Retail Statement

Ganco Developments Limited

Milton Road, Cowplain

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1.0 Introduction

1.1 This Retail Statement has been prepared on behalf of Ganco Developments Limited in relation to a planning application submitted to Havant Borough Council in May 2010. The application seeks consent for the mixed-use redevelopment of a former petrol filling station, Milton Road, Cowplain to provide a single retail unit and 17 flats. This Statement concentrates on the retail issues associated with the proposal.

1.2 Section 2 of the Statement describes the site and its planning history, whilst Section 3 provides a brief description of the application proposal. Section 4 reviews the relevant planning policy context while Section 5 provides a qualitative assessment. Sections 6 and 7 examine the proposal against the key retail policy tests. Our conclusions are provided in Section 8.

2.0 Site Description & Planning History

2.1 The site, a former petrol filling station, extends to 0.2 hectares. The site is broadly level and all existing structures have been demolished, allowing the site to become unkempt and overgrown. Milton Road forms the site's eastern boundary, with residential development to the south, screened from the site by existing trees and shrubs. A public footpath runs along the western boundary, screened from the site by trees. To the north of the site there is a small area of open space, beyond which lies Eagle Avenue. This separates the site from the defined local centre of Milton Road.

Planning History

2.2 Local planning authority records reveal a number of planning applications for the site, although none are relevant for the retail element of application proposal. However, with regard to residential development, consent was granted in 2005 for the erection of a 2-4 storey building to accommodate 21 no. flats with parking, external storage and landscaping (LPA ref: 05/50804/014).

3.0 Proposed Development

3.1 The proposed site layout comprises a single 418 sq m (4,500 sq.ft.) gross retail unit at

ground floor level together with 17 flats over 3 storeys. 31 parking spaces are proposed to the side and rear of the building, including 2 no. disabled parking spaces. Whilst there is no end-user currently in place, it is anticipated that the unit will function as a convenience retail store.

3.2 The unit will be serviced to the front from a lay by on Milton Road.

3.3 In retail terms, the unit is intended to fulfil a dual function as a small convenience outlet meeting the day-to-day needs of both motorists/pass-by trade and those local residents who live within the surrounding walk-in catchment. In terms of the retail offer, it is envisaged that the store would cater for top-up purchases of essential fresh and convenience goods and provide an improved choice for local residents.

3.4 Based on the size of unit proposed, we anticipate that the development of this unit will have the potential to create up to 30 full and part time job opportunities.

4.0 Planning Policy Context

4.1 In this section of the report we consider the application against the requirements of national, strategic and local planning policy.

National Planning Policy

4.2 Planning Policy Statement 1 (PPS1) 'Delivering Sustainable Development' states that local planning authorities should seek to:

"Promote urban and rural regeneration to improve the well being of communities, improve facilities, promote high quality and safe development and create new opportunities for the people living in those communities. Policies should promote mixed use development for locations that allow the creation of linkages between different uses and can thereby create more vibrant places."

4.3 PPS1 also states that local planning authorities should:

"Promote the more efficient use of land through higher density, mixed use development and

the use of suitably located previously developed land and buildings. Planning should seek actively to bring vacant and underused previously developed land and buildings back into beneficial use to achieve the targets the Government has set for development on previously developed land."

4.4 Specific guidance relating to retailing is provided in Planning Policy Statement 4: Planning for Sustainability Economic Growth ("PPS4"), published on 29th December 2009.

4.5 PPS4 sets out its overarching objective as *"sustainable economic growth"*.

4.6 In relation to the management of development, PPS4 states that local planning authorities should *"adopt a positive and constructive approach towards planning applications for economic development"*. It continues *"Planning applications that secure sustainable economic growth should be treated favourably"*. Earlier at Paragraph 4, PPS4 states that economic development includes main town centres uses, which it later defines as including retail development.

4.7 Policy EC10 relates to the determination of planning applications. It states at EC10.2 that all planning applications for economic development should be assessed against a series of impact considerations. These are:

- CO_2 reduction;
- accessibility by a choice of means of transport;
- quality of design;
- regeneration impacts; and
- local employment impacts.

4.8 Policy EC13.1 establishes a further test which requires consideration of proposals that affect shops and services (e.g. petrol stations) in local centres and villages.

4.9 There is also a requirement under Policy EC15 that proposals not within a centre and not in accordance with an up to date development plan should be supported by evidence of compliance with the sequential test. Policy EC15.1 places an emphasis on town centre sites, requiring that if all in-centre sites have been discounted then 'less central sites' should be considered, with a preference for edge of centre locations.

4.10 With regard to the assessment of impact, Policy EC16 sets out the criteria against which

proposals ought to be assessed. These relate to:

- impact on existing, committed and planned investment in existing centres
- impact on town centre vitality and viability
- impact on the delivery of allocated sites outside of town centres
- impact on wider trading patterns
- scale of the proposal within the retail hierarchy
- locally important impacts identified in LDFs

4.11 Policy EC17.1a highlights that failure of a proposal to comply with the sequential test is reason enough to refuse planning consent, but in respect of impact considerations refusal should only occur where there is "*clear evidence that the proposal is likely to lead to significant adverse impacts*" taking account of the *"cumulative effect of recent permissions, developments under construction and completed developments"*.

4.12 Where no significant adverse impacts have been identified, Policy EC17.2 highlights the need for a balancing exercise between the benefits and disbenefits of new proposals.

The Development Plan

4.13 The Development Plan for the application site comprises the Havant Borough District Wide Local Plan. A Local Development Framework is currently being prepared, and will eventually replace the Local Plan.

Havant Borough District Wide Local Plan

4.17 The Local Plan was adopted in September 2005. The application site is not allocated for any particular purpose, but lies within the settlement boundary and directly opposite Milton Road Local Centre.

4.18 Policy TC1 specifies the hierarchy of centres in the borough, and identifies Milton Road as a Local Centre.

4.19 Policy TC2 refers to the maintenance and enhancement of centres and states that planning permission will be granted for development which maintains and/or enhances the vitality and viability of town, district and local centres by supporting the primary function of the centre,

diversifying land uses in centres including housing and employment opportunities and improving access for public transport, pedestrians, cyclists and people with impaired mobility. Supporting text to the policy identifies that "*it is shopping in particular which underpins the strength of centres*".

4.20 Policy TC3 refers to the sequential approach to site selection and states that in the absence of suitable available town centre sites, providing a need can be shown, consideration will be given to edge of centre district and local sites, before out of centre sites. Policy TC4 states that retail development outside of defined centres will be permitted provided it meets the tests of need, impact and accessibility.

5.0 Qualitative Assessment

5.1 The application proposal will fulfil a basket/top-up shopping role and serve only a localised catchment, passing trade and 'distress' purchases. Consequently, the only centres of potential relevance for the purposes of examining the sequential approach and economic impact are Milton Road Local Centre and Cowplain (London Road) District Centre. The visit to both centres in April 2010 forms the basis of our assessment.

Milton Road

5.2 The site is situated immediately to the south of the defined Milton Road Local Centre which is located on the opposite side of Eagle Avenue.

5.3 The local centre contains a total of eleven units. Convenience provision in the centre is limited to one store; the Costcutter (262 sq m), which is the largest retail unit in the centre, offers an extensive range of newspapers/magazines, snacks, alcohol and tobacco. It's range also extends to tinned and frozen foods and hot food to takeaway. The store does stock some fresh produce although this is limited in scale and is generally of a poor quality. The other retail units contain a pharmacy, hair salon, betting shop and more specialist mobility products and services. There are also four hot-food takeaway outlets and one vacant unit.

5.4 The local centre is well served by both public and private transport. A regular quarter-hourly bus service to and from Havant via Waterlooville precinct provides convenient access to and from the centre. The centre is well served in terms of parking provision with car parking spaces located along Milton Road and in a larger free car park to the rear of the parade of

shops. Four bicycle parking spaces are also provided, located in front of the parade.

5.5 The centre appears to be well maintained. No incidents of vandalism or graffiti were observed and the streets were clean and provided with street furniture. Banner signs also define the retail character of the centre.

5.6 Overall, Milton Road appears to trading well with only one small vacant unit, equivalent to just 9% of the total retail units, which is below the national average of 12% (GOAD).

Cowplain (London Road)

5.7 Cowplain District Centre is located approximately one kilometre to the south east of Milton Road Local Centre. The District Centre is spread along London Road which runs north to south through Waterlooville. All commercial units within the defined centre are located on the western side of London Road.

5.8 In total the centre contains 41 units. Convenience provision in the centre is provided by a Lidl (892 sq m), a Co-op (278 sq m) which contains a Post Office counter, a butcher (50 sq m), a delicatessen (75sq m), and an office licence (50 sq m). The centre also contains eleven comparison retail stores, six restaurants and takeaways, and a number of service related uses such as hair and beauty salons, estate agents and accountants.

5.9 The majority of units in the centre are operated by independent businesses. At the time of the visit, two units were vacant, one of which was in the process of being renovated and was advertising the opening of the forthcoming 'Red Bar and Lounge'. As such, the vacancy rate is equivalent to just 2.4% of the total number of units, which is considerably below the national average of 12% (GOAD).

5.10 The district centre is well served by public transport with frequent bus services into Waterlooville centre where connecting services to Havant can be accessed. The centre is served by designated parking areas. Along London Road are a number of free short stay parking bays and both Lidl and the Co-op have designated customer car parks located to the rear of the stores. In addition, there is a Council-run pay and display car park located to the rear of the shops, which also contains public toilet facilities. At the time of the visit, all of these car parks appeared to be well used; in particular, the Lidl car park which was approximately 75% full. A number of bicycle parking spaces are also provided along London Road to the front of the shops.

5.11 The centre is located along a busy road which detracts from the environment. The shops are however located along the western side of the road, thereby limiting the impact of the heavy traffic. The retail frontage is well provided with street furniture and is well maintained. As with the Milton Road Local Centre, the retail area is defined by banner signs. The centre has a very low vacancy level which indicates that it is trading well.

6.0 Sequential Assessment

6.1 This section of the assessment reviews the proposal against the requirements of the sequential test. This requires applications for new retail development to demonstrate there are no sites or premises at sequentially preferable locations that are suitable, available or viable to accommodate the proposed development.

6.2 In order to undertake a sequential test, and to understand the parameters of the search, it is reasonable that any assessment must look for sites that can accommodate the proposed retail store. Whilst PPS4 requires applicants to be flexible in their approach to location in line with the sequential approach, it does also state that local planning authorities should take into account any genuine difficulties which are likely to occur in operating the proposed business model from a sequentially preferable site. It highlights where a retailer would be limited to selling a significantly reduced range of products.

6.3 In terms of the extent of the area of search, given the core catchment of the proposed store, we conclude that it is only necessary to examine centres falling within the proposals core catchment of approximately 1km. As such, it is only appropriate to examine the prospect of the proposals being located within Milton Road Local Centre and Cowplain (London Road) District Centre. Centres beyond this are not appropriate as locating development here would fail to meet the identified needs of those residents within the core catchment.

6.4 Having reviewed the two centres; there are two vacant and available units. These are:

- No. 339 Milton Road; and
- No. 6 Fernwood House (London Road) (Former HSBC).

6.5 The floorspace of each of these units is estimated to be approximately 50 sq m (gross). These are considerably smaller than the proposed development, representing just 12% of the proposed gross floorspace (418 sq m). As such, even applying a flexible approach to the

size of the unit, the proposed development could not be accommodated in either of the available units without significantly reducing the range of products sold.

6.6 The option of disaggregating the proposed development in to both the units has also been considered. However, this has been dismissed on the basis that even combined both units would only provide less than a quarter of the gross floorspace proposed and would, due to the completely independent locations, fail to serve the needs of the residents of core catchment.

6.7 We conclude, therefore, that the application proposal satisfies a sensible interpretation of the sequential approach as embodied in both national and local planning policy. This statement is supported by the fact that the application site lies directly adjacent to the local centre and will, therefore, function as part of that centre.

7.0 Economic Impact

7.1 In this section we consider the likely trade effects of the proposed store upon relevant retail provision within Milton Road Local Centre and Cowplain (London Road) District Centre which fall within the 1km radius of the proposed store which will form its core walk-in catchment.

7.2 The Havant Borough Council Town Centres, Retail and Leisure Study undertaken by Nathanial Lichfield and Partners ("the NLP Study") published in March 2009, has been used to inform the turnover of existing food stores within Milton Road Local Centre and Cowplain District Centre. This approach is consistent with the key issue to be addressed, namely, the proposal's likely effect on the overall vitality and viability of the District Centre and those stores which will account for the vast majority of the proposed development's turnover.

7.3 For the purposes of examining retail impact, one must, in light of the relevant advice in PPS4, also consider the likely position some five years post implementation which, in this particular case, would be 2016. Moreover, also of particular relevance in this case is the fact that the proposal is for a store of just 418 square metres gross, i.e. substantially smaller than the threshold of 2,500 square metres gross identified in PPS4 as the trigger for requiring a retail impact assessment. Also to be borne in mind is the PPS4 advice that "*… the level of detail and type of evidence and analysis required in impact assessments should be proportionate to the scale and nature of the proposal and its likely impact.*"

Relevant Shopping Patterns

7.4 The NLP Study indicates that respondents within Zone 10 (centred on Cowplain), undertake 19% of their convenience shopping at Cowplain District Centre. The Study does not explicitly identify Milton Road Local Centre as a convenience goods destination, although it does highlight that stores in 'Other Havant Borough West' attract 6% of all convenience goods expenditure from Zone 10. The Study indicates that the most popular convenience goods destination for residents of Zone 10 is Waterlooville Town Centre (30%), which is followed by stores in East Hampshire (22%).

7.5 The NLP Study demonstrates that at 2008 Cowplain District Centre had a convenience goods turnover of £8.09million. By 2011, this is forecast to have increased to £8.13 million, and by 2016, £8.43 million. The Study highlights that the benchmark turnover estimate for Cowplain District Centre at 2008 was £5.57million, some £2.52million lower than the actual turnover. This suggests that the centre's turnover is almost half as much again (45%) as the benchmark level. This indicates that Cowplain District Centre is performing extremely well.

7.6 Due to the fact that it only has one convenience goods store located within it, the NLP Study does not specifically identify the actual or benchmark turnover of Milton Road Local Centre. However, based on the performance of the nearby Cowplain District Centre, we contend that it is likely that Milton Road Local Centre is also performing well.

Turnover of Proposed Store

7.7 Although an end-user for the unit has not yet been identified, it is anticipated that the net sales area of the store will be 288 sq.m. (3,000 sq.ft). This represents a net to gross ratio of 66%, which is, in our view, a reasonable assessment of the back-of-house needs of such a store.

7.8 On the basis that there is no end-user for the store, we have adopted a sales density of £6,500, which represents an average of the benchmark sales densities for the type of convenience goods operators that might occupy the unit. Those retailers used are the Co-Op, Budgens and Tesco Express. The benchmark turnover of these operators has been derived from Retail Rankings 2009, recent applications and appeal decisions. On this basis, the proposed store will have an annual turnover of £1.87M.

Trade Draw

7.9 The proposed store will cater primarily for local people doing top-up/basket shopping. Many would walk to the shop, particularly those living within a localised walk-in catchment of approximately 1km, which we contend will be the core catchment for the store. Others, needing to 'top-up' on certain items would purchase goods that would otherwise normally be purchased as part of a main food shop at larger supermarkets further afield, switching from either driving to walking or at least driving for a shorter distance. This type of "claw-back" is associated largely with "distress" purchases of goods which people need but which would normally be purchased as part of a main (bulk) food shop.

7.10 Furthermore, it is clear that given the range and choice of such food stores within the core catchment, the trade diversion to the store will be diffuse, with no single store experiencing a disproportionate level of trading impact.

7.11 There is just one local convenience store situated within Milton Road Local Centre, a Costcutter of approximately 262 sq m net. The actual turnover of this store is not identified in the NLP Study. As such, we have assumed that the store will turnover at benchmark level. In the absence of a national benchmark level for Costcutter, we have used the Co-Op benchmark of £5,882 per sq. m. as set out in the NLP Study. This equates to a store turnover of £1.54 million.

7.12 As a brand, Costcutter tends towards the CTN end of the market, focusing on newspapers, tobacco, alcohol, snacks and tinned products rather than fresh produce. As such, we contend that Costcutter fulfils a slightly different role to the majority of small convenience stores such as Co-Op, Tesco, Budgens or Sainsbury's. However, in order to test a worst case scenario, we have assumed that 25% of the turnover of the proposed store (£0.47M) will be derived from the Costcutter.

7.13 In such circumstances, the residual turnover of the Costcutter store will be £1.07 million. This equates to a turnover 70% the company benchmark average, a level which we contend means that the store's sustained viability will not be threatened by the proposals. The reality of such a trade diversion is that the store is most likely to seek to differentiate itself further from the application proposals, thereby enabling both stores to trade alongside one another. Furthermore, this trade draw estimate makes no allowance for the positive effect of the proposal in enhancing the overall role and attraction of Milton Road Local Centre which would have associated spin-off benefits for existing businesses. As such, the increase in footfall as a result of the application proposals may actually reduce the level of impact on

the Costcutter store even further.

7.14 PPS4 highlights that proposals should be assessed against the impact on town centre vitality and viability, including consumer choice and the range and quality of the retail offer. As such, it is necessary to assess the impact of the proposals against the centre as a whole rather than against a single convenience store. Whilst the NLP Study does not identify the turnover of Milton Road Local Centre, put simply, the estimated trade diversion, would have far less of an impact on the total turnover of the centre and, as such, would have less of an effect on the centre's overall vitality and viability.

7.15 Whilst the proposed store falls outside of the defined centre it is located directly adjacent to it, and in practical terms would function as part of the centre. As such, when the turnover of the proposed store is taken account of, even with the resultant impact on the Costcutter store, the overall impact on the centre will be positive. The proposal will also increase consumer choice and the range and quality of the retail offer, which will also boost the vitality and viability of the centre. Furthermore, even in the highly unlikely circumstance where the Costcutter closed as a result of the application proposals, the centre as a whole would still experience a net increase in turnover and, in our view, an overall boost to vitality and viability.

7.16 In terms of the remaining turnover of the proposed store, we have assumed that 50% of the turnover of the proposed store (£0.94M) will be derived from Cowplain District Centre. We anticipate a greater level of diversion from this centre on the basis that it accounts for a large proportion of all expenditure from the core catchment. As such, the application proposal will claw back some the expenditure currently lost to this centre.

7.17 The NLP study indicates that at 2011, the actual turnover of Cowplain District Centre will be £8.13 million. As such, the diversion of £0.94 million to the application proposals will result in a residual turnover of £7.19 million. This means that the turnover of the district centre will remain some £1.61 million above the benchmark turnover, equivalent to 29%. Accordingly, on the basis that the centre as a whole will continue to overtrade, and the impact will be diffused across the six convenience stores, we contend that there can be no suggestion that the application proposals will threaten the sustained viability of any one store.

7.18 The remaining 25% of the turnover will be derived from a comparatively wide range of stores located throughout Havant Borough West, beyond the core catchment of the proposed store, i.e. stores located within Waterlooville such as the Asda and Waitrose stores. This is

consistent with research undertaken by the University of Southampton which demonstrates that small convenience stores can be effective in "clawing-back" trade from locations further afield and re-localising top-up shopping trips.

7.19 This type of "claw-back" is associated largely with "distress" purchases of goods which people need but which would normally be purchased as part of a main (bulk) food shop. Furthermore, it is clear that given the range and choice of such food stores throughout Havant Borough West, the trade diversion to the new store will be diffuse, with no single store experiencing a disproportionate level of trading impact.

7.20 It is also necessary to take into account the advice in PPS4 concerning impact – " … *an application should be refused planning permission where there is clear evidence that the proposal is likely to lead to significant adverse impacts in terms of any one of impacts set out in Policies EC10.2 and 16.1 (the impact assessment).*" In this particular case, there is no such evidence and, as such, there are no reasonable grounds for withholding planning permission on the basis of a "significant adverse impact."

7.21 Fundamentally, whilst the subject site is outside of the defined local centre, it is located directly adjacent to it and we believe the proposed store will function effectively as an integral part of the centre, positively contributing towards its overall vitality and viability – a likelihood which we believe should be afforded weight in the assessment of this proposal's overall degree of acceptability.

7.22 We conclude that the proposal will not cause material harm to existing businesses, and/or any centre afforded policy protection. Furthermore, given the subject site's location adjacent to Milton Road Local Centre, there is a very real prospect that the new and improved top-up shopping facilities proposed will positively contribute towards the centre's attraction and hence its sustained vitality and viability. In these circumstances, there are no reasonable grounds for withholding planning permission for the proposed local convenience store on retail impact grounds.

8.0 Conclusions

8.1 The above assessment of the application proposals leads us to conclude that:

- Whilst located outside of Milton Road Local Centre, the application proposals are directly adjacent to the centre and will, in practical terms function as a natural

extension to the existing provision.

- Both Milton Road Local Centre and Cowplain District Centre are very popular and robust shopping centres with vacancy rates considerably below the national average. The NLP Study confirms that Cowplain District Centre is overtrading by a considerable margin and whilst Milton Road Local Centre is not specifically identified, we suspect that it is also performing well.

- Taking into account the core catchment area of the proposal and its principal function as a local convenience store serving a localised catchment, our search within and adjacent to the two centres relevant for the purposes of the sequential test has revealed there are no suitable, available and viable preferable opportunities. In these circumstances, the application proposal satisfies a sensible interpretation and application of the sequential test;

- The level of trade diversion from the existing Costcutter store in Milton Road Local Centre would not in any way threaten its existence. Moreover, the ability of the application proposals to claw back expenditure from other centres means that the vitality and viability of the centre as a whole will benefit. This will be apparent in quantitative monetary terms but also in terms of the qualitative benefits associated with greater range and choice of shopping provision;

- There is no evidence to suggest that the comparatively small level of trade diversion would prejudice any future public and/or private sector investment in this vital and viable shopping centre;

- The proposal raises no impact concerns in relation to any other centre within Havant Borough West's shopping hierarchy;

- The range of services and vacant properties will not be materially affected by the proposal;

- The proposals will result in the regeneration of a derelict Brownfield site with associated visual and environmental improvements to the local area; and

- The quality, attractiveness and character of the centre will not in any way be adversely affected by the proposal.

8.2 In light of the above, we conclude that the application proposal satisfies the impact criterion embodied in Policy EC10 of PPS4. Furthermore, we also conclude that in light of the employment opportunities that will be provided, the proposal will have a positive impact on local employment, a further consideration within Policy EC10.

8.3 We also conclude that the proposal satisfies PPS4 in relation to Policy EC15 – Sequential Test and Policy EC16 in relation to retail impact.

8.4 Finally, there are no locally important impacts identified within the development plan that would warrant consideration (Policy EC16 1F).

8.5 Taking into account the absence of harm and the consumer benefits associated with the proposed new provision, the application should, in our view, be warmly welcomed and planning permission granted accordingly.