

APPENDIX A

# Walworth Road Business Mix

Report of the Overview & Scrutiny Committee

July 2013



## **Introduction**

1. The Walworth Society asked the Overview & Scrutiny Committee to carry out a scrutiny review of the trading environment on the Walworth Road. It suggested three possible dimensions to the review:
  - to assess the retail mix that exists on the street
  - to explore the powers available to the council to support this important high street
  - to consider the impact of the Elephant and Castle regeneration scheme on the Walworth Road retail environment

## **Scrutiny review**

2. At its meetings the committee considered contributions from:
  - Jeremy Leach, Chair Walworth Society
  - Patrick Blunt, Business Extra
  - Tim Cutts, Team Leader Planning Policy, and Barbara-Ann Overwater, Senior Planning Policy Officer
  - Suzanne Hall, London School of Economics, Cities Unit
  - Liz Peace, British Property Federation
  - Elizabeth Cox, New Economics Foundation
3. Jeremy Leach was co-opted onto the committee for the duration of the review.
4. The committee also received briefing notes on:
  - Core Strategy, Southwark Plan and planning
  - Proposals under Sustainable Communities Act
  - Saturation Policy in respect of licensed betting shops
  - CAB payday loans case studies
  - Questions raised including in respect of planning and betting shops

## **The Walworth Road**

5. Walworth has a very high density of population. Consequently, although there is a low level of individual disposable income, the annual retail turnover of the Walworth Road is similar to Hampstead High Street which is much wealthier but of a lower population density. The area is tremendously diverse and includes not just the Walworth Road itself but extends to East Street, Pullens Yard and other shopping areas. The committee is interested in determining how shoppers can be drawn in to spending their money on the Walworth Road and surrounding areas and what may work against people coming into the area.
6. Jeremy Leach and the Walworth Society suggested that the catchment area of the Walworth Road is increasingly one where journeys to the shops are made on foot. The vast majority of Walworth households do not have access to a car (figures derived from 2001 and 2011 censuses). The option of driving to shops is therefore not available.
7. Suzanne Hall confirmed that East Street is the best location economically, followed by Elephant and Castle around the London College of Communication, South Bank University and the library. The Heygate Estate formed a physical barrier with economic activity dissipating towards the South of Walworth Road.
8. Shopkeepers are from around the globe with many traders having been in the area for a long time; 32% for twenty years or longer and a quarter of these for fifty years or more. Long term proprietors often own both the shop and the living accommodation above. New retailers tend to want smaller properties. In Suzanne Hall's view, the diversity and the number of small outlets can improve the resiliency of an area.
9. Patrick Blunt reported that Business Extra regularly counts footfall along the Walworth Road, which is highest around Morrisons supermarket and lowest around the Jamaican bakery. In October of last year there were some one hundred and eighty business premises along the Walworth Road, including offices, with a relatively low vacancy rate. Recently, sales had started to fall off.
10. In Patrick Blunt's view, the local business association is not well attended, perhaps because many business owners no longer live locally and partly because rateable values are not high enough to support a business improvement district.

## **Regeneration**

11. The committee is well aware that the regeneration of the Heygate and Aylesbury estates and the Elephant and Castle will dramatically change the local population

in as little as two years. It is important to try to understand the impact of regeneration which initially will mean a loss of shoppers, for instance from the Heygate Estate, but which ultimately will lead to a higher population and a growth in demand.

12. Some members are concerned as to whether the regeneration of the Elephant and Castle shopping centre is a threat or an opportunity. Jeremy Leach believes that it could provide an opportunity but that the Walworth Road needs to attract people from the Elephant and Castle. He also pointed out that the developer Lend Lease is planning an independent shopping street to the East of Walworth Road, which will have an additional impact. Patrick Blunt emphasised the key role of East Street in attracting shoppers to the area.
13. There are mixed feelings on the committee about pop-up shops. Some members question the impact on the appearance of an area but others recognise the opportunities that these provide for new businesses to start up. Liz Peace agreed that these could be useful initiatives and a good way for people to try out a business. Patrick Blunt put forward the view that there was little confidence in starting up more traditional businesses and that this was not helped by the increase in business rates on the Walworth Road, higher energy costs and rent increases.

### **Gaming, betting and pay-day loan shops**

14. Members of the committee have concerns about the number of gaming and betting shops on the Walworth Road. Some members feel that a lot of street drinking takes place outside gaming shops but describe difficulties in objecting to planning applications for such businesses on this basis. They wondered whether boroughs such as Newham and Hackney take a different approach to Southwark in this area and whether there is best practice that Southwark could adopt. Jeremy Leach reminded the committee that the Southwark Youth Council has raised its own concerns about anti-social behaviour in the vicinity of these shops.
15. The initial submission from the Walworth Society suggested that the Walworth Road was, "saturated by units devoted to betting/gambling, high interest/pay-day loans and pawnbrokers. Out of the total of 172 retail units along the Walworth Road (between the railway line by the Elephant and Castle and John Ruskin Street), 9 are devoted to betting/gaming, 5 are high interest/pay-day loans and 4 pawnbrokers". The society cited a number of effects of this; "...they take money from the local economy, they offer a very poor image of the high street and they skew the mix of shops away from one that meets the needs of local people". A representative of the society who attended one of the committee's meetings stressed that gaming and betting shops do not go out of business in the same way as other local shops and therefore have a long-term impact on an area.

16. Patrick Blunt questioned whether a concentration of betting shops in the middle of the Walworth Road might lead to a fall in the general quality of shopping. Suzanne Hall added that too many large retail chains could create a tipping point in terms of other shops on offer and that perhaps the same was true of betting shops.
17. A member felt that it would be useful to understand the local spend as clearly as possible and wondered whether betting shops were sucking huge amounts out of the local economy. He wondered whether business rate relief could be linked to businesses that were working hardest for the area. Elizabeth Cox commented that the council's approach to well-being could perhaps provide a context to decisions around rate relief.
18. The committee received a submission from the Citizens Advice Bureau giving a small sample of the "numerous people" who have sought CAB's advice on loans taken out through pay-day loan shops in Southwark or on-line. The committee noted the difficulties that people encountered in clearing these debts and the high interest rates of loans. In terms of the proliferation of pay-day loan shops, the Walworth Society suggested that a positive move could be to give a shop-front to a credit union.

## **Planning**

19. At its first meeting the committee received an officer briefing setting out an overview of the planning policy framework. The briefing also clarified the position of betting shops in terms of permitted planning use. Betting shops are in the same use class (A2 Financial Services) as banks and building societies. The lack of distinction has the potential to weaken the shopping function of centres and reduce the council's ability to effectively balance land uses and provide for an appropriate level of diversification. Officers explained that Southwark had lobbied the government to re-classify betting shops as sui-generis use which would require planning permission.
20. The committee wondered if it would be a positive move to support Hackney's proposal for betting shops to have a separate use class. As described in a briefing note from Local Works (part of Unlock Democracy), "the specific action Hackney is looking for from government under the Sustainable Communities Act is for betting shops to have a separate and specific user class, thereby ensuring that every planning application will be subject to the local authority's individual planning policy and as such allow local circumstances (if applicable) to be catered for". A further briefing note from officers set out action being taken by other local authorities, including Lewisham, Barking & Dagenham, Lambeth, Haringey, Newham and Hackney.

21. The committee also wondered if making an Article 4 Planning Direction would be a practical option. This would enable the authority to restrict permitted development rights in its area, part of its area or in respect of a particular development. Officers explained that a direction would have to apply to all uses within the A2 use class. A planning application would be determined against relevant policies in the Local Plan. Once planning permission was granted for A2 use it would not control changes of use to another A2 use such as a betting shop. However the council would be able to condition planning permissions for new A2 use to prevent this where it could be justified. This would require robust evidence to avoid being construed as unreasonable. Officers also clarified the resource implications of an Article 4 Direction, including consultation requirements and compensation and suggested that it might be more helpful for betting shops to be allocated their own use class.
22. A member of the committee put forward the idea that it might be possible to introduce a hierarchy of preferred uses if retail was not possible, for instance to say that if A1 was not possible then the next preferences would be for A3, de-use and only then A2.

## **Recommendations**

23. While there are many things about the Walworth Road that are good and highly valued, the committee heard evidence from residents of the borough who are sick and tired of our high streets being taken over by businesses which contribute nothing to the cultural and economic well-being of an area and which appear to target vulnerable communities.
  1. Although recognising that the council's powers are limited, the committee recommends that the Cabinet's general approach to preventing saturation by payday loan, pawn shops and betting shops on our high streets should be assertive and robust and as pro-active as the law allows. Specifically, the committee recommends that:
    - (i) Cabinet and Planning Committee explore the possibility of using Article 4 Direction powers for Walworth Road.
    - (ii) Cabinet asks officers to look at whether recent changes to National Non Domestic Rates (NNDR) allow the council more powers which could be of use in influencing the balance of retail use along a high street.

- (iii) Council uses the powers it has under Article 4 directions to ensure that properties in Class 2 business use have to go through the planning process in order to convert to payday loan, pawn and betting outlets.
  - (iv) Cabinet engage with Central London Forward and Westminster City Council in order to explore cross-London solutions to economic and planning problems affecting the high street, for example the use of London-only statutory powers.
- 2. That Cabinet seeks to actively encourage the creation of a credit union on the Walworth Road.
- 3. That Cabinet consider introducing a greater level of detail into the assessment of the existing retail mix as part of sustainability appraisals for new planning policy documents.
- 4. That Cabinet instructs officers to review the capacity of Walworth trade, cultural and business associations in order to ensure the maximisation of the local offer.
- 5. That Cabinet ensures that the council, in its capacity as landlord of a number of retail premises in the Walworth Road area, recognises the long term commercial advantages of a healthy retail environment and develops a lettings policy that positively promotes cultural, social and economic regeneration.
- 6. That Cabinet takes steps to identify opportunities for introducing new community facilities into the Walworth Road area, for example a health centre and facilities for youth provision.
- 7. That Cabinet considers commissioning external research into:
  - (i) The impact of payday loan, pawn and betting shops on the well-being of the locale.
  - (ii) The medium and longer term business development in the Walworth Road.

The results to be available to the Walworth Town Team and the Economic Development Team, in order to develop a more comprehensive "view of the whole".

8. That the Cabinet Member for Finance, Resources and Community Safety monitors reports from local police and Southwark Anti-Social Behaviour Unit (SASBU) to see whether evidence of anti-social behaviour emerges in relation to betting shops, gambling arcades and fast food outlets on the Walworth Road.
9. That a meeting be arranged between the Chair and Vice-Chair of the Overview & Scrutiny Committee, the Chair of the Walworth Society, the Chair of Planning Committee and the Cabinet Member for Regeneration and Corporate Strategy in order to discuss ways in which the development of the Elephant & Castle can best enhance the retail offer on the Walworth Road and improve what needs improving without damaging what is currently good about the area.