Perth and Kinross LDP3 2027 - Evidence Report

TOPIC PAPER NO. 027: Retail, City, Town and Commercial Centres

July 2024

Invest in Perth image credit for photos of Perth concert hall, the Olympic torch, Perth city centre at night, 63 Tay St, and St John's Kirk

PERTH & KINROSS COUNCIL

1 Introduction

1.1 This topic paper sets out the key information relating to retail and town centres which will be covered by the Perth and Kinross Local Development Plan (LDP) 3, as required under the provisions of Section 15(5) of the Act [1]. It will, alongside a range of other topic papers, contribute towards the preparation of the Council's Evidence Report, which is programmed to be submitted to the Scottish Government's Planning and Environmental Appeals Division during November 2024 for the 'Gatecheck' process.

1.2 The purpose of an Evidence Report is to provide the local authority's interpretation of the evidence it has gathered and the likely implications of that evidence for the preparation of the LDP. The Report will provide a summary of what the evidence means for the plan, rather than contain all the detail of evidence collected.

1.3 In line with the requirements of the Act, this paper will provide important background information for the Plan area regarding the:

- principal economic characteristics of the district (in relation to retail and town centre uses)

Relevant Policies

1.4 This topic is covered by the following policies in National Planning Framework 4: policy 27 City, town, local and commercial centres and policy 28 Retail.

Legal and National Policy Requirements / Expectations

1.5 In line with the requirement of the Act, this paper will provide important background information for the Plan area regarding:

• retail locations (network of centres) and any town centre audits, studies and strategies for these centres

• where there may be a need for further retail provision in terms of quality and quantity (including neighbourhood provision alongside new communities)

1.6 Under this policy the National Planning Framework 4 (NPF4) expects LDPs to:

• consider where there may be a need for further retail provision, this may be: where a retail study identifies deficiencies in retail provision in terms of quality and quantity in an area; or when allocating sites for housing or the creation of new communities, in terms of the need for neighbourhood shopping, and supporting local living.

• where proposals for healthy food and drink outlets can be supported

• support sustainable futures for city, town and local centres, in particular opportunities to enhance city and town centres. They should, where relevant, also support proposals for improving the sustainability of existing commercial centres where appropriate.

• identify a network of centres that reflect the principles of 20 minute neighbourhoods and the town centre vision

[1] The Town and Country Planning (Scotland) Act 1997, as amended by the Planning (Scotland) Act 2019

• be informed by evidence on where clustering of non-retail uses may be adversely impacting on the wellbeing of communities. They should also consider, and if appropriate, identify any areas where drive-through facilities may be acceptable where they would not negatively impact on the principles of local living or sustainable travel

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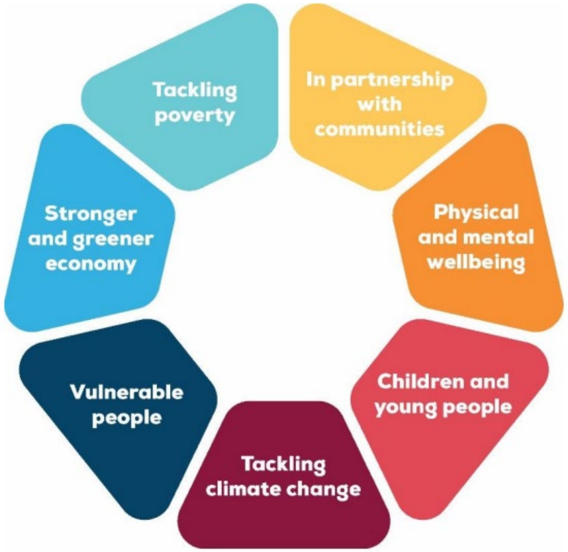
Perth and Kinross Council Corporate Plan 2022-2027

1.7 The Retail, City, Town and Commercial Centres topic paper links to the following priorities from the Corporate plan: Stronger and greener economy, in partnership with communities, physical and mental wellbeing, and tackling poverty and climate change. There is a particular need to consider how the LDP retail approach can contribute to the following key action relating to the priority of Developing a resilient, stronger and greener local economy:

- Support and promote business growth, business and place innovation and investment in both our urban and rural areas

Figure 1: Perth & Kinross Council Corporate Plan Priorities



2 Information analysis on Retail

List of data sets, sources, and how they are relevant

This section sets out the evidence which is needed so that the Proposed Plan can address the issues raised in the Act and in NPF4.

2.1 Scottish Government Diet and healthy weight: out of home action plan provides a framework to help outlets provide healthier foods, and supports organisations to adopt the framework given the need to address diet-related health inequalities. This includes the ability to enforce access to healthier food and take account of the location and density of food outlets in local areas. To help deliver this, NPF4 identifies that LDPs should identify areas where proposals for healthy food and drink outlets can be supported, and where drive throughs would be appropriate.

2.2 The Out of Home Environment Food Standards Scotland publishes data on the out of home (OOH) food and drink landscape, including how this environment has changed over time, the types of businesses visited, and the most popular foods and drinks purchased OOH. This data will inform the Proposed Plan's approach to drive through retail.

2.3 The Town and Country Planning (General Permitted Development and Use Classes) (Scotland) Miscellaneous Amendment Order 2023 came into effect on 31st of March 2023 and introduced new and extended Permitted Development Rights and changes to the use class order in relation to changes of use in centres.

2.4 As of 31 March 2023, there is a new use class 1A for "Shops, and financial, professional and other services", and associated changes to permitted development rights (PDR). The new class combines current use classes 1 (shops) – and 2 (financial, professional and other services) to form a single use class. The principal implication of this change is to enable the change of use of premises between financial or professional services users and retail users without applying for planning permission.

2.5 There is also a new permitted change from financial/ professional service to car showroom, but only up to 235 square metres. Another change is greater flexibility to open a restaurant or other class 3 food and drink use (but not a hot food takeaway, which is sui generis). However, the qualification that the premises are not below or within 1m of a dwelling will limit its use as in many situations there are flats on upper floors of buildings within town centres. New flexibility also includes the right to change from various town centre uses to class 4 Offices, research & development and light Industrial, up to 300 square metres. These changes impact on how freely changes of uses can occur without requiring planning permission.

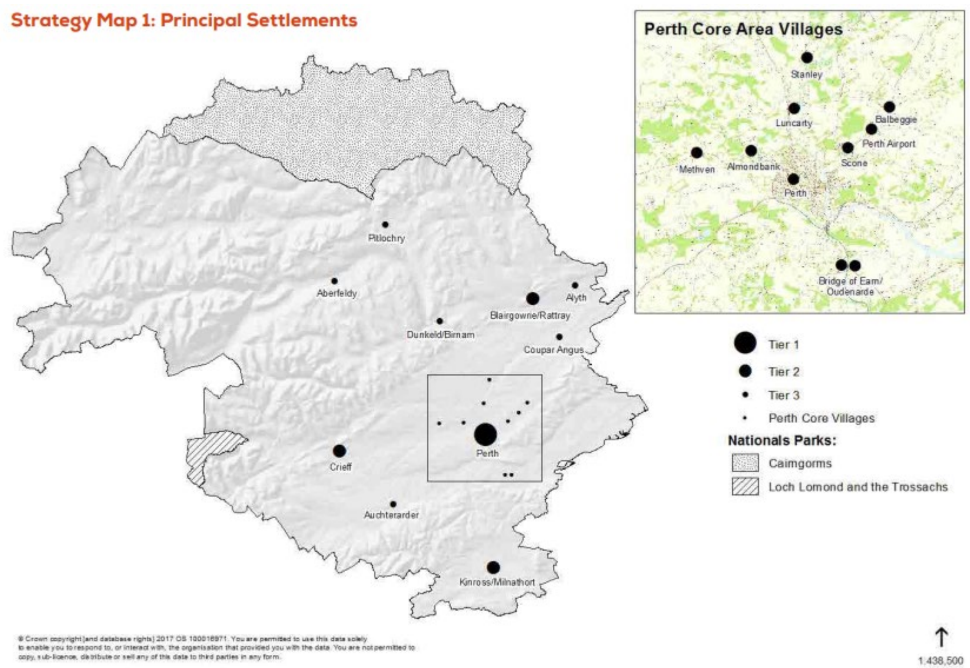
2.6 Understanding Scotland's Places provides assessment of settlements over 1,000 population. This provides information on the population characteristics of these settlements, their level of independence and how reliant they are on neighbouring localities, and their diversity of retail offer.

2.7 The Perth and Kinross City and Town Centre Retail study was updated in February 2023. It provides the evidence base to assist PKC with its work on the LDP review and related economic development frameworks; and supports the development management function of the local planning authority.

2.8 It also informs the regular performance monitoring of the city and town centres in the Perth and Kinross area. Reflecting the Local Development Plan 2, principal settlements, see figure 1, the Study is focused on the following centres:

- Perth City Centre
- Aberfeldy Town Centre
- Alyth Town Centre
- Auchterarder Town Centre
- Blairgowrie Town Centre
- Coupar Angus Town Centre
- Crieff Town Centre
- Dunkeld & Birnam Town Centre
- Kinross Town Centre
- Pitlochry Town Centre
- Perth's Neighbourhood Centres

Figure 2: Local Development Plan 2, principal settlements



2.9 The Study was prepared in the context of significant changes and events since the 2016 Study. These include Brexit, changing economic conditions, the Covid-19 pandemic, the continued growth of online shopping, widespread retailer closures, and (responding in part to such challenges) the newly adopted Fourth National Planning Framework for Scotland ('Adopted NPF4') and other potential planning reforms in relation to permitted development rights

2.10 The study provides a retail and leisure market trends overview and highlights the need to move on from retail led city and town centres towards more multi-purpose destinations in their offer, use and experience. It provides in-depth reviews of the health and function of the city and town centres including their qualitative needs for improvement. These are based on detailed site visits and place reviews, the results of household and business surveys and, where available, the findings and outputs of Community Action Plans (CAPs) and 'Charettes'.

2.11 The retail study also considers the existing hierarchy of centres in the Perth and Kinross area and considers it largely remains appropriate to:

▪ define Perth City Centre at the apex of the hierarchy, reflecting its role as a sub-regional centre and principal focus for comparison goods shopping, services, offices, leisure and other commercial activity in the Perth and Kinross area;

▪ define the existing Town Centres of Aberfeldy, Alyth, Auchterarder, Blairgowrie, Coupar Angus, Crieff, Dunkeld & Birnam, Kinross and Pitlochry as 'second-tier' centres in the hierarchy. Although these centres differ in terms of their size and diversity of uses, they each (to varying degrees) provide an important local function serving the basic needs of residents and other users. However, Coupar Angus is the one centre where it may be appropriate to redefine as a neighbourhood centre; and

▪ define Neighbourhood Centres as 'third-tier' centres in the hierarchy recognising their small scale and predominantly walk-in catchments.

2.12 The retail capacity forecasts for retail floorspace has identified an overall over-supply of both convenience and comparison goods in the Perth and Kinross area covering the Local Development period from 2027 to 2037. The amount of surplus retail floorspace forecasted is particularly acute in Perth City Centre, and this is additional to the centre's vacancies which, in floorspace terms, stand at circa 14% according to Experian Goad.

2.13 **20-minute neighbourhood and local living analysis and settlement audit work** will be carried out to support the preparation of the Proposed Plan. This analysis will inform the spatial strategy and may identify priority places where the Council should try to identify neighbourhood retail opportunities to encourage local living. It is planned as part of the Settlement Audit work for the Proposed Plan to develop a Localities Profile template which will set out those factors which officers need to take account of in developing their understanding of each place and its needs to satisfy the requirements of the Planning Act, Regulations, LDP Guidance and NPF4 policies. These settlement audits will be informed by results of our LDP3 Big Place Conversation exercise (using the Place Standard Tool) which are being collated to produce summaries for each of the localities. These summaries will be available for inclusion in the Evidence Report and considered through our Settlement Audit work for the Proposed Plan.

2.14 **Scottish Vacant and Derelict Land Audit** will also be a valuable information resource and having an up to date and accurate record of vacant and derelict land within the area, helps identify the scale of the problem and any issues relating specifically to Perth and Kinross which may require a local policy response in LDP3. It will also assist in the identification of potential development sites for the Proposed Plan. It is important, however, to note that not all brownfield land and vacant buildings will be included within the SVDLS. Furthermore, the 2023 SVDLS data is not yet published on Scot Govt website and for Perth and Kinross it was only possible to carry out a refresh of existing sites rather than a full review for the 2023 survey return. The Proposed Plan will need to use the most up to date data available. For further information on SVDLS sites in Perth and Kinross Area please refer to the Brownfield, Vacant and Derelict land, and Empty Buildings topic paper.

2.15 **An urban capacity and brownfield study** will target the development of brownfield sites through the preparation of a brownfield register of potential development sites and vacant properties.

2.16 A pilot exercise has so far been undertaken for a specific area of Perth and Kinross which considered vacant and derelict land, vacant properties, community land audit, car parks, underutilised open space, land in council ownership, land allocated for employment safeguarding in LDP2, land allocated in LDP2 and the housing land audit but not yet fulfilled, and officer identified sites. The main purpose is to identify sites for affordable housing, including small sites that could be brought forward for development immediately or considered for the longer term via the LDP review process.

2.17 An initial assessment identified those sites which could be immediately discounted, for example, those which would not comply with planning policy for housing. A full sites assessment was then carried out on the remaining sites, and these were then scored to identify:

- green sites with few constraints and the potential for delivery in 1-2 years
- amber sites with a small number of significant constrains (or a large number of small constraints) that make feasibility less uncertain and where further assessment is needed
- red sites which have significant constraints, and which would need to be considered through the review of the LDP

2.18 Partners, including development trusts are using the results of the pilot to engage with landowners and explore the development viability of green and some amber rated sites in more detail. The process has been reviewed and refined and will be rolled-out across the Perth and Kinross area. This study does, however, have the potential to amass a large amount of data. Of particular relevance to the preparation of the Proposed Plan will be the identification of ‘red’ sites which will require to be assessed through the LDP review process. An additional output beyond identifying land with housing potential, is a register of

Brownfield sites for development that have current planning policy and preliminary development risks assessed.

2.19 **City Centre Design and Development Framework** is currently being prepared by consultants under the Council's instruction and guidance. The development of the guide will be building on existing planning and economic design and development guidance and research and more recent political agreement to focus on both improvements to streetscape and properties within Perth city centre and a series of investment areas that have the potential to drive further sustainable economic growth and city centre revitalisation as follows:

- Cultural Quarter
- Mill Quarter
- Harbour Quarter
- University Quarter
- and the Station Quarter

2.20 This additional design and development guide will extend and complement the strategic framework of the City Plan and other planning and economic development frameworks at regional and local level and allow us to continue to promote and secure investment to deliver on key priorities for sustainable growth of the city and economy.

2.21 This work will inform the development and promotion of property development and vacant and underdeveloped sites in Perth city and city centre. This will identify sites which will be further considered through Local Development Plan review. It is anticipated that a draft will go to committee in September, and a consultation will hopefully follow in October 2024.

<u>Summary Context and Analysis</u>

This section sets out a summary analysis of this evidence base and identifies any gaps or uncertainties.

2.22 Analysis of the Perth and Kinross City and Town Centre Retail study in February 2023, and consideration of its retail forecasts indicates there should be no requirement to plan for major new retail development. The retail capacity forecasts for retail floorspace has identified an overall over-supply of both convenience and comparison goods in the Perth and Kinross area from 2027 to 2037.

2.23 Whilst this surplus is particularly acute for Perth the outlook for the nine town centres in terms of quantitative capacity is generally less 'negative' or more settled. However, whilst these smaller centres will be less exposed to multiple retailer downsizing than the City Centre, they will not be immune to structural changes in the retail sector which are impacting on demand and the viability of some businesses. Some of the area's centres – including but not limited to Aberfeldy, Dunkeld & Birnam and Pitlochry Town Centres – may fare better than others due to their attractiveness to and reliance on tourists.

2.24 The estimated percentage change in total retail floorspace the study predicts is necessarily indicative, but it serves to highlight the degree to which most of the centres are likely to be faced with retail contraction over the plan period to 2037. The estimated forecasted capacity for new convenience and comparison goods floorspace in 2037 (end of LDP period) is:

- - 6,300 square metres net for Perth (-18% from 2022-2037)
- - 300 square metres net for Kinross (-20% from 2022-2037)
- - 50 square metres net for Auchterarder (-1% from 2022-2037)
- - 1,000 square metres net for Crieff (-15% from 2022-2037)
- - 300 square metres net for Alyth (-37% from 2022-2037)
- - 2,200 square metres net for Blairgowrie (-18% from 2022-2037)
- - 50 square metres net for Coupar Angus (-11% from 2022-2037)
- - 200 square metres net for Dunkeld and Birnam (-23% from 2022-2037)
- 200 square metres net for Aberfeldy (12% from 2022-2037)
- -50 square metres net (-1% from 2022-2037) for Pitlochry

2.25 The evidence all points to a need to move on from retail led city and town centres towards more multi-purpose destinations in their offer, use and experience. The use classes and permitted development rights March 2023 changes in Scotland provides additional flexibility which should help centres adapt, as it means premises can change use more freely between retail, business, financial / professional services, office, and food and drink. It will allow businesses and landlords to adapt and repurpose vacant and/or under-utilised retail space for alternative uses. However, it will also somewhat restrict the control the planning authority has in supporting local living and accessibility to services. For example, the only convenience store in a centre (class 1 shop) could change its use to an estate agent's office (class 2 professional services) without requiring planning permission.

2.26 Future performance and recovery will much depend on how each centre adapts to future changes and remains relevant and attractive to shoppers and other town centre users. They will all, regardless of scale, need to be more multi-purpose in their offer, use and experience. It will be important to develop a Proposed Plan response which considers how change can be supported and managed in the city and town centres to ensure their future vitality and viability.

2.27 Carrying out a future urban capacity and brownfield study will help identify the scale of the problem and any issues relating which require a response in the Proposed Plan. It will help in identifying suitable conversion and new build opportunities for residential development within the centres. This study will identify longer term red sites with some constraints associated to them, which may or may not be supported, and these should be considered through LDP review, and through SEA site appraisal.

Summary context and analysis

Based on retail study forecasts, there is no requirement to plan for major new retail development in any of the city or town centres.

An important theme will be space sharing and identifying opportunities for repurposing (or redeveloping) redundant or under-utilised retail spaces.

To some extent there is a need to move on from retail led city and town centres towards more multi-purpose destinations in their offer, use and experience.

The use classes and permitted development rights in Scotland changes provide additional flexibility which will help our centres change more freely between commercial uses which will help.

The Proposed Plan will be informed by an urban capacity and brownfield land study which will be carried out and will identify suitable conversion and new build opportunities for residential development within the centres.

The longer term potential residential opportunities which may or may not be supported, should be considered through LDP review, and through SEA site appraisal.

Implications for the Proposed Plan

The initial implications of the evidence for the Proposed Plan which have been identified so far are set out below. This will be revised and updated following consultation on this Topic Paper.

2.28 Analysis of the Perth and Kinross City and Town Centre Retail, the urban capacity and brownfield study, the City Centre Design and Development Framework, the 20-minute neighbourhood and local living analysis, and the settlement audit work will identify any local issues and opportunities which will support the Proposed plan preparation.

2.29 NPF4 retail policy has marked a considerable shift in the policy framework for retail, with a greater focus on a plan led approach, unless the proposal is in a town centre, or is a neighbourhood scale or a rurally appropriate proposal. NPF4 identifies that rural retail should be ancillary to other uses such as farm shops, craft shops and shops linked to petrol/service/charging stations and should support local living. This is important context to inform the preparation of the Proposed Plan.

2.30 Considering the retail forecasts of the Perth and Kinross City and Town Centre Retail study, there is no requirement to plan for major new retail development, but there will be a need to consider neighbourhood scale retail. Also whilst there is a need to move on from retail led centres, the Proposed Plan should afford sufficient protection for footfall generating activities and allow for proper scrutiny of change of use proposals from town centre use(s) to ground floor residential. This is something which should be considered further when preparing the Proposed Plan.

2.31 There will be a need for the LDP to identify the town centres, neighbourhood centres, and commercial centres (the network of centres reflecting the principles of 20 minute neighbourhood). There will also be a need to consider if Perth city centre and town centre extents should be redefined, or whether a policy approach will be sufficient.

2.32 The settlement hierarchy in the existing LDP is largely appropriate however the Perth and Kinross City and Town Centre Retail study 2023 does provide some guidance on what will require review in the Proposed Plan. This concerns whether Coupar Angus should redefined as a neighbourhood centre, and also requires defining neighbourhood centres in a more comprehensive way. The retail study suggests some additional neighbourhood centres within Perth, whilst future 20-minute neighbourhood and local living analysis and settlement audit work to support the Proposed plan, may identify the need to identify further neighbourhood centres.

2.33 The Perth and Kinross City and Town Centre Retail study provides recommended definitions to help with the interpretation of NPF4 Policy 28 Retail policy reference to edge of centre sites, to small scale neighbourhood retail, and to the floorspace threshold at which an impact assessment will be required. These are matters which it is generally too early to consider and will be considered at the Proposed Plan stage. However, since the Proposed Plan will need to consider opportunities for neighbourhood scale retail, it might be useful to be aware that the study suggests this should be defined as comprising no more than 500 sqm gross in total, with individual retail units measuring no more than 200 sqm gross. These controls would ensure development principally serves local retail needs and is consistent with the principles of 20- minute neighbourhoods.

2.34 The eating out of the home sector continues to grow, and it is important that this growth sector supports existing centres which are losing some of their retail function. In terms of future food and drink development opportunities, these will be directed to existing centres as per NPF4 policy 27. The evidence from the Perth and Kinross City and Town Centre Retail study, the availability of existing drive through provision, and the recent planning permissions granted for drive through provision at Broxden in Perth suggests that it is unlikely that the Proposed Plan will need to allocate any new sites for drive-through restaurants. This analysis is informed by NPF4 Policy 27 City, town, local and commercial centres, which identifies drive throughs are only appropriate where they would not negatively impact on the principles of local living or sustainable travel.

2.35 In terms of the NPF4 consideration of potential clustering of hot food takeaways, high-interest money lending, and betting shops, Perth city centre area does have multiple fast-food take-aways and some (but not high numbers) betting shops. This reflects the nature and function of a city centres and is not problematic. The food and beverage overview within the Perth and Kinross City and Town Centre Retail study does not note any problematic clustering of takeaway provision. Therefore, clustering of these non-retail uses is not an obvious issue in Perth and Kinross.

Summary of the implications for the Proposed Plan:

The settlement hierarchy in the existing LDP is largely appropriate, but there will be identification of further neighbourhood retail centres defined within the Proposed Plan to support local living.

The eating out of the home sector continues to grow, and it is important that this growth supports existing centres which are losing some of their retail function Plan.

It is unlikely that the Proposed Plan will need to allocate any new sites for drive-through restaurants.

Clustering of hot food takeaways, high-interest money lending, and betting shops does not appear to be an issue within Perth and Kinross

Key discussion point for feedback

Do you consider clustering of hot food takeaways, high-interest money lending, and betting shops to be an issue in Perth and Kinross?