Lambert Smith Hampton

BLACK COUNTRY CENTRES STUDY - 2021 UPDATE

for:

The Black Country Authorities

Comprising:

City of Wolverhampton Council
Dudley Metropolitan Borough Council
Sandwell Metropolitan Borough Council
Walsall Council

FINAL
Volume 1: Main Report

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Signed:

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For and on behalf of Lambert Smith Hampton

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1. Introduction

1.1 Lambert Smith Hampton (**LSH)** was jointly commissioned by the City of Wolverhampton Council (CWC); Dudley Metropolitan Borough Council (DMBC), Sandwell Metropolitan Borough Council (SMBC) and Walsall Council (WC) hereafter 'The Black Country Local Authorities (**BCLA**)' to update the key findings of the '2020 Centres Study' (as recommended in para 1.3 of that study) in the light of the Covid-19 pandemic, the Black Country Plan (BCP) period running to 2039 and changes to the planning system (such as use-class and permitted development rights). The findings of the update will be used to inform the emerging draft to the BCP and future Tier-Two Plans (e.g. Area Action Plans/ Site Allocation Documents), and confirm that the recommendations of the 2020 Centres Study remain valid.

1.2 It is important to note that this update was commissioned to assess the future need ('capacity') for new retail (convenience and comparison goods) floorspace over the Plan period to 2039. It also assesses the quantitative need for new commercial leisure facilities.

1.3 The update is based on the study area defined in the 2020 Centres Study (see **Appendix 1, Volume 3**). This includes the market share analysis that informed this Study which was informed by a household survey conducted between June 2019 and July 2019.

1.4 The capacity update also takes account of:

- the most recent population projections for the study area derived from the ONS's 2018-based Sub National Population Projections (SNPP);
- the most up to date retail (convenience and comparison goods) expenditure per capita levels derived from Experian's latest Retail Planner Briefing Note 18 (October 2020).This update is on the takes account of forecasts from Experian that account for the on-going impact of the COVID19 pandemic;
- the most recent forecasts of expenditure growth and 'non-store' retail sales (otherwise referred to as Special Forms of Trading[1]) based on Experian's latest Retail Planner Briefing Note 18 (October 2020);
- an update and overview of key retail trends;
- the current pipeline of committed new retail floorspace as revised by the BCLA.

1.5 It should be noted at the outset that capacity forecasts carried out over a long period of time are inherently less certain and should be treated with caution. This is principally due to the impact of economic, demographic and market trends on the key assumptions and forecasts. As a result we advise the BCLA that greater weight should be placed on the short term forecasts carried out over a three-five year period in accordance with the NPPG and especially currently when the impact of the pandemic are still being realised. Notwithstanding this, account should also necessarily be taken of the forecast growth over the development plan period.

1.6 For ease of reference this report is structured as follows:

- **Section 2** highlights current trends that are driving the dynamic changes in the retail and leisure sectors.
- **Section 3** provides a healthcheck update for the Strategic Centres (Wolverhampton, Brierley Hill, West Bromwich and Walsall).
- **Section 4** sets out the key assumptions and forecasts underpinning the quantitative need ('retail capacity') assessment.
- **Section 5** details the updated outputs of LSH's in-house **CREAT^{e}** (excel-based) capacity model.
- **Section 6** sets out the updated findings of the commercial leisure and other town centre uses 'gap' assessment. This looks at current leisure provision and the potential need over the plan period for new food and beverage uses, cinema, gyms, etc.
- **Section 7** provides an update to the projections for the office sector.
- **Section 8** summarises the findings and advice of this update.

[1] Special Forms of Trading (SFT) comprises all non-store retail sales made via the internet, mail order, stalls and markets, door-to-door and telephone sales. On-line sales by supermarkets, department stores and catalogue companies are also included in the data collected by the Office for National Statistics (ONS)

2. Retail and Town Centre Trends

2.1 This section summarises some of the key economic, consumer and property market trends that have driven the changes in the retail and leisure sectors over the last decade and how town centres can respond to these dynamic trends to remain competitive and enhance their overall vitality and viability in the future. In addition, as this update has been written during the coronavirus pandemic ('COVID19'), it also focuses on the impact of the series of lockdowns and *"social distancing"* measures implemented by the Government since March 2020 (when the previous 2020 Centres Study was finalised). The pandemic has created one of the toughest trading environments for the retail and leisure sectors and this section also reports on its immediate effects.

UK Economic Outlook

2.2 In the 18-24 months prior to the COVID-19 pandemic the UK economy had been characterised by a low growth trajectory. The *Office for National Statistics* (ONS) identified that the UK's GDP increased by +0.3% (quarter-on-quarter) in the third quarter (Q3) of 2019. This represented a +1% year-on-year increase since 2018 (Q3), which was the weakest growth recorded since 2010 (Q1).

2.3 The impact of the COVID-19 pandemic in 2020 saw the UK economy experience its biggest annual decline in GDP (-9.9%) for over 300 years. The latest ONS figures show the economy narrowly avoided a double-dip recession in 2020 following positive growth of +1% in the final quarter due to the loosening of the COVID-19 restrictions in the run-up to Christmas 2020.

2.4 Britain's budget deficit (i.e. the gap between public spending and income from taxes) has also reached the highest levels experienced since the Second World War. Government borrowing climbed to a record £240.9 billion in the first eight months of 2020, and the Office for Budget Responsibility (OBR) forecast that this could reach almost £400 billion by the end of March 2021.

2.5 Experian Business Strategies (Experian) predict in their latest *Retail Planner Briefing Note* 18 ('RPBN 18') that the economy will not recover to pre-pandemic levels until at least 2022. This is based on Experian's assumptions that the economy will return to some "normality" from mid-2021 due to the roll-out of vaccines and the end of the third lockdown. However, the unprecedented nature of the global pandemic means that all forecasts are subject to greater than usual uncertainty and volatility.

Retail Spending

2.6 The COVID-19 pandemic has inevitably had a dramatic impact on consumer spending and retail sales in 2020.

2.7 Although consumer spending has been a key driver of economic growth since the BREXIT referendum in June 2016, there had been increasing signs pre-COVID-19 that growth was starting to "soften". Figures show that household spending slowed to an eight year low (+1.2%) in 2019 due principally to the impact of BREXIT on consumer confidence.

2.8 The latest Experian[2] forecasts for **retail spend per head** show:

- **<u>Convenience goods:</u>** The impact of COVID-19 resulted in a significant +8.4% surge in spend per head in 2020 according to Experian. This followed negative growth in 2019 (-0.9%) and for most years since 2005. As we describe below, the negative growth in convenience goods spending over the last 15 years has had a significant impact on the grocery sector and on retailer business models. Experian predict that the boost to convenience goods spending in 2020 will start to *"unwind"* in 2021 assuming a return to more *"normal"* conditions. Experian forecast a fall in convenience spend in 2021 (-6.2%), and annual (per capita) growth over the medium to long term *"flatlining"* at around +0.1% up to 2040.
- For **<u>comparison goods</u>** the figure shows year-on-year growth rates recovering from a low of -1.0% in 2009, to a high of +5.7% in 2015. Following negative growth of -8.5% in 2020, Experian predict that (per capita) growth will settle at around +3% per annum on average up to 2040. This growth forecast is significantly below the historic long term trend (1997-2019) of +5.5% per annum.

2.9 These expenditure growth trends and forecasts have informed the updated assessments of retail capacity. Clearly any further dampening of growth rates over the short to medium term due to the on-going impact of the pandemic will have implications for the viability of existing retail businesses and the demand for new space.

The Rise of Online Shopping

2.10 The growth in non-store retail sales has undoubtedly had the most significant impact on consumer spend and behaviour over the last decade, and on our High Streets and traditional shops[3]. ONS figures show that the value of non-store retail sales (including the

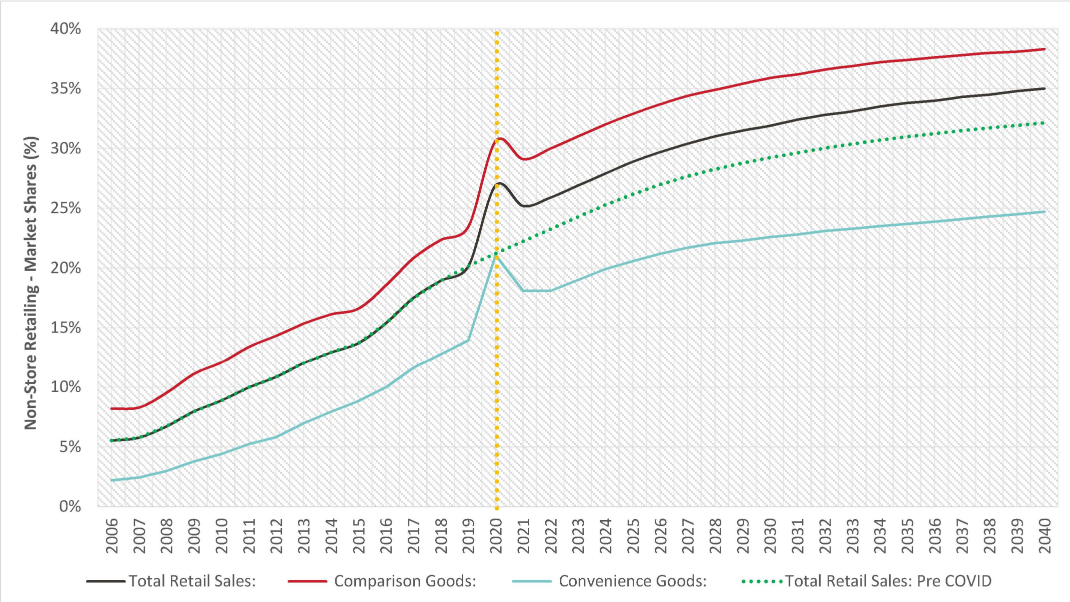
[2] Source: Experian Retail Planner Briefing Note 18 (October 2020) Figures 1a and 1b.

[3] Non-store retailing is commonly referred to as **Special Forms of Trading** (SFT). This comprises all non-store retail sales made via the internet, mail order, stalls and markets, door-to-door and telephone sales. On-line sales by supermarkets, department stores and catalogue companies are also included in the data collected by the Office for National Statistics (ONS).

internet) stood at £84.2bn in 2019 (in 2016 prices). This represented a significant growth from £17.1bn in 2006.

2.11 As the figure below shows, SFT's overall market share (as a proportion of total UK retail sales) increased from 5.5% in 2006 to 20.2% in 2019. In other words, online accounted for more than one in every five pounds spent on retail goods in 2019. Of this total non-store retail sales, Experian estimate that comparison and convenience goods retailing achieved market shares of 23.4% and 14.1% respectively in 2019.

Figure 2.1: Estimated and Projected Market Shares of Non-Store Retail Sales (SFT), 2006-2036



Source: Experian Retail Planner Briefing Note 18 (October 2020). Appendix 3

2.12 The impact of COVID-19 has been to increase the market share of non-store retail sales following the series of lockdowns. Experian's latest figures indicate that the total non-store market share increased to 26.9% in 2020; and the share of comparison and convenience goods retailing increased to 30.6% and 21.1% respectively. This compares with Experian's previous forecasts (pre-COVID19) of 21.1% for all total retail sales, 24.8% for comparison retailing and 14.2% for convenience.

2.13 The forecast for 2021 is 25.2% for total retail sales, 25.2% for comparison retailing and 29.1% for convenience.

2.14 The latest Experian forecasts indicate that total SFT market shares will increase to 34.8% by 2039 (i.e. over one in every three pounds spent on retail in 18 years' time will be online). Comparison and convenience goods non-store retail sales are forecast to reach 38.1% and 24.5% respectively by 2039.

2.15 Experian predict that the pace of e-commerce growth will slow over the long term as internet use is now almost at capacity. ONS statistics show that some 91% of all UK adults have internet access and almost all of those aged between 16-44 years in 2018. Hence, Experian expect that the growth of the internet user base will be less of a driver than it has been in the past decade. Instead, generational differences in internet use will increasingly drive growth. For example, the 'Millennials' (defined as anyone born between 1981 and 1996) and 'Generation Z' (anyone born between 1997 and 2010) generations have grown up in digital environments and use technology more intensively. These groups will account for half of the adult population by the end of the 2020s (compared to 39% in 2019) and the bulk of retail and leisure spending. Their preference for online shopping could well represent the "*tipping point*" for the retail industry as a whole, and this will have been further accelerated by the impact of the pandemic.

2.16 Other research[4], published before the impact of the pandemic, predicted that the growth in online sales could be even faster than forecast by Experian; accounting for a substantial 53% of total retail sales by 2028. This faster growth it is argued will be driven by the significant improvements in the convenience and choice of online purchasing through further advances in smartphones, mobile/wearable technology and Artificial Intelligence (AI), alongside improved web-based platforms and social media. The expansion of 5G and fibre networks, cheaper and faster deliveries (including the potential for drone deliveries, autonomous delivery vehicles, etc.), more 'click-and-collect' options and easier return processes will also provide the platform for increasing online purchases.

2.17 Whatever the forecast growth in online sales and market shares, it is clear that high streets, town centres and physical retailers will need to work even harder to retain their existing customer base and attract new customers over the short (post-pandemic), medium and long term.

2.18 In terms of forecasting the potential capacity for new physical retail floorspace, Experian estimate that approximately 25% of all SFT sales for comparison goods and 70% for convenience goods are still sourced through traditional ('*bricks-and-mortar*') retail space, rather than through '*virtual'* stores and/or *'dot com'* distribution warehouses. On this basis, Experian adjust their SFT market shares downwards, to 16.6% in 2020, 18.6% by 2025, 21% by 2030 and 23.4% by 2039. These market shares are higher than Experian's pre-COVID forecasts of 13.6% in 2020, increasing to 21.8% by 2040. In line with standard approaches these adjusted/recalibrated market share figures are preferred for retail capacity assessments and used in this update.

2.19 It is clear that the "*digital revolution*" and growth of online retailing has, and will continue to have a significant impact on Britain's retailers, sales and high streets. The early impact of Internet shopping has been mainly concentrated on certain retail products and services

[4] 'The Digital Tipping Point – 2019 Retail Report' (Retail Economics and Womble Bond Dickinson)

(such as, for example, electrical goods, books, music and travel). In turn, this has resulted in a reduction in the number of retailers selling these types of products and services on the high street (examples being the rationalisation of HMV, Currys, GAME and other stores across the UK). However this does not mean that other comparison goods categories are immune to the impact of the internet. For example, there has been an increase in online fashion 'stores' and purchases over the last decade. The online fashion retailer Asos purchased the Arcadia brands (including Topshop, Topman and Miss Selfridge) in February 2021 for £330m after Arcadia collapsed into administration. Asos has purchased the stock, which it will sell online, but has no interest in the store portfolio. As a continuation of this trend the online fashion retailer Boohoo bought Dorothy Perkins, Wallis and Burton in February 2021 completing the breakup of the Arcadia Group. The deal to buy the three remaining fashion brands out of administration did not include any of the 214 UK stores.

2.20 The "*digital revolution*" is also impacting on how and where people choose to spend their leisure time. For example, instead of visiting the cinema or theatre, consumers can digitally stream to their televisions a vast library of filmed entertainment on demand through say Netflix or Amazon Prime, and through new recently launched channels by Apple and Disney. Social media, Skype, Zoom, etc. are also displacing face-to-face interactions. The innovation and development of these alternative digital customer experiences has accelerated during the pandemic and is exacerbating a *'digital divide'* between, on the one hand, those well-resourced companies investing and competing in the digital arena, and on the other hand the small independent businesses that serve the day-to-day needs of their local (high street) communities. Yet the success of businesses at both ends of the 'divide' is mutually dependent, and is essential to a successful high street.

2.21 In summary, both retailers and high streets will need to compete for shoppers and expenditure through a variety of means including creating experiences that will attract the interest and attention of potential consumers across all age and socio-economic groupings.

Retailer Business Models and Requirements

2.22 The challenging economic conditions and growth in online sales have had a significant and permanent impact on consumer shopping and spending behaviour. This has created significant challenges for traditional "*bricks-and-mortar*" retailing and the high street. Consequently national multiple retailers are having to constantly review and rapidly adapt their business strategies, requirements and store formats to keep pace with the dynamic changes in the sector and consumer demand.

2.23 These dynamic trends are best illustrated by the changes in the grocery sector over the last decade. In the circa 25 years up to 2010 the sector enjoyed a period of strong growth, principally driven by new larger format store openings in predominantly edge and out of centre locations. Since 2010 the top-5 main grocery operators (i.e. Tesco, Sainsbury's, Asda, Waitrose and Morrisons) have dramatically changed their business models; their focus has been on growing market share through online sales and new smaller convenience store formats (including Tesco Express, Sainsbury's Local and Little Waitrose). As a consequence, applications for large store formats have slowed to a virtual standstill over the last decade and extant permissions have not been implemented. Outside of the so-called top-5 grocers, the 'deep discount'[5] food operators (namely Aldi and Lidl) have significantly increased their respective market shares through new store openings. Notwithstanding this the grocery and convenience sector has had buoyant sales during the pandemic, particularly in town, district and local centres as many households have been forced to work from home and only the foodstores and 'essential stores' have been open during the series of lockdowns, including local independents.

2.24 The non-food retail sector has also experienced a significant impact from the rise of online shopping over the last decade, which has impacted on business models and store viability. Many well-known retailers have either closed or have significantly reduced their store portfolios. The table below summarises some of the higher profile "*casualties"* since 2008.

[5] Also referred to as 'Limited Assortment Discounter' ('LADs') by the Competition Commission Report.

Table 2.1: The Largest Retailers that have gone in Administration since 2008

Year	Retailer	Stores	Employees	Sector
2020	M&Co	262	2,700	Clothing
	DW Sports	75	1,700	sportswear
	Benson Beds	242	1,900	Furniture
	Harveys Furniiture	20	240	Furniture
	TM Lewin	65	600	Clothing
	Le Pain Quotidien	10	200	food and beverage
	Monsoon Accessories	35	550	Fashion & accessories
	Oasis & Warehouse	92	2,300	Clothing
	Kath Kidston	60	900	Fashion & accessories
	Brighthouse	240	2,700	Household goods
	Laura Ashley	155	2,350	Clothing
	Oddbins	56	567	off licences
	Hawkins Bazaar	22	177	toys & games
	Beales	22	n/a	Department Store
2019	Select	180	2,000	clothing
	Debenhams	165	25,000	Department Store
	Clinton Cards	332	2,500	cards, gifts
	New Look	60	1,000	Clothing
	Mammas & Pappas	32	740	Babywear, etc.
	Mothercare	79	2,500	Babywear, etc.
	Bonmarche	318	2,887	Clothing
	Thomas Cook	560	9,000	Travel Agents
	LK Bennett	41	480	Clothing
	Patisserie Valerie	71	900	food and beverage
2018	HMV	133	2,200	music, DVD, games
	House of Fraser	59	17,500	department
	Poundworld	350	5,300	discount
	Wine Rack / Bargain Booze	760	4,000	off licences
	Maplin	200	2,500	IT
	Toys 'R' Us	105	3,200	toys & games
2017	Palmer & Harvey	-	4,000	wholesaler
	Store Twenty One	76	1,080	clothing/variety chain
2016	BHS	164	11,000	clothing/variety chain
	Brantano	200	2,000	footwear
2014	Phones4U	550	5,600	mobile phones
2013	HMV	238	4,350	music
	Blockbuster	528	4,190	DVD rental
2012	Comet	236	7,000	electricals
	Game	600	6,000	video games
	Peacocks	550	9,600	clothing
	JJB Sports	250	6,300	sportswear
	Alexon	990	2,700	clothing
2011	Focus DIY	170	3,919	DIY
2009	Wine Rack/ Threshers/ Bottoms Up/ Victoria Wine	1,300	6,500	off licences
	Zavvi	150	3,500	music
2008	Ethel Austin	300	3,100	clothing
	Adams	271	3,200	children's clothing
	Woolworths	820	30,000	variety chain
	Stead & Simpson (Shoe Express/ Lilley & Skinner/ Peter Briggs)	375	3,000	footwear
	Faith Shoes	284	2,000	footwear
	Roseby's	280	2,000	furnishings
	Motor World	284	2,235	car accessories
	MFI	173	1,100	furniture
	Stylo Shoes	1,067	5,400	footwear
	Allied Carpets	273	2,300	floor coverings
	Blacks Leisure	400	2,640	outdoorwear
	TOTAL:	**15,330**	**233,305**	

Source: Centre for Retail Research (2020)

Notes: These figures relate to retail corporations that went into legal adminstration in the year shown. The test for inclusion is (a) administration and (b) national significance. The table does not indicate or purport to show whether the company has disappeared, such as Woolworths, or still survives in a robust manner, such as HMV or Peacocks. Appearance in the table does not imply that the brand is no longer used or does not trade. Where a retailer has suffered several failures the date used is normally the one where most assets or staff were involved. Retailers that have shrunk their businesses without going through administration are not included.

2.25 Whilst 2019 was generally regarded as one of the hardest for the retail sector; with a net closure of some 7,550 retail units, this was surpassed in 2020 due to the impact of the pandemic and represented probably the worst year for retailers for over 25 years. The *Centre for Retail Research* (CRR) has identified that over 16,000 shops closed in 2020 across the UK, impacting on over 180,000 jobs, and this trend is being mirrored by the figures for 2021. The pandemic has accelerated the demise of a number of high profile retailers that were already struggling due to falling sales and increasing costs/debt; including Debenhams, Oasis, Warehouse, Laura Ashley, the Arcadia Group and Kath Kidston. At the time of this update John Lewis also announced the closure of four department stores and four 'At Home' stores. This illustrates that impacts are being experienced by all high streets and shopping locations, including centres within the BCLA area.

2.26 National retailers with extensive high street store portfolios are struggling to maintain market shares and remain profitable in the increasingly competitive environment. The higher costs of trading from high streets compared with online and out-of-centre retailing, also means that it is not a "*level playing field*". This is a further contributing factor to the significant number of store closures that have occurred over recent years.

2.27 In summary, although some retailers are better positioned to cope with the growth in online shopping and the shifts in consumer behaviour and preferences, many are struggling to position themselves quickly enough to absorb rising costs and engineer the vital transition to a more technology-focussed business model. These trends and challenges will have been further exacerbated and accelerated by the impact of COVID-19.

Rising Occupancy Costs

2.28 'Bricks and mortar' retailers are having to absorb higher than inflation increases in year-on-year occupancy costs (for example, rents, business rates, service charges, staff costs, etc). Research shows that, on average, retailers' operating costs increased by +3.5% in 2018. This outpaced sales growth for many retailers, eroding profitability and resulting in more store closures.

2.29 As described above it is not a "*level playing field*" between high street and online retailing, or between high street and out-of-centre retailing. In response to the budgetary challenges from rising costs and tight margins, retailers will need to drive up efficiencies and productivity from existing floorspace to remain viable.

2.30 It is standard practice for retail planning assessments to make a reasonable and robust allowance for the year-on-year growth in the average sales densities of existing and new (comparison and convenience) retail floorspace for it to remain vital and viable. However, there is limited evidence detailing actual changes in the turnover and profitability of retailers over time. The latest *Retail Planner Briefing Note* (RPBN 18) prepared by Experian at the time of this update provided forecasts of annual floorspace productivity growth rates based on two different scenarios: (i) the '**constant floorspace scenario'**, based on limited potential for new retail development, resulting in greater efficiency of existing floorspace; and (ii) the '**changing floorspace scenario'**, which takes account of the impact of new retail development on average retailer sales performance. The table below sets out the differences between the two scenarios.

Table 2.2: Floorspace Productivity Growth Rates (year-on-year growth %)

	2020	2021	2022	2023-27	2028-40
CONSTANT FLOORSPACE:					
Convenience Goods:	5.4%	-4.8%	0.7%	0.3%	0.3%
Comparison Goods:	-14.1%	8.6%	3.4%	2.6%	2.9%
CHANGING FLOORSPACE:					
Convenience Goods:	5.4%	-4.7%	0.8%	0.0%	0.0%
Comparison Goods:	-14.1%	10.1%	4.5%	3.0%	2.6%

Source: Experian Retail Planner Briefing Note 18 (October 2020). Appendix 2, Figures 3b/3c and 4a/4b.

2.31 As Experian explain, budgetary pressures mean that retailers will have to increase efficiencies from current floorspace: including through redevelopment/repurposing of existing floorspace; adoption of new technology and innovations; more effective marketing strategies; and using internet sales to increase the sales performance of physical shops. This is against a backdrop of weak demand for retail property, high vacancy levels and a significant fall in new retail-led development in centres across the UK. Experian reaffirm the limited prospects for new retail floorspace development.

2.32 For these reasons we prefer to test higher 'constant floorspace productivity' growth rates for retail planning assessments, as they better reflect national trends and the need for existing retailers to increase their sales potential and profit margins to remain viable.

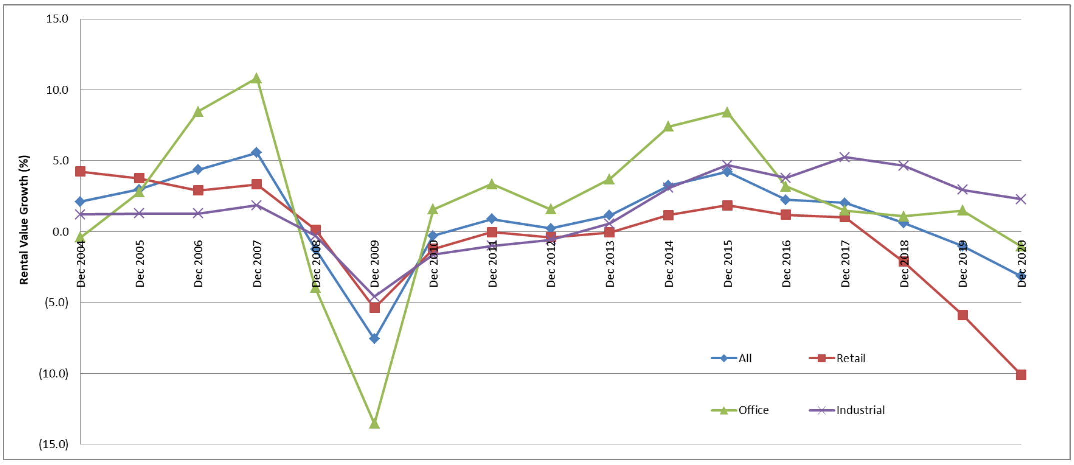
Retail & Shopping Centre Investment

2.33 The rise in the number of retailer "*casualties*" and vacancy levels has created a challenging environment for existing retailers and investments in towns and shopping centres across the UK. The current investment climate is becoming increasingly polarised. The top 50 shopping locations generally have the best prospects for attracting new investment and development. This is because they benefit from strong catchments and the necessary critical mass of shops, leisure facilities and other uses to remain commercially viable and attractive investment propositions.

2.34 Outside of the top 50 it is the more secondary towns and shopping locations that potentially remain vulnerable to further reductions in their existing retail and commercial offer. This is against the backdrop of limited and falling demand for new shops and commercial space.

2.35 Demand for retail space in centres across the UK has fallen dramatically since 2007 and is currently at an all-time low. In turn this fall in demand is impacting on property values and rents. For example, LSH research conducted before the pandemic showed that the retail sector recorded a 5.9% year-on-year fall in rents in December 2019 and fell further in December 2020 by 10.1%[6]. As the figure below shows, retail has performed poorly compared with the other property sectors since the economic crisis in 2007/08. This trend has been further exacerbated by the pandemic.

Figure 2.2: Average Rental Growth (% Change Year-on-Year)



Source: MSCI

2.36 In simple terms many centres and shopping locations across the UK simply have too much retail floorspace stock, or they have the "*wrong type*" of retail floorspace that does not meet the needs of modern national retailers for larger format shop units. Some analysts indicate that there was as much as 30% too much physical space in the retail sector pre pandemic. This over-supply of retail floorspace and limited market demand is placing further pressures on the viability of existing stores and shopping centres. In turn, this makes it difficult for landlords, investors and retailers to justify additional capital expenditure.

2.37 The shopping centre sector also has faced significant challenges over the past decade from the rise of online shopping, falling market demand and increasing retailer failures, In recent years, the response to diminishing demand from traditional retailers has been to turn to the casual dining and commercial leisure (for example, cinemas) to take up surplus space. However, this is now becoming increasingly difficult due to the pressure on disposable income and a fall in demand from food and beverage operators in an increasingly "saturated" market. A trend that has been further accelerated by the pandemic. As a result, shopping centre owners and landlords are struggling to retain existing tenants, let alone attract new retailers into vacant shops.

[6] LSH research using MSCI data

2.38 Against this backdrop, occupiers are negotiating shorter lease terms and greater incentives from landlords to continue trading in the face of increasing online competition and economic uncertainty. This will further force down rents and profits across more marginal, secondary shopping locations.

2.39 The demise of Intu Properties is an example of the impact of these trends on the shopping centre sector. With total debts of £4.5bn it failed to raise more capital and went into administration in June 2020. This is notwithstanding the fact that it owned some of the highest profile shopping centres in the UK (Dudley's Merry Hill Centre, Glasgow's Braehead Centre, Manchester's Trafford Centre, Nottingham's Victoria Centre and Norwich's Chapelfield). Intu's business model, like most shopping centre owners, relied on ever-rising rental income from its tenants, along with a year-on-year increase in the value of its property portfolio, but recent trends have had a significant adverse impact on these business models.

2.40 In this context, research shows that total investment activity in the first half of 2020, of circa £118.5m, was the lowest level ever seen. Presently consumer confidence is at an all-time low due to the impact of the pandemic, which has resulted in rising unemployment, and the enforced closure of retail and leisure businesses during a series of lockdowns. Whilst the gradual 'unlocking' in spring/summer 2021 has resulted in increased economic activity, it is too early to tell what the scale and nature of the recovery will be. All these factors are resulting in a significant structural shift in retail property and shopping centres, and the way in which this type of floorspace will be utilised in the future.

Out-Of-Centre Retailing

2.41 The development and take-up of food and non-food out-of-centre space has also slowed over recent years, in line with the trends impacting on high streets and town centres. As described above, the main grocery retailers have pulled back from new larger format superstore openings in edge and out of centre locations to focus on maintaining and increasing market shares through online sales and opening smaller convenience outlets. The exception to this is the deep discounters, Aldi and Lidl, who continue to seek new sites in mainly edge and out of centre locations.

2.42 Vacancy levels in out-of-centre retail warehouses and parks have also increased over the last decade following the closure of major operators (such as, for example, Toys R Us, Poundworld, Office Outlet, etc.), and a reduction in the store portfolios of other major out-of-centre retailers (such as, for example, B&Q and Homebase). There are likely to be further increases in closures, particularly in the poorly performing *"first generation"* and secondary shopping locations, as leases come up for renewal and more retailers go into administration. As a result a number of out-of-centre foodstore and retail warehouse sites are being repurposed and/or redeveloped for alternative uses, including logistics and residential uses.

2.43 Notwithstanding this, most out-of-centre shopping locations retain their significant competitive advantages over town centres and high streets in terms of their supply of larger format modern outlets, their lower occupancy costs, extensive free parking and convenient access to the road network. This is still an attractive proposition for those retailers that are still seeking space in the current market. For example, as part of its revised business model Marks & Spencer has closed a number of its traditional high street stores and *"replaced"* these with 'Simply Food/Food Hall' branded stores in out-of-centre locations (for example in Dover, Maidstone, Great Yarmouth, Harlow, Wakefield and Rugby). As a result, retailers who previously anchored the vitality and viability of town centres, are now competing directly with high streets for shoppers, spend and sales.

Vacancy Rates

2.44 According to Local Data Company (LDC), the UK lost 11,000 shops in 2020, with a further 18,000 set to close in 2021. At the end of 2020, the GB average 'All Vacancy Rate' (retail and leisure combined) according to LDC stood at 13.7%. The sharpest increase in vacancy rates was seen in Shopping Centres category, rising from 14.4% at the end of 2019 to 17.1% at the end of 2020.

2.45 With the national lockdowns and consumers being confined to work in their local areas, centres with an immediate residential catchment have benefited. This has resulted in cities and larger centres that are dependent on commuting populations to suffer more adversely than smaller centres. LDC state that the City Centre vacancy rates increased by 2.5% to 16.1% in 2020. By way of comparison, commuter towns increased by 1.1% to 10.9% and villages by 0.4% to 11.1%. The vacancy rates for the West Midlands area overall increased from 14.5% in 2019 to 15.9% in 2020.

2.46 It is anticipated that 2021 may see some return to normality dependent on the impact vaccine rollout and loosening of restrictions. Nevertheless there is likely to be a continuing level of consolidation amongst operators. LDC forecast that retail vacancy rate may reach 14.6%; leisure 11.4%; with the combined rate rising to 15.7% by the end of 2021.

Use Classes Order & Permitted Development Rights

2.47 Since the 2020 Centres Study, the Government issued a series of reforms to the planning system. The reforms principally related to Permitted Development Rights (PDR)[7] and the Use Classes Order (UCO)[8]. They were also followed by the consultation White Paper '*Planning for the Future'* published in August 2020.

2.48 The 2020 UCO, which came into effect from 1st September 2020, amended and revoked a number of use classes under the previous 1987 UCO and replaced them with much broader use classes. These changes are relevant to this update study which, in the main, refers to the previous use classes defined by the previous 1987 UCO. They are also material to the BCLA's plan-making and decision-taking functions.

2.49 Effectively, changes to the use classes were brought in to provide a more flexible approach to controlling and commercial land uses. This saw the replacement of Use Class A1 to A5, D1 and D2 replaced with E Classes (Commercial), F1 (Learning and Non-Residential) and F2 (Local Community Uses) and the restructuring of sui-generis uses (public houses, hot food takeaways, cinemas, music venues, bingo etc.).

2.50 The result of these changes is that what would previously be a change of use under the subsumed use classes is no longer considered development under the Planning Acts, and accordingly is no longer subject to planning control. In launching the reforms the Government announced that the regulations will give "*…greater freedom for buildings and land in our town centres to change use without planning permission and create new homes from the regeneration of vacant and redundant buildings*"[9].

2.51 The impact of the changes will still require the definition of a town centre boundary and a primary shopping area, or a primary 'commercial' area to be the foci for E and F Classes. Also, in most instances the former use classes can be 'translated' into the equivalent categories within the new E and F Classes. This can assist with the interpretation of policy wording and the effective use of conditions. It is worth noting that under the previous use-class system such categories as convenience, comparison (and bulky) goods fell within the A1 use-class and there is a long established planning pedigree of reflecting these A1 retail categories effectively in planning conditions.

2.52 The changes will have implications for primary and secondary shopping frontages in Tier-Two Local Plans, as the control of shopping and service uses is legally less enforceable in commercial areas, as a change of use between Class E does not constitute development

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[7] The Town and Country Planning (General Permitted Development) (England) (Amendment) (No. 2) Order 2020/755; & The Town and Country Planning (General Permitted Development) (England) (Amendment) (No. 3) Order 2020/756

[8] The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020/757 was laid before Parliament on 21st July 2020 and amended the Town and Country Planning (Use Classes) Order 1987.

and will therefore not require planning permission. It should be noted that the effectiveness of frontage policies was declining before the pandemic and previous changes to the UCO. However, there may still be a role to control some sui-generis uses in key town centre locations, such as provision of fast food takeaways, betting shops, payday loan shops or other uses that are justified to be subject to planning control.

2.53 Hence beyond 2021, town centres are likely consolidate their retail and shopping role with more emphasis on place and non-transaction uses, this could include high activity based land uses such as health, education being located in more central locations and stem previous trends of decentralisation.

2.54 The increase in city living and residential development in town centres is likely to be a growth area in the next 10 years and could be a positive regenerative mandate. A more concerted consideration of the potential for new residential provision within centres, particularly as part of mixed-uses, is informing the preparation of the Black Country Plan. Future mixed-use allocations and allocations in Strategic Centres can be brought forward through Tier-Two plans, including reassessing sites previously allocated to meet the Core Strategy targets, particularly for office uses such as in Brierley Hill. We also expect more emphasis on residential upper floor living accompanying ground floor commercial uses. This will build on existing strategies such as the Wolverhampton City Centre AAP 2016 which contracts the Primary Shopping Area and encourages complementary uses, particularly residential in and surrounding the consolidated shopping core; and the need for planning 'flexibility' to capture future investment.

2.55 Permitted Development Changes (Amendment No. 2) (2020) released in August 2020[10], introduced Class AA and AB that allows new residential on detached or terrace buildings in commercial or mixed use areas. This could potentially lead to the loss of commercial floorspace to residential.

2.56 Furthermore, the Town and Country Planning (General Permitted Development etc.) (England) (Amendment) Order 2021 (Order) that came into force on 21 April 2021, creates a new class of permitted development right (Class MA) into the Town and Country Planning (General Permitted Development) Order 2015 (GPDO) authorising changes of use from Use Class E commercial uses to Use Class (C3) residential. The changes within the Order have effect from 1 August 2021 and will authorise a change in the permitted use of a property or land from a use falling with Use Class E to Use Class C3 residential use where the property has:

- been in Class E use for 2 years (including time in former uses i.e. A1, A2, A3, B1, D1 or D2 now within that Class); and

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[9] https://www.gov.uk/government/news/pm-build-build-build
[10] The Town and Country Planning (General Permitted Development) (England) (Amendment) (No. 2) Order 2020.

- has been vacant for at least 3 continuous months.

2.57 These changes will replace existing retail, light industrial and office to residential rights with rights applying to all of the relatively recent Use Class E in which those uses now sit. Exercise of the right is subject to prior approval by the local planning authority and therefore would be subject to some planning control. Details must be submitted relating to flooding, transport, contamination, noise amenity, natural light, fire safety and agent of change issues. The area that can be converted is capped, with a maximum size limit of 1,500 sqm of floorspace capable of conversion using the right.

2.58 The implications arising from these changes result in more flexibility and are likely to be focussed in the peripheral parts of existing town centres, reflecting the influence of land values, but the outcomes are unclear, particularly the likely scale of increased residential and loss of commercial space and this should be investigated further. In addition, these use-class and permitted development rights changes have added complexity to the types of uses that are supported in centres – particularly how the new use classes link with the current NPPF definitions of 'main town centre uses' and it would be important for the BCP to set out a clear policy approach to uses in centres.

Summary

2.59 In summary, our towns, traditional high streets and shopping centres have been challenged for more than a decade by falling market demand, rising occupancy costs and increasing competition from online and out-of-centre shopping. These trends have been further accelerated and compounded by the COVID19 pandemic; and are resulting in an increase in vacant shop units, often in primary shopping areas, as retailers and occupiers either choose to downsize and/or close stores in some locations (e.g. Marks & Spencer, John Lewis), or they are forced out of business altogether due to failing business models and unmanageable debts (e.g. the Arcadia Group).

2.60 Today, many of our traditional towns and shopping centres simply have too much retail space. The critical challenge over the short, medium and long term will be how to retain existing businesses, fill/replace the voids and attract new investment. The danger is that an increase in long-term vacancies in centres will lead to a 'spiral of decline', which will further engender feelings of neglect and lack of investment confidence in town centres, and "push" more people to shop online.

2.61 As set out in paragraphs 2.54-2.58 above, residential provision in centres is already being encouraged, including by previous national planning changes (such as office to residential conversions through prior approval, and permitted development for two flats above a shop), and through local development plan policy (such as the Wolverhampton City Centre AAP 2016 contracting the Primary Shopping Area and encouraging mixed-uses, particularly residential in and surrounding the consolidated shopping core). In those cases where retail vacancies are long-term and more often than not concentrated in secondary shopping streets/pitches, it will be necessary to plan for alternative uses and/or consider options for redevelopment. As a result of the increasing drive towards more flexible planning through changes to the Use Classes Order and Permitted Development Rights, there will inevitably be more mixed-uses within centres particularly residential, and, this should be encouraged and planned for through enabling planning policies (especially the BCP), and allocations (through Tier-Two plans), where appropriate. The capacity of Strategic Centres in particular to contribute to further residential provision should be investigated further.

2.62 The Black Country Plan includes ambitious housing targets. Future residential and employment growth provides a unique opportunity to be served by the Black Country's network of centres which can help ensure their future vitality and viability, particularly as centres are facing challenges, especially high vacancy rates. It should be a priority that any justified new centre use provision to serve housing and employment growth should be directed to centres in the first instance, which is consistent with national guidance, rather than outside centres including 'on site' provision. Due to the large number and concentration of centres in the Black Country, then centres will be well placed to serve future development.

2.63 As advised in para 12.5 of our March 2020 Study, it will remain appropriate for the BCLAs to make any adjustments to the boundaries of centres and the designation of tier-three centres through tier-two plans where clusters of existing centre-use provision in the current urban area to serve existing and future communities could be explored, such as Hardwick in Walsall and Hagley Road in Sandwell.

2.64 In addition, it will be important to maximise residential provision in the most sustainable locations, particularly in centres, as part of a balanced mix of uses. Therefore, consideration needs to be given to planning policies and allocations enabling the growth of other uses, such as education, leisure and recreation, and sports stadia within centres, which, along with residential, are particularly positive in terms of enhancing the vitality of centres.

3. Healthcheck Update: Strategic Centres

3.1 This section provides a healthcheck update for the Strategic Centres of Wolverhampton, Brierley Hill, West Bromwich and Walsall. The detailed health checks are in **Appendices 1– 5 (Volume 2)**. The update was enabled by, and focuses primarily on, the latest available Experian Goad data to help understand the implications of the pandemic and inform the potential future direction of Strategic Centres.

Wolverhampton City Centre

3.2 Wolverhampton is a major city comprising part of the West Midlands conurbation and forming a major part of the Black Country and Greater Birmingham region. Located in the North West and on the edge of the Black Country and Birmingham conurbation, it is a key gateway between the historic Black Country and the countryside of Shropshire and Staffordshire. The city is known for its cultural diversity, arts and entertainment. Its retail offer is characterised by independent and multiple retailers, markets in addition to two purpose built shopping centres (Wulfrun Shopping Centre and the Mander Centre).

3.3 An update based on the latest available Experian Goad data (July 2020) indicates the following:

- 164 vacant outlets, 3 more than in 2018. This represents a vacancy level of 23.0%, which is considerably higher than the national average of 9%. In terms of floorspace this is 25.7% of the total and considerably higher than the national average of 12.2%. With nearly one in four units vacant, this is significant.
- There are 57 convenience units recorded in the 2020 Goad survey, a loss of one unit since 2019. This represents 7.8% of the total number of units, slightly below the national average of 9.1%. In terms of floorpsace however it is much lower as a proportion – just 3% compared to a national average of 15%.
- The 2020 Goad survey reports 186 comparison stores, representing a loss of 3 units since 2019. This accounts for 26.1% of the number of units; only slightly below the national average (27.6%). In terms of floorspace it is significantly above the national average: 27.2% compared to 31.9%. It is likely that the comparison floorspace will diminish further as excess floorspace is converted to other uses; a recent example being the proposed conversion of the former Beatties department store to 300+ residential units.
- There are 87 retail services, which account for 12.2% of total outlets. This is below the national average of 15.6% and represents the loss of 7 units since 2019.
- With reference to financial & business services, there are 72 outlets (4 less than in 2019), which represent 10.1% of total units which is marginally higher than the national average of 9.3%.

- There are 149 leisure services outlets in the 2020 survey, representing a loss of 8 units since 2019, which is not surprising given the forced closures through most of the year due to the Covid-19 pandemic. Current provision represents 20.9% of total provision which is lower than the national average 24.5%.
- Wolverhampton has 19 of the 31 largest national comparison retailers present. This is considered relatively strong presence for a centre of this size. There have been a few closures since the 2019 survey, though these are generally associated with national closures and consolidations in what has been a difficult trading period (e.g. Argos, Debenhams, Carphone Warehouse). Wolverhampton has done well to retain major national stores that have closed in other centres (e.g. HMV).

3.4 At the end of 2020 Prime Zone A rents in Wolverhampton achieved £58/sq.ft (compared to £74 nationally). The prime pitch is centred on Dudley Street where the higher levels are likely to be achieved. The centre was achieving prime town centre yields of 8.25% in 2020, compared to 7.66% nationally, demonstrating less confidence in the local retail market than that found nationally.

3.5 In light of the challenges faced Wolverhampton's Town Deal Board submitted a bid in July 2020 for up to £48 million of Government funding to transform the city centre, Bilston and Wednesfield. In March 2021, it was announced that Wolverhampton city centre would receive £25m. The centre has also received £15.76m from the Future High Street Fund. The funding will be used to pedestrianise part of the city centre and is hoped will help the city bounce back from the impact of Covid-19.

3.6 In conclusion, Wolverhampton remains a major city for the Black Country and Greater Birmingham region. The city is undergoing a significant change with new investment in a range of sectors that aims to benefit the city centre directly in terms of additional footfall, mixed-use and leisure provision and improvements to the public realm. The city is also a recipient under the government's Future High Streets Fund (c.£15m) and Towns Fund (c.25m) and has an active 'Youth Lab' helping to influence the future form of the centre. It therefore represents a city that is earmarked for future growth and change.

Brierley Hill

3.7 This centre incorporates the traditional High Street, Merry Hill Shopping Centre and the Waterfront with this area, along with Harts Hall and Canal Walk North to the north, the subject of the policies, proposal and allocations contained within the Brierley Hill Area Action Plan (2011). That plan is currently being updated through the emerging Brierley Hill Plan.

3.8 Focussing first on **Brierley Hill High Street** the latest available Experian Goad data (July 2020) indicates the following:

- The 2020 Goad data indicates that Brierley Hill has 42 vacant outlets. This represents an increase of 6 units since 2018. This equates to a vacancy level of 23.5%, which is considerably higher than the national average of 9%. This is broadly a similar ratio as Wolverhampton in that one in four units remain vacant representing a challenge for the centre. The vacant floorspace comprises 14.9% of the total floorspace which is again higher than the national average of 12.2%.
- There are 21 convenience units, according to the 2020 Goad survey including a medium sized ASDA store, representing around 12% of the total number of units (higher than the 9% UK average). There has been a loss of 2 units since 2018 and a relatively small level of associated convenience good floorspace. In terms of floorspace this equates to 22.5%, which is well above the national average of 15.4%.
- There are 44 comparison goods retailers located within Brierley Hill High Street trading from a total floorspace of 10,944 sqm. The number of outlets represents 24.6% of total units in the centre, which is below the national average of 27.6%. The current floorspace provision represents 22.5% of total floorspace in the centre, which is significantly below the national average of 31.9%. The lower quantum of comparison goods floorspace is reflective of the larger choice and provision at the nearby Merry Hill Shopping Centre. The current provision serves to satisfy the High Street's immediate local catchment.
- There are 27 retail services, which account for 15.1% of total outlets. This is below the national average of 15.6%.
- With reference to financial and business services, there are 8 outlets, which represent 4.5% of total units which is well below the national average of 9.3%. Three units in this sector have closed since 2018, which is significant and reflects wider consolidation of financial services nationally since 2018.
- There are 37 leisure services outlets, which represent 20.7% of total provision and is marginally lower than the national average 24.5%. There has been a loss of 6 leisure units since 2018, which is perhaps not surprising given the Covid-19 pandemic, In terms of floorspace this stands at 30.1% which remains significantly higher than the national average of 25.7%.

3.9 Brierley High Street has been successfully awarded £10m funding under the government's Future High Streets Fund (FHSF). The bid focuses on proposals to breathe new life to Brierley Hill High Street and its environs; to encourage the introduction of more housing to the High Street; an improvement programme for older heritage buildings; public realm improvements; improve transport infrastructure and bring in new investment to the town.

3.10 Key to the transformation will be works to the High Street to improve connectivity and integration with the new Metro terminus linking Brierley Hill to Wednesbury. The Moor Centre will be improved and the town library refurbished, while public toilets will again be reopened in the town centre. The funding also allows for development of long-term vacant land known as 'Daniel's Land', located between the Brierley Hill Health and Social Care Centre and the Dudley canal which faces down toward Merry Hill. Part of the plan will be to deliver 270 homes on and close to the High Street to encourage improved footfall and visitor spending.

3.11 In relation to **Merry Hill Shopping Centre**, it is a shopping centre of regional significance and its attraction stretches beyond the Black Country sub-region. In June 2020, Intu, the previous owners of the Merry Hill Shopping Centre, fell into administration. London-based Ellandi have taken over from Intu and will oversee the operation and development of the shopping centre on behalf of the consortium of banks that now own it.

3.12 The latest available Experian Goad data for Merry Hill Shopping Centre (July 2020) details the following:

- There are 47 vacant outlets representing a vacancy level of 15.8%, which is higher than the national average of 9%. Vacancies represent 11.8% of total floorspace and this is lower than the national average of 12.2%. There has been a large rise in the number of vacancies – with 7 more vacant units than in 2018.
- There are 14 convenience units in the area, including a medium sized ASDA store, according to the 2020 survey representing 4.7% of the total number of outlets. This is approximately lower than the national average of 9.1% but perhaps not surprising given the shopping centre nature of the centre. Also in terms of convenience goods floorspace it ranks lower than the national average (6.8% vs 15.4%).
- There are 151 comparison goods retailers (a loss of six units since 2018) located within the shopping centre trading from a total floorspace of 110,582,250 sqm. The number of comparison outlets currently represent 50.8.% of total units in the centre, which is significantly above the national average of 27.6%, again reflecting the sub regional shopping centre offer of the centre.
- There are 29 retail services, which account for 9.4% of total outlets. This is below the national average of 15.6%.
- There are 44 leisure services outlets in 2020, a loss of 5 units since 2018, which is not surprising given the impacts of the Covid-19 pandemic. Current (2020) provision represents 14.8% of total provision which is significantly lower than the national average 24.5%. In terms of floorspace, this stands at 6.8%, which is significantly lower than the national average of 25.7%.
- The Goad survey revealed that the centre had retained an excellent representation of the 31 major national multiple comparison retails, with 26 of the retailers present. Since the date of the survey, the centre has been affected by national closures and consolidations. This includes representation from the former Arcadia Group and Debenhams. The centre also lost Pizza Express, Oasis and Mountain Warehouse as

part of national closures. HMV was saved. The loss of Debenhams now leaves the centre with only Marks & Spencer's as the only major anchor, with no other department stores and no supermarket.

3.13 Merry Hill Shopping Centre represents the single largest quantum of managed floorspace within the Black Country Area. Combined with the surrounding Brierley Hill High Street, it collectively signifies a major quantum of floorspace that justifies its standing as a strategic centre within the Black Country.

West Bromwich

3.14 West Bromwich is a relatively large centre, accommodating many national retailers and comparison units. It benefits from an excellent public realm and provides a major Tesco Extra store which is well integrated into the centre. However, the centre as a whole does not perform as well in all places where there is a high concentration of vacancies.

3.15 The latest available Experian Goad data for West Bromwich (September 2020) details the following:

- The centre currently has 68 vacant units, 3 less than in 2019, and representing 18% of total units (a slight reduction from 19% in 2019). Whilst this vacancy rate is very high, being 9% worse than the national average, it does represent an improvement since 2019. Many of these vacancies are within the Queen's Square Centre, where only 40% of the units are occupied.
- There is a healthy convenience sector in West Bromwich, anchored by a large Tesco Extra. The 2020 Goad survey recorded 37 convenience units; one less than in 2018. This is seen as consistently slight reductions in the representation of this sector since 2018, by both numbers of units and floorspace. This represents 9.7% of the number of units and 18.5% of total floorspace in the centre.
- The centre has a relatively healthy amount of comparison units (124, 2 more than in 2019). This is significantly above the national average (32.5% compared to 27.6% by proportion of units and also 5% above the national average by floorspace). Furthermore, it has increased slightly in 2019-2020 at a time when it has fallen dramatically nationally over the same period (36% to 28% as proportion of unit).
- The retail service offer has grown significantly in West Bromwich from September 2019 to September 2020, with 7 units being added (growing from 44 to 51 units). The sector now represents 13.4% of the units, which is still below the national average of 15.6%.
- The leisure sector has also increased slightly (by 5 units) since 2015 and has maintained a proportion of around 15% - which is significantly below the national

average, on both proportion of units and floorspace (which is both around 25%). The centre does lack a significant evening economy.

- The financial and business sector has seen the loss of 2 units from 2019-2020, falling from 38 to 36 units. At the same time this represents an increase in its proportion by unit numbers (as other sectors have declined more) and a decrease in proportion by floorspace. All of this is very much consistent with national trends.

3.16 Prime town centre rents at the end of 2020 for Zone A were £25/sq.ft. This represents a very large decrease (28.6%) from £35/sq.ft at the end of 2018.

3.17 West Bromwich was also a recipient of £25m from the Government's Towns Fund, aimed at reversing the fortunes of ailing town centres. A key project under this award is the retail diversification programme. This involves the potential acquisition and demolition of underperforming town centre sites to deliver a significant number of town centre homes, improve the towns declining retail offer, repurposing surplus accommodation and unlocking large areas of brownfield land for planned regeneration.

3.18 The Council has also facilitated a new masterplan focusing on the revitalising the high street area which combined with other initiatives will aid in areas where the town's retail offer is tired and dated. Consideration should be given to the future of Queen's Square. This should include a market-led approach, considering a wide range of potential uses, including non-retail town centre uses. It is an important thoroughfare through the centre and should be maintained as a pedestrian route through in any redesign.

Walsall

3.19 Walsall is one of the largest town centres in the Black Country area and the largest centre within the Walsall Council area. The centre is focused on the linear high street. This is crossed by Bradford Street/Darwall Street, which is also pedestrianised. A central focal point, and public square (The Bridge), is located at their intersection. The town centre is anchored by Asda and Tesco superstores, located at either end of the high street. The centre also benefits from a third supermarket: Morrison's, lying to the north-east on the edge of the town centre. A large retail park (Crown Wharf) sits to the immediate north-west of the retail core, just within the designated town centre but very much operating as an edge-of-centre retail park. Moving away from the high street retail core the retail function becomes diluted: Lichfield Street (beyond the Bridge Street northern ring road) has a civic and arts focus, Stafford Street and Bradford Street accommodate secondary retail alongside other town centre uses

3.20 The latest available Experian Goad data for Walsall (May 2020) details the following:

- Walsall has an in increase in vacant units from 134 to 145 (representing a vacancy rate of 25.3%). There was a significant decrease of 8% in the number of comparison units (from 135 to 119). This was partially offset by increases in other sectors (significantly retail services increased from 67 to 83 units), although it did contribute to the increase of 12 vacant units. The changes also saw an increase in the total number of units (from 529 to 548) whilst the total floorspace remained consistent. We are of the opinion that larger units have been subdivided for new uses. The vacancy rate by way of floorspace remains very high (20.6% compared to 12.2% nationally).

- Walsall has a significantly high proportion of convenience retail. This is due to the presence of the three large supermarkets within the town centre boundary. The 2020 Goad survey recorded 47 convenience units; two less than in 2018. This represents 8.6% of the number of units and 20.3% of total floorspace in the centre.
- The centre has an under-representation of comparison retail compared to the UK average. There is a smaller under-representation when measured by floorspace, but a larger variation in terms of number of units. This suggests that the centre has fewer but larger comparison stores (it should be noted that both the 2019 LSH survey and the 2020 Goad survey have excluded Crown Wharf from the figures). Although this will have since been affected by the closure of Debenhams in May 2021 (after the 2020 survey), representing the loss of one of the anchor stores in the town centre. The land use analysis reveals a good mix by type of comparison units. There are indeed many new purpose-built retail units, especially in the new development adjacent to the Asda store.
- Walsall has a broadly similar proportion of number of retail service units (15.1%) when compared to the national average (15.6%); but a significantly lower amount when measured as floorspace (5.3% v/s 7.2%).
- There are around 5% more leisure services in Walsall than the national average, both by number of units and floorspace.
- The extent of financial and business services is also broadly similar to the national average in terms of number of units (9.1% v/s 9.3% nationally) and floorspace (6.5% v/s 7.0% nationally).

3.21 At the end of 2020, Walsall was achieving £37 per sq ft for Zone A. This is compared to a national average of £74 per sq.ft. The current rental level represents a 17.1% reduction since the end of 2017.

3.22 Since 2019 there has been evidence of further investment in the town centre. Walsall was awarded £11.44m from the Government's Future High Street Fund, with proposals based on a masterplan with a 20-year vision that includes a greener public realm, more prominent railway station, an alternative St Matthew's Quarter, an enhanced market, key connections across the ring road and enhanced public spaces for Waterfront Square (outside the Art Gallery) St Paul's Square and Cenotaph Square.

3.23 Furthermore, Walsall was awarded £25m from the Government's Town Deal, for projects including a new 1,000-seat performing arts venue, a digital skills hub, a town centre learning campus and a creative industries enterprise centre. These projects will all help to bring new activities to the town centre and provide the skills needed to respond to current challenges and enable new opportunities.

4. Quantitative Retail Needs Assessment: Assumptions

4.1 This section provides an update on the key assumptions and forecasts underpinning the quantitative need (capacity) assessment for new retail (comparison and convenience goods) floorspace in the BCLA area up to 2039. The assessment updates and supersedes the retail capacity findings identified in the 2020 Centres Study.

Assumptions & Forecasts

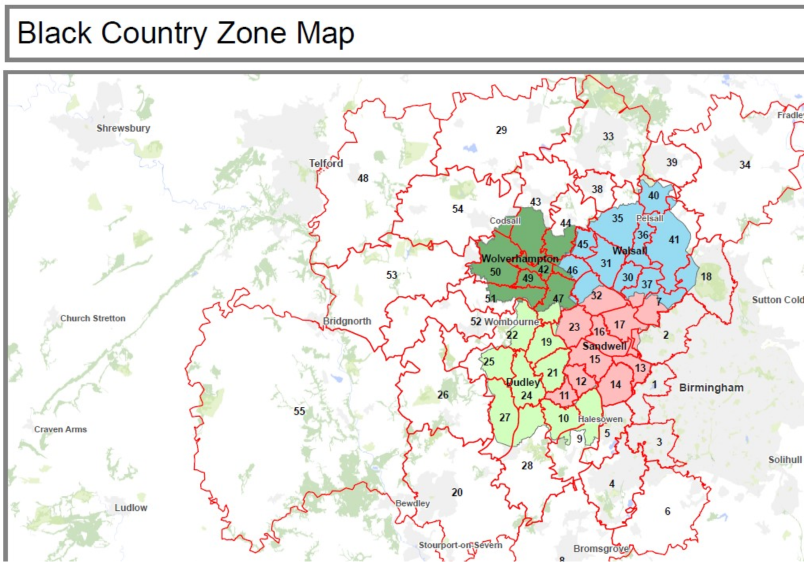
4.2 The 'baseline' capacity tabulations are set out in **Appendices 2 to 5D** (**Volume 3**) for convenience goods and **Appendices 6 to 9D** (**Volume 3**) for comparison goods. The capacity forecasts are based on the population growth projections from Experian, which are derived from the Office of National Statistics' (ONS) ONS 2018-based subnational population projections (released March 2020)[11] and this methodology reflects best practice when undertaking capacity modelling.

4.3 The following describes the key steps and assumptions underpinning the retail capacity assessment.

Study Area and Zones

4.4 The Study Area and zones remain the same as that defined under the 2020 Centres Study (as shown below).

Figure 4.1: Black Country Centres Study: Study Area



[11] Experian: Retail Planner UK 2020 Release Note

Market Shares

4.5 The capacity assessment is underpinned by market shares for stores and centres across the BCLA, which was identified by a Household Telephone Interview Survey (HTIS) conducted by NEMS Market Research in June and July 2019 to inform the 2020 Centres Study.

Population Projections

4.6 Table 1, (**Volume 3**, **Appendix 2** for convenience goods and **Appendix 6** comparison goods) sets out the latest base year (2021) population and projections (to 2024, 2029, 2034 and 2039) sourced from the Experian MMG3 Geographic Information System (MMG3 GIS) for the Study Area.

4.7 Experian's population projections show the Study Area population (Zones 1-55) is forecast to increase by +8.2% (+178,078 people) between 2021 and 2039. The latest growth projections represent an increase of 0.44%per annum (between 2021 and 2039).

4.8 Experian have noted that each year the latest data inputs from ONS are used. In terms of the current update the latest 2021 mid-year ONS inputs have been used.

Expenditure per Capita & Special Forms of Trading (SFT)

4.9 Table 3 of **Appendices 2 and 6 (Volume 3)** forecasts the growth in total available convenience goods and comparison goods retail expenditure respectively across the Study Area and zones between 2021 and 2039 (excluding SFT)[12].

4.10 The base year average expenditure figures have been derived from our (MMG3 GIS) is based on 2019 prices (the 2020 Centres Study was based on 2017 prices).

4.11 In identifying expenditure per capita, an allowance has been made for the market share of non-store retail sales (i.e. Special Forms of Trading) at the base year and over the forecast period. As with the 2020 Centres Study an allowance for SFT at the base year has been informed by the results of the household telephone interview survey and 'adjusted' to take account of goods sourced from traditional ('physical') retail space based on Experian's latest Retail Planner Briefing Note 18 (October 2020) (see also paragraph 2.18).

[12] Total expenditure is derived by multiplying the population and average expenditure per capita levels together.

Average Expenditure Growth Forecasts

4.12 The growth in average expenditure per capita levels over period to 2039 has been informed by the forecasts set out in Experian's latest Retail Planner Briefing Note (as described **in Section 2**. Experian's forecasts show for:

- convenience goods – a fall in convenience spend in 2021 (-6.2%), and annual (per capita) growth over the medium to long term "flatlining" at around +0.1% up to 2040. By way of comparison, the 2020 Centres Study was reliant on Experian's Retail Planner Briefing Note 16 (December 2018) that forecast a return to 'no' or 'negative' growth over the period 2015 to 2019, with limited growth of +0.1% thereafter up to 2037 and beyond.
- comparison goods - following negative growth of -8.5% in 2020, Experian predict that (per capita) growth will settle at around +3% per annum on average up to 2040. In contrast the 2020 Centres Study showed a growth of +2.6% in 2019 and +2.8% in 2020 and predicted growth of circa +3.3% between 2021 and 2037.

Total Available Expenditure

4.13 Total available retail expenditure over the period to 2039 show:

- a 8.8% (+£394.4m) growth in total convenience goods expenditure by 2039 (Table 3, **Appendix 2, Volume 3**). In comparison the 2020 Centres Study forecast an increase of +6.6% (+£464.9m) for the Study Area (Zones 1-55) by 2038.
- a 64.3% (+£3,230.8m) growth in total comparison goods expenditure by 2039 (Table 3, **Appendix 2, Volume 3**). In comparison the 2020 Centres Study forecast an increase of +88.4% (+£5,072.9) across the Study Area (Zones 1-55) by 2038.
- The current expenditure forecasts, when compared to those in the 2020 Centres Study are lower. This is a reflection of the initial lower population forecasts as well as lower expenditure projections across both types of goods.

'Inflow' (Trade Draw) from outside Study Area

4.14 We have necessarily made informed judgements with regard to the likely 'inflow' (trade draw) from outside the Study Area drawing from the 2020 Centres Study.

4.15 The 'inflow' of convenience goods expenditure to the main centres and stores from outside the wider Study Area will also be more limited than for comparison goods, as households generally carry out their main food shop at their more local and convenient stores, and do not generally travel longer distances for food purchases.

4.16 Based on the (survey-derived) market analysis and the 'inflow' assumptions, **Table 1, Appendices 5A – 5D (Volume 3)**, set out the revised turnover estimates for convenience across the BCLA with estimates for comparison goods turnover presented in **Table 1, Appendices 9A – 9D (Volume 3).**

Planned Commitments & New Development

4.17 In terms of retail commitments, Table 2 in **Appendices 5A to 5D (Volume 3)** (convenience goods) and Table 2 **Appendices 9A to 9D** (comparison goods) set out planned retail floorspace identified for both goods types.

4.18 This updates the major planned / committed retail schemes across the BCLA area as detailed in the 2020 Centres Study with the latest available information. Commitments that have been built-out since 2019 are accounted for in the modelling work as they would not have been identified by respondents in the Household Survey.

4.19 The major planned / committed retail schemes in the City of Wolverhampton LPA area by type of goods are:

Table 4.1: City of Wolverhampton LPA Area: Commitments: Convenience Goods

	CENTRE	PLANNING REF	SCHEME	Gross Floorspace (sq m)	Net Floorspace (sq m)
[1]	Wolverhampton - Edge-of-City Centre	16/00598/PAOTH	Interchange: Railway Station - Wolverhampton Railway Station Railway Drive City Centre Wolverhampton West Midlands WV1 1LE	825	193
[2]	Blakenhall District Centre (Dudley Road)	18/00132/FUL	Community Centre: Proposed part change of use from Industrial building to form 4 Retail units.	314	110
[3]	Wolverhampton - Out-of-Centre	13/00871/FUL	Pountney Street, unit shops - Proposed change of use of the existing basement area to create a mixed use development comprising retail units, bar, restaurant, creche and indoor parking | Basement Of Former J W Braithwaite Pountney Street Wolverhampton West Midlands WV2 4HX	1,098	384
[4]	Wolverhampton - Out-of-Centre	16/00678/FUL	Aldi Portobello: Land Between New Street South Street Portobello Wolverhampton West Midlands. Proposed new Food Retail Store (Use Class A1), with associated car parking, servicing and landscaping (amended proposal following earlier approval).	1,505	1,064
[5]	Parkfield Local Centre	19/01048/FUL	Aldi, Parkfield	421	320
	TOTAL			**4,163**	**2,071**

Notes:

[1] Under construction in two stages, which will provide 6 units. Assume 33% A1 convenience and gross to net ratio of 70%

[2] Built-out, unoccupied. Assumed that of the total floorspace 314 sqm permitted the convenience /comparison split will be 50% / 50% and the gross to net ratio applied is 70%.

[3] One 120sqm unit built out, previously occupied by a comparison operator and now vacant. Assumed that of the total permitted floorspace of 1,098 sqm the convenience /comparison split will be 50% / 50% and netted down using a gross to net factor of 70%.

[4] Built-out, occupied. Assumed of the 1,254sqm sales area 190sqm max sales area for comparison goods, remaining 1,064sqm is coonvenience sales area.

[5] Construction about to commence. Aldi Goldthorn Hill Wolverhampton, WV2 3HP. Extension of existing food retail store (Class A1) with associated alterations to existing car parking, access, servicing & landscaping. Assumed net increase of 320 sqm is for convenience goods.

Table 4.2: City of Wolverhampton LPA Area: Commitments: Comparison Goods

	CENTRE	PLANNING REF	SCHEME	Gross Floorspace (sq m)	Net Floorspace (sq m)
[1]	Blakenhall District Centre (Dudley Road)	18/00132/FUL	Community Centre: Proposed part change of use from Industrial building to form 4 Retail units.	314	110
[2]	Wolverhampton - OTC	19/00349/FUL	Installation of 697sqm mezzanine and elevational changes to Unit F. St Johns Retail Park Church Street City Centre Wolverhampton West Midlands WV2 4SJ	697	600
[3]	Wolverhampton - OTC	13/00871/FUL	Pountney Street, unit shops - Proposed change of use of the existing basement area to create a mixed use development comprising retail units, bar, restaurant, creche and indoor parking | Basement Of Former J W Braithwaite Pountney Street Wolverhampton West Midlands WV2 4HX	1,098	384
[4]	Wolverhampton - OTC	16/00678/FUL	Aldi Portobello: Land Between New Street South Street Portobello Wolverhampton West Midlands. Proposed new Food Retail Store (Use Class A1), with associated car parking, servicing and landscaping (amended proposal following earlier approval).	1,505	190
[5]	Wolverhampton - City Centre	14/00310/FUL	Mander Centre reconfiguration	8,360	3,855
	TOTAL			**11,974**	**5,139**

Notes:

Notes:

[1] Built-out, unoccupied. Assumed that of the total floorspace 314 sqm gross permitted the convenience /comparison split will be 50% / 50% and the gross to net ratio applied is 70%.

[2] Built-out, occupied. Permission provides for maximum 600sqm mezzanine net sales area

[3] One 120sqm unit built out, previously occupied by a comparison operator and now vacant. Assumed that of the total permitted floorspace of 1,098 sqm the convenience /comparison split will be 50% / 50% and netted down using a gross to net factor of 70%.

[4] Built-out, occupied. 190sqm max sales area for comparison goods

[5] Built-out; Demolition of south western corner of Mander Centre fronting Bell Street, to be replaced by a new 8,360 sqm department store unit. Creation of larger retail units at ground floor, construction of a new retail kiosk fronting Woolpack Alley and refurbishment of existing mall.Council provided an uplift of 5,507 sqm gross. Applied gross to net ratio of 70% representing a net increase of 3,855 sqm net.

4.20 The major planned / committed retail schemes in the Dudley MBC area by type of goods are:

Table 4.3: Dudley MBC LPA Area: Commitments: Convenience Goods

	CENTRE	PLANNING REF	SCHEME	Gross Floorspace (sq m)	Net Floorspace (sq m)
[1]	Dudley-Town Centre	P18/0590	Demolition, remodelling and remediation; redevelopment to allow: retail, service and leisure accommodation (use classes A1, A2, A3, A4, A5, D2); student accommodation (Use Class C2); dwelling houses (C3); hotel accommodation (C1); offices (B1a); non-residential institution uses (D1); car showroom (sui generis)' taxi rank; public space; highways, access and pedestrian connectivity works; car parking; landscaping; associated works (outline, all matters reserved)	2,322	1,625
[2]	Lye-Out-of-Centre	P15/0845	Former Clarkson Place Unit, Thorns Road, Lye, DY5 2LD; Erection of retail store (Aldi) (A1) with associated car parking and landscaping.	1,805	1,003
[3]	Kingswinford-Out-of-Centre	P16/1461	Former Ibstock Brick Ltd Stallings lane. Outline application for mixed use development comprising residential (C3); Retail (A1); Leisure (D2) ad a Public House (A4).	7,205	2,522
	TOTAL			**11,332**	**5,150**

Notes:

[1] A1 shops (food): maximum 2,322 sqm , netted down by 70%.

[2] Planning Statement accompaying application provides 1805 sq m of gross A1 retail floorspace and some 1,254 sq m net. The net floorspace figure is broken down into 1,003 sqm net convenience goods and 251 sqm net for comparison goods.

[3] Indicative masterplan accompnying application shows 7,205 sqm gross area proposed for retail. It is assumed that of the total permitted gross floorspace of 7,205 sqm the convenience /comparison split will be 50% / 50%. This is thereafter netted down using a gross to net factor of 70%.

Table 4.4: Dudley MBC LPA Area: Commitments: Comparison Goods

	CENTRE	PLANNING REF	SCHEME	Gross Floorspace (sq m)	Net Floorspace (sq m)
[1]	Dudley - Town Centre	P18/0590	Demolition, remodelling and remediation; redevelopment to allow: retail, service and leisure accommodation (use classes A1, A2, A3, A4, A5, D2); student accommodation (Use Class C2); dwelling houses (C3); hotel accommodation (C1); offices (B1a); non-residential institution uses (D1); car showroom (sui generis)' taxi rank; public space; highways, access and pedestrian connectivity works; car parking; landscaping; associated works (outline, all matters reserved)	4,180	2,926
[2]	Lye-Out-of-Centre	P15/0845	Former Clarkson Place Unit, Thorns Road, Lye, DY5 2LD; Erection of retail store (Aldi) (A1) with associated car parking and landscaping.	1,805	251
[3]	Kingswinford-Out-of-Centre	P16/1461	Former Ibstock Brick Ltd Stallings lane. Outline application for mixed use development comprising residential (C3); Retail (A1); Leisure (D2) ad a Public House (A4).	7,205	2,522
	TOTAL			**13,190**	**5,699**

Notes:

[1] A1 shops (non-food): maximum 4,180 sqm gross netted down by a ratio of 70%.

[2] Planning Statement accompaying application provides 1805 sq m of gross A1 retail floorspace and some 1,254 sq m net. The net floorspace figure is broken down into 1,003 sqm net convenience goods and 251 sqm net for comparison goods.

[3] Indicative masterplan accompanying application shows 7,205 sqm gross area proposed for retail. It is assumed that of the total permitted gross floorspace of 7,205 sqm the convenience /comparison split will be 50% / 50%. This is thereafter netted down using a gross to net factor of 70%.

4.21 The major planned / committed retail schemes in the Sandwell MBC area by type of goods are:

Table 4.5: Sandwell MBC LPA Area: Commitments: Convenience Goods

	CENTRE	PLANNING REF	SCHEME	Gross Floorspace (sq m)	Net Floorspace (sq m)
[1]	West Bromwich- Town Centre	DC/13/56479	3 Bull Street West Bromwich Ringway West Bromwich B70 6EU. mixed use development including retail, restaurant and five apartments.	300	210
[2]	West Bromwich- Town Centre	DC/16/59740	Proposed mixed use development consisting of 4 No. ground floor commercial units with 49 No. apartments above with undercroft car parking to rear and cycle and refuse storage | Car Park Victoria Street West Bromwich	295	103
[3]	West Bromwich- Edge of Town Centre	DC/18/62210	Staples Limited Tildasley Street West Bromwich B70 9SJ. Proposed variation of condition 1 of planning permission DC/18/62210 (Proposed change of use to supermarket (Class A1), external alterations including new store access, loading bay extension, trolley bay canopy, and alterations to car park and landscaping) to remove loading bay extension and replace with rear access ramp and new ramp to customer service entrance.	1,973	1,052
[4]	Great Bridge- Town Centre	DC/15/58596	87 Whitehall road and land adjaent to West Bromwich, Great Bridge. 2 No. retail units with 2 No. two bedroom flats above and two storey building comprising of 8 No. two bedroom flats with associated parking.	150	105
[5]	Oldbury Town Centre- Edge of Centre	DC/17/61306	9 Oldbury Green Retail Park Oldbury Ringway Oldbury B69 3DD. Proposed installation of mezzanine floor.	465	326
[6]	Cradley Heath - Town Centre	DC/17/61336	Land Adj 149 Halesowen Road Cradley Heath B64 6HX. Proposed 2 storey building comprising of 3 shops at ground floor with 2 No. one bedroom flats above and associated parking (revised application - DC/17/60463).	128	90
[7]	Wednesbury - Out-of-Centre	DC/15/57967	Johal Supersave 90 Oxford Street Wednesbury WS10 0PY - replacement shop with five apartments above	203	142
[8]	Smethwick Local Centre - Town Centre	DC/15/58733	Site Of 2 To 4 Cape Hill Smethwick. Proposed three storey development comprising of 3 No. retail units at ground floor and 6 No. 2 bed apartments at first and second floor.	202	141
[9]	Smethwick Local Centre - Town Centre	DC/17/60690	Proposed construction of a ground floor retail unit, first floor showroom with exterior rear display area and 2 No. 2 bed loft apartments at second floor with balconies and associated car parking and bin storage to rear. Land Adjacent To 3-5 St Pauls Road Smethwick	340	238
[10]	Tipton Local Centre-In-Centre	DC/17/60958	Lidl UK & Car Repairs & Testing Centre 119 Horseley Heath Tipton DY4 7AH. Demolition of existing buildings and proposed construction of a replacement foodstore with associated access, parking, cycle parking, landscaping, and associated works.	262	183
[11]	Smethwick Local Centre - Town Centre	DC/20/64854	15 Tollhouse Way; Smethwick; B66 1HJ. Proposed demolition of derelict garage and erection of 3 storey building to create 3 No. commercial ground floor units and 6 No. apartments above.	182	64
[12]	Wednesbury Town Centre	DC/20/64006	41 Lower High Street; Wednesbury; WS10 7AJ. Proposed change of use of the former Barclays Bank into a shop (Class A1) at ground floor and self-contained flats (Class C3) on first and second floors with external alterations to windows and doors.	207	145
[13]	Out-of-Centre: Goose Farm Road	DC/19/63758	The Red Admiral; 52 Gorse Farm Road; Great Barr; B43 5LR. Proposed demolition of existing public house and erection of 1 No. single storey retail building (Class A1) with associated car parking and plant area.	366	256
[14]	Tipton Local Centre-In-Centre	DC/19/63355	Unit 12 - 16; Unity Walk; Tipton; DY4 8QL. Proposed change of use to shops (Class A1).	425	149
[15]	Oldbury Town Centre	DC/19/63208	Former Perrott Arms; 2 Birmingham Road;Oldbury; B69 4ED. Proposed change of use and two storey rear extension to create 3 No. shops at ground floor and 2 No. one bedroom flats above.	205	72
	TOTAL			**5,703**	**3,276**

Notes:

[1] Assumed gross to net ratio of 70% and that all the floorspace is for convenience goods.
[2] Assumed gross to net ratio of 70% and that 50% of the floorspace is for A1 convenience goods and that 50% is for A3 uses.
[3] Aldi application, as per planning and retail statement net sales area of 1,315. It is assumed that of this 80% of all the floorspace is for convenience good and that remainder 20% is for comparison goods.
[4] Assumed gross to net ratio of 70% and that all the floorspace is for convenience goods.
[5] Assumed gross to net ratio of 70% and that all the floorspace is for convenience goods.
[6] Assumed gross to net ratio of 70% and that all the floorspace is for convenience goods.
[7] Assumed gross to net ratio of 70% and that all the floorspace is for convenience goods.
[8] Assumed gross to net ratio of 70% and that all the floorspace is for convenience goods.
[9] Assumed gross to net ratio of 70% and that all the floorspace is for convenience goods.
[10] Assumed gross to net ratio of 70% and that all of the net additional floorspace proposed is for convenience goods.
[11] Assumed gross to net ratio of 70% and that 50% of the floorspace is for convenience goods and that 50% is for comparison goods.
[12] Assumed gross to net ratio of 70% and that all the floorspace is for convenience goods.
[13] Assumed gross to net ratio of 70% and that all the floorspace is for convenience goods.
[14] Assumed gross to net ratio of 70% and that 50% of the floorspace is for convenience goods and that 50% is for comparison goods.
[15] Assumed gross to net ratio of 70% and that 50% of the floorspace is for convenience goods and that 50% is for comparison goods.

Table 4.6: Sandwell MBC LPA Area: Commitments: Comparison Goods

	CENTRE	PLANNING REF	SCHEME	Gross Floorspace (sq m)	Net Floorspace (sq m)
[1]	West Bromwich-Edge-of-Town Centre	DC/18/62210	Staples Limited Tildasley Street West Bromwich B70 9SJ. Proposed variation of condition 1 of planning permission DC/18/62210 (Proposed change of use to supermarket (Class A1), external alterations including new store access, loading bay extension, trolley bay canopy, and alterations to car park and landscaping) to remove loading bay extension and replace with rear access ramp and new ramp to customer service entrance.	1,973	263
[2]	Great Bridge Town Centre	DC/18/61411	Poundland Unit 1 Great Bridge Retail Park Great Bridge Street West Bromwich B70 0EN. Proposed installation of new mezzanine floor for retail area (290m2 gross floor area).	290	203
[3]	Smethwick Local Centre - Town Centre	DC/20/64854	15 Tollhouse Way; Smethwick; B66 1HJ. Proposed demolition of derelict garage and erection of 3 storey building to create 3 No. commercial ground floor units and 6 No. apartments above.	182	64
[4]	Oldbury Town Centre-Out-of-Centre	DC/20/64854	Former Toys R Us; Wolverhampton Road, Oldbury. Proposed demolition of existing entrance, sub-division of existing retail unit (Class A1) together with external alterations, new shop frontage and cladding, mezzanine floor in Unit 1, creation of ancillary external garden centre area for Unit 2,	564	395
[5]	Tipton Local Centre-In-Centre	DC/19/63355	Unit 12 - 16; Unity Walk; Tipton; DY4 8QL. Proposed change of use to shops (Class A1).	425	149
[6]	Oldbury Town Centre	DC/19/63208	Former Perrott Arms; 2 Birmingham Road;Oldbury; B69 4ED. Proposed change of use and two storey rear extension to create 3 No. shops at ground floor and 2 No. one bedroom flats above.	205	72
	TOTAL			**3,639**	**1,145**

Notes:
[1] Aldi application, as per planning and retail statement net sales area of 1,315. It is assumed that of this 80% of all the floorspace is for convenience good and that remainder 20% is for comparison goods.
[2] The gross floorspace is 290 sqm to which a gross to net ratio of 70% has been applied.
[3] Assumed gross to net ratio of 70% and that 50% of the floorspace is for convenience goods and that 50% is for comparison goods.
[4] The gross floorspace for the proposed garden centre is 564 sqm to which a gross to net ratio of 70% has been applied.
[5] Assumed gross to net ratio of 70% and that 50% of the floorspace is for convenience goods and that 50% is for comparison goods.
[6] Assumed gross to net ratio of 70% and that 50% of the floorspace is for convenience goods and that 50% is for comparison goods.

4.22 The major planned / committed retail schemes in the Walsall Council area are:

Table 4.7: Walsall LPA Area: Commitments: Convenience Goods

	CENTRE	PLANNING REF	SCHEME	Gross Floorspace (sq m)	Net Floorspace (sq m)
[1]	Willenhall Town Centre-In-Centre	18/0438	Proposed demolition of existing class A1 retail (Budgens) store. Erection of new class A1 retail store (Aldi) with associated amendments to access,	1,831	195
[2]	Birchills Local Centre	18/0460	15 Old Birchills, Walsall, WS2 8QH. Change of Use from A4 to A1 (Costcutter) with external installation of plant and machinery to accommodate internal refrigeration.	292	204
[3]	Brownhills Town Centre	17/1629	Land Between 75-85 High Street, Brownhills. New 2.5 storey development of 3 commercial units and 3 x 1 bed flats	171	60
	TOTAL			**2,294**	**459**

Notes:

[1] The net additional floorspace proposed is 278sqm gross (Existing: 1,553 sqm and proposed 1,831 sqm); the applied gross to net ratio of 70% and that all of this space is for convenience goods.

[2] Assumed gross to net ratio of 70% and that all the floorspace is for convenience goods.

[3] Assumed gross to net ratio of 70% and that 50% of the floorspace is for convenience goods and that 50% is for comparison goods.

Table 4.8: Walsall LPA Area: Commitments: Comparison Goods

	CENTRE	PLANNING REF	SCHEME	Gross Floorspace (sq m)	Net Floorspace (sq m)
[1]	Brownhills Town Centre	17/1629	Land Between 75-85 High Street, Brownhills. New 2.5 storey development of 3 commercial units and 3 x 1 bed flats	171	60
	TOTAL			**171**	**60**

Notes:

[1] Assumed gross to net ratio of 70% and that 50% of the floorspace is for convenience goods and that 50% is for comparison goods.

4.23 The turnover of the above is discounted from residual expenditure in order to estimate net residual expenditure from which forecast new retail floorspace is identified.

5. Retail Needs Assessment: Update

5.1 This section sets out the updated results of the quantitative need (capacity) for new retail (comparison and convenience goods under former use class A1) floorspace across the BCLA over the period to 2039. The results update the capacity findings of 2020 Centres Study and also updates the population projections, expenditure forecasts, and commitments. Depending upon how the economy recovers, if growth and expenditure return to pre-pandemic long term trends, then the findings of the 2020 Centres Study will still be helpful and relevant.

Methodology

5.2 The update is based on the CREAT^{e} model and draws on the most up to date population and average retail (convenience and comparison goods) expenditure reviewed in **Section 4**. The forecasts are presented for the individual BCLA with breakdowns by centres and locations (strategic centres/town centres/district and local centres/out-of-centre).

5.3 The capacity forecasts will enable the BCLA to test the strategic options for the spatial distribution of any new retail-led development over the plan period to 2039, and make informed policy choices about where any forecast need should be met in accordance with the advice set out in NPPF paragraph 85 (d). The allocation of sites to meet any identified need over the next five years and over the lifetime of the Black Country Plan will depend on a range of key considerations, including the suitability, viability and availability of sites in or on the edge of existing centres.

5.4 It has necessarily been assumed for the purpose of the capacity assessment that the BCLA's (convenience and comparison goods) retail market is in 'equilibrium' at the base year. In other words we assume that existing centres and stores are broadly trading in line with appropriate 'benchmark' turnover levels at the base year and based on adjusted market shares for new store openings. Therefore, any residual expenditure available to support new retail floorspace within the study area over the development plan period is derived from the difference between the forecast growth in 'current' (survey-derived) turnover levels; and the growth in 'benchmark' turnovers based on applying year-on-year 'productivity' ('efficiency') growth rates to all existing and new retail floorspace[13].

5.5 For all existing and new convenience floorspace we have assumed an annual average 'productivity' growth rate ranging from a low of 0.7% (2022) to 0.3% (2023 and onwards). Corresponding annual productivity growth for comparison floorspace is higher, ranging from 3.4% (2022) to 2.6% (2023-27) and 2.9% (2028 and onwards). These growth rates have been informed by Experian's latest Briefing Note 18 (October 2020).

5.6 At the outset we advise that all capacity forecasts beyond a five year period should be treated with caution. This is because long term trends in the economy, consumer demand and retail property market could have a significant impact on the potential capacity and need for new retail floorspace. For example, the pandemic has illustrated the rapid changing pace in consumer behaviour. As discussed previously, a higher growth in non-store retail sales (i.e. online sales) than forecast by Experian would reduce the capacity for new retail floorspace over time even further.

Retail Capacity Forecasts

5.7 In order to robustly assess the potential capacity for new **convenience goods** floorspace up to 2039 we have necessarily tested the same two trading scenarios as per the 2020 Centres Study:

- '**Superstore format' trading scenario** – assuming the residual expenditure could support one of the 'top 6' foodstore operators (i.e. Tesco, Sainsbury's, Asda, Morrisons, Waitrose and Marks & Spencer), which together could achieve an average sales density of approximately **£12,500 per sq.m** in 2021 (2019 prices); and
- **'Supermarket/discounter' trading scenario** – assuming the residual expenditure is taken up by a supermarket (e.g. Co-op, Budgens, etc.) and/or 'discount' retailer (principally Aldi and Lidl) trading at a slightly lower average sales levels of circa **£7,000 per sq.m** in 2021.

5.8 For **comparison goods** it is assumed that new floorspace will achieve average sales levels of circa **£6,000 per sq.m** in 2021.

5.9 As stated previously, it has been assumed that the local retail market is in 'equilibrium' at the base year, as there is no qualitative evidence to show that existing stores/floorspace at the local level are significantly over and/or under trading.

5.10 The baseline average sales levels for all new and existing convenience and comparison goods floorspace will experience a year-on-year growth in turnover 'efficiency' (floorspace 'productivity') levels in line with the latest forecasts set out in Experian's Retail Planner Briefing Note 18 (Figures 3a and 3b).

[13] The 'productivity' growth rates are based on Experian's latest Retail Planner Briefing Note 18 (October 2020). However, it should be noted that individual centres, stores and shopping facilities will be capable of achieving higher and/or lower annual 'productivity' growth depending on a range of trading factors (including the size, quality and type of retail floorspace).

City of Wolverhampton LPA Area: Capacity Forecasts

5.11 The following sets out the convenience and comparison goods capacity forecasts for the main centres and stores in the City of Wolverhampton LPA area. The detailed capacity tabulations for convenience and comparison goods are set out in **Appendix 5A and 9A (Volume 3)** respectively.

Convenience Capacity

5.12 Table 3 (**Appendix 5A, Volume 3**) sets out the total residual capacity for new convenience goods floorspace and the table below summarises the convenience goods capacity for the main centres and stores over the period to 2039.

Table 5.1: City of Wolverhampton LPA Area: Convenience Goods Capacity (Net sq.m) Forecasts by Location

CENTRE TYPE			STORE FORMAT							
			Foodstore Format (sqm net)				Local Supermarket/ Deep Discounter Format (sqm net)			
			2024	2029	2034	2039	2024	2029	2034	2039
Residual Expenditure (after Commitments) (£m)			**-£18.7**	**-£15.4**	**-£10.1**	**-£3.6**	**-£18.7**	**-£15.4**	**-£10.1**	**-£3.6**
	Strategic Centre	Wolverhampton	-139	-71	33	154	-248	-127	59	276
	Town Centre	Bilston	8	44	98	162	15	78	176	289
		Wednesfield	1	3	6	10	1	5	11	18
	District & Local Centres		-285	-225	-131	-23	-509	-402	-235	-41
	Out-of-Centre		-1,064	-952	-778	-576	-1,900	-1,700	-1,389	-1,028
CITY OF WOLVERHAMPTON COUNCIL AREA			**-1,480**	**-1,202**	**-771**	**-272**	**-2,642**	**-2,146**	**-1,378**	**-486**

5.13 As with the 2020 Centres Study, the capacity findings for the 'superstore format' the forecasts show no LPA area-wide capacity for new convenience goods floorspace up to 2039 after taking into account all known commitments. The same applies to the forecast capacity for new 'supermarket/discounter format' floorspace, with no identified LPA area-wide capacity up to 2039.

5.14 In terms of the various locations:

- The strategic centre of Wolverhampton - no forecast capacity based on either formats to 2039.
- The 'town centres' - there is identified capacity of a modest 172 sq.m net ('superstore format') to 307 sq.m net ('supermarket/discounter format') by 2039.
- The capacity for 'District & Local Centres' - no forecast capacity based on either formats to 2039.
- The out-of-centre category shows no identified capacity over the forecast period to 2038.

5.15 The quantum of any forecast capacity identified could easily be met through infill development, change of use applications and/or extensions to existing stores, without the need to identify larger comprehensive development in-centre or edge-of-centre sites.

Comparison Capacity

Table 3 (**Appendix 9A, Volume 3**) sets out the total LPA area-wide capacity for new comparison goods floorspace after allowing for the turnover of all known commitments. Tables 4-8 disaggregate this total capacity by centre. The table below summarises the comparison goods capacity for the main centres and stores and shows no identified capacity over the period to 2039.

Table 5.2: City of Wolverhampton LPA Area: Comparison Goods Capacity (Net sq.m) Forecasts by Location

CENTRE TYPE		2024	2029	2034	2039
Residual Expenditure (after Commitments) (£m)		**-£26.8**	**-£37.9**	**-£44.9**	**-£41.7**
Strategic Centre	Wolverhampton	-3,108	-3,702	-3,786	-3,162
Town Centre	Bilston	-72	-151	-162	-79
	Wednesfield	-17	-36	-39	-19
District & Local Centres		-72	-111	-116	-75
Out-of-Centre		-837	-1,079	-1,113	-860
CITY OF WOLVERHAMPTON COUNCIL AREA		**-4,106**	**-5,079**	**-5,216**	**-4,194**

Dudley MBC LPA Area: Capacity Forecasts

5.16 The following sets out the convenience and comparison goods capacity forecasts for the main centres and stores in the Dudley MBC LPA area. The detailed capacity tabulations for convenience and comparison goods are set out in **Appendix 5B** and 9B**X (Volume 3)** respectively.

Convenience Capacity

5.17 Table 3 (**Appendix 5B, Volume 3**) sets out the total residual capacity for new convenience goods floorspace after allowing for the turnover of all known commitments. Tables 4-8 disaggregate this total capacity for the ‘strategic centre’ (i.e. Brierley Hill); ‘town centres’ (i.e. Dudley, Stourbridge & Halesowen), collectively the smaller ‘district & local centres’ and the ‘out-of-centre’ retail floorspace.

5.18 The table below summarises the convenience goods capacity for the main centres and stores over the period to 2039.

Table 5.3: Dudley MBC LPA Area: Convenience Goods Capacity (Net sq.m) Forecasts by Location

CENTRE TYPE		STORE FORMAT							
		Foodstore Format (sqm net)				Local Supermarket/ Deep Discounter Format (sqm net)			
		2024	2029	2034	2039	2024	2029	2034	2039
Residual Expenditure (after Commitments) (£m)		**-£48.9**	**-£45.5**	**-£39.6**	**-£32.5**	**-£48.9**	**-£45.5**	**-£39.6**	**-£32.5**
Strategic Centre	Brierley Hill (Traditonal High St +Merry Hill)	8	43	97	160	14	77	173	285
Town Centre	Dudley	-1,037	-1,024	-1,005	-982	-1,852	-1,829	-1,794	-1,753
	Stourbridge	11	59	133	219	20	105	237	391
	Halesowen	6	32	73	120	11	58	130	214
District & Local Centres		16	84	190	313	28	150	339	558
Out-of-Centre		-2,869	-2,733	-2,523	-2,280	-5,123	-4,881	-4,506	-4,071
DUDLEY MBC AREA		**-3,865**	**-3,540**	**-3,035**	**-2,450**	**-6,902**	**-6,321**	**-5,420**	**-4,375**

5.19 The global capacity findings for both the '*superstore format*' and new '*supermarket/discounter format'* indicate no capacity for new convenience goods floorspace until 2039, although it is recognised there is a specific qualitative need for a large anchor foodstore to serve Dudley Town Centre.

Comparison Capacity

5.20 Table 3 (**Appendix 9B, Volume 3**) sets out the total LPA area-wide capacity for new comparison goods floorspace after allowing for the turnover of all known commitments. The table below summarises the comparison capacity for the main centres and stores over the period to 2039. It shows no capacity to 2039 after allowing for all known commitments, although it is recognised there is a specific qualitative need for a large anchor foodstore to serve Dudley Town Centre, and comparison retail provision can play an important part in delivering this.

Table 5.4: Dudley MBC LPA Area: Comparison Goods Capacity (Net sq.m) Forecasts by Location

CENTRE TYPE		2024	2029	2034	2039
Residual Expenditure (after Commitments) (£m)		**-£34.5**	**-£51.8**	**-£61.8**	**-£54.1**
Strategic Centre	Brierley Hill (Traditonal High St +Merry Hill)	-1,125	-2,370	-2,545	-1,239
Town Centre	Dudley	-2,035	-2,129	-2,142	-2,044
	Stourbridge	-90	-190	-204	-99
	Halesowen	-70	-147	-158	-77
District & Local Centres		-50	-106	-114	-55
Out-of-Centre		-1,917	-1,993	-2,003	-1,924
DUDLEY MBC AREA		**-5,288**	**-6,935**	**-7,167**	**-5,438**

Sandwell MBC LPA Area: Capacity Forecasts

5.21 The following sets out the convenience and comparison goods capacity forecasts for the main centres and stores in the Sandwell MBC LPA area. The detailed capacity tabulations for convenience and comparison goods are set out in **Appendix 5C and 9C (Volume 3)** respectively.

Convenience Capacity

5.22 Table 3 (**Appendix 5C, Volume 3**) sets out the total residual capacity for new convenience goods floorspace after allowing for the turnover of all known commitments. Tables 4-8 disaggregate this total capacity for the 'strategic centre' (i.e. West Bromwich); 'town centres' (i.e. Blackheath, Cradley Heath, Great Bridge, Oldbury, Wednesbury, Cape Hill & Bearwood), collectively the smaller 'district & local Centres' and the out-of-centre retail floorspace.

5.23 The table below summarises the convenience goods capacity for the main centres and stores over the period to 2039.

Table 5.5: Sandwell MBC LPA Area: Convenience Goods Capacity (Net sq.m) Forecasts by Location

CENTRE TYPE		STORE FORMAT							
		Foodstore Format (sqm net)				Local Supermarket/ Deep Discounter Format (sqm net)			
		2024	2029	2034	2039	2024	2029	2034	2039
Residual Expenditure (after Commitments) (£m)		**-£23.1**	**-£19.0**	**-£12.3**	**-£4.2**	**-£23.1**	**-£19.0**	**-£12.3**	**-£4.2**
Strategic Centre	West Bromwich	-1,017	-977	-916	-845	-1,816	-1,745	-1,635	-1,508
Town Centre	Blackheath	5	29	65	107	10	51	116	191
	Cradley Heath	-22	5	49	98	-40	10	87	176
	Great Bridge	-24	15	77	149	-44	28	138	265
	Oldbury	-278	-253	-215	-171	-496	-452	-385	-306
	Wednesbury	-43	-27	-2	27	-76	-48	-3	48
	Cape Hill	6	34	77	127	11	61	138	227
	Bearwood	3	18	41	68	6	32	73	121
District & Local Centres		-346	-302	-235	-156	-618	-540	-419	-279
Out-of-Centre		-107	-18	120	280	-191	-32	214	500
SANDWELL MBC AREA		**-1,822**	**-1,475**	**-939**	**-317**	**-3,253**	**-2,635**	**-1,677**	**-566**

5.24 The global capacity findings for both the '*superstore format*' and new '*supermarket/discounter format*' indicate no capacity for new convenience goods floorspace until 2039.

Comparison Capacity

5.25 Table 3 (**Appendix 9C, Volume 3**) sets out the total LPA area-wide capacity for new comparison goods floorspace after allowing for the turnover of all known commitments. Tables 4-8 disaggregate this total capacity by centre. The table below summarises the comparison capacity for the main centres and stores over the period to 2039.

Table 5.6: Sandwell MBC LPA Area: Comparison Goods Capacity (Net sq.m) Forecasts by Location

CENTRE TYPE		2024	2029	2034	2039
Residual Expenditure (after Commitments) (£m)		**-£9.3**	**-£17.4**	**-£21.1**	**-£15.0**
Strategic Centre	West Bromwich	-393	-633	-667	-415
Town Centre	Blackheath	-32	-68	-73	-35
	Cradley Heath	-8	-17	-18	-9
	Great Bridge	-134	-169	-174	-137
	Oldbury	-141	-257	-274	-152
	Wednesbury	-38	-80	-86	-42
	Cape Hill	-20	-43	-46	-22
	Bearwood	-29	-61	-65	-32
District & Local Centres		-133	-164	-168	-136
Out-of-Centre		-499	-832	-879	-529
SANDWELL MBC AREA		**-1,427**	**-2,323**	**-2,450**	**-1,509**

5.26 The table shows no capacity to 2039 after allowing for all known commitments.

Walsall LPA Area: Capacity Forecasts

5.27 The following sets out the convenience and comparison goods capacity forecasts for the main centres and stores in the Walsall LPA area based on an analysis of population, expenditure and turnover growth over the forecast period, and the predicted trading performance of all known retail commitments. The detailed capacity tabulations for convenience and comparison goods are set out in **Appendix 5D and 9D (Volume 3)** respectively.

Convenience Capacity

5.28 Table 3 (**Appendix 5D, Volume 3**) sets out the total residual capacity for new convenience goods floorspace after allowing for the turnover of all known commitments. Tables 4-8 disaggregate this total capacity for the 'strategic centre' (i.e. Walsall); 'town centres' (i.e. Bloxwich, Brownhills, Aldridge, Willenhall, Darlaston), collectively the smaller 'district & local centres' and the 'out-of-centre' retail floorspace.

5.29 The table below summarises the convenience goods capacity for the main centres and stores over the period to 2039.

Table 5.7: Walsall LPA Area: Convenience Goods Capacity (Net sq.m) Forecasts by Location

CENTRE TYPE		STORE FORMAT							
		Foodstore Format (sqm net)				Local Supermarket/ Deep Discounter Format (sqm net)			
		2024	2029	2034	2039	2024	2029	2034	2039
Residual Expenditure (after Commitments) (£m)		**-£4.4**	**-£1.5**	**£3.3**	**£8.9**	**-£4.4**	**-£1.5**	**£3.3**	**£8.9**
Strategic Centre	Walsall	11	56	127	209	19	100	227	373
Town Centre	Bloxwich	5	24	55	90	8	43	98	161
	Brownhills	-46	-17	27	78	-82	-31	48	139
	Aldridge	6	33	75	123	11	59	133	219
	Willenhall	-165	-137	-94	-44	-294	-245	-168	-78
	Darlaston	4	24	54	89	8	43	97	160
District & Local Centres		-176	-160	-135	-106	-315	-286	-241	-189
Out-of-Centre		12	63	143	235	21	113	255	420
WALSALL MBC AREA		**-349**	**-114**	**251**	**674**	**-624**	**-203**	**449**	**1,204**

5.30 The capacity findings under the '*superstore format*' shows a capacity of 251 sq.m net for new convenience goods floorspace up to 2034 after taking into account all known commitments (which could support one small format store). This figure increases to 674 sq.m net by 2039 by 2039 (supporting up to two small format stores).

5.31 Turning to the forecast capacity for new '*supermarket/discounter format'* floorspace, the table shows a forecast capacity of 449 sq.m net by 2034, increasing to 1,204 sq.m net by 2039 (supporting one discount store).

5.32 In terms of the strategic centre of Walsall, the identified capacity is some 127 sq.m net by 2034 and rising to 209 sq.m net by 2039. Under the *'supermarket/discounter format'* the identified capacity is some 227 sq.m net by 2034 rising to 373 sq.m net by 2039.

5.33 The capacity that has been identified for the other centres and locations is as follows:

- Town centres: Cumulatively 116 sq.m net by 2034 rising to 336 sq.m net in 2039 (up to one small format store and based on the *'superstore'* format).
- The smaller 'district & local centres' show no identified capacity.
- The 'out-of-centre' floorspace generates a capacity of up to 143 sq.m in 2034 and 235 sq.m net by 2039 under the '*superstore'* format. Whilst under the '*supermarket/discounter'* format the identified capacity is 255 sq.m net by 2034 rising to 420 sq.m net by 2039. It should be emphasised that any out-of-centre 'capacity' does not support the need to plan for any future out-of-centre provision, but capacity should be subject to the national and local 'centres first' policy steer (see paragraphs 5.40-1 below). The quantum of any forecast capacity identified could easily be met through infill development, change of use applications and/or extensions to existing stores, without the need to identify larger comprehensive development in-centre or edge-of-centre sites.

Comparison Capacity

5.34 Table 3 (**Appendix 5D, Volume 3**) sets out the total LPA area-wide capacity for new comparison goods floorspace after allowing for the turnover of all known commitments. Tables 4-10 disaggregate this total capacity by centre. The table below summarises the comparison capacity for the main centres and stores over the period to 2039.

Table 5.8: Walsall LPA Area: Comparison Goods Capacity (Net sq.m) Forecasts by Location

CENTRE TYPE		2024	2029	2034	2039
Residual Expenditure (after Commitments) (£m)		**-£3.9**	**-£9.1**	**-£11.2**	**-£6.5**
Strategic Centre	Walsall	-334	-704	-757	-368
Town Centre	Bloxwich	-31	-64	-69	-34
	Brownhills	-60	-83	-86	-62
	Aldridge	-36	-76	-82	-40
	Willenhall	-29	-60	-65	-31
	Darlaston	-11	-24	-25	-12
District & Local Centres		-12	-26	-28	-14
Out-of-Centre		-84	-177	-190	-92
WALSALL MBC AREA		**-598**	**-1,215**	**-1,302**	**-654**

5.35 The table shows no forecast capacity (after allowing for all known commitments) to 2039.

5.36 The 'town centres' collectively indicate a nominal 95 sq.m net of forecast capacity by 2039. The smaller 'district & local centres' show minimal capacity at 9 sq.m net by 2039.

BCLA Area Summary

5.37 In terms of the BCLA area overall and after accounting for all known commitments there is no identified convenience or comparison goods capacity.

Table 5.9: BCLA Area: Aggregated Convenience Goods Capacity (Net sq.m) Forecasts

LPA	Foodstore Format (sqm net)				Local Supermarket/ Deep Discounter Format (sqm net)			
	2024	2029	2034	2039	2024	2029	2034	2039
Wolverhampton	-1,480	-1,202	-771	-272	-2,642	-2,146	-1,378	-486
Dudley	-3,865	-3,540	-3,035	-2,450	-6,902	-6,321	-5,420	-4,375
Sandwell	-1,822	-1,475	-939	-317	-3,253	-2,635	-1,677	-566
Walsall	-349	-114	251	674	-624	-203	449	1,204
TOTAL: BCLA AREA	**-7,516**	**-6,331**	**-4,494**	**-2,365**	**-13,421**	**-11,305**	**-8,026**	**-4,224**

Table 5.10: BCLA Area: Aggregated Comparison Goods Capacity (Net sq.m) Forecasts

LPA	2024	2029	2034	2038
Wolverhampton	-4,106	-5,079	-5,216	-4,194
Dudley	-5,288	-6,935	-7,167	-5,438
Sandwell	-1,427	-2,323	-2,450	-1,509
Walsall	-598	-1,215	-1,302	-654
TOTAL: BCLA AREA	**-11,418**	**-15,552**	**-16,135**	**-11,795**

Strategic Allocations

5.38 The 2020 Centres Study assessed the potential net effect of Strategic Allocations (detailed below).

Table 5.11: Strategic Allocations by LPA: Retail

LPA: Wolverhampton

Wolverhampton City Centre Area Action Plan (adopted 2016):

Goods Type / Sector	Policy Ref	Quantum (sqm Gross)	Quantum (sqm net)	Delivery Date
Comparison	Policy CC1	35,000	N/A	by 2026
Convenience	Policy CC1	12,000	N/A	by 2026

LPA: DUDLEY

Brierley Hill Strategic Centre Area Action Plan (adopted August 2011)

Goods Type / Sector	Policy Ref	Quantum (sqm Gross)	Quantum (sqm net)	Delivery Date
Comparison	Policy 66	6,500	N/A	by 2021
Comparison	Policy 67	2,000	N/A	by 2021
Convenience	Policy 3	4,600	3,000	N/A
Convenience	Policy 7	3,000	2,000	N/A

Dudley Town Centre AAP (adopted March 2017)

Goods Type	Policy Ref	Quantum (sqm Gross)	Quantum (sqm net)	Delivery Date
Comparison	Policy 15	15,000	N/A	by 2026
Convenience	Policy 15	N/A	5,000	by 2026

Walsall Town Centre Area Action Plan (adopted January 2019)

Goods Type	Policy Ref	Quantum (sqm Gross)	Quantum (sqm net)	Delivery Date
Comparison	Policy AAPS2	6,000	N/A	End of 2026
Convenience	Policy AAPS2	1,500	N/A	End of 2026

5.39 Based on the above the capacity figures, whilst some floorspace already built-out and/ or forming part of the identified commitments could also be allocations, if these targets were implemented in full, capacity would be further eroded. Other sources that could cause trade diversion/ leakage from the Black Country's centres and thus reduce capacity, would be any large retail schemes outside the Black Country's administrative area.

Summary

5.40 The NPPF (paragraph 85d) is clear that local planning authorities should plan to meet the need for new retail and town centre uses by "*looking at least ten years ahead*". The PPG also states that given the uncertainty in forecasting long-term retail trends and consumer behaviour, assessments *"…may need to focus on a limited period (such as the next five years) but will also need to take the lifetime of the plan into account and be regularly reviewed"*.. Therefore, whilst greater weight should be placed on forecasts over the next five to ten-year period, we have also assessed the potential capacity for new retail floorspace over the lifetime of the plan, up to 2039, to help inform the BCLA''s longer term plan-making and strategies.

5.41 As shown, there is no quantitative requirement for the BCLA to identify and allocate new sites for retail development over the ten-year period up to 2031, or over the longer lifetime of the local plan. Therefore it re-emphasises our advice in the 2020 Centres Study (e.g. para 9.84), particularly that there is not sufficient capacity to justify including strategic floorspace targets in the BCP. A robust policy approach should therefore be adopted, especially development management policies in accordance with the NPPF (paragraphs 86 - 90), to enable the assessment and determination of future proposals that are not in a centre and not in accordance with an up-to-date development plan. The lack of capacity particularly emphasises the importance of the sequential test and having locally set thresholds for the undertaking of NPPF impact tests, to ensure that edge and/ or out-of-centre proposals avoid causing any significant adverse impacts on centres. As emphasised in our 2020 Centres Study (paragraph 9.84, 9.113), where individual Councils bring forward tier-two plans (such as AAPs / SADs), then the framework provided by the BCP may be augmented with a further and more specific policy steer. Based on the latest available evidence, if capacity for new retail floorspace should emerge over the plan period, then this should be directed to the existing network of centres. Councils should explore identifying a suitable site or sites in and/or on the edge of existing centres, including extensions to existing provision and/ or adjusting centre boundaries to meet the forecast need (with a view of at least 10 years), in accordance with the "town centre first" approach detailed in national, sub-regional and local plan policy and guidance, to ensure the future vitality, viability and regeneration of centres. This could include any specific qualitative need, such as to provide a large anchor foodstore to serve Dudley Town Centre.

6. Commercial Leisure Needs Assessment: Update

6.1 This section updates the leisure assessment contained in the 2020 Centres Study and focuses on forecast need for new cinema, food and beverage (former Use Classes A3 to A5), and health and fitness provision. The assessment also takes account of recent trends across the leisure sector.

Commercial Leisure Trends

6.2 Following a dramatic -53.8% fall in leisure spend per head in 2020, Experian forecast a return to growth in 2021 (+64.7%) and 2022 (+14.8%). Average yearly growth is then forecast to settle at approximately +2.5% over the period 2023-2027 and +0.9% over the long term (2028-2040). This growth in leisure spend is consistent with the historic average growth of +1.1% per annum recorded between 2012 and 2018, and higher than long term trend (1997-2019) of -0.6% per annum. These expenditure growth trends and forecasts have informed the updated leisure needs assessment. Any further dampening of growth rates over the short to medium term will have implications for the viability of existing leisure businesses and the demand for new space.

6.3 The pandemic has posed the most significant challenge to the commercial leisure industry in recent years. Never before has the sector been unable to operate in its entirety. With restriction on movement which is essential for commercial leisure pursuits including eating and drinking out; going to the cinema or gym all of these sectors have suffered as a result. Lockdown resulted in a more home focused consumer.

6.4 Even prior to the pandemic, the Black Country Centres Study 2020 had highlighted the over-provision, saturation and increasing costs in certain sectors such as the casual dining sector. This trend of consolidation is likely to be accelerated with the likelihood that certain establishments will remain closed forever.

6.5 Despite such restrictions, during the course of the pandemic and subsequent waves of reopening and lockdowns commercial leisure business have tried novel methods of positioning themselves to surmount the reliance on customers being physically present to purchase their services. For example:

- McDonalds, Burger King, Wagamama have benefitted from drive-through and delivery service;
- Many food and beverage outlets/restaurants which were closed to in-house customers provided takeaway and home delivery services and home-cook meal kits;
- Some restaurants with outdoor seating on terraces etc. were able to re-open subject to the necessary social distancing being applied.

6.6 Whilst it is too soon to assess the impact on footfall and sales, and both will take time to get back close to pre-pandemic levels. By way of example, the ‘Eat Out to Help Out’ initiative was a significant success in the summer of 2020 and boasted the sector through a 50% discount to customers being underwritten by the UK Government. Success in the future will be contingent on type and location of destination. For example major city centres and tourism destinations where commuters and tourists are a driver of footfall and spending are likely to recover slowly.

6.7 It is anticipated that the post-pandemic demand for leisure is unlikely to decline but will be dependent on broader economic recovery and sentiment and location. The anticipated focus on more working from home will result in local areas benefiting from any uptake in leisure provision. This is likely to benefit independents and potentially chains moving into these locations as they rethink their location strategies and could therefore potentially benefit the Black Country’s Centres, given its relatively dense network of centres with local (and wider) catchment areas.

6.8 The key issues for commercial leisure provision in a post pandemic world will encompass a number of factors, particularly:

- economic recovery and resulting consumer sentiment;
- the pent-up demand for consumers to meet and socialise after waves of lockdown;
- the rise in home working and benefiting local / suburban locations and businesses;
- rise of home delivery;
- as with the retail sector new digital strategies and multi channels to interact with customers; for example, Costa has developed what it is calling a ‘post-coronavirus’ format: a street-facing kiosk with socially-distanced seating and in-app ordering; and
- the increase in the use of open spaces and pursuits; for example, the number of drive-in cinemas across the U.K. has grown from three to 40 during the pandemic[14].

Leisure Expenditure Growth

6.9 Based on the latest Experian growth forecasts the table below updates the UK average expenditure per head per annum on commercial leisure services and the average for the defined Study Area. The expenditure per head data is updated annually by Experian and these are reliant on household surveys conducted by ONS. On this basis it should be noted that these estimates are a product of the inputs used at the time, therefore comparative analysis can prove problematic due to the different households conducting

[14] Source: “U.K. Drive-Ins Boom in Pandemic Era With 40 New Cinemas”; Varity Magazine 21/07/2020 (https://variety.com/2020/film/news/uk-drive-in-cinemas-boom-40-venues-comscore-1234712174/)

survey and the overall change in national spending totals used to calibrate the data each year.

6.10 As with the 2020 Centres Study it shows that household spending on leisure services is dominated by the restaurant and café category (including pubs).

Table 6.1 Estimates of Expenditure per Capita on Leisure Services 2021

Zones	Accommodation	Cultural services	Games of chance	Hairdressing salons & personal grooming	Recreational & sporting services	Restaurants, cafes, etc.	Total
Zone 1	£115	£229	£103	£72	£97	£1,043	£1,660
Zone 2	£73	£179	£128	£42	£60	£663	£1,144
Zone 3	£102	£246	£142	£72	£101	£970	£1,633
Zone 4	£91	£243	£179	£66	£81	£851	£1,512
Zone 5	£86	£221	£162	£54	£72	£769	£1,364
Zone 6	£119	£272	£171	£81	£103	£916	£1,661
Zone 7	£101	£247	£182	£68	£84	£898	£1,580
Zone 8	£143	£301	£175	£94	£122	£1,018	£1,853
Zone 9	£118	£275	£167	£81	£99	£960	£1,700
Zone 10	£97	£250	£181	£71	£81	£886	£1,566
Zone 11	£78	£204	£161	£54	£63	£721	£1,281
Zone 12	£72	£206	£181	£52	£62	£729	£1,302
Zone 13	£56	£128	£78	£30	£40	£485	£818
Zone 14	£75	£196	£154	£51	£64	£724	£1,265
Zone 15	£71	£196	£161	£49	£60	£701	£1,238
Zone 16	£56	£153	£128	£37	£46	£538	£957
Zone 17	£69	£195	£165	£47	£58	£687	£1,221
Zone 18	£167	£332	£162	£111	£157	£1,198	£2,128
Zone 19	£82	£207	£173	£56	£69	£747	£1,335
Zone 20	£108	£263	£182	£78	£91	£902	£1,624
Zone 21	£65	£185	£161	£46	£56	£643	£1,156
Zone 22	£100	£252	£195	£73	£81	£877	£1,578
Zone 23	£66	£185	£162	£47	£56	£657	£1,174
Zone 24	£81	£211	£175	£56	£67	£741	£1,330
Zone 25	£125	£280	£186	£86	£99	£973	£1,749
Zone 26	£178	£371	£145	£123	£158	£1,185	£2,160
Zone 27	£123	£273	£180	£78	£103	£979	£1,736
Zone 28	£134	£293	£158	£90	£124	£990	£1,789
Zone 29	£144	£312	£153	£94	£112	£997	£1,811
Zone 30	£74	£163	£95	£41	£59	£607	£1,039
Zone 31	£59	£164	£137	£39	£49	£581	£1,028
Zone 32	£61	£183	£169	£44	£54	£637	£1,147
Zone 33	£99	£240	£186	£71	£85	£864	£1,546
Zone 34	£148	£304	£159	£95	£129	£1,031	£1,867
Zone 35	£75	£202	£177	£53	£64	£699	£1,270
Zone 36	£97	£240	£182	£67	£83	£863	£1,532
Zone 37	£110	£245	£176	£72	£99	£867	£1,567
Zone 38	£102	£235	£189	£72	£84	£864	£1,546
Zone 39	£110	£259	£188	£81	£92	£909	£1,637
Zone 40	£89	£223	£191	£63	£75	£811	£1,453
Zone 41	£121	£275	£183	£84	£100	£933	£1,697
Zone 42	£68	£189	£153	£48	£60	£711	£1,230
Zone 43	£72	£195	£165	£51	£60	£679	£1,222
Zone 44	£84	£220	£187	£59	£68	£786	£1,405
Zone 45	£88	£215	£183	£59	£70	£787	£1,402
Zone 46	£68	£194	£162	£49	£59	£674	£1,208
Zone 47	£71	£196	£178	£50	£62	£700	£1,257
Zone 48	£142	£327	£167	£103	£124	£1,043	£1,906
Zone 49	£58	£160	£125	£40	£48	£558	£988
Zone 50	£110	£245	£146	£72	£96	£880	£1,549
Zone 51	£106	£241	£177	£68	£92	£896	£1,580
Zone 52	£142	£308	£162	£100	£120	£993	£1,825
Zone 53	£137	£308	£165	£93	£114	£1,003	£1,820
Zone 54	£124	£279	£168	£84	£102	£939	£1,697
Zone 55	£135	£282	£147	£83	£96	£936	£1,679
Study Area (Zones 1-55) Average (£)							
Zones 1 - 55	£99	£236	£163	£67	£84	£831	£1,480
(% of Total)	6.7%	16.0%	11.0%	4.5%	5.7%	56.1%	100.0%
Core Zones (£)							
Wolverhampton	£81	£207	£162	£55	£69	£744	£1,319
(% of Total)	6.2%	15.7%	12.2%	4.2%	5.3%	56.5%	100.0%
Dudley	£103	£247	£175	£71	£87	£866	£1,549
(% of Total)	6.6%	16.0%	11.3%	4.6%	5.6%	55.9%	100.0%
Sandwell	£71	£189	£154	£48	£59	£678	£1,198
(% of Total)	5.9%	15.8%	12.9%	4.0%	4.9%	56.6%	100.0%
Walsall	£87	£213	£165	£59	£73	£758	£1,355
(% of Total)	6.4%	15.8%	12.2%	4.3%	5.4%	55.9%	100.0%
UK Average (£)							
UK Average (£)	£151	£272	£170	£93	£133	£1,071	£1,890
(% of Total)	8.0%	14.4%	9.0%	4.9%	7.0%	56.6%	100.0%

6.11 The latest expenditure per head data when compared with the 2020 Centres Study shows a marked reduction. This is because the annual household surveys conducted by ONS are not undertaken by the same households resulting in the variations.

Table 6.2: Comparison of 2020 Centres Study Against 2021 Estimates

Zones	2020 Centres Study	2021 Update	Change (%)
Zone 1	£1,748	£1,660	-5%
Zone 2	£1,321	£1,144	-13%
Zone 3	£2,039	£1,633	-20%
Zone 4	£1,681	£1,512	-10%
Zone 5	£1,488	£1,364	-8%
Zone 6	£1,921	£1,661	-14%
Zone 7	£1,983	£1,580	-20%
Zone 8	£2,073	£1,853	-11%
Zone 9	£2,066	£1,700	-18%
Zone 10	£1,847	£1,566	-15%
Zone 11	£1,509	£1,281	-15%
Zone 12	£1,529	£1,302	-15%
Zone 13	£982	£818	-17%
Zone 14	£1,447	£1,265	-13%
Zone 15	£1,469	£1,238	-16%
Zone 16	£1,167	£957	-18%
Zone 17	£1,440	£1,221	-15%
Zone 18	£2,568	£2,128	-17%
Zone 19	£2,143	£1,335	-38%
Zone 20	£2,519	£1,624	-36%
Zone 21	£1,552	£1,156	-26%
Zone 22	£1,950	£1,578	-19%
Zone 23	£1,386	£1,174	-15%
Zone 24	£1,883	£1,330	-29%
Zone 25	£1,383	£1,749	27%
Zone 26	£1,615	£2,160	34%
Zone 27	£2,020	£1,736	-14%
Zone 28	£2,066	£1,789	-13%
Zone 29	£2,244	£1,811	-19%
Zone 30	£1,262	£1,039	-18%
Zone 31	£1,186	£1,028	-13%
Zone 32	£1,310	£1,147	-12%
Zone 33	£1,865	£1,546	-17%
Zone 34	£2,174	£1,867	-14%
Zone 35	£1,487	£1,270	-15%
Zone 36	£1,888	£1,532	-19%
Zone 37	£1,953	£1,567	-20%
Zone 38	£1,951	£1,546	-21%
Zone 39	£1,966	£1,637	-17%
Zone 40	£1,759	£1,453	-17%
Zone 41	£2,027	£1,697	-16%
Zone 42	£1,386	£1,230	-11%
Zone 43	£1,454	£1,222	-16%
Zone 44	£1,686	£1,405	-17%
Zone 45	£1,809	£1,402	-22%
Zone 46	£1,455	£1,208	-17%
Zone 47	£1,446	£1,257	-13%
Zone 48	£2,377	£1,906	-20%
Zone 49	£1,145	£988	-14%
Zone 50	£1,858	£1,549	-17%
Zone 51	£1,837	£1,580	-14%
Zone 52	£2,150	£1,825	-15%
Zone 53	£2,138	£1,820	-15%
Zone 54	£1,960	£1,697	-13%
Zone 55	£2,195	£1,679	-24%
Study Area (Zones 1-55) Average (£)			
Zones 1 - 55	£1,759	£1,480	-16%
Core Zones (£)			
Wolverhampton	£1,545	£1,319	-15%
Dudley	£1,879	£1,549	-18%
Sandwell	£1,422	£1,198	-16%
Walsall	£1,647	£1,355	-18%
BCLA Average	£1,623	£1,355	-17%

Leisure Expenditure Forecasts

6.12 The table below shows the most recent leisure spend projections by Experian Business Strategies (EBS) as set out in Retail Planner Briefing Note 18 (December 2018).

Table 6.3: Actual & Forecast Growth in UK Leisure Spend (% per annum)

	2017	2018	2019	2020	2021	2022	2023-27	2028-40
Leisure Spend Growth (%)	0.4	-1.5	-0.5	-53.8	64.7	14.8	2.9	0.9

6.13 The above forecast is a contrast from that shown in the 2020 Centres Study (see table below from EBS Retail Planner Note 16). The current forecasts show a higher overall decrease in 2020 followed by a higher level of growth to 2022 and beyond to 2027, followed by a comparative lower level of growth to 2039.

Table 6.4: 2020 Black Country Centres Study:
Actual & Forecast Growth in UK Leisure Spend (% per annum)

	2017	2018	2019	2020	2021-25	2026-37	2038
Leisure Spend Growth (%)	0.3	0	1.3	1	1.2	1.2	1.2

6.14 These are unprecedented levels of growth. By way of comparison, and over the period 2021-2024, the latest EBS Retail Planner Note 18 results in an annualised leisure growth of 6.7% per annum compared with 1.2% per annum based on the EBS Retail Planner Note 16. Over the longer period 2021-2038, EBS Retail Planner Note 18 results in an annualised leisure growth of 2.3% per annum compared with 1.2% per annum based on EBS Retail Planner Note 16. Given such uncertainty, this modelling work takes account of the current estimates of the impact of the pandemic. Depending upon how the economy recovers, as with retail, if leisure growth and expenditure return to pre-pandemic long term trends, then the findings of the 2020 Centres Study will still be helpful and relevant.

6.15 The base year expenditure per capita levels for leisure have been projected forward to 2039 using Experian's forecast annual growth rates, and then applied to the projected population for each Study Zone to identify the total available expenditure on leisure and recreation goods and services.

Table 6.5: Total Forecast Growth in Commercial Leisure Expenditure: 2021 – 2039 (£m)

Zone	2021 (£m)	2024 (£m)	2029 (£m)	2034 (£m)	2039 (£m)	Change: 2021-2029 (£m)	Change: 2021-2029 (%)	Change: 2021-2039 (£m)	Change: 2021-2039 (%)
Study Area Total (Zones 1-55)(£m)									
Zones 1 - 55	£3,174.4	£3,915.8	£4,438.1	£4,736.3	£5,056.2	£1,263.7	28.5%	£1,882	37.2%
Core Zones Total (£m)									
Wolverhampton	£385.9	£476.7	£540.8	£577.4	£616.4	£154.9	28.6%	£231	37.4%
Dudley	£504.6	£621.0	£701.6	£746.9	£796.5	£197.0	28.1%	£292	36.6%
Sandwell	£424.7	£524.3	£594.4	£635.2	£679.6	£169.7	28.6%	£255	37.5%
Walsall	£339.3	£419.8	£477.7	£511.6	£548.3	£138.4	29.0%	£209	38.1%
Total BCLA	£1,654.5	£2,041.8	£2,314.6	£2,471.1	£2,640.9	£660.1	28.5%	£986	37.3%

6.16 The available commercial leisure expenditure across the defined Study Area is forecast to increase by 28.5% (+£1,263.7m) up to 2029 and up to 37.2% (+£1,882m) by 2039. By way of comparison, the 2020 Centres study forecast a lower commercial leisure expenditure across the defined Study Area of 15.3% (+£688.4m) up to 2029 and up to 26.8% (+£1,392m) by 2038.

6.17 The higher level of leisure expenditure growth is attributed to the higher levels of projected growth in leisure spend over the period to 2039.

6.18 Across the representative core zones, and over the period to 2039, the latest forecasts show Walsall has having the highest growth of 38.1% (£209m) followed by Dudley 37.5% (£292m), Sandwell 37.5% (£255m) and Wolverhampton 37.4% (£231m).

Eating and Drinking Out

6.19 Based on the broad leisure expenditure profile, and as with the 2020 Centres Study, the majority of the growth in leisure expenditure is weighted towards eating and drinking out (food and beverage). This highlights the potential to enhance the scale and quality of the food and drink offer in the centres over the development plan period, subject to market demand.

6.20 Across the Study Area (Zones 1-55) the total available expenditure for food and drink in the Study Area is £1,791.8m in 2021 and this is forecast to increase by 59.3% (+£1,061.9m) over the forecast period to 2039 to £2,853.7m.

Table 6.6: Leisure Spend by Type (£m)

	2021 (£m)	2024 (£m)	2029 (£m)	2034 (£m)	2039 (£m)	Change: 2021-2029 (£m)	Change: 2021-2029 (%)	Change: 2021-2039 (£m)	Change: 2021-2039 (%)
Accommodation	£209.5	£258.4	£292.9	£312.5	£333.6	£83.4	39.8%	£124.1	59.2%
Cultural services	£502.1	£619.3	£702.0	£749.1	£799.7	£199.9	39.8%	£297.7	59.3%
Games of chance	£350.6	£432.6	£490.4	£523.6	£559.2	£139.8	39.9%	£208.6	59.5%
Hairdressing salons & personal grooming	£141.6	£174.6	£197.9	£211.2	£225.4	£56.3	39.8%	£83.8	59.2%
Recreational & sporting services	£178.8	£220.5	£249.9	£266.6	£284.5	£71.1	39.8%	£105.7	59.1%
Restaurants, cafes, etc.	£1,791.8	£2,210.2	£2,505.0	£2,673.3	£2,853.7	£713.2	39.8%	£1,061.9	59.3%
Total	**£3,174.4**	**£3,915.8**	**£4,438.1**	**£4,736.3**	**£5,056.2**	**£1,263.7**	**39.8%**	**£1,881.8**	**59.3%**

6.21 By way of comparison, the 2020 Centres Study estimated total available expenditure for food and drink in the Study Area of £2,217.8m in 2019 with a forecast increase by 36.7% (+£813.1m) to £3,030.9m at 2038.

6.22 The pattern of growth in the F&B sector is replicated across the representative core zones as shown below.

Table 6.7: Total Leisure Spend Across BCLA Area (£m)

Year	LPA / Area	Accommodation	Cultural services	Games of chance	Hairdressing salons & personal grooming	Recreational & sporting services	Restaurants, cafes, etc.	Total
2021								
	Wolverhampton	£24.2	£60.6	£46.7	£16.4	£20.7	£217.3	£385.9
	Dudley	£33.4	£80.4	£57.5	£22.9	£28.1	£282.3	£504.6
	Sandwell	£24.8	£66.9	£55.1	£17.0	£20.8	£240.1	£424.7
	Walsall	£21.5	£53.6	£42.0	£14.5	£18.1	£189.6	£339.3
	BCLA Area	£103.9	£261.5	£201.3	£70.8	£87.7	£929.3	£1,654.5
2024								
	Wolverhampton	£29.9	£74.8	£57.7	£20.3	£25.6	£268.4	£476.7
	Dudley	£41.1	£99.0	£70.8	£28.1	£34.6	£347.4	£621.0
	Sandwell	£30.6	£82.6	£68.0	£20.9	£25.7	£296.4	£524.3
	Walsall	£26.6	£66.3	£52.0	£18.0	£22.4	£234.6	£419.8
	BCLA Area	£128.2	£322.7	£248.5	£87.4	£108.2	£1,146.9	£2,041.8
2029								
	Wolverhampton	£33.9	£84.9	£65.5	£23.0	£29.0	£304.5	£540.8
	Dudley	£46.4	£111.8	£80.1	£31.8	£39.1	£392.5	£701.6
	Sandwell	£34.7	£93.7	£77.1	£23.7	£29.1	£336.1	£594.4
	Walsall	£30.2	£75.5	£59.1	£20.5	£25.4	£267.0	£477.7
	BCLA Area	£145.3	£365.8	£281.8	£99.0	£122.6	£1,300.1	£2,314.6
2034								
	Wolverhampton	£36.2	£90.6	£69.9	£24.6	£30.9	£325.1	£577.4
	Dudley	£49.4	£119.0	£85.3	£33.8	£41.6	£417.8	£746.9
	Sandwell	£37.1	£100.1	£82.4	£25.4	£31.1	£359.1	£635.2
	Walsall	£32.4	£80.8	£63.3	£21.9	£27.2	£286.0	£511.6
	BCLA Area	£155.1	£390.6	£300.9	£105.7	£130.9	£1,388.0	£2,471.1
2039								
	Wolverhampton	£38.6	£96.8	£74.7	£26.3	£33.0	£347.0	£616.4
	Dudley	£52.6	£126.9	£91.0	£36.1	£44.4	£445.6	£796.5
	Sandwell	£39.7	£107.1	£88.2	£27.1	£33.3	£384.2	£679.6
	Walsall	£34.7	£86.6	£67.8	£23.5	£29.2	£306.6	£548.3
	BCLA Area	£165.6	£417.4	£321.7	£112.9	£139.8	£1,483.4	£2,640.9
Change: 2021-2029 (£m)								
	Wolverhampton	£9.7	£24.3	£18.8	£6.6	£8.3	£87.2	£154.9
	Dudley	£13.0	£31.4	£22.5	£8.9	£11.0	£110.2	£197.0
	Sandwell	£9.9	£26.7	£22.0	£6.8	£8.3	£96.0	£169.7
	Walsall	£8.8	£21.9	£17.1	£5.9	£7.4	£77.4	£138.4
	BCLA Area	£41.4	£104.3	£80.4	£28.2	£34.9	£370.8	£660.1
Change: 2021-2029 (%)								
	Wolverhampton	40.1%	40.2%	40.2%	40.1%	40.1%	40.1%	40.1%
	Dudley	39.0%	39.0%	39.1%	39.0%	39.0%	39.0%	39.0%
	Sandwell	40.0%	40.0%	40.0%	39.9%	39.9%	40.0%	40.0%
	Walsall	40.7%	40.8%	40.8%	40.7%	40.7%	40.8%	40.8%
	BCLA Area	39.8%	39.9%	39.9%	39.8%	39.8%	39.9%	39.9%
Change: 2021-2039 (£m)								
	Wolverhampton	£14.4	£36.2	£28.0	£9.8	£12.3	£129.8	£230.5
	Dudley	£19.3	£46.5	£33.4	£13.2	£16.2	£163.3	£291.9
	Sandwell	£14.9	£40.2	£33.1	£10.2	£12.5	£144.1	£254.9
	Walsall	£13.2	£33.0	£25.9	£8.9	£11.1	£116.9	£209.0
	BCLA Area	£61.8	£155.9	£120.4	£42.1	£52.1	£554.1	£986.3
Change: 2021-2039 (%)								
	Wolverhampton	59.6%	59.7%	59.9%	59.7%	59.6%	59.7%	59.7%
	Dudley	57.7%	57.8%	58.1%	57.7%	57.7%	57.8%	57.9%
	Sandwell	60.0%	60.0%	60.1%	60.0%	60.0%	60.0%	60.0%
	Walsall	61.5%	61.6%	61.6%	61.3%	61.4%	61.7%	61.6%
	BCLA Area	59.5%	59.6%	59.8%	59.4%	59.5%	59.6%	59.6%

6.23 The table shows that the total available expenditure for food and drink in the representative BCLA area is £929.3m in 2021 rising to £1,484.3 by 2039 (+£554.1m, +59.6%). By way of comparison the 2020 Centres estimated a total available expenditure for food and drink in the representative BCLA area of £1,1538m in 2019 with a forecast rise to £1,579.7 by 2038 (+£425.9m, +36.9%). The 2020 Centres Study showed that the contributing HTIS indicated the BCLA area collectively having a retention level of 66.6% for eating and drinking out.

6.24 To help inform the high-level assessment of the potential need for new food and beverage uses over the forecast period we have first applied the BCLA-wide retention level of 66.6% to the available F&B spend of £929.3m in 2021 (see table below). This results in retained F&B expenditure (or turnover) of £618.8m in 2021, which is forecast to increase to £865.7m by 2029 and to £987.7m by 2039.

Table 6.8: Total Leisure Spend Across BCLA Area (£m)

	2021	2024	2029	2034	2039
BCLA Area - Available Spend on F&B:	£929.3	£1,146.9	£1,300.1	£1,388.0	£1,483.4
BCLA Area - Participation Levels (%)	66.6%	66.6%	66.6%	66.6%	66.6%
BCLA Area - Market Share (£m)	£618.8	£763.6	£865.7	£924.2	£987.7
BCLA Area - Benchmark Turnover (£m)	£618.8	£647.0	£697.0	£750.9	£808.9
Net Residual F&B Spend Capacity	£0.0	£116.6	£168.6	£173.3	£178.8

6.25 Applying a robust year-on-year 'productivity' ('efficiency') growth rate of 1.5% to the BCLA-wide turnover of £618.8m to allow for existing businesses to cover their reasonable costs over time, produces a net residual expenditure capacity of £168.6m in 2029. Based on the available evidence it is assumed that the average annual turnover of a café/restaurant/bar is around £1 million resulting in a potential for circa. 169 F&B outlets across the BCLA Area by 2029, increasing to circa 178 by 2039.

6.26 In our opinion, not all the available spend growth will be available to support new F&B businesses. As detailed previously this is a sector that has been hit hard prior to, and even more so, during the pandemic and the broader macro-economic position will also influence discretionary leisure spending. The sector was effectively shut down and carried high overheads. On this basis, it can be reasonably assumed that a proportion of the growth will need to be absorbed by existing businesses to cover the debt incurred during the pandemic, rising operational/occupancy costs and inflation. Notwithstanding this, it is clear that there is forecast growth available to sustain new cafés, restaurants and bars, but very much subject to market demand.

6.27 In compliance with the objectives of the NPPF, any forecast need should be directed to the town centres first, and, to help increase competition and consumer choice, and to underpin both daytime/evening economies. In most cases the forecast need and any market demand from operators will be satisfied by the take-up of suitable vacant units in existing centres, the repurposing of floorspace and/or as part of mixed use developments

Cinemas

6.28 The pandemic has hit the cinema industry hard, particularly for the major chains. As previously mentioned smaller nimble operators have found novel ways to show films. A temporary or mobile cinema (referred as a pop-up cinema) such as drive-in cinemas and UK's smaller independent chains, Curzon, Picture House (which is owned by Cineworld) and Everyman have fared much better during the pandemic. They have shown a more diverse selection of films, and with high-quality food offering, fully stocked bars and high-end seating, attracting more visitors during periods in which restrictions have eased. The future growth in the sector is dependent on the easing of lockdown measures and the settling in back to a level of normality.

6.29 As per the 2020 Centres Study we have used the standard accepted approach to assess the current level of cinema provision and future needs based on national and regional 'screen density' averages (i.e. the number of screens per unit of population). According to Dodona (a specialist market research consultancy in the cinema industry), in their latest available research (2020), the UK average was 6.8 screens per 100,000 people, up from 6.6 screens in 2017 and 6.1 screens in 2014. The average for the West Midlands region as a whole is **6.3 screens per 100,000** people up from 6.1 screens in 2017.

6.30 The 2020 Centres Study indicated that the broad retention levels in the BCLA area are as follows:

Table 6.9: Cinema Facilities Market Shares (%)

LPA	Venue	Study Area	CORE ZONES				BCLA Area
			Wolverhampton	Dudley	Sandwell	Walsall	
Wolverhampton	Cineworld, Bentley Bridge Leisure Park, Wolverhampto	12.9%	60.6%	0.9%	2.8%	21.1%	18.1%
	Light House, Wolverhampton	1.5%	9.6%	0.3%	0.2%	0.6%	2.3%
	Arena Theatre, Wulfruna Street, Wolverhampton	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%
	Subtotal	**14.4%**	**70.4%**	**1.2%**	**3.0%**	**21.7%**	**20.4%**
Dudley	Odeon, Merry Hill, Brierley Hill, Dudley	9.1%	1.0%	41.5%	6.7%	0.0%	13.9%
	Showcase, Castlegate Way, Dudley	12.0%	13.4%	39.8%	23.9%	0.2%	21.2%
	Subtotal	**21.0%**	**14.4%**	**81.2%**	**30.6%**	**0.2%**	**35.2%**
Sandwell	Odeon, New Square, West Bromwich	5.9%	0.3%	0.1%	28.5%	2.2%	9.1%
	Reel Cinema, Quinton	2.0%	0.0%	5.4%	6.3%	0.0%	3.4%
	Subtotal	**7.9%**	**0.3%**	**5.5%**	**34.8%**	**2.2%**	**12.5%**
Walsall	Showcase, Bentley Mill Way, Walsall	4.0%	3.6%	0.4%	6.3%	14.7%	5.8%
	The Light Cinema, Walsall	7.3%	2.7%	0.0%	3.0%	46.1%	11.1%
	Aldridge Youth Theatre, Noddy Park Road, Aldridge, Walsall	0.1%	0.0%	0.0%	0.0%	0.2%	0.0%
	Subtotal	**11.3%**	**6.3%**	**0.4%**	**9.4%**	**61.0%**	**17.0%**
	Sub-total: BCLA	**54.7%**	**91.3%**	**88.6%**	**77.7%**	**85.0%**	**85.2%**
Centres outside BCLA	Birmingham	30.0%	3.6%	10.3%	20.7%	8.7%	11.7%
	All Other	15.2%	5.0%	1.1%	1.6%	6.3%	3.2%
	Subtotal-Other	**45.3%**	**8.7%**	**11.4%**	**22.3%**	**15.0%**	**14.8%**
	Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

6.31 The table below shows the requirement for additional cinema screens across the Study Area, based on applying the BCLA area retention rate of 85.2% to the latest forecast growth in the associated zonal area population. The following commitments have also been considered :

- **Wolverhampton LPA Area: 19/01465/FUL** - Unit 74/78 (Former Argos Store) The Wulfrun Centre Wolverhampton - Change of use from Class A1 (retail) to a mixed use comprising Class D2 (cinema) and Class A3 (restaurant) on part basement and mall level. Enlargement of mall level to create restaurant unit (Class A3) and alterations to external elevations. Based on the submitted plans, some 3 screens are proposed.
- **Dudley LPA Area: P18/0590**: Demolition, remodelling and remediation; redevelopment to allow: retail, service and leisure accommodation (use classes A1, A2, A3, A4, A5, D2); student accommodation (Use Class C2); dwelling houses (C3); hotel accommodation (C1); offices (B1a); non-residential institution uses (D1); car showroom (sui generis)' taxi rank; public space; highways, access and pedestrian connectivity works; car parking; landscaping; associated works (outline, all matters reserved). The proposal documents do not provide an indication of the number of screens proposed and it is assumed for the purposes of the analysis that there could be up to 9 screens.

6.32 Across the BCLA area, with or without commitments there is no forecast capacity to 2039.

Table 6.10: BCLA Area: Potential Capacity for New Cinema Screens – Assuming Without Commitments

	2021	2024	2029	2034	2039
Potential Cinema Catchment Population	1,043,382	1,059,887	1,083,924	1,107,500	1,132,855
Cinema Screen Density (screens per 100,000 persons)	6.3	6.3	6.3	6.3	6.3
Cinema Screen Potential	66	67	68	70	71
Existing Screens	71	71	71	71	71
Net Screen Potential	-5	-4	-3	-1	0

6.33 The output above is reflective of the 2020 Centres Study in which no capacity was identified overall; both with and without commitments.

6.34 The disaggregated the forecast capacity for each LPA area based on the representative zones and the results are summarised in following tables:

Table 6.11: Wolverhampton: Potential Capacity for New Cinema Screens – Without Commitments

	2021	2024	2029	2034	2039
Potential Cinema Catchment Population	249,824	253,776	259,531	265,176	271,247
Cinema Screen Density (screens per 100,000 persons)	6.3	6.3	6.3	6.3	6.3
Cinema Screen Potential	16	16	16	17	17
Existing Screens	17	17	17	17	17
Net Screen Potential	-1	-1	-1	0	0

Table 6.12: Dudley: Potential Capacity for New Cinema Screens – Without Commitments

	2021	2024	2029	2034	2039
Potential Cinema Catchment Population	431,069	437,888	447,818	457,559	468,034
Cinema Screen Density (screens per 100,000 persons)	6.3	6.3	6.3	6.3	6.3
Cinema Screen Potential	27	28	28	29	29
Existing Screens	24	24	24	24	24
Net Screen Potential	**3**	**4**	**4**	**5**	**5**

Table 6.13: Sandwell: Potential Capacity for New Cinema Screens – Without Commitments

	2021	2024	2029	2034	2039
Potential Cinema Catchment Population	153,078	155,500	159,026	162,485	166,205
Cinema Screen Density (screens per 100,000 persons)	6.3	6.3	6.3	6.3	6.3
Cinema Screen Potential	10	10	10	10	10
Existing Screens	9	9	9	9	9
Net Screen Potential	**1**	**1**	**1**	**1**	**1**

Table 6.14: Walsall: Potential Capacity for New Cinema Screens – Without Commitments

	2021	2024	2029	2034	2039
Potential Cinema Catchment Population	208,187	211,480	216,276	220,980	226,039
Cinema Screen Density (screens per 100,000 persons)	6.3	6.3	6.3	6.3	6.3
Cinema Screen Potential	13	13	14	14	14
Existing Screens	21	21	21	21	21
Net Screen Potential	**-8**	**-8**	**-7**	**-7**	**-7**

6.35 The disaggregated tables show potential capacity for Dudley (but diminished once commitments are taken in to account) and Sandwell LPA areas. This is a similar output to that found under the 2020 Centres Study, including a qualitative need for commercial cinema provision to serve Wolverhampton City Centre.

Health & Fitness Need

6.36 This is another sector that has been badly hit by the pandemic, with lockdowns forcing the closure of facilities. The Leisure Database Company, estimates that the total market will shrink by around 20% when it reopens without restrictions.

6.37 It is undeniable that the pandemic has reinforced the need for outdoor activity particularly to support mental health and wellbeing. Furthermore as we have been under lockdown, alternative means of exercise have come to fore such as at-home workouts, digital work-outs and associated purchase of home gym equipment. For example, Peloton (cycle fitness), saw demand surge during the pandemic. Whilst this was an accelerated reaction, the long term impact of this remains unclear.

6.38 In terms of the need for new health club/gym facilities, the latest projected growth in the BCLA based on the representative zonal area population is some 47,584 up to 2029 and up to 105,015 by 2038. By applying the participation rate for gym and health club activities identified for the BCLA area in the 2020 Centres Study of some 20%; this results in some 9,536 potential new gym members over the period to 2029 and 21,045 over the period to 2039. Based on average membership levels for key premium gym operators (average 2,897 members per facility) or a budget gym (which 3,452 average members per facility) this could potentially support up to 3 private or budget gyms by 2029, or up to 7 commercial gyms (or 6 budget gyms) by 2039.

6.39 As for the other leisure sectors, attracting new health and fitness facilities will be determined by the level of market interest and demand. This is likely to be more subdued in the short term especially as operator priorities are likely to be focussed on establishing membership levels to pre-pandemic levels.

Summary

6.40 The review of the commercial leisure sector has focused on updating the quantitative need for new food and beverage provision, cinema screen, and health and fitness facilities. The update takes account of the household survey that informed the 2020 Centres Study and current leisure market trends.

6.41 The commercial leisure industry is presently under the shadow of the impact of the pandemic whose effects over the long term are unclear. The consumer after months of lockdown is eager to venture out and this may provide an interim boost to the sector, particularly the food and beverage sector as consumers are able to engage more socially. However there remains the prospect of a shakedown and retrenchment as the industry consolidates its revenue position and adapts to the new normal.

6.42 On this basis whilst there is the prospect of growth based on demand across the food and beverage and potentially the health and fitness sector, we recommend that the BCLA review and refresh this assessment when more normal conditions return. In all cases, any demand for space will be dependent on market interest.

7. Office Market

7.1 The office market in the BCLA received a significant boost with the announcement in February 2021 that the government will create a second headquarters in Wolverhampton with at least 500 Ministry of Housing, Communities and Local Government (MHCLG) Group roles set to be based across the West Midlands by 2025 – with further increases planned by 2030[15].

7.2 The infrastructure investment in place in Wolverhampton will help enhance the significant benefit of being just 15 minutes away from Birmingham by train. These factors no doubt played a role in the rationale to bring forward the £150 million pound mixed use Interchange scheme next to the existing station. The 3,252 sqm (35,000 sq ft) office element of that scheme, 'i10', is now fully let. In addition to the success of i10, the government has also now chosen the 50,000 sq ft i9 in Wolverhampton as the location of its first ever ministerial office outside of Westminster. The move is part of the Places for Growth programme, which aims to shift away from the London-centric approach to government.

7.3 Given the success of i10 and the decision by the government to relocate a department to Wolverhampton, there is a prospect that this can act as a catalyst for this office cluster to continue to expand, and that the office market will play an important future part of a mix of uses in centres as a place of work, which should be taken into account when balancing the potential for other future uses, such as residential. Whilst other developers may be tempted to bring forward developments at other locations in anticipation of similar inward investment moves we would be cautious about this being central government-led as the government's own position is that it wishes to benefit different areas of the country by shifting away from a historically London centric strategy. By implication this means that inward investment will be spread nationwide in order to benefit other cities and regions. The BCLA sub-region will therefore have to rely on other catalysts and more organic levels of demand to bring forward additional office developments.

7.4 Another key factor to be considered is the changing nature of office demand in response to the Covid pandemic. The office market faced an existential challenge during 2020 when many felt the that most employers would move to a model that favoured working from home. Correspondingly, demand for office space suffered a large fall. Many businesses have found that the new structure has worked and embraced by their employees. Even though most now agree that there is still a place for the office, the way in which offices will be used going forward will inevitably change. The "9 to 5", five days a week, model seems

[15] Jenrick confirms Housing Department Wolverhampton HQ in historic move (https://www.gov.uk/government/news/jenrick-confirms-housing-department-wolverhampton-hq-in-historic-move)

to have been abandoned and the office model seems to be evolving into a more agile and flexible working environments, such as hub model where the workforce balance working from home and office working, coming together for specific projects or to maintain face to face communications. The resulting implication is that focus has shifted from desks (where the trend will be for more space per person where this is provided, as mentioned in para 7.8 below) to collaboration space and therefore size requirements are likely to reduce to smaller footprints and future office space could increasingly be part of more mixed-use schemes.

7.5 In our opinion, the office landscape is a volatile and sentiment will keep changing in response to the impact of the pandemic. We therefore urge caution in predicting the scale of office development. The 2020 Centres Study suggested that a figure of new office floorspace in the region of c.100,000 sq.m (1,076,400 sq.ft) could potentially come forward, and given market uncertainty, the BCP should give strategic support to offices, to help provide a balance of uses in centres. Policies through Tier-Two plans, such as a “reservoir approach” when looking at site-specific supply in centres, and supporting offices as part of a mix of uses and can help facilitate further office growth and contribute to the SEP priorities for the Black Country. We maintain this is a reasonable continuing policy approach.

7.6 The BCLA has separately commissioned Warwick Economics and Development (WECD) to update employment land demand estimates to inform the objective assessment of employment land needs for the Black Country to 2039[16]. In relation to offices, this output shows that Black Country is anticipating an additional 5,538 Full Time Equivalent (FTE) jobs requiring 66,456 sqm to accommodate them by 2039.

7.7 LSH has reviewed these outputs and this equates to 12 sqm per person or a ratio of 1:12. At the moment, guidance from the British Council for Offices (BCO) recommends 8 sqm to 10 sqm (86 sqft to 108 sqft) for each workspace, not including breakout space or amenity areas. Hence this projection is quite generous. Notwithstanding this, it is probably in line with the focus shifting from numbers of desks to more versatile, collaborative space in the future. Anecdotally it is reported[17] that the BCO will be revising the recommended office space per person upwards in the wake of the pandemic.

7.8 Whilst it is difficult to predict, it can be anticipated that the trend will be for more space per person not less even if less overall space is taken. Ultimately it depends on the makeup of the occupier. Professional services, for example, will accommodate their staff differently to an insurance call centre.

[16] Black Country Economic Development Needs Assessment 2 – Update (June 2021)

[17] “BCO Set to Revise Density Guidance”, Property Week 24/06/21

7.9 In broad terms our office market agents report that when considering a move to the BCLA area many occupiers would see the potential occupational cost savings as a significant driver. There is the argument therefore that inward investors could objectively opt for Wolverhampton which is a short distance from Birmingham representing a 30%+ rental discount for prime accommodation. In addition, investors may also consider The Waterfront within Brierley Hill Strategic Centre as a viable office destination, particularly given the benefits associated with that area's inclusion within an enterprise zone (DY5 EZ).

8. Conclusions

8.1 This report provides an update on the quantitative need for new retail (comparison and convenience goods) floorspace in the BCLA area and its centres over the period to 2039. The findings update the results of the 2020 Centres Study. This report provides an update to the leisure and office sectors, and healthchecks for the four Strategic Centres. This report also provides an analysis of the impact of the pandemic and the possible implications of planning changes, such as use class and permitted development rights changes.

8.2 The capacity assessment update is underpinned by robust evidence and forecasts, including:

- the latest ONS-based population projections for the Study Area and study zones within;
- the most recent base year estimates for convenience and comparison goods expenditure (2019 prices) by zone as derived from Experian;
- the latest forecast growth rates for retail expenditure, Special Forms of Trading (SFT) and floorspace 'productivity' informed by the latest Retail Planner Briefing Note published by Experian Business Strategies (EBS);
- the estimated turnover of all commitments in the BCLA.

8.3 Based on the key baseline assumptions that the retail market is in 'equilibrium' at the base year (2021) and that market shares remain constant over the study period, the analysis shows that there is no capacity for new retail (convenience and comparison goods) floorspace over the period to 2039 as shown below

Table 9.1: BCLA Area: Aggregated Convenience Goods Capacity (Net sq.m) Forecasts

LPA	Foodstore Format (sqm net)				Local Supermarket/ Deep Discounter Format (sqm net)			
	2024	2029	2034	2039	2024	2029	2034	2039
Wolverhampton	-1,480	-1,202	-771	-272	-2,642	-2,146	-1,378	-486
Dudley	-3,865	-3,540	-3,035	-2,450	-6,902	-6,321	-5,420	-4,375
Sandwell	-1,822	-1,475	-939	-317	-3,253	-2,635	-1,677	-566
Walsall	-349	-114	251	674	-624	-203	449	1,204
TOTAL: BCLA AREA	**-7,516**	**-6,331**	**-4,494**	**-2,365**	**-13,421**	**-11,305**	**-8,026**	**-4,224**

Table 9.2: BCLA Area: Aggregated Comparison Goods Capacity (Net sq.m) Forecasts

LPA	2024	2029	2034	2038
Wolverhampton	-4,106	-5,079	-5,216	-4,194
Dudley	-5,288	-6,935	-7,167	-5,438
Sandwell	-1,427	-2,323	-2,450	-1,509
Walsall	-598	-1,215	-1,302	-654
TOTAL: BCLA AREA	**-11,418**	**-15,552**	**-16,135**	**-11,795**

8.4 The NPPF requires that: *"…planning policies and decisions should support the role that town centres play at the heart of communities, by taking a positive approach to their growth, management and adaptation*" (paragraph 85). The NPPF supports the need to maintain and enhance the long term vitality and viability of town centres first, as the most appropriate and sustainable locations for new investment and development.

8.5 However, it is apparent that all the BCLA's strategic centres (like other centres across the UK) are facing a myriad of issues and challenges due to the dynamic changes in the retail and leisure sectors. The challenges have been further accelerated and compounded by the impact of the pandemic, and include: the growth of online shopping and home-based leisure activities (from watching movies to eating at home); the increase in retail failures and closures; a dramatic fall in market demand for space; a rise in vacancies and fall in footfall; and limited/no forecast need or market demand for new retail floorspace. In all the strategic centres within the BCLA almost a quarter of the floorspace is vacant.

8.6 In the context of the issues and challenges, and the findings of the capacity forecasts, it is clear that the BCLA need to plan for less, not more retail floorspace over the next 5-10 years and beyond. As there is even less capacity than identified in 2020, this re-emphasises our advice in the 2020 Centres Study, particularly that there is not sufficient capacity to justify including strategic floorspace targets in the BCP, and given this, the importance of having locally set thresholds for the undertaking of NPPF impact tests. Although retail will remain a key part of their overall offer, vitality and viability - helping to generate trips, footfall and spend – it is critical that the strategic policies in the Black Country Plan are supported by policies and strategies developed for each centre (such as through tier-two plans) to help promote greater flexibility and diversity, so that they can respond more effectively and rapidly to future trends. This flexibility and diversity will, in turn, help to create more resilient, attractive and successful town centres. It will also help to strengthen their respective roles in the network and hierarchy of centres as places to live, work, shop, study, play and visit for a wide range of uses and activities.

8.7 Notwithstanding their distinctive roles, characters and offers, the study findings and wider trends point to a number of common themes and actions that apply to all the strategic centres and extend beyond retail. These include:

- The potential to provide a mix of new residential development in and on the edge of centres, which will help to maintain and strengthen their overall vitality and viability. Provision of the right type of homes, in the right locations that cater for the needs of different ages and socio-economic groups will help to generate new trips, footfall and spend for the benefit of existing shops and business, as well as supporting new provision.
- The trend to home-working that was a necessity during the pandemic, is predicted to continue. As a result, businesses are adapting their office and workspace needs. This should benefit commuter towns in a number of important respects. Firstly, more of the population working from home will meet their essential day-to-day needs close to where they live, which will help to strengthen the vitality and viability of tier-two and tier-three centres and businesses. Secondly, there will be an increase in demand for more flexible workspace in the particularly focussed on transport hubs.
- The need to invest in the quality of town centre environments - including frontages, streetscapes, buildings and public realm, including more outdoor space for pedestrians - to create more attractive, accessible, safe and “greener” (carbon neutral) environments that appeal to all ages and groups. The positive impacts on the environment and on health and well-being of introducing more planting (particularly of trees) and parks into centres, where space allows, should not be underestimated or undervalued.