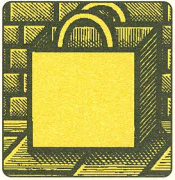


# town centre first, second, or not at all?



'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,<sup>1</sup> Grimsey<sup>2</sup> and Fraser,<sup>3</sup> 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*,<sup>4</sup> Alex Morton and Gerard Dericks came to the conclusion that 'Town Centre First must be abolished'. Counterarguments 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,<sup>5</sup> Cheshire *et al.*<sup>6</sup> and the McKinsey Global Institute.<sup>7</sup> These argue that productive retailers require large floorspaces; 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.<sup>8</sup>

Griffith and Harmgart<sup>9</sup> and Wood, Lowe and Wrigley<sup>10</sup> 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 stores<sup>10</sup> (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.<sup>4</sup> Retail productivity has many dimensions and varies considerably.<sup>11</sup> 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,<sup>12</sup> 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.<sup>13</sup> 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. Retail

