whether there is a need to expand town centres. We noted, however, that neither the NPPF, nor the NPPG, specifically referred to the need to consider whether there is a requirement for enlargement or contraction of Primary Shopping Areas. This is obviously a critical issue in applying the sequential test to proposals for retail development, for which the definition of '*edge of centre*' relates to Primary Shopping Areas, whereas for the other main town centre uses the definition of '*edge of centre*' is through reference to the overall town centre boundary, or, in the case of office uses, to distance from a public transport interchange.
- 8.3 Thus, in order to rectify this deficiency in current national policy and guidance, we have had to refer to the provisions of the Planning for Town Centres Practice Guidance of December 2009, which was superseded by the NPPG. This Practice Guidance made it

clear that it was necessary for the local plan process to consider both the overall town centre boundary and the Primary Shopping Area boundary. Indeed, the Practice Guidance specifically contemplates the need to identify ‘*planned extensions*’ to the Primary Shopping Area (see, for example, Paragraphs 2.8, 6.4, 6.12 and 6.19, and the Case Studies on pages 29, 36 and 37). This earlier Guidance has been particularly helpful, therefore, in assisting our recommendations with respect to the need for planned extensions to the Primary Shopping Area in Washington.

- 8.4 Thus, with these national policy requirements and superseded Guidance in mind, we turn next to the NPPF definitions, prior to setting out our recommendations with respect to each of the three main centres in Sunderland.

NPPF Definitions

Primary Shopping Areas

- 8.5 The Annex 2 Glossary of the NPPF defines the ‘Primary Shopping Area’ to be the:

‘Defined area where retail development is concentrated (generally comprising the primary and those secondary frontages which are adjoining and closely related to the primary shopping frontage’ (our emphasis).

- 8.6 The definition of the Primary Shopping Area is important to the operation of the sequential approach, because the location category ‘edge of centre’, for retail purposes, is defined in Annex 2 of the NPPF as being:

‘...a location that is well connected and up to 300m of the primary shopping area’.

- 8.7 For other main town centre uses, an ‘edge of centre’ location is within 300m of the overall town centre boundary, although for office development the term ‘edge of centre’ includes areas up to 500m from a public transport interchange.

Primary and Secondary Shopping Frontages

- 8.8 The Annex 2 Glossary of the NPPF defines ‘**Primary Frontages**’ as being ‘*...likely to include a high proportion of retail uses which may include food, drinks, clothing and household*

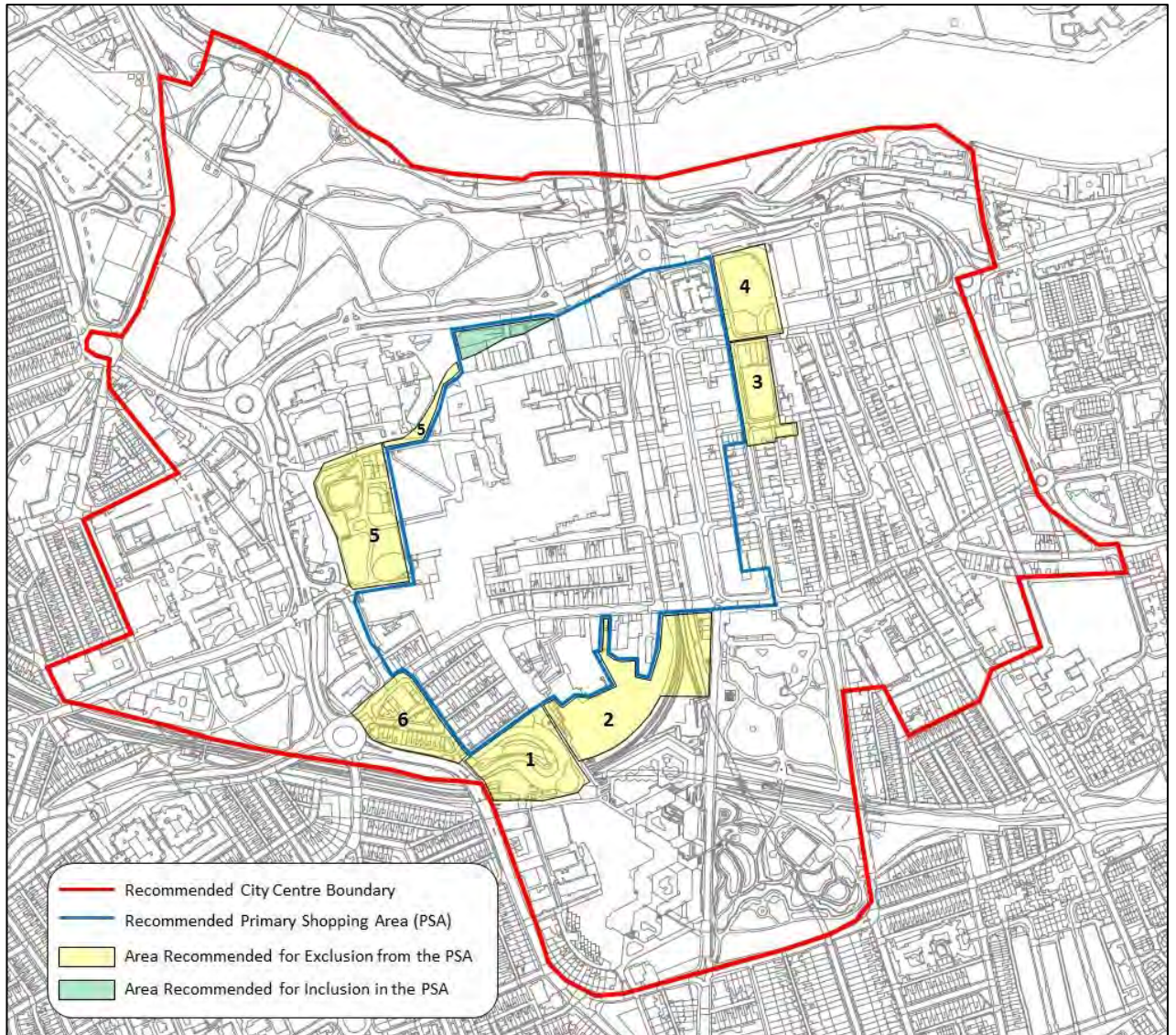
goods’, whereas ‘**Secondary Frontages**’ ‘...provide greater opportunities for a diversity of uses such as restaurants, cinemas and businesses’.

Sunderland City Centre

Primary Shopping Area

- 8.9 In Sunderland City Centre, we consider that the ‘Retail Core’ boundary identified in Figure 2 of UDP Alteration No. 2 is akin to the NPPF definition of ‘Primary Shopping Area’, although we propose some amendments to it to reflect changes in circumstances since UDP Alteration No. 2 was prepared. Thus, our recommended definition of the ‘Primary Shopping Area’ in Sunderland City Centre is as shown in Figure 8.1 (which is reproduced at a larger scale in Volume 2).
- 8.10 Compared to the Retail Core boundary shown in Figure 2 of UDP Alteration No. 2, we are recommending the exclusion of the following areas:
- **Area 1:** the Transport Interchange;
 - **Area 2:** the site of the City Campus of Sunderland College, and an area which offers the opportunity for the possible relocation of Sunderland City Station (formerly covered by Area Proposal SA 54.4 of the UDP);
 - **Area 3:** the former Joplings department store and its immediate surroundings to the north and south;
 - **Area 4:** the site of the Empire Cinema, and the adjoining food and beverage uses;
 - **Area 5:** St. Michael’s Church and the Town Park site, including a bit of the realigned highway; and
 - **Area 6:** the Mary Street Triangle to the west of Stockton Road.
- 8.11 With the exception, perhaps, of the former Joplings department store (which is now the subject of interest for a hotel led mixed use development), none of these areas offer scope for any material level of retail development, so that they do not belong in the Primary Shopping Area, which is the favoured area for such development.

Figure 8.1: Recommended Definition of Sunderland City Centre's Primary Shopping Area and the Overall Extent of the City Centre Boundary

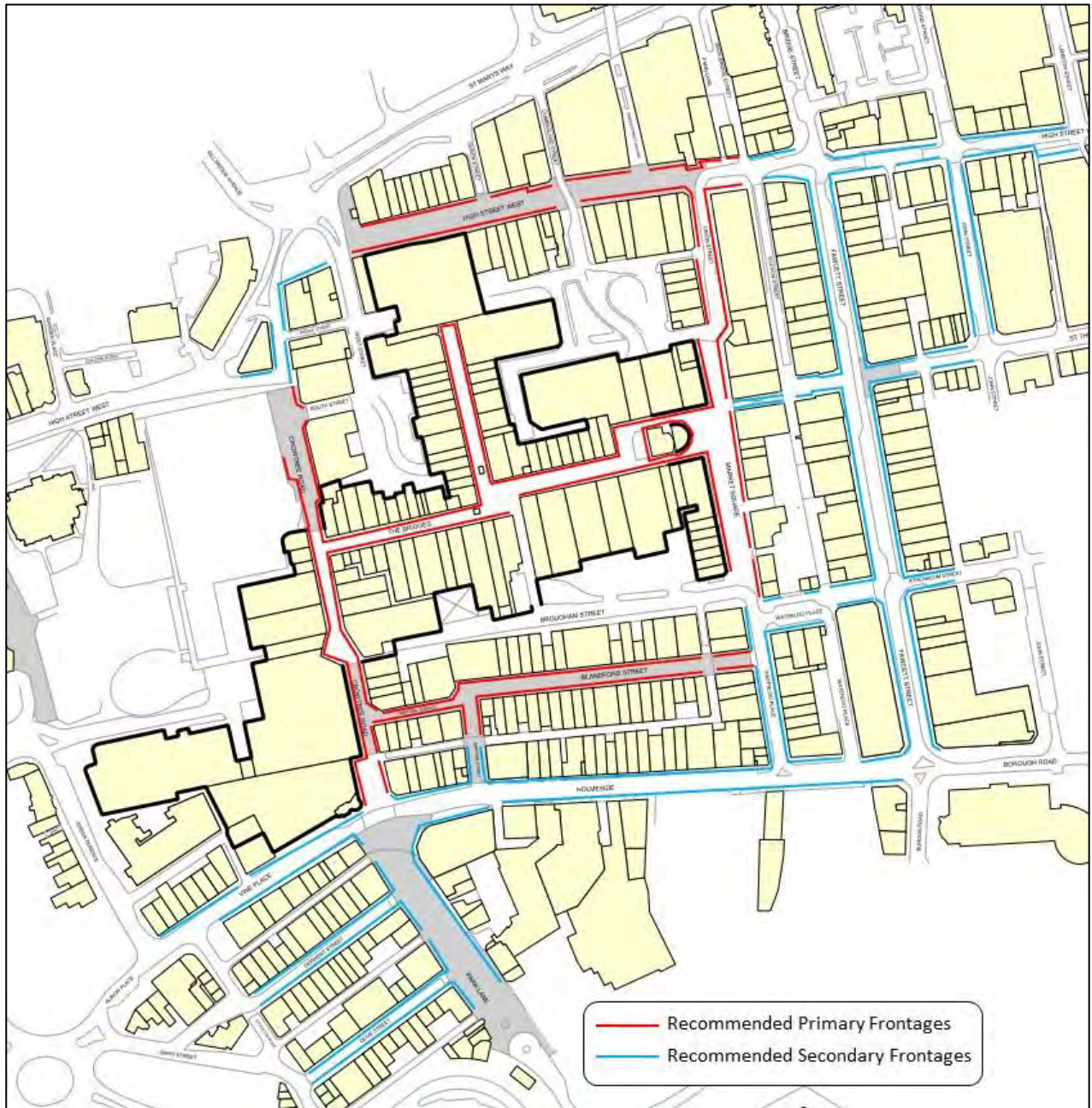


8.12 There is one area that we propose to add to the Primary Shopping Area, as shaded green in Figure 8.1. This is an addition arising from the realignment of St. Mary's Way.

Primary and Secondary Shopping Frontages in Sunderland City Centre

8.13 Our recommendations with respect to the definition of Primary Frontages (all of which are located within the Primary Shopping Area) and Secondary Frontages (most of which are located within the Primary Shopping Area) are set out in Figure 8.2.

Figure 8.2: Recommended Primary and Secondary Frontages within Sunderland City Centre



- 8.14 Figure 8.2 shows that all of the frontages within and leading to the Bridges Shopping Centre are recommended as Primary Frontages. In addition, we consider it important to protect the retail uses along Blandford Street, so that these should be similarly designated as Primary Frontages. We also recommend that the frontages to Market Square and Union Street are designated as Primary Frontages in recognition of their links with High Street West and the Bridges Shopping Centre. Finally we recommend that High Street West, from the west of Station Street up to Keel Square, should be designated as Primary Frontages.
- 8.15 The most important of the Secondary Frontages that we identify include the remainder of High Street West, Fawcett Street, the northern end of John Street, St. Thomas Street, Waterloo Place, Athenaeum Street, Holmeside, Park Lane, Vine Place, Derwent Street and Olive Street.

Overall City Centre Boundary

- 8.16 We have no reason to recommend any change to the overall City Centre boundary shown in Figure 2 of UDP Alteration No.2, which in turn is very similar to the City Centre Inset Boundary of the UDP's Proposals Map. Thus, the overall City Centre boundary is as shown edged in red in Figure 8.1. We consider that the areas between the proposed Primary Shopping Area and the wider City Centre boundary offer the scope to provide for the full range of 'main town centre uses', as defined in Annex 2 of the NPPF, and for much needed residential development, so as to increase the City Centre's residential population and widen its socio-economic profile. These areas includes:
- the Civic Centre and its immediate surrounds;
 - high quality public open space in the form of Mowbray Park and its extension;
 - the Culture Quarter identified in UDP Alteration No. 2, which includes the Museum and Library, with the Sunderland Software Centre to the immediate east;
 - Sunnyside, which Policy SA74A of UDP Alteration No. 2 envisages will be developed as a *'dynamic and distinctive mixed use quarter, with a recognised business location*

primarily for small businesses and a niche retail area, a lively and varied restaurant and café quarter and a desirable centrally located living area’;

- the concentration of commercial leisure uses between Wear Street West and High Street West, which includes the Empire Cinema, the MFA Bowling Alley and the Grosvenor Casino, together with associated food and beverage outlets and a Travelodge Hotel;
- open space areas and student accommodation alongside Panns Bank;
- the former Vaux brewery site, which is the subject of a hybrid planning permission for office led mixed use development;
- the Galleys Gill and Farringdon Row sites, which offer the scope for mixed use residential led development and improvements to public open space areas along the River Wear corridor;
- the Theatre Quarter, which includes the Music, Arts and Culture Quarter being promoted by the MAC Trust;
- the Chester Road City Centre Campus of Sunderland University, which also incorporates the recent investment in the new Enterprise and Innovation Hub;
- the Marys Street triangle to the west of Stockton Street, which is dominated by pubs, restaurants and takeaways; and
- the Transport Interchange.

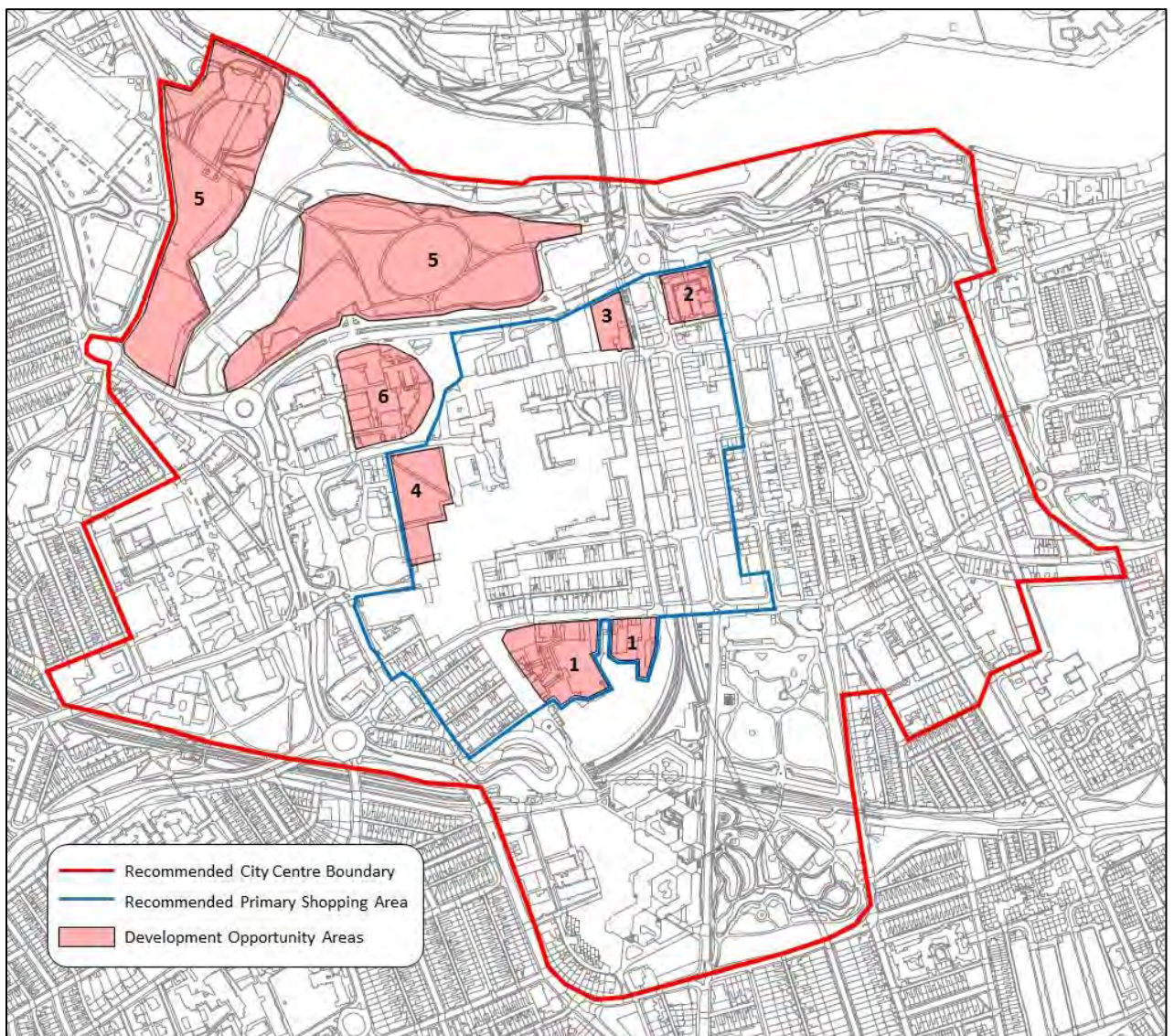
Development Opportunity Areas within Sunderland City Centre

8.17 In Figure 8.3, we identify four key development opportunity areas within the Primary Shopping Area, which we consider to be suitable for retail, or retail-led mixed-use development, these being:

- **Area 1:** the remainder of the Holmeside Triangle following the completion of the City Centre Campus for Sunderland College, having excluded, also, the area with potential to relocate Sunderland Station;

- **Area 2:** the Bridge House site, which currently contains parking and office uses that do not reflect the full potential of this site within the Primary Shopping Area and as an important link to the commercial leisure facilities to the immediate east;
- **Area 3:** this development/refurbishment opportunity arises from the recent closure of the BHS store and its position adjoining the vacant former JJB Sports store; and
- **Area 4:** the former Crowtree Leisure Centre, which forms Phases 3 and 4 of the Bridges, with Phase 3 being targeted at a national fashion operator and Phase 4 likely to comprise leisure and associated food and beverage uses.

Figure 8.3: The Main Development Opportunity Areas within Sunderland City Centre



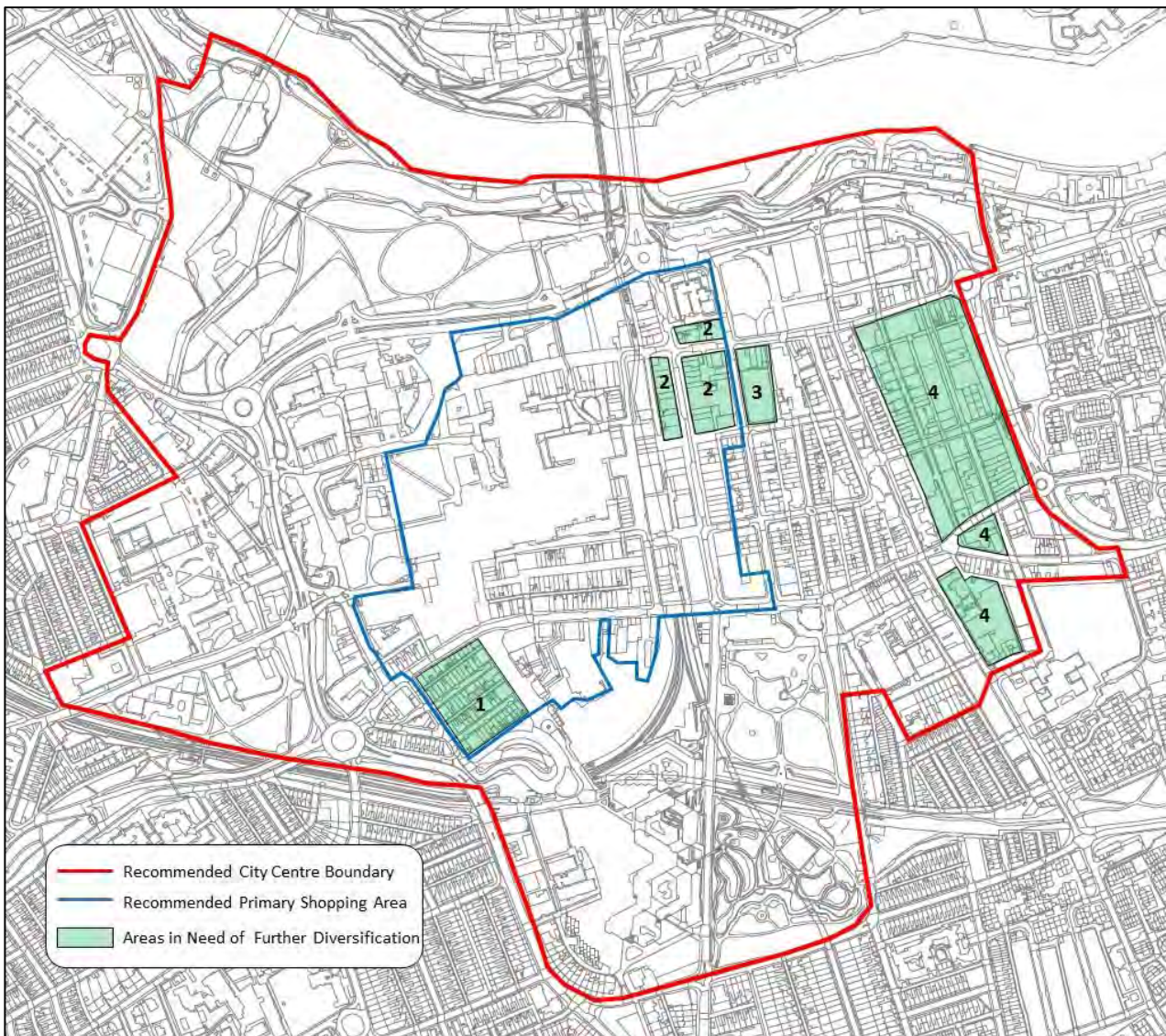
- 8.18 Elsewhere within the City Centre, but outside the Primary Shopping Area, there are the longstanding development opportunities at the former Vaux brewery site, Galleys Gill and Farringdon Row (Area 5). Indeed, Farringdon Row/Galleys Gill is being promoted for residential led mixed use development and residential use will represent the second most important component of the employment led mixed use development at the Vaux site.
- 8.19 More recently, interest has focused on development of the MAC Quarter (Area 6), which is likely to involve the redevelopment of important buildings such as the former fire station, the soon to be redundant Police Headquarters and Magistrates Court, and the underused buildings in the Paley Street and Eden Street area.
- 8.20 In addition to the development opportunity areas, we recognise that there is a substantial stock of vacant floorspace at ground and upper levels, which is likely to offer further opportunities for refurbishment and reconfiguration over the lifetime of the emerging plan, including, for example, the premises on John Street, formerly occupied by Joplings, and the vacant premises on High Street West and at Mackie's Corner.

Areas in Need of Further Diversification and Improvement in the City Centre

- 8.21 Figure 8.4 identifies four areas which offer scope for, and are in need of, a diversification of uses, and general improvement, two of which are within the Primary Shopping Area and two outside, these being:
- **Area 1:** the Park Lane Shopping Area (Vine Street, Derwent Street and Olive Street), which has already begun to be an area which helps the evening economy, but for which there is considered to be potential for further transformation, albeit that this is likely to require pedestrianisation so as to achieve an environment similar, as one consultee advocated, to that which has been achieved in Gardner Street, Brighton;
 - **Area 2:** Fawcett Street to the north of St. Thomas Street and including Mackie's Corner on High Street West, which is an area that contains a number of vacant properties, as shown in Figure 4.1, and which is an area that needs to improve if more successful linkages are to be established between the commercial leisure uses to the east and the Primary Shopping Frontages to the west;

- **Area 3:** the former Joplings premises and the immediate properties to the north, for which the objectives will be similar to those set out for Area 2, noting that there is already planning permission for a hotel led mixed use development, with retail on the ground floor, in respect of the former Joplings premises;
- **Area 4:** those parts of Sunnyside to the east of Norfolk Street which are currently characterised by a range of commercial, industrial and non-conforming uses which detract from the improvements made in the western parts of Sunnyside, such as Sunnyside Gardens, with this being an area that is likely to offer medium to longer term potential for residential redevelopment.

Figure 8.4: The Main Areas in Need of Diversification and Improvement within Sunderland City Centre

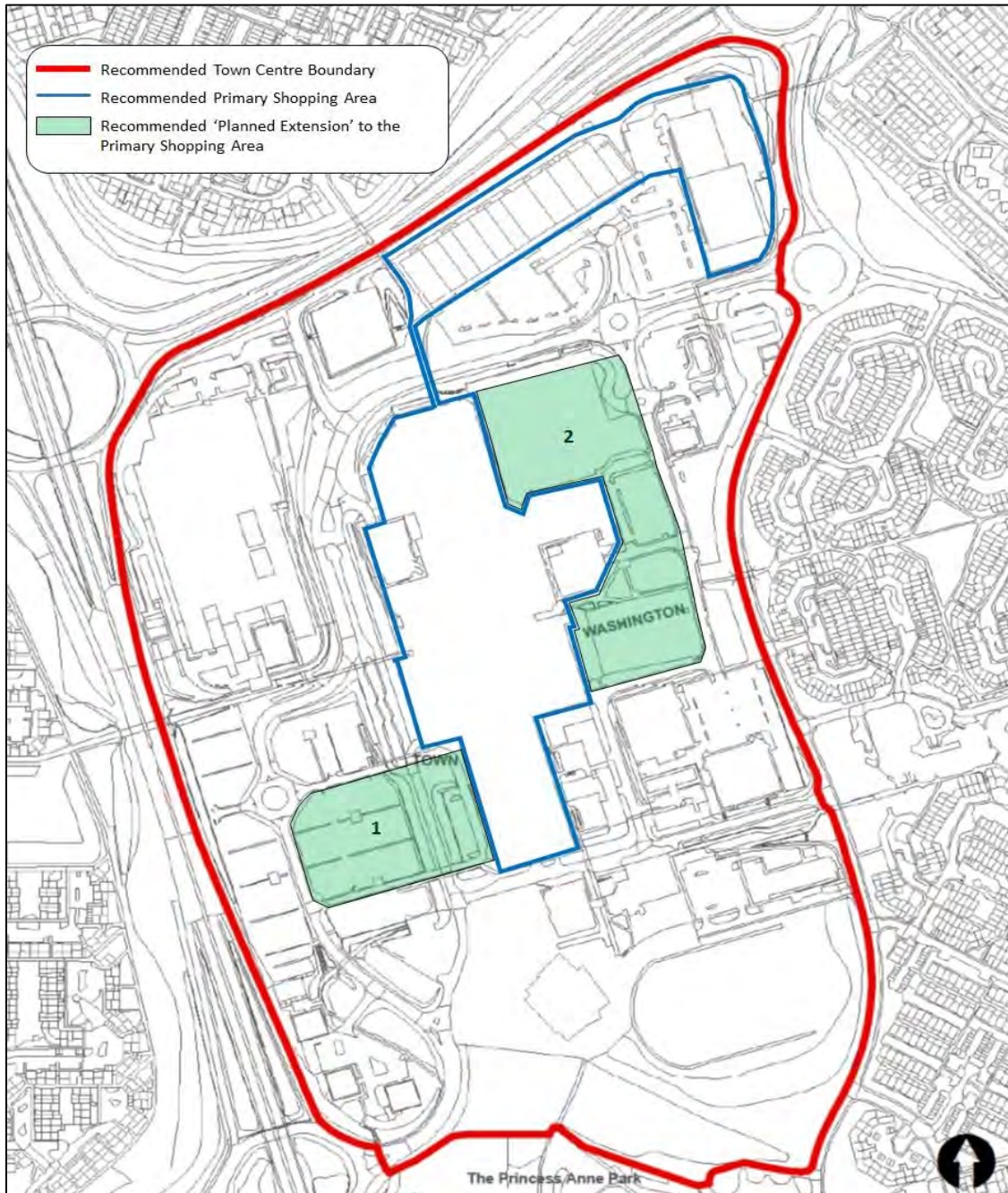


Washington Town Centre

Primary Shopping Area

- 8.22 Our fieldwork and extensive discussions with officers of the Council and representatives of M&G Real Estate suggest that the existing Primary Shopping Area in Washington (using the definition in Annex 2 of the NPPF) is as shown edged in blue in Figure 8.5. It should be noted that our recommendation for the extent of the existing '*Primary Shopping Area*' is different from the '*Main Shopping Area*' shown on the Washington Town Centre Inset Plan of the UDP. However, the latter was adopted in the context of Revised PPG6 of June 1996, which did not provide a definition for the '*Primary Shopping Area*'. Thus, in our view, the existing Primary Shopping Area incorporates the Galleries Retail Park, but excludes that part of the Western Car Parks site which is identified for a variety of town centre uses under Area Proposal WA34.1 of the UDP.
- 8.23 Thus, the existing Primary Shopping Area represents a tightly drawn boundary around the whole of the Galleries shopping area, around the units in the Retail Park and the walkway between the two. However, the existing Primary Shopping Area does not offer the scope for meeting the need for retail development in Washington that we have identified for the period up to 2035. We recommend, therefore, that the areas shaded green in Figure 8.5 are identified in the development plan as planned extensions to the Primary Shopping Area. These areas represent that part of the Western Car Parks currently identified for a range of town centre uses under Area Proposal WA31(1) of the adopted UDP, and a large part of the Eastern Car Parks. These planned extensions to the Primary Shopping Area should be capable of meeting the retail need we have identified for Washington in the period up to 2035, as set out in Section 7.
- 8.24 However, we recognise that both the Western and Eastern Car Parks have the same constraints in relation to the need for replacement car parking, which is likely to be in a multi-level format, which can be expensive. Thus, the Western and Eastern Car Parks do not represent currently available sites for the purposes of development management. Nevertheless, our consultations suggest that they will represent suitable and viable opportunities over the lifetime of the emerging development plan.

Figure 8.5: Recommended Definition of Washington Town Centre's Primary Shopping Area, Recommended 'Planned Extension' to the Primary Shopping Area and the Overall Extent of the Town Centre Boundary



Primary and Secondary Shopping Frontages in Washington Town Centre

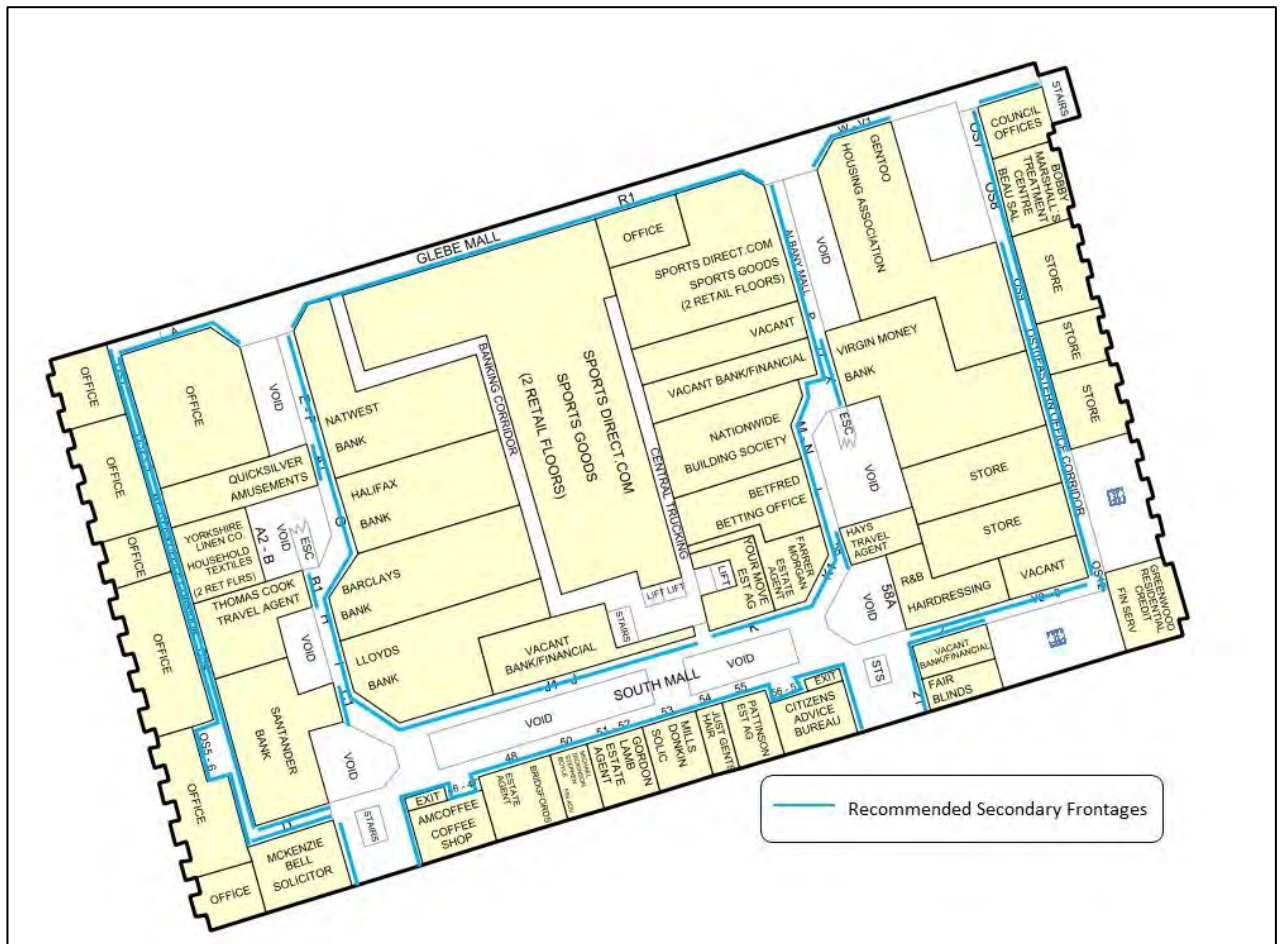
- 8.25 We recommend that all of the ground floor level frontages within the Galleries Shopping Centre are designated as Primary Frontages, and that the frontages to the retail units in the Galleries Retail Park are also designated as Primary Frontages, as shown in Figure 8.6. However, we consider that the frontages to the premises in the upper level of the

Galleries should be designated as Secondary Frontages, given the high proportion of non-retail uses at this level. Thus, the secondary frontages are shown in Figure 8.7.

Figure 8.6: Recommended Primary Frontages within Washington Town Centre



Figure 8.7: Recommended Secondary Frontages within Washington Town Centre



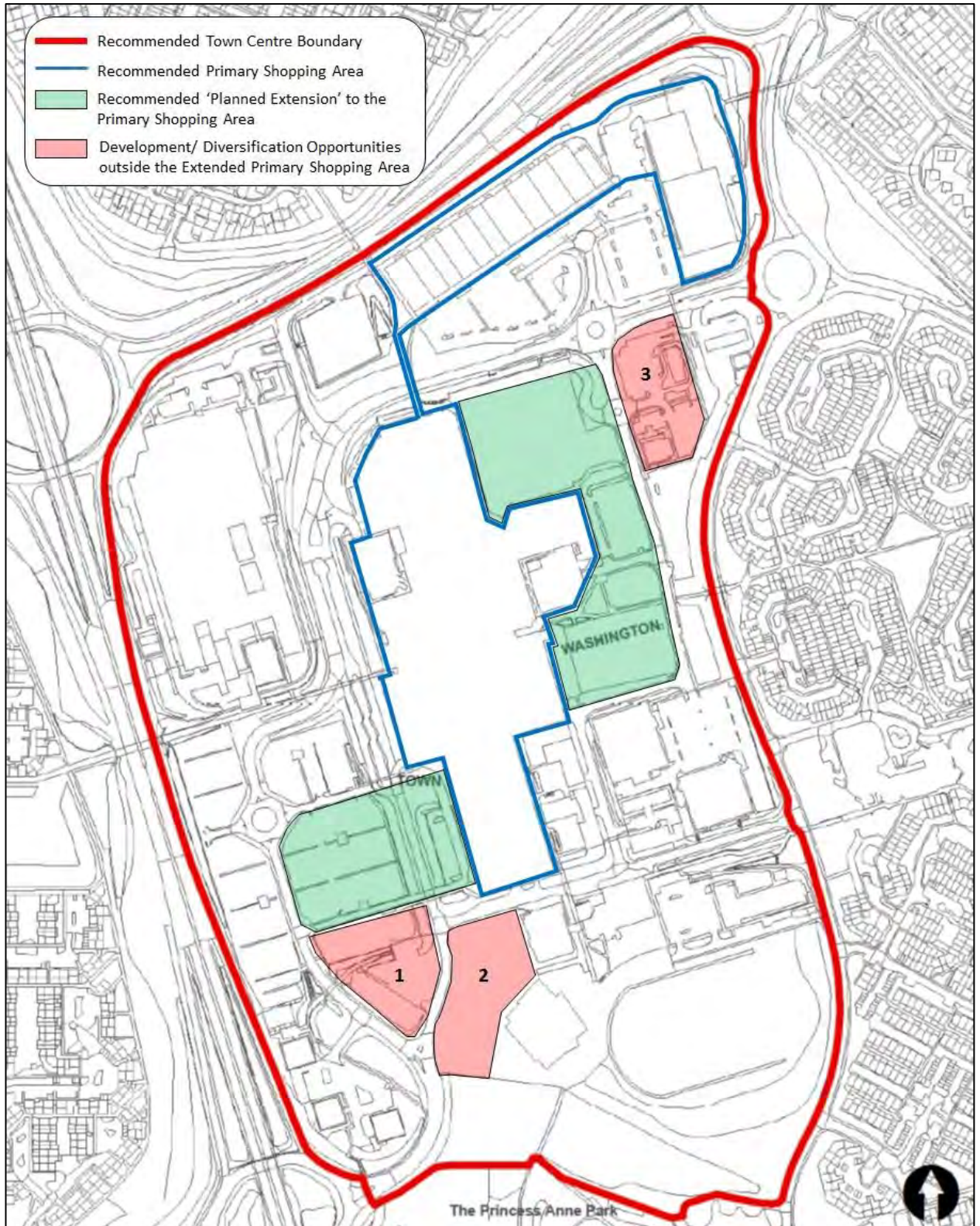
Overall Town Centre Boundary for Washington

8.26 We have no reason to recommend any changes to the overall boundary of Washington Town Centre, as defined on the UDP Town Centre Map. Thus, the overall boundary of Washington Town Centre is shown in red in Figure 8.5.

Development/Diversification Opportunity Areas in Washington

8.27 In Figure 8.8, we identify three development/diversification opportunities which are located outside the Primary Shopping Area, as proposed to be extended, these being:

Figure 8.8: The Main Development/Diversification Opportunity Areas located outside of Washington Town Centre's Extended Primary Shopping Area



- **Area 1:** which is the site of the extant planning permission (Ref. 13/02714/FUL) for a multi-screen cinema and associated retail and food and beverage units in Use Classes A1 to A5. This is an area which should be allocated for leisure and ancillary uses in the development plan, with the pedestrian survey identifying a cinema as being the most important missing component in Washington Town Centre's leisure offer.
- **Area 2:** is an area of land in the ownership of M&G Real Estate, which lies between the proposed cinema and the recently developed Washington Leisure Centre, and it is an area which is considered to offer potential for other main town centre uses.
- **Area 3:** is a site currently occupied by KFC and Frankie & Benny's, but it does not appear to be intensively utilised and would seem to offer scope for more intensive development for other main town centre uses.

Houghton-le-Spring Town Centre

Primary Shopping Area

- 8.28 Our recommended Primary Shopping Area for Houghton-le-Spring Town Centre, which is shown edged in blue in Figure 8.9, is very similar to the area covered blue on the Houghton Town Centre Insert Map of the UDP. However, we propose one addition, shaded in green in Figure 8.9 (Area 1), and one deletion, shaded in yellow (Area 2). The addition simply represents a rounding off to include an area which is not currently utilised to its full potential and which forms part of a wider development opportunity. The deletion represents an area of primarily residential use that probably shouldn't have been in the area shaded blue on the UDP Proposals Map.

Primary and Secondary Frontages

- 8.29 Our recommendations with respect to the definition of Primary (red) and Secondary (blue) Frontages in Houghton-le-Spring Town Centre are shown in Figure 8.10.

Figure 8.9: Recommended Definition of Houghton-le-Spring Town Centre's Primary Shopping Area and the Overall Extent of the Town Centre Boundary

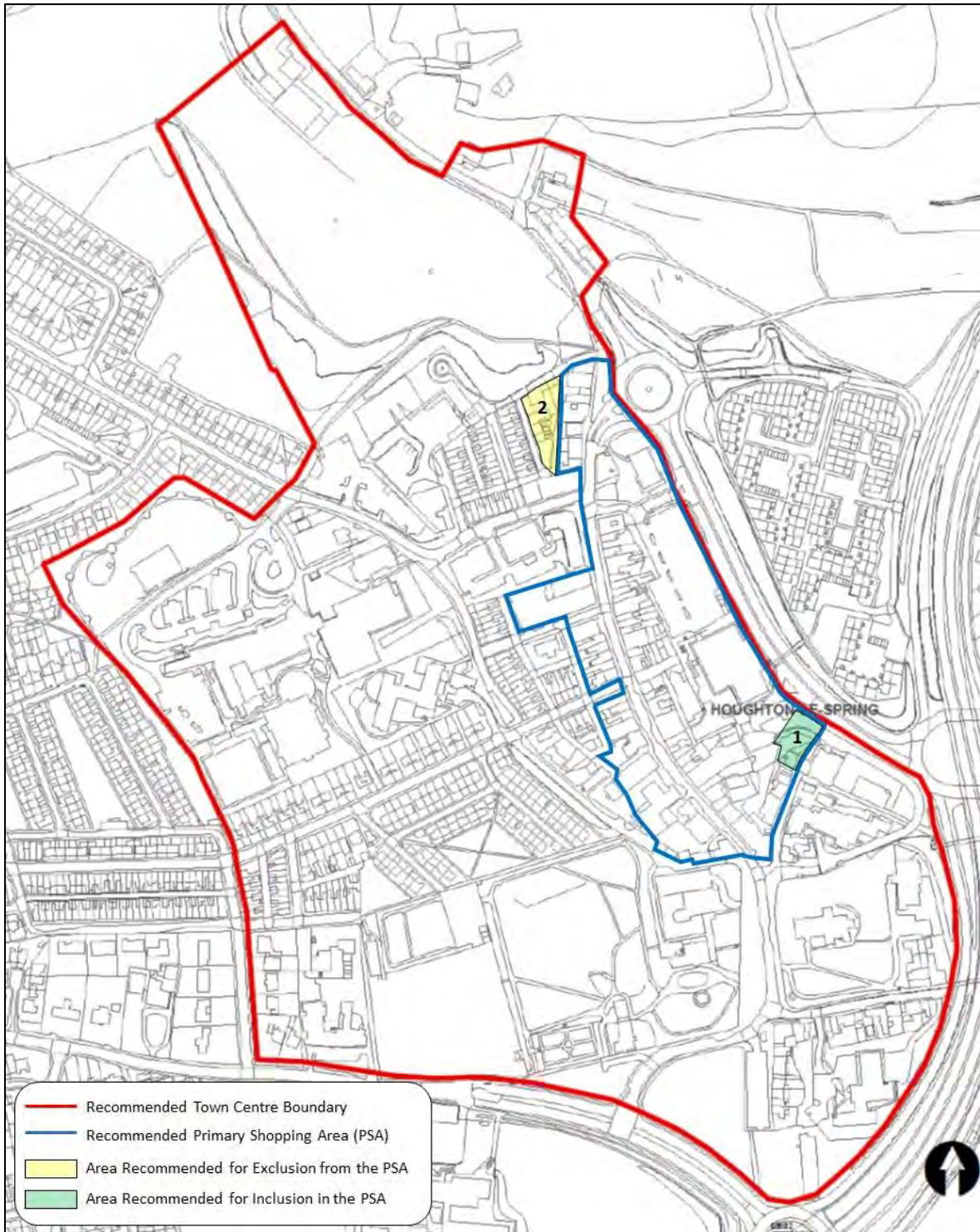
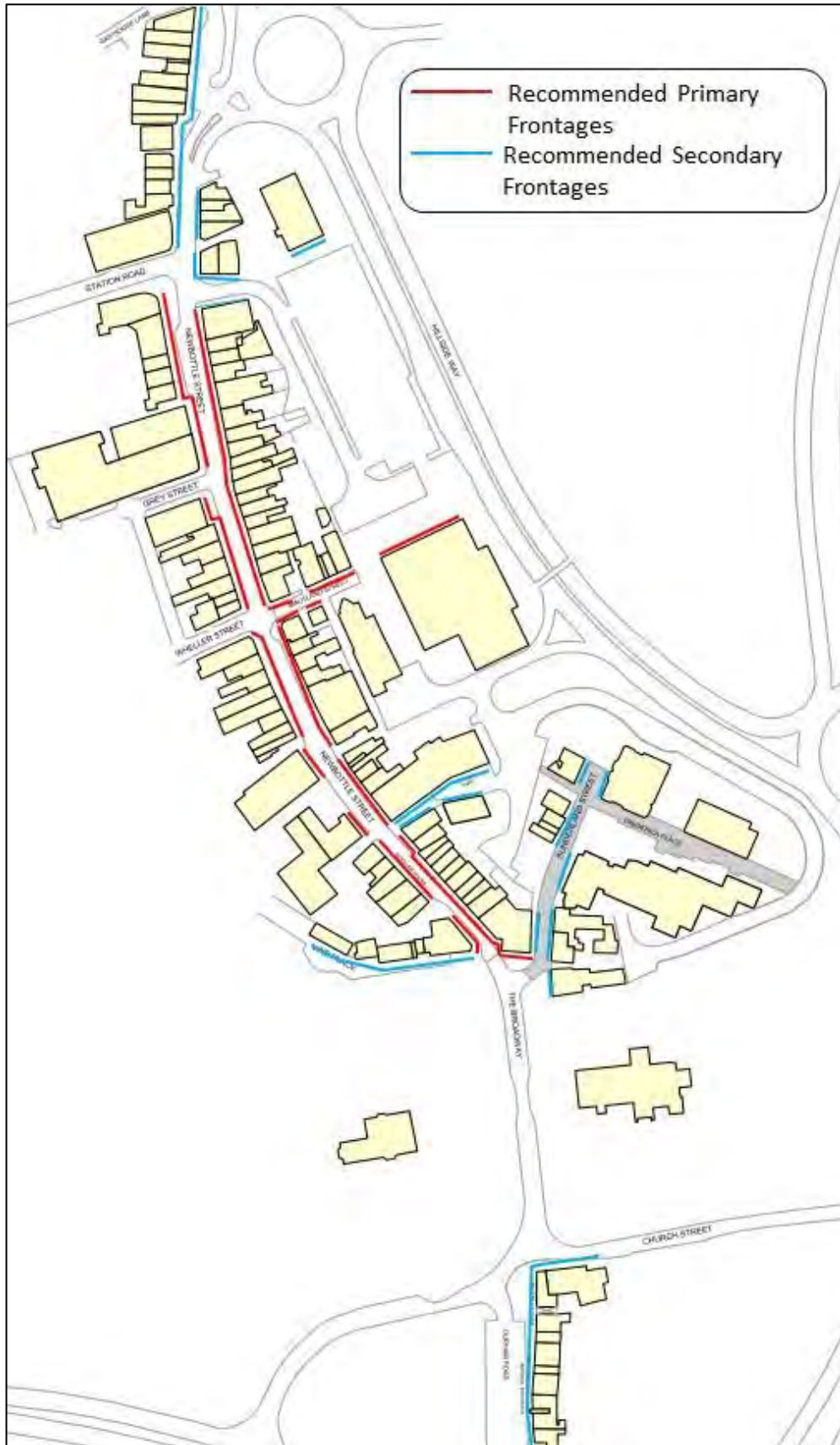


Figure 8.10: Recommended Primary and Secondary Frontages within Houghton-le-Spring Town Centre



- 8.30 All of the Primary Frontages are within the Primary Shopping Area, and they cover both sides of Newbottle Street to the south of its intersection with Station Road. We also recommend the inclusion of Mautland Street as a Primary Frontage, given its important future role in linking the new Lidl store with Newbottle Street.
- 8.31 The secondary frontages are also mainly located within the Primary Shopping Area, but we recommend that a Secondary Frontage designation is also given to the properties on Durham Road, to the south of Church Street.

Overall Town Centre Boundary

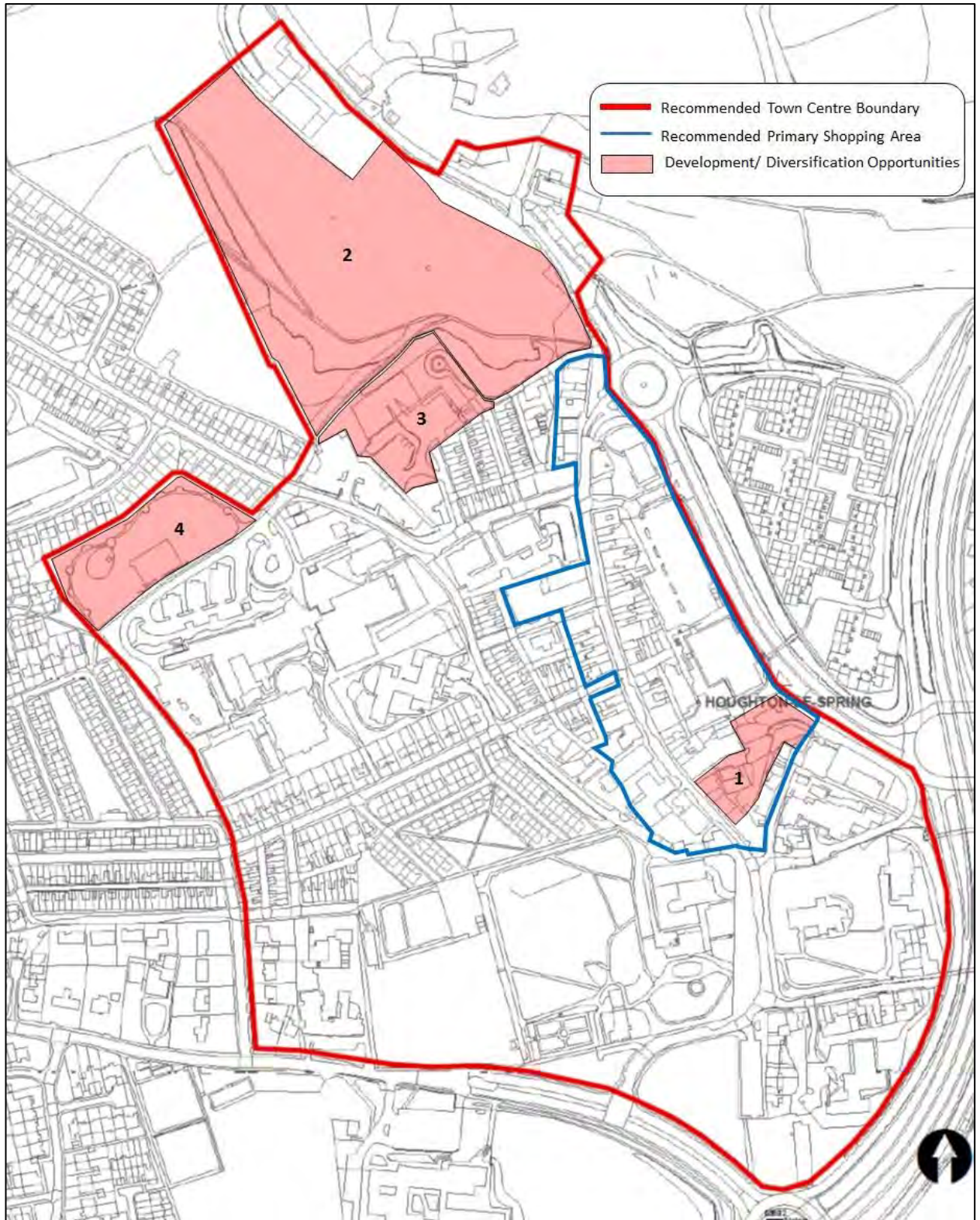
- 8.32 We have no reason to recommend any change to the overall boundary of Houghton-le-Spring Town Centre as defined on the Town Centre Inset Map of the UDP. Thus, the overall Town Centre boundary for Houghton-le-Spring is as shown in red in Figure 8.9.

Development Opportunity Areas and Areas with Potential for Diversification

- 8.33 We have identified only one area within the Primary Shopping Area of Houghton-le-Spring that would seem to represent a development opportunity, which is shown as **Area 1** in Figure 8.11. This is the area in the south east corner of the Primary Shopping Area, which represents an important entrance into the Town Centre. We consider that much of the land and buildings are not used to their full potential, and we have noticed that many of the properties fronting Newbottle Street have vacant first floor levels, with two properties being entirely vacant at the time of the Goad survey in September 2015. However, the development potential of this area is likely to require site assembly, so there is a possible need for a Compulsory Purchase Order procedure. Another constraint relates to the fact that part of the development opportunity area falls within the St. Michael's Conservation Area. We consider, nevertheless, that this part of the Town Centre's Primary Shopping Area offers scope to accommodate other main town centre uses thereby promoting diversification.

- 8.34 There are also three areas that are located within the overall town centre boundary of Houghton-le-Spring, but outside the Primary Shopping Area, these being:
- **Area 2:** is the longstanding opportunity at the former Houghton Colliery site, which is identified under Area Proposal HA 31(1) of the UDP Town Centre Inset for a range of town centre uses, including shopping, office, business, housing, leisure, community, car parking and open space uses. The site is understood to be in the ownership of the City Council and at one time attracted the interest from a major superstore operator, although this interest was dropped following the impact of the recession. It is unlikely that any new development will be anchored by a food superstore, but it may be possible to incorporate a smaller/medium-sized supermarket of the sort operated by Aldi within the south east corner of the site;
 - **Area 3:** has long been identified for a range of uses under area proposal HA 31(2) of the UDP. However, the site is constrained and residential development appears to be most suitable use for this site;
 - **Area 4:** covers part of Area Proposal HA32 of the UDP, which seeks to promote a sports complex, which has now been completed, and additional sporting facilities. This would seem to be an obvious site, therefore, for a swimming pool facility, if this could be operated viably and satisfactorily integrated with the surrounding housing. Indeed, the NEMS survey of pedestrians in Houghton-le-Spring identified support for a swimming pool facility when respondents were asked whether the Town Centre was lacking any leisure facilities.

Figure 8.11: The Main Development/Diversification Opportunity Areas within Houghton-le-Spring Town Centre



9 OTHER RECOMMENDATIONS

Introduction

9.1 In this final section of our report, we outline our other recommendations, which relate to:

- the network, hierarchy and role of the centres included in Policy CS5.1 of the Core Strategy consultation document of August 2013;
- a strategy for meeting retail needs;
- local impact assessment thresholds; and
- appropriate policy mechanisms for non-retail uses, particularly for hot food take-aways.

Network, Hierarchy and Role of Centres

9.2 An important requirement of Paragraph 23 of the National Planning Policy Framework (the NPPF) is that Local Authorities, in drawing up Local Plans, should ‘...*define a network and hierarchy of centres that is resilient to anticipated future economic change*’. This is reflected in the Specification for the current study, the fourth requirement of which has two parts, which are: a) to confirm whether or not the current hierarchy of centres, as defined in Strategic Policy CS5.1 of the Core Strategy consultation document of August 2013, provides an appropriate network, and b) to identify the realistic role and function of centres in each level of the hierarchy.

9.3 In responding to this aspect of the Specification, we have drawn on a number of streams of work, as follows:

- our review of the findings of the original Sunderland Retail Needs Assessment provided by Roger Tym & Partners, in its report to the Council of September 2009;
- our review of the findings of the Health Check Assessments of Town, District and Local Centres undertaken by England and Lyle, late in 2014, culminating in its report to the Council of January 2015;

- the findings of the NEMS telephone survey of households undertaken in February 2016, which has enabled us to estimate the comparison and convenience turnover of all of the District Centres in the Policy CS5.1 hierarchy, and most of the Local Centres;
- an analysis of the current number of retail and service units in each of the centres, and the quality and type of the retailer representation within them; and
- our own fieldwork observations in each of the centres in the hierarchy.

9.4 Having undertaken this work, we have concluded that the network of centres (the pattern of provision) and the hierarchy of centres (the role and relationship of centres in the network) set out in draft Policy CS5.1 is, in the main, fit for purpose within the terms of the requirements of the NPPF and the NPPG. In particular, we consider that:

- **Sunderland City Centre** is clearly at the top of the hierarchy, with a combined comparison and convenience goods turnover of just over £300m. However, its role and influence as a sub-regional centre needs to be strengthened, with strong market shares currently being derived only from the main urban areas of Sunderland (Sunderland North and Sunderland South), and with high levels of retail and leisure expenditure leakage to Newcastle City Centre and the Metro Centre. Nevertheless, the City Centre provides for the full range of main town centre uses, as set out in Annex 2 of the NPPF, with particularly important civic, arts, culture, educational and leisure functions.
- Following the City Centre, **Washington** is clearly the main Town Centre within the administrative area of Sunderland, with an estimated combined comparison and convenience goods turnover of approximately £230m, albeit that Washington has a slightly higher convenience goods turnover than it does for comparison goods. Our report has demonstrated that Washington Town Centre is the most important shopping destination for residents of the Washington urban area, and that the Town Centre provides for a number of other functions as a result of the presence of the Library, the Careers Service, the Health Centre, the Police Station and the new Leisure Centre.

- **Houghton-le-Spring Town Centre** plays an important role as the main administrative centre for the Coalfield area, as well as providing an important localised role for convenience goods shopping and day-to-day services. However, with an estimated retail turnover of around £20m, it is clear that Houghton-le-Spring has a much reduced retail function compared to Washington Town Centre. Thus, although we are content that draft Policy CS5.1 identifies both Houghton and Washington as ‘Town Centres’, they are not the same type of centre, and hence our subsequent recommendation that there should be a lower impact assessment floorspace threshold for retail proposals that are located close to, or are likely to affect, Houghton-le-Spring.

9.5 So far as the District Centres are concerned, we see no merit in continuing to seek to distinguish between ‘**Major District Centres**’ and ‘**District Centres**’. Indeed, Hetton, which is proposed to be in the ‘Major District’ category in the consultation document, has far fewer retail and service units (44) than do the ‘District Centres’ of Southwick Green and Chester Road, which have 86 and 84 units, respectively. Furthermore, Doxford Park, although identified as a District Centre, rather than as a Major District Centre (possibly because it has only 15 units), has by far the highest retail turnover of all of the six District Centres, at just over £50m (because of the presence of Morrisons), whereas all of the other District Centres have an estimated retail turnover of £16m, or less.

9.6 Unfortunately, neither the NPPF nor the NPPG provide definitions for the terms ‘Town Centre’, ‘District Centre’ or ‘Local Centre’. We consider it useful, therefore, to refer to the definitions set out in Annex B of the former Planning Policy Statement 4 (PPS4), which provides the following definitions for Town, District and Local Centres:

*‘**Town centres** will usually be the second level of centres after city centres and, in many cases, they will be the principal centre or centres in a local authority’s area. In rural areas they are likely to be market towns and other centres of similar size and role which function as important service centres, providing a range of facilities and services for extensive rural catchment areas.’*

'District centres will usually comprise groups of shops often containing at least one supermarket or superstore, and a range of non-retail services, such as banks, building societies and restaurants, as well as local public facilities such as a library'.

'Local centres include a range of small shops of a local nature, serving a small catchment. Typically, local centres might include, amongst other shops, a small supermarket, a newsagent, a sub-post office and a pharmacy. Other facilities could include a hot-food takeaway and launderette. In rural areas, large villages may perform the role of a local centre'.

- 9.7 Thus, in light of these definitions, we consider that there may be merit in the Council considering whether, following completion of the Sunderland Retail Park, Monkwearmouth Local Centre should be accorded District Centre status. A key consideration may be the extent to which the Council considers there is scope to address the fragmented nature of the existing centre, and the dominance of the car, and the extent for which there is scope to improve linkages between the Sunderland Retail Park and the remainder of the Local Centre. Clearly, there is a greater variety of retail and service traders in Monkwearmouth, so that the Tesco store is perhaps less dominant in Monkwearmouth than is the Morrisons store in Doxford Park.
- 9.8 So far as the other Local Centres are concerned, we are satisfied that all of them, with the possible exception of Thorndale Road, meet the definition of '**Local Centre**' provided in Annex B of the former PPS4. However, it is debateable as to whether Thorndale Road is a 'Local Centre', or merely a 'small parade of shops of purely local significance'. There are only 11 units in Thorndale Road, two of which appear to be vacant and three of which are occupied by takeaway operators. The only convenience units in Thorndale Road are Costcutter and a sandwich shop.
- 9.9 Our main conclusions, therefore, are that:
- i) The **hierarchy of centres** set out in draft Policy CS5.1 of the Core Strategy consultation document of August 2013, does provide an appropriate network. Indeed, we consider that the main considerations for the Council are whether to

promote Monkwearmouth from 'Local Centre' to 'District Centre' status, and whether to take away policy protection from Thorndale Road, which will occur if it is downgraded to being a parade. The only other issue is the need to recognise the much more limited retail role of Houghton-le-Spring Town Centre compared to Washington Town Centre; hence our subsequent recommendation for a lower impact assessment floorspace threshold to be applied to proposals which are located close to Houghton-le-Spring, or are likely to affect its vitality and viability.

- ii) **Sunderland City Centre's** role and function as a sub-regional centre needs to be enhanced so as to improve market share penetration beyond the core urban areas of Sunderland North and Sunderland South and to claw back some of the retail and leisure expenditure that currently flows to Newcastle City Centre and the Metro Centre.
- iii) **Washington Town Centre's** role and function is to provide for the retail, leisure, financial and professional services, civic, health, careers advice, library services and policing needs of residents within the Washington urban area, which is a role and function that it is performing very well.
- iv) **Houghton-le-Spring Town Centre's** main role and function is to act as the main administrative centre for the Coalfield, and to be the principal destination for 'top-up' convenience shopping and day-today services for the Coalfield's residents, recognising that there will always be an outflow of main food expenditure to larger superstores, which are not represented in the Coalfield, and a large outflow of comparison goods expenditure to Washington and the higher order centres of Sunderland, Newcastle, the Metro Centre and Durham.
- v) The role and function of the **District Centres** is to provide for both 'main' and 'top-up' convenience goods spending, a suitable food and beverage offer for the evening economy, a range of financial and professional services, and public facilities such as a library. District Centres should have larger catchment areas than the Local Centres.

- vi) The role and function of the **Local Centres** is to provide for day-to-day convenience and service needs, which is a role performed by the larger villages in the rural areas of the Coalfield. Within the urban areas, the catchment areas for Local Centres will be small.

A Strategy for Meeting Retail Needs

- 9.10 In Section 7 of our report, and particularly in Tables 7.6 and 7.7, we set out alternative distributions, by Core Strategy Sub-Area, for meeting the quantitative need for comparison goods retailing that we have identified under the base population projection, and constant aggregate retention rate scenarios for the wider survey area. The need is expressed as the net gain in the occupied comparison goods retail stock.

Sunderland City Centre and the Remainder of Sunderland South

- 9.11 The required net gain in the occupied comparison goods floorspace stock in the City Centre is likely to be at least 26,000 sq.m, albeit that much of this net gain is not needed before 2025 and, in any event, is unlikely to be delivered and occupied until after 2025, thereby allowing a long lead-in period for opportunities to be identified, and land assembly to be undertaken. The main opportunities that we have identified during the course of this study for meeting future comparison goods retail need comprise:
- the Main Development Opportunity Areas within the Primary Shopping Area that are depicted in Figure 8.3, which include Holmeside, the Bridge House site, the vacant BHS and JJB premises, and the former Crowtree Leisure Centre site/the Bridges;
 - a reduction in the stock of vacant premises at both ground floor and upper floor levels, with the Goad survey of September 2015 revealing a stock of ground floor vacant floorspace amounting to 15,370 sq.m gross;
 - the retail elements of mixed use refurbishments and redevelopments within the 'Main Areas in Need of Diversification and Improvement', as shown in Figure 8.4, and the ancillary retail components at the Vaux site, at Farringdon Row, and at the MAC Quarter (Areas 5 and 6 of Figure 8.3); and

- the reconfiguration and intensification of use of the existing stock of retail premises within the Primary Shopping Area, perhaps involving further retail development above the ground floor level within the Bridges Shopping Centre.

- 9.12 In the convenience goods sector, the most likely future requirements to be met within the City Centre will arise from demand from retailers such as Sainsbury's and Tesco for their small scale convenience formats, given that there are no Sainsbury's Local or Tesco Express outlets currently operating within the City Centre's Primary Shopping Area, with the Tesco Metro in the Bridges representing a different, larger format.
- 9.13 In the remainder of Sunderland South, there are a number of vacancies within Chester Road District Centre and there is likely to be a need for localised facilities to serve the major residential developments planned for the South Sunderland Growth Area, particularly at Burdon Lane and Chapelgarth.

Washington Town Centre

- 9.14 The required net gain in the occupied comparison floorspace stock in Washington Town Centre is likely to be in the order of 10,000 sq.m gross to 13,000 sq. m gross, albeit that much of this net gain is not needed before 2025 and, in any event, is unlikely to be delivered and occupied until after 2025.
- 9.15 There are no immediate opportunities for further comparison goods retail development in Washington Town Centre and we accept that no progress has been made in developing that part of the Western Car Park which was identified for a range of Town Centre uses in the UDP in 1998. The main difficulty in developing those parts of the Western and Eastern Car Parks that we have put forward as a planned extension to the Primary Shopping Area relates to the need for replacement parking, which almost certainly will have to be in multi-level format, which may give rise to viability issues. The other key matters that need to be addressed are how to integrate development on the car parks with the existing Galleries Shopping Centre and how to manage the construction process, so as to avoid unacceptable levels of disruption.

- 9.16 It is fortunate, therefore, that much of the need for further comparison floorspace will not arise until after the year 2025, thereby allowing M&G Real Estate plenty of time to find solutions to these development constraints. In the meantime, opportunities to increase the occupied stock of comparison floorspace in Washington Town Centre are limited to the small number of vacant units within the Galleries.

Sunderland North

- 9.17 In Sunderland North, we have identified a need for an increase in the occupied stock of comparison goods floorspace of around 4,000 sq. m gross. We consider that there are opportunities for such comparison goods development at Seaburn, as part of tourism led mixed development, at Monkwearmouth (provided that the Local Centre can be transformed into a more cohesive District Centre), and at Southwick Green, where there is quite a high level of vacancy.

The Coalfield

- 9.18 There is limited scope, or need, for further comparison goods floorspace within the Coalfield, but the main opportunities would seem to be focused within, and on the edge of, Houghton-le-Spring Town Centre. The largest development opportunity is the former Colliery site, but we are not aware that any material progress has been made in bringing forward the land for development following ASDA's decision to withdraw its interest, and it may be the case that the former Colliery site can only be brought forward through some form of joint venture development partnership initiative.

Local Impact Thresholds

- 9.19 Paragraph 26 of the NPPF offers the opportunity for local planning authorities to introduce a '*proportionate, locally set floorspace threshold*' for impact assessments in their Local Plans. This locally-set threshold may be lower than the 2,500 sq.m default threshold incorporated in Paragraph 26 of the NPPF for triggering a requirement for applicants to undertake an impact assessments in relation to the two tests it sets out.

9.20 Paragraph ID2b-016 of the NPPG sets out the considerations that should apply in setting locally appropriate thresholds, these being:

- i) scale of proposals relative to town centres;
- ii) the existing viability and vitality of town centres;
- iii) cumulative effects of recent developments;
- iv) whether local town centres are vulnerable;
- v) likely effects of development on any town centre strategy; and
- vi) impact on any other planned investment.

9.21 So far as the first factor is concerned, which relates to scale, we first set out the quantum of retail floorspace that exists in each of the three main town centres, as identified by Experian/GOAD in its surveys of September 2015. Thus, Table 9.1 confirms how small the retail offer is in Houghton-le-Spring Town Centre, compared to Washington Town Centre, so that if we take 10 per cent of the total Town Centre floorspace as an indicator of what might be considered to be a 'large' proposal in the context of each centre, retail proposals as small as 740 sq.m gross might be considered to be 'large' in relation to Houghton-le-Spring. Conversely, it is arguable that a comparison goods proposal would need to be at least 4,900 sq.m gross to be considered 'large' in relation to Washington Town Centre. For the City Centre, the 10 per cent indicator suggests that the retail proposal would need to be around 5,800 sq.m gross to be considered 'large'.

Table 9.1 – Summary of Floorspace in Sunderland's Largest Centres, September 2015

Centre	Floorspace (sq.m gross)		
	Convenience	Comparison	Total Retail
Sunderland City Centre	10,060	48,400	58,460
Washington Town Centre	22,520	26,890	49,410
Houghton-le-Spring Town Centre	1,150	6,260	7,410

Source: Experian Goad Survey (September 2015)

9.22 The second factor to be taken into account in assessing the locally-set threshold is the existing vitality and viability of town centres, for which our appraisals have been set out in Sections 4 and 5, with an overall summary provided in Table 5.13. So far as the district

centres are concerned, we have concerns in relation to Southwick Green, Hetton and Chester Road, all of which are showing some signs of weakness. So far as the main centres are concerned, our vitality and viability concerns focus on Houghton-le-Spring and, to a lesser extent, on the City Centre.

- 9.23 The third factor, which relates to the cumulative effects of recent developments, is of most relevance for Washington Town Centre, given the existence of extant planning permissions for further out-of-centre retail development at the Peel Centre, at Armstrong Road and at Armstrong House. Indeed, the owner of the Galleries has objected to some of these commitments on the basis of potential adverse impacts on investor confidence and on Washington's vitality and viability.
- 9.24 The fourth factor, which relates to vulnerability, is of particular relevance to Southwick Green and Hetton District Centres, which we consider to be the most at risk.
- 9.25 So far as the fifth and sixth factors are concerned, which relate to the likely effects of development on any strategy for the town centre and impact on planned investment, our prime concern relates to the need to protect and nurture the substantial investments proposed in the City Centre.
- 9.26 It seems clear, therefore, that the factors identified in the NPPG raise different issues for different centres, at different levels in the hierarchy. Nevertheless, taking all considerations into account, and on balance, we recommend the locally set thresholds shown in Table 9.2. The relevant threshold to apply should be identified by the Local Planning Authority, as the sole arbiter, and will be determined by two factors, as follows:
- i) the location of the application proposal and the identification of the nearest Centre(s) by road or by foot (rather than as the crow flies); and
 - ii) the identification of the Centre(s) for which the application proposal poses most risk in relation to impact on investment and impact on vitality and viability, i.e. in relation to the two tests set out in Paragraph 26 of the NPPF.

Table 9.2 Floorspace Thresholds for Impact Assessments - Sq.m Gross External Area (GEA)

Centre	Convenience Goods Thresholds	Comparison Goods Thresholds
Sunderland City Centre	2,000 sq.m GEA	2,500 sq.m GEA
Washington Town Centre	1,250 sq.m GEA	1500 sq.m GEA
Houghton-le-Spring Town Centre	750 sq.m GEA	750 sq.m GEA
District Centres	750 sq.m GEA	750 sq.m GEA
Local Centres	500 sq.m GEA	500 sq.m GEA

- 9.27 For example, the City Centre would be the nearest centre in respect of any retail development proposal at the Trimdon Street Retail Park. However, if the Local Planning Authority considers that the main impacts of such a proposal are likely to be experienced by Southwick Green and Chester Road District Centres, it should insist on the lower floorspace threshold for District Centres, rather than the City Centre threshold. Similarly, if the impacts are likely to focus on two Centres, one of which is a District Centre and the other of which is a Local Centre, it is the lower floorspace threshold that should be applied, i.e. 500 sq.m, not 750 sq.m. If the Local Authority is in doubt as to which Centre is likely to be most affected, and the Centres are at different levels in the hierarchy, the principle must be to apply the lower threshold.
- 9.28 Thus, for comparison goods proposals likely to affect the City Centre, or are closest to it, we see no merit, or justification, in going below the NPPF's default threshold. However, we do recommend a slightly lower threshold of 2,000 sq. m for convenience goods proposals likely to affect the City Centre (or which are closest to it), given the small size of its convenience goods offer.
- 9.29 For convenience goods proposals likely to affect Washington, we are recommending a threshold of 1,250 sq. m gross, given the number of extant consents and fall-back positions which already exist at Armstrong House, at Armstrong Road and at the Peel Centre. Similarly, we recommend a threshold of 1,500 sq. m gross for comparison goods sector proposals likely to affect Washington, because of the potential effect of out-of-centre development on investor confidence, particularly of the part of M&G Real Estate.

- 9.30 For Houghton-le-Spring Town Centre, we consider that lower thresholds are justified by the small scale of retail provision within the existing centre, so that any edge or out-of-centre retail proposal of 750 sq. m gross, or more, may be considered to be 'large' in relation to the scale of the existing town centre.

Policy Mechanisms for Non-Retail Uses

- 9.31 The tenth component of the Specification for this study requires an assessment as to whether there are any parts of the existing centres where the concentration of non-retail uses (for example hot-food takeaways) is significantly adversely affecting the vitality and viability of these centres, and to suggest appropriate policy mechanisms for remedying this. During our early discussions with Council's officers it became clear that the key concern for various Members relates to the perceived growth in the number and concentration of hot-food takeaways in Use Class A5.

Counts of Hot-Food Takeaways in the City, Town, District and Local Centres

- 9.32 In Technical Paper 2 of Volume 3, we present the findings of our count of hot-food takeaway outlets in the City Centre, in the two Town Centres, in the six District Centres and in the 14 Local Centres identified in the draft Policy CS5.1 hierarchy. For all centres we provide mapping showing the location and size of the hot-food takeaways, which gives a graphic illustration of the concentration and clustering of such uses in each centre.
- 9.33 Our surveys have found that hot-food takeaways account for more than 10 per cent of the total number of units in each of the 14 Local Centres (Table 9.3). In nine of the Local Centres, the proportion of hot-food takeaways ranges from 11.0 per cent to 14.9 per cent, in three of the Local Centres the proportion is between 15.0 per cent and 19.9 per cent, and in two of the Local Centres (Easington Lane and Thorndale Road) the proportion is between 20.0 per cent and 29.9 per cent. In absolute terms 10 of the 14 Local Centres have five or more hot-food takeaways; indeed in Hylton Road there are 15 hot-food takeaways, which is almost as many units as in the City Centre, which has 17 such units.
- 9.34 For the District Centres, the proportion of hot-food takeaways is generally lower, and it is less than 5 per cent in Sea Road and Hetton (Table 9.3). The highest absolute number of

hot-food takeaways in the District Centres are within Concord (14 units, or 15.4 per cent of the total) and in Southwick Green (10 units, or 11.9 per cent of the total).

Table 9.3 Survey Count of Hot-Food Takeaways and Fast-Food Restaurants

Name of Centre	No. of Takeaway Units	No. of Fast-Food Restaurants	Proportion of Total Units (%)
City Centre			
Sunderland City Centre	17	2	4.5
Town Centres			
Washington	0	2	1.5
Houghton-le-Spring	8	0	8.2
District Centres			
Concord	14	0	15.4
Sea Road	5	0	4.7
Hetton	2	0	4.5
Southwick Green	10	0	11.9
Chester Road	6	0	7.1
Doxford Park	3	0	20.0
Local Centres			
Hylton Road	15	0	12.2
Pallion	8	0	12.5
Grangetown	6	0	10.3
Ryhope	6	0	15.3
Hendon	5	0	13.5
Pennywell	2	0	11.7
Silksworth	5	0	13.5
Thorndale Road	3	0	27.3
Shiney Row	4	0	14.8
Easington Lane	6	0	20.5
Market Street, Hetton	5	0	18.5
Fencehouses	5	0	19.2
Monkwearmouth	9	0	11.0
Castletown	2	0	11.8

- 9.35 In Houghton-le-Spring Town Centre, hot-food takeaways account for 8.2 per cent of the total number of units, whereas there are no hot-food takeaways in Washington Town Centre (although Washington does provide two fast-food restaurants). In the City Centre, there are 17 hot-food takeaways and two fast-food restaurants, so that these uses account for only 4.5 per cent of the units within the City Centre.

Negative Effects

- 9.36 The main negative effects associated with **concentrations** (percentage of overall frontage) and **clustering** (number of adjoining frontages) are considered to be:
- the issue with ‘inactive’ frontages during the daytime due to the evening only trading hours of many hot-food takeaways, which in turn reduces footfall potential;
 - amenity issues for nearby residents and other visitors to the centres arising from odours, littering, noise and parking issues;
 - disturbances in the evening, particularly at closing time for pubs and other entertainment venues, which can lead to occurrences of alcohol related violence;
 - the low and harmful food value associated with many hot-food takeaway products which tend to be high in fat and salt, and low in fibre, fruit and vegetables, which is an issue in that these take-away products tend to be popular with young, vulnerable people, leading to concerns about potential links (not yet proven) with obesity; and
 - the potential cumulative impact on vitality and viability, where concentrations of hot-food takeaways are combined with high levels of vacancy and other non-retail uses.

Positive Effects

- 9.37 Given the negative effects that we have identified, we can understand the concern of Members, but it is important, in reaching balanced judgements, to take account also of the potential positive effects of hot-food takeaways, particularly in Local Centres where such uses are more concentrated. For example, takeaways and fast-food restaurants can contribute to the evening economy through the creation of street level activity and animation when the majority of retail and service uses are closed, particularly in the Local Centres, some of which would be ‘lifeless’ at night without the presence of hot-food takeaways. In addition, the design and layout of takeaway units can also provide useful opportunities for street level surveillance which can help to improve the perception of safety within a centre, and possibly act as a deterrent against crime.

- 9.38 Indeed, Paragraph 6.45 of the explanatory text to Policy S12 of the UDP recognises that hot-food takeaways, along with cafes, restaurants, public houses and wine bars '*...can be an important element of town and suburban centres, adding to their diversity and providing refreshment and leisure facilities in their own right and as an ancillary activity to shopping*', and several consultees made a somewhat obvious observation that there wouldn't be any takeaways if there wasn't the demand for them from the customer.
- 9.39 Thus, whether the concentration, or clustering, of hot-food takeaways is likely to cause a significantly adverse impact on a centre will depend not only on the absolute number and proportion of such uses, but also on whether they are in close proximity to vacant units, and other non-retail uses in the centre. Moreover, a centre's health may be declining as a result of a number of factors, so that it is sometimes difficult to establish a causal link between a concentration of hot-food takeaways and the centre's decline.

Problem Centres

- 9.40 In light of our fieldwork and analysis, we consider that the Local Centres where the problem of hot-food takeaways is most severe are Hylton Road and Market Street (Hetton). In Hylton Road, there is a high absolute number of non-food takeaways (15 units) and a high absolute number of vacancies (22 units), so that despite the elongated nature of this centre, the combination of takeaways and vacant units creates a proliferation of 'inactive' frontages during the day. In Market Street Hetton, the issue is one of cluster with four takeaways in close proximity to each other.
- 9.41 So far as the District Centres are concerned, the issue of takeaways is more prevalent in Concord and Southwick Green, with 10 or more takeaways in each of these centres. In Concord, there is more of an issue at the eastern end of the centre, which appears to be the secondary part of the centre. Similarly, in Southwick Green, the concentration of takeaways is again more problematic at the eastern secondary end of the centre.

Existing Policy in Sunderland

- 9.42 Sunderland's existing policies relating to non-retail uses comprise Policies S11 and S12 of the UDP, together with Area Proposals SA71 (for Sunderland City Centre) and WA33 (for

Washington Town Centre), and Policy SA74A of UDP Alteration No.2. These policies were designed to help the Council to regulate the concentration of non-retail uses, including takeaways within, and outside of, Sunderland's identified centres. However, Policies S11 and S12 predate the creation of the new Use Class A5 for hot-food takeaways and are very generalised in their nature.

- 9.43 So far as the UDP's Area Proposals are concerned, SA71 seeks to limit, for each thoroughfare, the proportion of the total street level frontage occupied by non-retail uses to no more than 10 per cent in the 'Prime Shopping Area' and 25 per cent in the 'Main Shopping Area'. SA71 also seeks to ensure that non-retail uses do not demonstrably harm the vitality and viability of the particular thoroughfare, or seriously affect its appearance. In Washington Town Centre, Area Proposal WA33 seeks to limit the proportion of the total frontage which is occupied by non-retail uses on the ground floor to no more than 25 per cent in each thoroughfare.
- 9.44 Policy SA74A of UDP Alteration No. 2 merely provides generalised support for the diversification of licensed premises within the City Centre in order to create an evening economy for all groups. Nevertheless, in January 2008 the Council published the Sunderland City Centre Evening Economy Supplementary Planning Document (SPD), the main purpose of which was to *'...to develop a strategy to improve and manage the evening and night time economy within Sunderland's City Centre by regulating the location and type of licensed premises and hot food takeaways, to ensure harm is not caused to the physical and functional character of areas or to nearby residents'*.
- 9.45 It is particularly noteworthy that the Policy Matrix reproduced as Appendix A to the SPD seeks to deter new A5 hot-food takeaway uses throughout the City Centre. We consider, however, that this aspect of the City Centre SPD, although justified in relation to the City Centre's Primary Frontages, is not justified elsewhere within the City Centre and requires review. Moreover, we note that there are no SPDs relating to the evening economy for the other centres in the hierarchy.

Appropriate Policy Mechanisms for non-A1 and A5 uses

- 9.46 Our review of the practices adopted by 21 other Local Planning Authorities in the North, North-West, West Midlands and Greater London suggests that the most effective approaches to non-retail uses in town centres have involved two types of policy. The first type of policy, which usually applies only to City, Town and large District Centres (particularly in London), seeks to control the proportion and clustering of all non-A1 uses, usually with separate thresholds for Primary and Secondary Frontage thoroughfares³⁵. The second type of policy specifically targets Class A5 uses, and usually applies to all centres in the hierarchy.
- 9.47 Thus, Area Proposal SA71 and the City Centre Inset Map define ‘thoroughfares’ within the ‘Prime Shopping Area’, the ‘Main Shopping Area’ and the ‘St. Thomas Street area’. We have built on the provisions of the UDP by putting forward our own suggested ‘thoroughfares’ within the Primary and Secondary Frontages of the City Centre, and these are shown in Figures 9.1, 9.4 and 9.5 (contained within Volume 2 of our report).
- 9.48 However, there is no corresponding definition of ‘thoroughfare’ on the UDP Inset Plan for Washington Town Centre, despite the fact that the term ‘thoroughfare’ is used in Area Proposal WA33. As a consequence, we have had to come up with our own recommendations for the thoroughfares in Washington’s Primary and Secondary Frontages, as shown in Figures 9.2, 9.6 and 9.7 (contained within Volume 2 of our report). Similarly, there are no defined thoroughfares in Houghton-le-Spring Town Centre, so that our own recommendations are as shown in Figures 9.3 and 9.8 (contained within Volume 2 of our report). However, in the District and Local Centres, we consider that the policy mechanisms for A5 uses should apply to the defined centre as a whole.

³⁵ For the purposes of Area Proposal SA71 of the UDP, a ‘thoroughfare’ is defined as ‘...an unobstructed public way, comprised of both sides of the street (or one if bisected by a busy road) and a number of frontages’.

Policy Mechanism for Controlling Non-A1 Development in the Primary Frontages of the City Centre and in the Primary Frontages of the two Town Centres of Washington and Houghton-le-Spring:

9.49 Examples of the **first type of policy**, relating to all non-A1 uses, that: a) tend to have been accepted by Inspectors in recent Examinations, and b) we consider to be appropriate for the ground floor Primary Frontages in Sunderland City Centre, and for the ground floor Primary Frontages in the two Town Centres of Washington and Houghton-le-Spring (but not for Sunderland's District Centres or Local Centres), have been constructed along the following lines:

*Unless it can be demonstrated that the ground floor of the premises proposed for non-A1 use within the Primary Frontage have been vacant for more than, say, **6 to 24** months, and that the premises have been genuinely marketed for Class A1 uses, but without success, throughout the period of the vacancy, any proposal for a non-A1 use will be refused if it results in more than:*

- **15** per cent of the total length of the ground floor Primary Frontage, in each thoroughfare in Sunderland City Centre being in non-A1 uses; or
- **25** per cent of the total length of the ground floor Primary Frontage, in each thoroughfare in Washington Town Centre being in non-A1 uses; or
- **40** per cent of the total length of the ground floor Primary Frontage, in each thoroughfare in Houghton-le-Spring Town Centre being in non-A1 uses.

OR, if it results in:

- a cluster of more than **3** adjoining units in non-A1 uses at the ground floor Primary Frontage, in each thoroughfare.

9.50 Thus, unless the proposal for a non-A1 use on the ground floor of a Primary Frontage passes the vacancy/marketing **exception test**, we recommend that any such proposal would need to pass each of the elements of the above double limbed policy test, subject, of course, to other material considerations.

Policy Mechanism for Controlling **Non-A1 Development** in the **Secondary Frontages** of the City Centre and in the Secondary Frontages of the two Town Centres of Washington and Houghton-le-Spring

- 9.51 The Secondary Frontages in Washington Town Centre, as shown in Figure 8.7, are all on the upper floor of the Galleries and contain a wide range of non-A1 uses. We see no merit, therefore, in seeking to impose Use Class control within these Secondary Frontages in relation to proposals for non-A1 town centre uses (except A5 uses, for which there is a separate policy).
- 9.52 Similarly, the Secondary Frontages of Houghton-le-Spring Town Centre, as shown in Figure 8.10, also contain a high proportion of non-A1 town centre uses. Again we see no merit in seeking to impose Use Class control within these Secondary Frontages in relation to proposals for non-A1 town centre uses (except A5 uses, for which there is a separate policy); indeed such uses may help to promote diversification of the wider town centre.
- 9.53 The need for diversification also applies to the Secondary Frontages of Sunderland City Centre, which are identified in Figure 8.2 of our report. As a consequence, we see no merit in seeking to impose Use Class control in relation to proposals for non-A1 town centre uses in most of the Secondary Frontages within the City Centre (except A5 uses, for which there is a separate policy). The exception, however, is Fawcett Street, and its links into Market Square and into Waterloo Place (as shown in Figure 9.4 of Volume 2), where we consider that there is justification to seek to impose a maximum length of non-A1 ground floor frontage of 50 per cent, in each thoroughfare, and to limit the number of adjoining non-A1 units to three. This exception reflects the historical importance of Fawcett Street as a shopping street and the need to enhance linkages with the Bridges Shopping Centre.

Policy Mechanism for Controlling **Hot-Food Takeaways in Use Class A5**

- 9.54 The **second type of policy**, which focuses on A5 uses, tends to be tailored to suit centres at different levels in the hierarchy, so that there are separate thresholds, or parameters, for the City, Town, District and Local Centres. In Sunderland, it is clear that the issue of A5

uses is more prevalent in the Local Centres, in some of the District Centres and in Houghton-le-Spring Town Centre (see the previously cited Table 9.3). These are the centres, however, that sometimes struggle to find demand for other main town centre uses. As a consequence, we consider that the parameters in relation to hot-food takeaways in Sunderland's District and Local Centres and in Houghton-le-Spring Town Centre should be more flexible than for the City Centre and for Washington Town Centre. Indeed, on balance, we consider that the Council should seek to resist any further hot-food takeaways in the Primary Frontages of Sunderland City Centre.

- 9.55 Examples of policies for takeaway uses that: a) tend to have been accepted by Inspectors in recent Examinations, and b) would be appropriate for the Secondary Frontages in the City Centre (but not the Primary Frontages), the Primary and Secondary Frontages of the Town Centres of Washington and Houghton-le-Spring, and anywhere within the overall boundaries of the District and Local Centres, have been constructed along the lines set out below.

*'Unless it can be demonstrated that the premises proposed for A5 use have been vacant for more than, say, **6 to 24** months and that the premises have been genuinely marketed for other main town centre uses (particularly those in Use Classes A1, A2, A3 and A4), but without success, throughout the period of the vacancy, any proposal for a Class A5 use at the ground floor level in the Secondary Frontages of Sunderland City Centre, or within the Primary and Secondary Frontages of the Town Centres of Washington and Houghton-le-Spring, or within the defined boundaries of the District and Local Centres will be refused, if it results in any of the following:*

- i) the proportion of units accounted for by A5 uses in each thoroughfare, or centre, exceeds **X** per cent [with **X** defined through reference to Table 9.4]; or*
- ii) the proportion of the length of frontage in each thoroughfare, or centre, accounted for by A5 uses exceeds **Y** per cent [with **Y** defined through reference to Table 9.4]; or*
- iii) more than **Z** consecutive Class A5 units in each thoroughfare, or centre [with **Z** defined through reference to Table 9.4]'*

However, in the Primary Frontage thoroughfares of the City Centre, there should be no further hot-food takeaways (Use Class A5) unless exceptional circumstances can be demonstrated’.

- 9.56 Based on our review of 21 Local Planning Authorities in the North, North-West, West Midlands and Greater London, and based on our fieldwork and consultations in Sunderland, our recommended parameters/thresholds to be contained in the policy test for A5 uses for the various centres are as set out in Table 9.4.

Table 9.4 Parameters/Thresholds for A5 Use Policy Test

	X	Y	Z
Centre	Maximum Proportion of A5 units in each thoroughfare, or centre (%)	Maximum Proportion of the Length of Frontage in each thoroughfare, or centre in A5 uses (%)	Maximum Cluster of Adjacent A5 Units in each thoroughfare, or centre (No. of units)
Sunderland City Centre - Primary Frontage Thoroughfares	No Further A5 uses unless exception test is passed		
Sunderland City Centre - Secondary Frontage Thoroughfares	5.0	5.0	3
Washington Town Centre - Primary and Secondary Frontage Thoroughfares	5.0	5.0	3
Houghton-le-Spring Town Centre - Primary and Secondary Frontage Thoroughfares	10.0	10.0	3
District Centres	10.0	10.0	2
Local Centres	15.0	15.0	2

- 9.57 Thus, unless the proposal for an A5 use passes the vacancy/marketing **exception test**, set out at the beginning of the policy, we recommend that any such proposal would need to pass each of the three limbs of the policy test, subject, of course, to other material considerations.
- 9.58 The emerging Local Plan is also likely to have a separate policy for proposals for A5 uses which come forward in locations outside the defined District and Local Centres, or outside the Primary and Secondary Frontages of the City Centre and outside the Primary and Secondary Frontages of the Town Centres of Washington and Houghton-le-Spring. Such a policy would outline the following considerations, to be taken into account, on a case by case basis; these may include the likely effects on/adequacy of:

- the vitality and viability of the centre;
- the existing level of A5 provision in the vicinity of the new A5 proposal;
- design quality;
- the character of the surrounding area;
- the amenity of nearby residents and businesses (from traffic, noise, vibrations, litter, fumes, odour, lighting, activity levels and hours of operation);
- parking and highway safety;
- accessibility for all groups;
- community safety, anti-social behaviour, disorder and crime; and the
- provision for on-site waste storage and for the disposal of litter and waste materials.

9.59 In addition, some authorities have successfully imposed restrictions on out-of-centre Class A5 uses which are within a certain radii (usually 400m) of facilities such as primary and secondary schools, sixth form colleges, parks, playgrounds, youth centres, leisure centres, and other sensitive community facilities. This is because many authorities are increasingly having concerns in relation to the potential health impacts of hot food takeaways, and the possibility (not yet proven) that such A5 uses encourage obesity, particularly amongst vulnerable groups such as children and young adults.