



**Armstrong Planning**

## **INDEPENDENT RETAIL AUDIT**

*on behalf of*

**Newark & Sherwood District Council**

*for*

**Proposed Erection of a New Foodstore**

*at*

**Land to the South of Park Lane, Southwell, NG25 0QN**

**22<sup>nd</sup> October 2021**



## INTRODUCTION

Armstrong Planning (with offices at The Old School House, Dartford Road, March, Cambs, PE15 8AE) have been retained by Newark & Sherwood Council (the Council) to undertake an independent retail audit of the Retail Statement prepared by WSP for Sainsbury's Supermarkets Ltd (the Applicant) that was submitted in support of a planning application for proposed development comprising "*erection of a new foodstore (Use Class E) and associated new access, parking, servicing, drainage, landscaping and highway works*" at land to the south of Park Lane, Southwell, NG25 0QN (the application site).

This scope of this retail audit extends only to an examination of the robustness and accuracy of the Applicant's Retail Statement, and includes a critical appraisal of the Sequential Assessment and the Retail Impact Assessment (RIA).

## CONTEXT

The application site is considered an out-of-centre location in retail planning terms, on a greenfield site some 780 metres south-west of the Southwell town centre (approximately 900 metres walking distance).

Southwell is identified as a District Centre in the Council's Amended Core Strategy (adopted March 2019) and occupies the middle tier in the hierarchy of centres, along with Ollerton and Edwinstowe.

Core Policy 8 of the Amended Core Strategy concerns 'Retail and Town Centres' and states that the District Council will seek to maintain and enhance the vitality and viability of centres to:

- Support a network of healthy, vibrant and resilient centres, composed of a balanced range of retail and other main Town Centre uses.
- Ensure that the needs for retail and other main Town Centre use development are met in full.
- Follow a sequential approach to the location of new main Town Centre uses and retail development.
- Ensure that the impact from proposed retail development above a threshold of 350 sqm (gross) that is located outside a defined centre is robustly assessed through the undertaking of an impact assessment proportionate to the scale and type of retail floorspace proposed.

Policy DM11 of the Development Management Policies DPD states that "*retail development in all out-of-centre locations will be strictly controlled. Retail proposals creating more than 2500 sq m of floorspace outside of town, district and local centre locations will require justification through a sequential test and robust assessment of the impact on nearby centres....*"



Paragraph 87 of the NPPF states that *“Local planning authorities should apply a sequential test to planning applications for main town centre uses which are neither in an existing centre nor in accordance with an up-to-date plan. Main town centre uses should be located in town centres, then in edge of centre locations; and only if suitable sites are not available (or expected to become available within a reasonable period) should out of centre sites be considered.”*

Paragraph 88 states that *“When considering edge of centre and out of centre proposals, preference should be given to accessible sites which are well connected to the town centre. Applicants and local planning authorities should demonstrate flexibility on issues such as format and scale, so that opportunities to utilise suitable town centre or edge of centre sites are fully explored.”*

Paragraph 90 concerns the Impact Test and states that *“When assessing applications for retail and leisure development outside town centres, which are not in accordance with an up-to-date plan, local planning authorities should require an impact assessment if the development is over a proportionate, locally set floorspace threshold (if there is no locally set threshold, the default threshold is 2,500m<sup>2</sup> of gross floorspace). This should include assessment of:*

- a) the impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal; and*
- b) the impact of the proposal on town centre vitality and viability, including local consumer choice and trade in the town centre and the wider retail catchment (as applicable to the scale and nature of the scheme).”*

## **SEQUENTIAL ASSESSMENT**

The applicant has undertaken a sequential assessment in line with the national and local policy context highlighted above. The results are set out in Section 6 of their Planning and Retail Statement. The effort expended in seeking to identify potential sequential sites is noted. The applicant assessed a total of 4 sites, listed below:

- The Hearty Goodfellow Public House
- Land to the East of Crew Lane
- Land to the South of Crew Lane
- Land at Crew Lane

The applicant has demonstrated sufficient flexibility in their sequential assessment (as required) by widening the parameters to include sites 25% smaller than the physical requirements of the proposed store.

We acknowledge that the proposed foodstore includes 1,685 sqm floorspace (GEA), with adjacent car parking, and servicing arrangements.

The findings of this assessment purport to indicate that there are no sequentially preferable sites that can accommodate the proposal. We concur with the reasons given for discounting all of the assessment sites, which are either too small, limited and constrained to



accommodate the proposed foodstore (even allowing for suitable flexibility of the format) and/or are located further away from the town centre than the application site.

We have undertaken our own search of potentially sequential preferable suites, and after consulting with the Council, we have not been able to identify any additional potentially sequentially preferable sites. We consider the sequential assessment to have been robustly executed and adequacy passed.

## **HEALTH CHECK**

The applicant has carried out a health check of Southwell District Centre and found that centre health appears to be good with a very low vacancy rate and a good range of comparison shopping for a centre of this size, as well as benefiting from a strong representation of independent retailers shoring up the centre's attractiveness.

This health check generally concurs with the findings of the Council's previous Retail Study prepared by Carter Jonas in 2016 which included a health check of Southwell and concluded that the centre was vital and viable with a good retail range, high quality environment and low vacancy rates.

The results of the household telephone survey corroborate this qualitative assessment and indicate that existing convenience retailers in and near Southwell (including the local shops, Co-op at The Ropewalk, and the M&S at Upton Road) are all trading well in excess of benchmarks.

## **IMPACT ASSESSMENT**

A Retail Impact Assessment (RIA) has been carried out in accordance with the policy context highlighted above. The robustness of any retail model relies on the suitability of parameters, the accuracy of data inputs and the feasibility of assumptions. We examine below the robustness of the range of data inputs used to build up the model as well as the assumptions that have been incorporated.

The RIA includes an assessment of local shopping patterns that is based on the results of a household telephone survey. Such survey results provide primary evidence that inform market share analysis which is far preferable than basing shopping patterns on assumptions. This approach to establishing market shares is highly robust.

The household telephone survey (in terms of the questionnaire, the sample size and the geographical scope) appears to have been adequately designed in consultation with an established market research company that has significant experience in undertaking such surveys which are used to underpin the majority of RIAs and also Retail Studies for Councils across England. The questionnaire is detailed enough to ascertain a good overview of the shopping habits of respondents, particularly in relation to main-food and top-up shopping. The results lend confidence and give an up-to-date indication of broad shopping patterns, market shares of the existing retail provision and trade draws.



The survey area based on a 15-minute drive time is drawn suitably wide to capture relevant shopping patterns in the area while reflecting the likely catchment of a proposed foodstore of such a size and given the spatial distribution of the existing convenience provision. The survey size, with 500 respondents for 5 survey zones, is large enough, considering the population per zone, to ensure statistical accuracy, and is in conformity with the standard approach to retail modelling.

The price base of 2019, the base year of 2021 and assessment years of 2024 and 2026 are all acceptable and in line with the practice guidance. The population figures and projections are derived from Experian which is a well-respected data source upon which RIAs are commonly based. Per capita expenditure, growth rates and SFT assumptions also derived from Experian and should be considered robust.

The survey results directly inform market share information for the existing convenience provision for main-food and top-up shopping, with respect to both primary and secondary choices of destination. The main-food/top-up split of 75%/25% is typical of retail modelling methodology. The 60%/40% split for primary and secondary destinations also appears typical and robust.

Weightings for primary and secondary main food and top-up shopping are based on judgements, and can produce significant variance in results, the applicant has used weightings that were carried over from the Council's own Retail Study 2016 and are therefore considered robust.

Inflow assumptions of 5% for small shops and 10% for the larger convenience stores in Southwell seem plausible, are in line with standard methodology and are considered robust.

Convenience expenditure growth rates incorporated in the modelling tables are trending negative in the years up to the assessment years. This means that convenience expenditure per capita is reducing slightly. Therefore, the increase in the pool of available expenditure in the survey area will be derived solely from population growth. The modelling tables show that expenditure growth of only £1.77 million is anticipated over the period to 2026, which is robustly calculated. This a small pool of additional expenditure that would translate to a minor quantum of floorspace capacity – approximately 146 sqm on the basis of Sainsbury's sales density) (assuming a starting position in 2021 that is considered to be at equilibrium).

However, the survey results indicate a high level of leakage from Zone 3 (where Southwell is located). The market share information indicates that existing stores in Southwell are overtrading by a considerable margin (this analysis is based on a comparison of store turnovers calculated from market share information against company average sales densities derived from Global data, which is a respected data source). We concur with the applicant's findings that the current trading performance of the existing convenience provision and the high levels of leakage identified point to a qualitative and a qualitative deficiency in the exist retail provision, demonstrating significant pent-up demand which translates to a need for additional floorspace.

In summary, while the combination of population growth and fluctuations in expenditure per person amount to only a small pool of additional available expenditure to support additional



floorspace over the assessment period (2021 to 2026), the evidence from the household telephone survey indicates that poor trade retention levels combined with strong trading performance of the existing convenience provision indicates that there is a need for additional floorspace in Southwell. We agree that there is evidence that convenience needs are not being met in Southwell

The proposed foodstore, at 994 sqm net, is of a size appropriate to serve the day-to-day and weekly shopping needs of a small local catchment. The scale of the proposed foodstore is consistent with the size and function of a District Centre in the hierarchy of centres.

The projected turnover figures for the proposed Sainsbury's store are based on sales density figures derived from Global Data 2020 (£12,240 per sqm), these figures are up-to-date and robust.

The trade draw assumptions for the proposed Sainsbury's store set out in Table 10 of the modelling tables appear to generally reflect the existing trade draw pattern of the Co-Op at The Ropewalk and are therefore considered plausible and informed by actual store performance rather than pure assumptions.

These trade draw figures per zone are then applied to the market share information to establish anticipated trade diversion figures, in this way the retail model uses the primary evidence to inform the impact modelling which is considered to be a robust approach.

Tables 13 and 14 of the modelling tables show that the residual trading performance of the existing retail provision will remain above benchmarks in a post-scheme scenario which indicates that there is sufficient capacity available to withstand the levels of impact that are forecast.

it is reasonable to expect the Sainsbury's to divert trade from the main food shopping destinations in line with the retail planning principle that like affects like. It seems credible that the largest impact will be levelled on the Co-Op (as indicated in Tables 13 and 14 of the modelling tables), and while this impact appears high at 19.1%, the residual trading performance of the Co-op post-diversion will still be 8% above the benchmark, which should be adequate to sustain the viability of that store. Trade diversion of 2.31 million will leave the Co-op trading at above company averages, and we do not consider such levels of trade diversion to threaten the viability of this store.

The applicant's claim at section 7.1.38 of the Planning and Retail Statement that the Co-op at The Ropewalk is outside of the town centre and therefore not policy protected, is not accepted. Co-op is less than 300 metres walking distance from the focus of retailing and only 175 metres from the identified primary shopping frontage as a crow flies. The store is therefore clearly an 'edge-of-centre' location. The applicant's own survey results reveal that Co-op generates a high rate of linked-trips with the town centre, which is sure to benefit the vitality and viability of Southwell District Centre. 62% of Co-Op shoppers visit Southwell town centre when undertaking their main shopping trip at Co-Op, which is significant. Co-op shores up in-centre retailers and forms part of the overall town centre offer. Impact on Co-op should therefore be a material consideration when assessing the impact on the town centre as a whole.



Notwithstanding this point above, the application site is well connected to the town centre by bus, on foot and by bicycle, albeit at an out-of-centre location some 780 metres from the primary retail frontage, it is still within a reasonable walking distance of the town centre. The Co-Op, by contrast, is edge-of-centre but it is not particularly well-connected, with the walking route between the Co-op and the town centre lacking clear legibility. On balance, however, we would expect the potential for linked trips to be greater at the Co-Op store given the closer proximity but the fact remains that linked trips will still be possible between the application site and the town centre.

Trade diversion from the Co-op could result in some reduced linked trips. However, we would expect the Sainsburys to also generate linked trips. This net reduction in linked trips will be off-set by the significant potential for claw back of leaked expenditure which is projected to be of such volume that a net increase in linked shopping is possible, which would ultimately benefit the vitality and viability of Southwell District Centre in the long-run. The potential benefits for Southwell of improving trade retention would be more pronounced if the Sainsbury's was located on a more sequential preferable site, however none exist and the subject site appears to be the most sequentially preferable.

Certainly there is a lack of choice and competition in the local area, and the evidence shows that people are travelling long distances to undertake main food shopping at larger foodstores further afield. The household telephone survey does indicate that Co-op is overtrading, and these findings reflect the earlier findings of the Council's Retail Study. The survey results indicate that there is scope to improve sustainability of shopping patterns in the catchment area of Southwell.

We accept the applicant's contention that people currently shopping at the range of small independent convenience stores in Southwell are unlikely to alter their shopping habit. People will continue to use visit the town centre and shop in the small independent convenience retailers whether or not they do their main food shop-up in Co-Op or Sainsburys.

## **CONCLUSION**

Impact should be assessed on the town centre as a whole, not on individual retailers. The health and vitality of the Southwell seems sufficiently robust to withstand the impacts identified. We are not aware of any existing, committed or planned public or private investment in Southwell town centre. The applicant's conclusion that the proposed development will not have a significant impact on the town centre, is a reasonable conclusion given the analysis of the survey results and the robustness of the retail modelling methodology employed and we consider both the Impact test and the sequential test to have been passed.

The scale of the foodstore is consistent with the role and function of Southwell District Centre, and despite being out-of-centre, should be considered suitable positioned in relation to the town centre to potentially enhance Southwell's role as a District Centre, and as such should meet the purposes of Policy DM11 of the Allocations and Development Management DPD.

We consider the applicant's RIA to have satisfactorily addressed the requirements detailed within national policy and those detailed within Policy DM11 'Retail and Town Centre Uses'



Prepared by

A handwritten signature in black ink, reading 'David Armstrong'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

**DAVID ARMSTRONG** BA MRUP MRTPI MIPI