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National high street retail and town centre policy at a cross roads in England and Wales

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ABSTRACT

For eighty years, UK government policy related to urban sprawl, town centres and high streets in England and Wales has been dominated by planning/land-use control. In the post-war period, retail developments have often been discussed in the literature on planning for places – but the wide range of pressures for retail change is rarely brought together. This review of policy discusses many of these pressures: many of which fall beyond the urban planning remit. For example, although retail planning regulations have been influenced by Central Place Theory, this theoretical framework offers no insight on those private sector businesses that interface with urban planning. Worse, few (if any) professional town planners study retailing before formulating plans. Furthermore, the willingness of successive governments to exert meaningful influence through planning rules has ebbed and flowed, leaving town centres at a potential crossroads. This study addresses the vital missing link to business operations – and the rising pressures upon them – using Institutional Theory. Building on the findings of this analysis as well as earlier studies from other parts of the world, this article outlines implications for the management of town and city centres in England and Wales.

1. Introduction

Is planning the dominant controlling influence on the built environment for retailing? Curiously, very few studies have addressed this question. Yet, in 2002, and in a short but powerful article, prominent Dutch planner David Evers saw Dutch “planning ideology... pitted against...free market competition” with the latter apparently having already “gained the upper hand” (Evers, 2002; p. 109). This reinforces the need for a country-centred approach to the analysis of urban planning policy as wider - and arguably more abstract - analyses can lack depth in their insights (see Holland, 2015). The drive for free market competition originated in the USA where planning controls are few (but see Beaumont, 1994). How do matters play out in other countries that do have planning rules? To assess this requires us to range widely in search of influences – including ones not often considered: yet urban landscapes have always been reflective of power (Zukin, 1993). The City of London/Canary Wharf axis is a clear spatial expression of the financial power that, post-sub-prime, has largely obliterated prior manifestations of London as a great harbour city. Note, too, that the financial climate has led to increasing income inequality with this, too, evident in the urban landscape. The link is that investors, eschewing poor investment returns, have turned to asset acquisition.

This now expresses itself in an urban skyline of speculatively-built residential blocks. So, the urban landscape reflects sea-changes in economic fortunes. Retailing has itself imposed physical changes too, with the building of landmark department stores such as Harrods, Selfridges or, in France, Au Printemps. However, retail trade in England and Wales has itself long been buffeted by winds of financial and associated social change. This despite the economic and social significance of its turnover of £350 billion per annum and around 2.8 million employees.

In recent history, changing economic fortunes have often led to changing urban forms in retailing. For example, until the booming mid-1960s in England and Wales, there was, effectively, no out-of-town retailing at all. Since that time (Schiller, 1986), retailing has flowed out-of-town in a series of waves – driven by powerful retailers and developers. After a decade of post-sub-prime economic under-performance and social change it is time to reconsider whether or not this trend will, or can, continue. Similarly, it is also worth considering how the driving forces of change have varied through time. For instance, when referring to ‘recent changes in economic fortune’ major changes at the highest level such as sub-prime or Brexit have to be taken into account in terms of their influence on current and further developments spatially and locally. As noted, it is ‘The Planning System’ which is expected to mediate urban spatial outcomes in England and

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Wales – in a not dissimilar fashion to other countries (Fernandes & Chamusca, 2014; Rao & Summers, 2016). A complex mix of history, plus, for example, the rise of the internet or the growing influence of China, sets the very widest background. In addition to this, there are the differences between national, supra-national or regional structures and regulatory regimes. Planning is a middle-order influence that may, literally, set in stone (or ‘tin shed’) structures that may not survive future vagaries of fortune or which now have to forge a changed identity in a rapidly changing world. In using the term middle-order, the intention is to separate planning from both global influences such as the internet - which retailers can use but not control - and local particularities such as catchment area and spending power (for more detail see Hallsworth, 1997). Planning itself can be approached from several perspectives: Jackson (2006) contrasted studies by ‘retail geographers’ (e.g. Lowe (2000) with the long-term investment growth approach by land use economists. The latter demonstrates the enduring financial importance of property investment. Jackson reminds us that in Britain, land ownership and speculation are a store - and a source - of both wealth and status. This study adopts a holistic approach to retail by considering both in and out of town retail. Reeves (2015), studied 56 retail planning appeals, noting: “... high number of unsuccessful appeals...for reasons unrelated to retail policy” (Reeves, 2015; p2 authors' emphasis). Given the existence of other criteria influencing store-related outcomes an Institutional Theory approach is adopted in this policy analysis, which concentrates on England and Wales since the position in Scotland can differ.

2. Institutional theory

From a retail research perspective, the most prominent papers on Institutional Theory came from Arnold and Sternquist (see Handelman & Arnold, 1999). This approach (Huang & Sternquist, 2007; p.614) stresses “...political, cognitive and sociological elements such as laws, rules, norms, cultural beliefs and habits...”. Transparently, a ‘planning system’ is a key element of the Institutional environment that businesses must understand – especially when venturing abroad (note Carrefour’s failure in the USA long ago). A more recent example is from Korea foreign entrants WalMart and Carrefour soon failed (Kim & Hallsworth, 2016). Similarly, Bianci (2008) exemplified Institutional issues with her study of Home Depot in Chile. Yet, in the USA, where planning does not loom large, early evidence emerged that the issues faced by retailers were perhaps altogether more complex than first thought, with other regulatory forces were at play. While its rivals saw retailing as “ossified... constrained to exploit only...locational opportunities and transaction cost savings...WalMart proved them wrong” (Hallsworth & Taylor, 1996; p.2134). What WalMart exploited was not planning but the neoliberal post-Reagan economic climate that saw a huge decline in anti-trust prosecutions. WalMart used its financial power to move into Canada via the purchase of Woolco stores and many of its US rivals were transformed by financial leveraging. Against this backdrop of evidence in the UK and internationally, this study seeks to identify regulatory sea changes that may benefit some domestic (and possibly foreign) retailers more than others.

3. The influence of planning

In this section, as in subsequent ones, the urban planning literature is analysed as a source of evidence to elicit an answer to the above question, though a single overall literature review could not encompass all the wider trends examined here; some of which are rarely linked together in earlier studies. Fundamentally, it could be argued that all these trends are in some way or another, rooted in places. Furthermore, the policy changes that benefited WalMart in the USA do not translate precisely to England and Wales where control of land use has long been an important part of regulatory norms for retailers and others. The changing fortunes for retail formats have often been linked to a

perceived conservatism within planning regulation. Note that Planning exists to control development not prevent it – but how much residual influence does it really have when compared to other influences? In the UK, 1930’s *utopianism* was embraced in the immediate post-war period with a collective belief in orderly planning manifest in the 1947 Town and Country Planning Act. Note that the retail sector in England and Wales was by then dominated by small shops. A system of many buyers and sellers, none of them dominant, was close to Adam Smith’s understanding of a perfectly competitive market. Retailing was not generally seen as a problem to be controlled. Later, Central Place Theory (CPT) became influential. This powerful pan-European influence was comprehensively described by Potter (1982) writing at the height of its influence. Its inherent concept of the hierarchy implies maximally-efficient access to ‘centres’ which are presumed to offer the ideal mix of services to suit local demands. However, as noted elsewhere, (Whysall & Hallsworth, 2017) CPT blandly assumes that goods and services are locally supplied in line with local demand – rather like utilities. In the real world, highly competitive corporations jostle for power: hence the adoption of Institutional Theory as a theoretical framework for analysis in this study in order to inform on the activities of businesses. As a few powerful retail firms have all but obliterated the small independent shop, ignorance of corporate activities and agendas becomes an ever-more-serious omission. Similarly, planning per se was not able to stop the later emergence of ‘food deserts’ in the UK (Wrigley, 2002) and North America (Paez, Gertes Mercado, Fraber, Morency, & Roorda, 2010; Wang & Qiu, 2016). Inevitably, too, land use control policies that restricted supply pushed up the value of the holdings of existing land-owners.

Linking directly to this study’s focus on physical manifestations of long-term change, strains were created in the 1960s by attempts to take retailing out to the suburbs where the more car-mobile Britons were now living. Retailers wanted to move to locations, and larger formats, that town and city planners did not then deem suitable. In 1963, a US-style regional shopping ‘mall’ was proposed at Haydock Park near Liverpool. By then, many shops and shopping centres were owned by powerful institutional landlords who set long-term rental income targets (Jackson, 2006). This may be why many British town centres¹ were “redeveloped” with large enclosed shopping centres (Pioneers, Arn- dale).

But what of other retail formats? Cumulatively, intrusiveness is not confined to mega-developments such as West Quay. Developing larger out of centre ‘shed’ style food stores also brought retailers the potential to own land and thus to directly cash in on rising property values. Retailers and developers of, especially, retail ‘sheds’ came together to lobby for change under the umbrella group ‘Accessible Retail’. Similar vested interests supported plans to liberalise Sunday trading laws. Eventually, these developments led to the concentration of retail power into ever-fewer hands – another consequence of the economic and regulatory changes that benefited WalMart in the USA in the post-war period (Serpken & Tigert, 2010). As recently as 1982, Tesco only had 8.7% of the grocery sector’s overall market share in the UK. This had increased to 27.8% by July 2017. A few hypermarkets were built but most chains (led by ASDA) preferred the smaller, superstore, format (Hallsworth, 1998). One reason for this was that planning permission could be acquired more quickly (Davies, 1976; Dawson, 1980; Guy, 1980).

4. Gaming the system

Retailers seeking to build intrusive new formats led to gaming the system. In other words, planning laws were rarely watertight. Businesses scan the Institutional environment and seek to work with or

¹ Making publicly-funded investments in civic reconstruction following wartime bombings.

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