

Manchester City Council Report for Resolution

Report to: Economy Scrutiny Committee – 30 September 2015

Subject: District Centres – Changing Economic Drivers and Policy Development

Report of: Strategic Director (Strategic Development)

Summary

This report considers the changing role of district centres in Manchester. It summarises what the economic role of centres is and may be in the future, and discusses potential policy and strategy measures that could be adopted to shape the future of the city's centres. The report also explains the significance of the work taking place to refresh planning policies at the City and City Region levels for future development of centres. An appendix sets out some of the issues related to Rent-To-Own businesses, which will be covered in more detail in a future report to the Committee.

Recommendations

1. The Committee are invited to comment on the report and consider how members may wish to input into policy on the development of district centres.
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Wards Affected: All

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents

are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Impact on Manchester's economy of spatial planning: the Manchester Local Plan and Greater Manchester Spatial Framework – Economy Scrutiny Committee, 2 September 2015
- District Centre Update – Economy Scrutiny Committee, 11 March 2015
- District Centre Policy Co-ordination report – Economy Scrutiny Committee, 5 March 2014

Introduction – the Role of Centres

- 1.1 Manchester's district and local centres play a number of roles, making important contributions to the City's wider development. Successful centres can strengthen local identity and provide essential services in accessible locations. They are the heart of our neighbourhoods, and define the character of the wider area. They are places where communities come together to undertake a wide variety of activities. To support this role, it is important that they are accessible places and remain well-served by the City's public transport offer.
- 1.2 Centres are also important economically. Although the City's District and Local Centres do not have the scale of economic activity found in the city centre or at major employment locations such as the Airport, they still perform important local economic functions and are local centres of employment in their own right. The best examples are becoming places where new and exciting urban activities happen, and so where people want to spend time and live in and near. Successful centres will be increasingly an important element of attractive neighbourhoods and have an important role in attracting residents to the city.

2.0 Changing Trends Facing Centres

- 2.1 The economy of centres has always been dependent on a local catchment. They are successful when local people decide to spend money and time in local businesses. While convenience of being able to shop and spend time locally is still important, today's more mobile population coupled with the growth of on – line retailing poses challenges for centres. This means that centres must be able to respond to changing circumstances in which patterns of retail and leisure are changing markedly.
- 2.2 The types of spending that people chose to undertake locally are changing. Retail is increasingly focused on the convenience sector (mainly characterised as food), as people chose to access larger centres for non-food items. Within Greater Manchester, this trend has underlined the role of Manchester City Centre and the Trafford Centre. Although convenience spending was converging on large supermarkets, more recently this has relocated to smaller shops that support 'top-up' shopping. This has suited many of Manchester's centres. Frequently developing along main roads, Manchester's centres tend to be linear and narrow, comprising smaller units which are well-suited to both independent shops and smaller supermarket formats, both of which have proven more resilient through the recession. However, current local planning policy for District Centres anticipated that new supermarket development would play a key role, but in line with national trends this now seems unlikely.
- 2.3 The retail sector alone will not be able to sustain centres. Vibrant centres are those that attract a more diverse mix of uses. The mix of uses is most effective when it contributes to an attractive experience for visitors throughout the day and into the evening. The activities that people are most likely to undertake locally now have a greater emphasis on leisure, including eating

and drinking and health and beauty. Manchester's most vibrant centres (both District and Local) are often those that have a thriving evening economy, including Didsbury and Beech Road in Chorlton.

- 2.4 We have also seen evidence that potentially harmful uses are growing, including betting shops, hot food takeaways and, particularly in some centres, shisha cafes. These uses reflect some of the socio-economic challenges cities face, taking advantage of economic fragility and exacerbating issues of dependency. A particular concern expressed previously by the Committee related to the growth of Rent-To-Own businesses, whose business model relied on charging high interest rates. It is intended to cover this particular use in more detail in a report to the Committee later in the year, but Appendix 1 to this report provides some background to the issue. In considering the need to create attractive centres, managing these uses is more important than ever.

Evidence Summary

- 2.5 The need to manage the change in character of centres has been identified as an issue facing all parts of the UK. The report "Beyond Retail", by the Distressed Town Centre Property Taskforce in 2013, reaches a number of important conclusions on the changing shape of centres. It suggests that local authorities should develop proactive plans for centres that seek to broaden the range of activities and services provided. These should be complemented by bold interventions in terms of land assembly, planning flexibility and commitment of public assets to deliver the overall plan.
- 2.6 Also in 2013, a report entitled "The Vanishing High Street" was prepared by a review panel led by Bill Grimsey, which sought to explain some of the changes happening on the High Street and propose how national and local government could respond most effectively. The move to online media has hit retail, particularly through the digitisation of many products (newspapers, CDs and DVDs, for example, where number of outlets had fallen 13% by the time of the report). Large multiple operators are rationalising their portfolios. This is not just due to economic challenges, but also because improvements in accessibility and changing shopping habits mean that similar geographic reach can be achieved through a quarter of the shop locations. Growth appears to be coming from value sectors, including discounters, charity shops and second-hand shops. Smaller food stores have seen a resurgence, but this is alongside a decline in large-format food stores.
- 2.7 Despite the author's background being in retail, the recommendations were founded on the view that there was already too much retail space for future demands, and that there was a need to repopulate centres with other uses. These include housing, education, arts, entertainment, business, leisure and health. At the local level, this review concluded that it was important for councils to develop clear plans for their town centres, and to support the delivery of these through the planning process and through the use of council resources (including small business loans).

- 2.8 In 2014, The Retail Group did some work in a number of District Centres across the City and summarised some of the key trends that will impact on Manchester's centres. These include:
- A growing urban population seeking access to local services
 - A growing role for on-line selling, with the effect that local retail will need to offer a different experience rather than a focus on products.
 - Shopping and leisure will become more integrated.
 - Local visitors will place increasing importance on centres that clearly belong to the neighbourhood (feel distinct).
 - Markets remain popular, and can enhance a centre's attractiveness.
 - Manchester's District Centres tend to draw from a local catchment, with many people visiting a number of times each week.
- 2.9 This work also suggested possible policy response, based on the Manchester's circumstances. These include:
- Flexibility in terms of uses, including support for the growth of centres' evening and nighttime economy.
 - Support community and meanwhile uses on underused sites.
 - Leadership is one of the most important qualities Councils can bring, organising wider interests.
 - There should be an effort to improve the overall environmental quality, including the mix of uses in some centres.

3.0 What Makes Successful Centres?

- 3.1 In March this year, this Committee considered a report that summarised current activity taking places around Manchester's centres. This report underlined that there is a mix of centre characteristics across the City, but that most centres had proved resilient during the recession. There is also evidence that the character of centres is changing in response to the trends outlined in the previous section, particularly seeing a wider range of uses becoming established in centres.
- 3.2 In this context, there are certain important factors that underpin successful centres. Above all, successful centres are busy. They must be places where people want to visit. Businesses in centres thrive on passing, incidental trade as much as planned trips. To be busy, centres need to include uses that are attractive to local people, reflecting the activities that they want to access regularly and locally. Retail is a less dominant activity in this regard, and successful centres will include a more varied range of uses. As the range of uses expands within centres, it is reasonable deliver to more homes alongside commercial activity, and this can be a way of securing an immediate supply of customers and making the centre feel safe and welcoming. It is also important that centres have an attractive environment, in terms of the quality of the urban realm and its day-to-day management. People will not want to visit (or live in) unattractive places.
- 3.3 Change is clearly a constant aspect of centre geography. The activities and services that people choose to use locally have changed over time and will continue to do so. Successful centres will be those that can be innovative

and agile in the face of these trends. These changes will be recognised as new opportunities and there will be flexibility in terms of how space is used and how new space is created.

- 3.4 Examples are emerging of effective new approaches to centre management, which can give some direction to future activity in Manchester. In London, Brixton has sought to develop an effective centre partnership to co-ordinate local stakeholders. The Council has emphasised environmental quality and cleanliness through its own functions, whilst an improved visitor experience aims to promote local spending (including the production of a 'Brixton Explorer Map' and introduction of the 'Brixton Pound'). Camden has seen the development of the 'Camden Collective', which is a project that promotes peer-to-peer learning, focusing on local creative businesses. In Rotherham, the council focused on business development support, including Business Development Grants, pop-up shops and retail skills programmes.
- 3.5 Manchester is facing changes that are more substantial than many other places, and that are happening at a faster pace. This includes rapid population growth incorporating atypical demographic trends (principally a younger population). Whilst this presents many challenges, it can also generate strong potential to develop sustainable urban neighbourhoods. The repopulation of the City's Inner Areas will provide a catalyst for new local commercial activity. Effectively harnessed, this will create vibrant and attractive communities, which also provide positive business opportunities for local people.

4.0 Policy and Strategy Implications

- 4.1 The success and vibrancy of centres is a product of the efforts of a range of stakeholders. However, the Council has an important role in promoting the conditions that lead to successful centres, through its policy frameworks and through more direct interventions as an enabler and source of local leadership. At the previous Economy Scrutiny Committee, a report was presented that outlined work related to the Greater Manchester Spatial Framework (GMSF) and the Manchester Local Plan review. This work will reassess planning policy across the City and Greater Manchester, and this will provide an opportunity to ensure that Manchester has the appropriate policy context to support its centres in the current changing context. The GMSF will provide planning policies for the City Region that cover key strategic issues. The focus will be on housing and employment, but this document will have implications for centres to the extent that they have a role in meeting these needs.
- 4.2 Although work is at an early stage, the GMSF is likely to identify the need for a significant increase in housing, which may present some challenges related to land supply. The renaissance of urban living in the City Centre has been particularly successful. There are indications that this market is spreading into adjoining neighbourhoods, and it is clear that centres could be appropriate locations in which to meet a component of the City's forecast household growth. If attractive and vibrant centres can be created in Manchester, well

connected to public transport and to walking and cycling routes, they can also potentially accommodate more growth. Residential development should reflect the character of the centre and generally be medium density, although in some cases higher density may be appropriate. New housing could equally provide important economic stimulus to centres and support to overall centre vitality. To deliver this objective, it is clear that centres must retain a level of amenity that is compatible with residential uses. Achieving the right balance in this regard may well be an important issue for local planning frameworks. The recently-prepared framework for Ancoats and New Islington focuses on residential growth, but also seeks to create opportunities for complementary activities including independent retail and business start-ups.

- 4.3 Whilst many studies have identified housing as a use that should have greater presence in centres, it is an area where Manchester has an advantage over other places. The forces driving urban living in Manchester flow from the potential to extend an increasingly attractive City Centre market and a growing urban population (driven by immigrants, students and young professionals). In Manchester, centres are locations that can respond positively to these forces, whereas elsewhere centres may be seeking to create a specific housing market (often from scratch).
- 4.4 The Manchester Local Plan is being reviewed alongside the GMSF. This will present an opportunity to consider how planning policy can best support the development of an appropriate mix of activity within centres. There is, for example, a clear need to manage uses that, when present in excess, undermine centre vitality and wider objectives for economic and social inclusion. Appropriate use of licensing powers can help in this regard. Given current circumstances policy should seek to support a wider role for centres as hubs of communities recognising the wider range of uses this implies while being mindful at the same time to protect local character and access to key local services. To support the Local Plan, it may also be appropriate to develop Development Frameworks for District Centres, as a means of guiding investment momentum and setting parameters for the type and scale of development. These frameworks should be prioritised for centres where there is known development momentum.
- 4.5 There are a number of centres that have grown over time, but now sit within boundaries that go beyond a realistic commercial envelope. As activity becomes more dispersed, it is more difficult for an active and commercial character to be achieved. In these cases, a more focused centre may also be more vibrant and sustainable. Policy could seek to guide this transition, but this is likely to be a long-term process that could require some public intervention, such as selective acquisition.
- 4.6 Given the importance of convenience to a centre's success (in the general, rather than retail, sense), accessibility is very important. Access to and costs of parking have gained prominence in the debate over centres nationally and it may be appropriate to consider whether current approaches to parking in local centres should be reviewed. There are however other important options to

improve accessibility, such as the focus on cycle access to centres through the Velocity programme, and improvements to bus and tram services.

4.7 The Council has a wider role in supporting centres, including as a landlord and in providing leadership and coordination to other stakeholders. The Council should seek to use these means of influence to achieve positive outcomes. This could include ensuring that the uses on Council land support the centre's wider character, and that uses within the public services estate that do generate visitors (and, therefore, footfall) are located to complement wider commercial activity.

4.8 A future review of policy is also likely to consider whether:

- the current network of centres is properly identified and the policy framework is sufficiently supportive;
- what particular uses require further policy to be developed (work has already begun to develop a supplementary planning document for hot food takeaways);
- the scope for the Council to use its role as a landlord to support local objectives
- the Council can build further on the successful partnerships that have been established in a number of centres; and
- more could be done to encourage exchanges of views about the future of local centres building on the examples of best practice that have been developed.

5.0 Conclusion

5.1 Since the 2008 recession, it has been clear that the economic drivers of centres have changed. Whilst the recession was not kind to centres, these changes go beyond economics, with the most substantial changes relating to new behaviours and models of consumption that have made traditional ideas about the role of centres less relevant. However, there are new opportunities to maintain activity within centres and the importance of these places to their wider neighbourhoods.

5.2 The most successful centres are likely to be those that are able to respond to these opportunities positively, but also manage development to maintain the quality of the environment and overall experience. The Council has a key role to play to ensure that its regulatory approach reflects this balance, whilst it supports and enables positive regeneration activity.

Appendix 1: Rent to Own Businesses

Background

Rent to Own (RTO) businesses have been operating in the UK for several decades and they have a significant high street presence. These companies clearly fill a gap in the market and many customers benefit from purchasing household goods and spreading the payments over a number of years. It is estimated that the three companies that dominate the market (BrightHouse, PerfectHome and Buy As You View) have sold goods to over 350,000 households in the UK.

Concerns have been raised about the practices of these companies and whether or not their customers understand the terms of the hire purchase agreements they are agreeing to. BrightHouse recently increased their representative APR from 29.9% to 64.7% and PerfectHome currently charge 59.9% representative APR. As well as high interest rates on repayments, the companies have also been accused of selling goods at above the market value. The All Party Parliamentary Group (APPG) on Debt and Personal Finance also uncovered evidence of misselling of product protection. BrightHouse offer what they call a 'five star service' which includes delivery, installation, full term product repair and replacement on a like-for-like basis, plus insurance against fire, theft or damage.

Despite assurances from RTO businesses about their practices, the Financial Conduct Authority (FCA) has decided to bring forward their review to summer 2015. According to the FCA, 50% of all people that use these RTO companies get into financial difficulty. The findings of the FCA review should be published during autumn 2015 and may include some regulation the industry.

Issue for District Centres

Previous analysis undertaken during the 2013 'Financial Inclusion Task and Finish Group' revealed that companies such as BrightHouse and PerfectHome are operating in District Centres which are closest to low income residential neighbourhoods. Stores are currently located in a number of centres including Wythenshawe, Longsight, Gorton and Harpurhey.

Stopping RTO businesses locating within the city's district centres is not currently possible. The businesses operate from standard A1 retail premises and they do not need a licence to operate.

Alternative models

Ethical RTO companies are now being established as a lower cost alternative. Smarterbuys (<http://www.smarterbuys.org.uk/home>) is one such example and is working closely with Registered Social Housing Providers across the UK including One Manchester. Smarterbuys offers household goods at competitive prices with a range of payment options including online credit/debit cards, offline via Pay Point or Post Office using cash or a credit/debit card, or via a loan from a Credit Union.

Ethical RTO companies are now also appearing on high streets. The Furniture Resource Company (FRC) Group recently opened several 'Our House' stores in the North West which are up to 50% cheaper than other RTO businesses and also offer free installation and delivery. The Oldham store is backed by Oldham Council, the Burnley store is backed by Calico Homes and the Liverpool store is run in conjunction with a local charity called Bulky Bobs.

Ethical RTO companies such as 'Our House' offer a much better value alternative to residents, but they are unlikely to achieve a market share that can compete with larger established high street names such as BrightHouse and PerfectHome.