town centre first, second, or not at all?

'Town centre first' has been enshrined, for retail at least, in planning policy for almost 20 years. There have been arguments over its effectiveness as implemented through the sequential test and retail impact assessments, but the ongoing crises of high street and town centres has reinforced the need for concern about the spatial structures within and around our settlements. Through Portas,1 Grimsey2 and Fraser,3 as well as among most other commentators, there has been consensus on the benefits of central places and town centres and on the necessity of using planning tools to assist in their renaissance and development. Central to this consensus has been the idea, often implicit, sometimes explicit, that town centre first is a valuable approach.

However, last year, in a Policy Exchange paper entitled 21st Century Retail Policy: Quality, Choice, Experience and Convenience,4 Alex Morton and Gerard Dericks came to the conclusion that 'Town Centre First must be abolished'. Counter arguments to perceived wisdom are often valuable and interesting, but is the basis of their argument substantive and robust enough to justify their conclusion?

Morton and Dericks argue that planning is holding back retail productivity and thus increasing the cost of everyday items, which in turn has a welfare impact. This argument leans on economics-oriented papers by Haskell and Sadun,5 Cheshire et al,6 and the McKinsey Global Institute.7 These argue that productive retailers require large floorspace; thus increasing restrictions on new large spaces and the tightening of planning policy since 1996 by successive planning legislation has lowered retail productivity, impacting adversely on national productivity and working to the cost of consumers, particularly the poorest.

The studies used by Morton and Dericks were carried out in the context of food retailing. However, the concerns regarding town centres go far beyond food retailing and include both other types of retail enterprise and other town centre functions. The papers cited focus on the large-format multiple retailers. At no time are other forms of food retailing considered, such as the discount sector, which seems to produce high productivity and low prices. Does food superstore retailing productivity data alone really call for the town centre first policy to be abolished?

Cheshire et al's study, cited by Morton and Dericks as a key piece of research (but which, as the authors note, is not peer reviewed), is based on the results of one food retailer's data in 2008. Is it reasonable to abolish the town centre first policy on the basis of the results of one retailer? Cheshire et al suggest that their results would probably apply to other food retailers and that planning restrictions constitute a loss of some 25% of 'total factor productivity'. Although the retailer is anonymous, others have suggested that this particular retailer has pursued a strategy which did not adapt to the changing planning context of the early 2000s in the way that some retailers have.8

Griffith and Harrington9 and Wood, Lowie and Wrigley10 have shown that differences in performance occur between retailers who embraced the change in retail planning and sought to innovate and those that did not. Necessity is the mother of invention, and there is evidence that retailers are increasing productivity in smaller food stores10 (as well as in some other retail sectors). There is also an issue of what consumers now value in the structurally and recessionary re-aligned retail landscape of 2014.

The relationship between productivity and planning is rather more complex than it has been portrayed by Morton and Dericks.4 Retail productivity has many dimensions and varies considerably.11 Comparisons with France are made, but it is important to recognise that there are many other differences between France and the UK in terms of taxation and costs to retailers,12 and indeed many international comparisons in this area are subject to considerable difficulties.

It is not the role of the planning system to favour certain operators or retail formats or to prop up failing retailers.13 The purpose of planning is not to legitimise capital formation but to ensure that spatial inequalities are tackled. There are important choices to make between social inclusion and cohesiveness arguments and productivity.
Food retailers are switching investment to smaller, more convenient and central units, so it would seem perverse to now abandon the town centre first policy.

policy needs to be discussed from this perspective, especially if we broaden the debate to town centres and places.

Satisfied that they have established the economic case for abandoning town centres first, Morton and Dericks move on to the social case. They argue that increased costs to the consumer impacts on welfare. They also argue that the sociability case for town centres is flawed. They carried out a survey which asked consumers whether they went shopping in a group or alone. Their results showed that more people went in groups to shopping centres and alone to town centres. From this they concluded that shopping in town centres was less sociable than shopping in town centres. This is then used to conclude that there is no social case for town centres first. If town centres are both economically expensive (less productive) and not sociable (less equitable), then the town centres first policy should be abandoned.

Others have studied shopping patterns in towns and in shopping centres and have adopted rather more nuanced approaches. They suggest that a simplistic question of the sort used by Morton and Dericks would be inadequate to understand the social role of town centres. Access issues are quickly dismissed by Morton and Dericks, who note that these could be addressed by new bus services – if only access was so simple! Research has shown just how important the location of retail facilities has been in creating geographies of inequality, exclusion and deprivation.

After 54 pages of undermining the town centre first policy, the report then focuses on Business Improvement Districts (BIDs) and suggests a range of practical ways in which BID companies might intervene to transform the high street. Ironically, these are much more radical in terms of business interference than existing planning legislation, which for all its criticisms actually permits a very wide range of outcomes.

To go back to the initial question of whether the basis of Morton and Dericks’ argument is substantive and robust enough to justify their conclusion, our response would be that it is not. Business profitability matters and has possibly not
been given sufficient weight within planning; but planning itself matters too. Perhaps reflecting our changing retail and consumer times, the very food retailers on which Morton and Dericks base their call are now questioning the value of their large-format stores and switching investment to smaller, more convenient and central units. The market is moving in favour of town centres, so it would seem perverse to abandon town centre first now.

‘Do we want a ‘race to the bottom’ in permitting a free-for-all, or do we believe that the market does not have all the answers and that we need to measure (and value) other things?’

Furthermore, the ‘costs’ (financial, economic and societal) of not supporting town centres and having a retail planning free-for-all are likely to be even higher than the costs of the town centre first policy. One has only to look at parts of the USA to see the effects on community, society and town centres that can be produced when markets are let loose. There is merit in deciding what we value and where the balance between productivity/economic and social emphases should lie in how we use our resources.

Do we want a ‘race to the bottom’ in permitting a free-for-all, or do we believe that the market does not have all the answers and that we need to measure (and value) other things? If we believe the latter, then planning needs to be more highly valued and strengthened to help shape the sort of places we want to live, work and play in. Town centre first may not be the perfect (economic) option, but it does say something about how we see ourselves, our towns and people, and about how we want to live.

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