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Planning Design Economics

**Review of Proposed
Tesco Retail
Assessment**

Babergh District
Council

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1.0 Introduction

Background

- 1.1 Babergh District Council has received a planning application on behalf of Tesco Stores Limited for a food store on the Brett Works site and adjoining land in Hadleigh.
- 1.2 The application comprises a food store of 2,500 sq m gross and a small retail unit (Class A1/A3) of 142 sq m gross. The food store will have a sales area of 1,550 sq m net. The sales floorspace is expected to be split 85% convenience goods (1,320 sq m net) and 15% comparison goods (230 sq m net). A Retail Assessment December 2003, Addendum Retail Assessment February 2008 and a Retail Impact Assessment December 2010 were prepared by Martin Robson Planning Practice (MRPP). These 2003 and 2008 reports pre-dated the publication of PPS4 and have been superseded by the December 2010 report
- 1.3 Colliers CRE (CCRE) prepared a Retail Capacity Study for the Council dated July 2008.
- 1.4 Nathaniel Lichfield and Partners (NLP) has been commissioned by Babergh District Council to undertake an independent review of the retail impact assessment prepared by MRPP, in the context of the CCRE study. This report considers the retail impact issues raised by the proposals.

Objectives

- 1.5 This report sets out our appraisal of the MRPP retail assessment and comprises a review of the data sources used, the methodology and key assumptions.

Report Structure

- 1.6 Section 2.0 provides an appraisal of the data and methodology used by MRPP in preparing the retail assessment. Section 3.0 sets out our critique of the sequential approach. Section 4.0 assesses retail impact and Section 5.0 summarises NLP's conclusions.

2.0 **Base Data and Methodology**

Introduction

- 2.1 MRPP suggests an impact assessment under PPS4 is not required because a food store of 2,500 sq m gross is in accordance with an up-to-date development plan. Nevertheless, MRPP seeks to demonstrate there is retail capacity for a food store of this scale, and the implementation of this food store will not have an adverse impact on Hadleigh town centre. We review the base data and assumptions adopted by MRPP in this section.
- 2.2 PPS4 (published in December 2009) indicates that applicants are no longer required to demonstrate need, regardless of whether the proposed development is consistent with an allocation in an up to date development plan. However expenditure capacity is relevant in terms of the assessment of impact i.e. positive and negative impacts and the ability of sequential sites to meet identified need. Furthermore meeting an identified need may be a positive benefit of a proposal.

Design Year and Price Base

- 2.3 MRPP provides retail figures for 2008 (base year) 2011 and 2016. Allowing at least 12 months for planning and construction, and a further two years to achieve settled trading patterns, we believe early 2014 is the earliest appropriate design year to test impact. PPS4 guidance suggests impact assessments should also assess longer term impact five years after implementation, which suggests 2016 is relevant for considering longer term impacts.
- 2.4 MRPP has used a 2006 price base, which is consistent with CCRE's retail study.

Catchment Definition

- 2.5 MRPP has adopted the catchment area accepted at the 2000 Call-in Inquiry and the Local Plan Inquiry 2005/06. This catchment area is based on output areas and the catchment area is slightly larger than the Hadleigh Zone 6 adopted by CCRE in their 2008 retail study, which is based on ward boundaries. MRPP's catchment area includes additional villages such as Boxford, Bildeston, Chelsworth, Groton, Hintlesham, Lindsey, Milden, Monks Eleigh and Somersham. These villages are approximately equi-distance from Hadleigh when compared with large food stores in other towns i.e. Sudbury, Stowmarket and Ipswich. We would expect a Tesco food store of the size proposed in Hadleigh to attract trade from these villages, although it is unlikely all residents will choose to do all their food and grocery shopping in Hadleigh i.e. there will be expenditure outflow.

- 2.6 We believe the extended catchment area adopted by MRPP is appropriate, but it is unlikely Hadleigh will retain 100% of expenditure generated by residents living within the catchment due to the levels of accessibility to large food store in surrounding towns. It is necessary to consider likely levels of expenditure inflow and outflow into and out of the catchment area in order to determine retail capacity and impact.

Population and Expenditure

- 2.7 MRPP has adopted MapInfo TargetPro population figures (November 2006) and the 2008 projection is 16,254, of which 7,387 is within Hadleigh urban area. CCRE's population figure for Zone 6 was 12,346. CCRE's figure was based on ONS data for 2005 and Suffolk Observatory projections. CCRE's figure is 3,908 lower because it excludes the villages listed above.
- 2.8 The Suffolk Observatory's latest population figures for wards at 2008 suggest the combined population for CCRE's Zone 6 is 12,477, slightly higher than CCRE's figure. The combined population figure for village parishes outside Zone 6 (i.e. Bildeston, Boxford, Groton, Lindsey, Monks Eleigh, Hintlesham and Somersham) is 4,380. These figures suggest MRPP has not over-estimated base year population at 2008 (16,284).
- 2.9 MRPP suggests population within the catchment area will grow by +746 people between 2008 and 2016 (16,284 to 17,000), growth of 4.6%. CCRE's growth figure for Zone 6 was +291 people (2.4% growth). The Office of National Statistic's (ONS) latest population projections for Babergh District suggest an average growth of 3.8% between 2008 and 2016. The Suffolk Observatory does not appear to produce ward, parish or output level projections for 2016, so it is difficult to validate MRPP's MapInfo based projection. If CCRE's lower growth rate (2.4%) is applied to MRPP's base year figure then the revised 2016 projection would be 16,675 rather than 17,000, and the difference is relatively small.
- 2.10 MRPP adopts Experian's local expenditure per capita figure for 2006, as adopted by CCRE in 2008. MRPP has only partially updated these figures to reflect Experian's latest growth forecasts. MRPP has also applied figures for CCRE's slightly smaller zone 6 to the enlarger catchment area. Notwithstanding the different areas covered, CCRE's data is now three years out of date and should be updated.
- 2.11 Experian's latest 2009 convenience expenditure figure for MRPP's catchment area is £1,904 including special forms of trading (SFT), or £1,620 at 2006 prices. NLP's revised expenditure projections (excluding SFT) for 2011 and 2016 are £1,560 and £1,603 respectively (2006 prices). These updated figures are 7.3% and 8.9% lower than MRPP's adopted figures. MRPP has, based on Experian's latest expenditure data, over-estimate available expenditure. Part of this difference is related to the deductions for assumed for SFT. MRPP has subtracted 2.5% at 2011 and 2016, whilst NLP would normally subtract 4% and 4.8% respectively, but most of the difference is due to

Experian's lower actual figures for 2009 when compared with previous forecasts from the 2006 base figures.

- 2.12 If the lower 2016 population figure is adopted (16,675) and the lower expenditure per capita figure (£1,603) then total available expenditure in MRPP's catchment area would be £26.73 million, rather than MRPP's adopted figure of £29.92 million, a 10.7% difference.

Expenditure Retention

- 2.13 CCRE estimates that the existing convenience turnover of facilities in Hadleigh was £10.3 million in 2008, of which £8.1 million was derived from Zone 6. Hadleigh's 2008 market share of convenience expenditure in Zone 6 was 38.1%, as estimated from the 2008 household telephone survey.
- 2.14 MRPP suggests Hadleigh is capable of retaining 80% of convenience expenditure within their catchment area i.e. £22.46 million. We believe a net retention rate (allowing for inflow and outflow of expenditure) of 80% is a realistic maximum.

Benchmark Turnover of Existing Floorspace

- 2.15 MRPP set out the expected benchmark turnover (£8.185 million) of existing convenience shopping facilities in Hadleigh in Table 4. This turnover is derived by multiplying existing sales floorspace with assumed average sales density estimates, as provided in the CCRE 2008 study.
- 2.16 MRPP suggests CCRE has over-estimated the amount of convenience net sales floorspace within the Buyright store (1,186 rather than 400 sq m net). We believe MRPP's figure is more accurate. As a result MRPP's benchmark turnover is lower than CCRE's figure (£8.185 million rather than £11.51 million).
- 2.17 It is unclear whether MRPP has updated information relating to convenience shops in Hadleigh. CCRE's floorspace figure (excluding Buyright and Co-op) was 576 sq m net in 2008 and this figure has been adopted by MRPP. CCRE identified 10 other convenience shops as follows:

- The Beer Barrel;
- Bakers Oven;
- Andrews Butchers;
- Pierpoint Butchers;
- Chocoholics;
- Fergusons Delicatessen;
- Partridges Farm Shop;
- Sunflower;
- Threshers;
- Toffee Cavern.

- 2.18 MRPP's benchmark turnover (£8.185 million) appears to be robust, provided there have been no new convenience shops opened since 2008, and the Buyright store as 400 sq m net devoted to convenience goods. If there have been shop closures since 2008 then it may be necessary to reduce MRPP's benchmark turnover figure, but this would increase expenditure capacity.

The Proposed Tesco Store

- 2.19 The proposed Tesco store comprises a gross floor area of 2,500 sq m, with a sales area of 1,550 sq m net, which suggests a net to gross ratio of 62%. MRPP suggests the maximum net sales can be restricted via a planning condition. MRPP suggests 1,320 sq m net will be devoted to convenience goods sales.
- 2.20 MRPP suggests (paragraph 6.25) that the proposed Tesco store is expected to trade at 80% of the company average sales density in 2011 (£8,800 rather than £11,000 per sq m net). This suggests an expected 2011 turnover of £11.62 million. MRPP suggests the store will build up trade and will trade at 90% of the company average in 2016 i.e. £13.07 million. If the store achieves the company average sales density then the turnover would be £14.52 million.
- 2.21 The application proposal also includes a small retail unit (142 sq m) which is expected to be occupied by a Class A1/A3 use. It is possible this unit could be occupied by a convenience shop and therefore MRPP has not tested the worst case level of impact based on this scenario. A convenience shop of up to 100 sq m net could have a turnover of about £375,000.
- 2.22 The worst case (highest) level of convenience goods turnover generated by the development at 2016 is £14.9 million.

Retail Capacity

- 2.23 MRPP suggests that existing convenience shops in Hadleigh are trading 25% better than benchmark (£10.3 million compared with £8.185 million).
- 2.24 Based on 80% net retention, MRPP suggest there is capacity for 1,675 sq m net at 2016. This floorspace figure is based on an expenditure surplus of £14.05 million and a sales density of £8,392 per sq m net (obtained from the CCRE study).
- 2.25 MRPP's surplus expenditure figure is based on CCRE's existing trading levels (£10.3 million in 2008) but with reduced trading densities between 2008 to 2016 based on Experian projections. The existing turnover projection at 2016 is only £7.88 million and it is unclear how this figure has been calculated from MRPP's footnote on page 5. NLP's preferred approach is to adopt a constant benchmark turnover (£8.185 million in 2008) and to assume this will remain unchanged to 2016.
- 2.26 As indicated above, we believe MRPP has over-estimated convenience expenditure because out-of-date information has been adopted. The revised

worst case (lowest) expenditure figure for 2016 is £26.73 million rather than £29.92 million. Assuming 80% net retention this produces a revised available expenditure figure of £21.38 million, and a surplus of £13.20 million (£21.38 - £8.18m) at 2016. The revised 2016 floorspace projection is 1,573 sq m net, slightly lower than MRPP's figure of 1,675 sq m.

- 2.27 The proposed Tesco store is expected to have a convenience sales floorspace of 1,320 sq m net. The proposed unit shop could have a sales area of 100 sq m net. In total the proposal could have a convenience goods sales area of 1,420 sq m net, which is still below the revised floorspace projection (1,573 sq m net).
- 2.28 If the Tesco store achieved its company average turnover in 2016 (£14.52 million), and the unit shop is occupied by a convenience operators then the maximum convenience turnover would be £14.89 million. The revised surplus at 2016 is £13.20 million, and on this basis the application proposal would create an expenditure deficit of £1.69 million.
- 2.29 The need test has been removed in PPS4, and the creation of an expenditure deficit is not in itself a reason for refusal. However, it is necessary to consider whether the expenditure deficit will result in a harmful impact on the town centre. Given that the amount of retail floorspace now proposed exceeds the Local Plan allocation (2,642 sq m gross rather than 2,500 sq m gross) it may be appropriate to consider whether the cumulative impact of the food store and unit shop is acceptable.
- 2.30 MRPP provides no analysis of the comparison element of the proposal. The food store is expected to have not more than 230 sq m net devoted to comparison goods and the unit shop could provide a further 100 sq m net (330 sq m net in total). We estimate this comparison sales floorspace would have a comparison turnover of not more than £2 million i.e. an overall average sales density of not more than £6,000 per sq m net.

Trade Diversion

- 2.31 MRPP has not clearly set out estimates of convenience goods trade diversion and impact, and has not adequately shown the workings for the figures quoted.
- 2.32 As indicated above, MRPP's report implies the convenience turnover will be £11.62 million in 2011, increasing to £13.07 million in 2016. MRPP suggests the proposed store will divert £1.5 million from the Co-op store in Hadleigh and approximately £0.5 million will be diverted from Buyright. The amount of trade diversion from other convenience shops within Hadleigh town centre is not specified, although MRPP concludes the majority of trade draw will be from Co-op and Buyright, and that town centre shops will continue to trade at about benchmark turnover levels.

3.0 Sequential Approach

Policy Considerations

- 3.1 As indicated earlier, PPS4 removes the need test. Statutory development plans adopted before December 2009 which contain a need test can be considered to be out-of-date in this respect. Regardless of the absence of harm to the vitality and viability of the town centre, proposals may still be refused planning permission if it can be accommodated within existing centres.
- 3.2 The availability of sites within town centre should be considered in accordance with the sequential approach, if the proposed application is not considered to be allocated within an up to date plan.
- 3.3 The checklist for adopting the sequential approach as set out at paragraph 6.52 of the PPS4 Practice Guidance is as follows:
- 1 What is the scale and form of development needed?
 - 2 Is the need location site specific or more generalised?
 - 3 Are the PSA and wider town centre properly defined in the development plan?
 - 4 How is the proposal site in question defined (in, edge or out of centre)?
 - 5 Have all more central opportunities been considered?
 - 6 Have all the alternatives been thoroughly tested having regard to the identified need and timescale over which it arises?
 - 7 Has this assessment adopted a sufficiently flexible approach?
 - 8 Has the potential to overcome any obstacle to availability of more central sites been discussed with the LPA?

Scale, Need and Flexibility

- 3.4 **Points 1 and 7** listed from the PPS4 Practice Guidance are linked. The proposal seeks to provide a food store to improve the main food offer in Hadleigh. If the proposal is not considered to be allocated within an up to date plan, it is necessary to consider whether the scale of the proposed store is the only way to meet the need the proposal seeks to address. It should be noted that applicants are not required to demonstrate their proposal is needed, but the PPS4 Practice Guidance suggests an applicant must demonstrate the need cannot be met in sequentially preferable locations, allowing for flexibility and the scope for disaggregation. PPS4 suggests applicants must be flexible in terms of the scale of store proposed and the amount of car parking.
- 3.5 Point 7 of the PPS4 Guide indicates the applicant must clearly demonstrate flexibility and the potential for disaggregation. It is necessary to consider what need the proposal (and the proposed business model) will meet, and the applicant must explain why this need cannot be met within existing centres,

after flexibility and the scope for disaggregation of the goods sold have been demonstrated.

- 3.6 In our view it would be unreasonable to expect a food store operator with a 1,550 sq m net store to disaggregate the sale of certain goods. The size of store proposed is probably around the minimum required to meet the identified need, i.e. a main food and grocery shopping destination. The proposed Tesco store is at the lower end of the range of store sizes operated by Tesco to meet main food shopping needs. The Institute of Grocery Distribution's Directory of Food Stores 2009 indicates Tesco (excluding Tesco Express, One Stop and Metro stores) had over 650 food stores. The average sales floorspace for these stores was just over 3,500 sq m net. The food store proposed in Hadleigh would be within the smallest 12% of Tesco stores, and in our view there is limited potential to reduce the size of store proposed without undermining the role the store seeks to serve i.e. main food shopping trips.
- 3.7 In terms of **Point 2** above, the proposed food store is not site specific, because other sites in Hadleigh could potentially meet the identified need. The proposed Tesco store seeks to serve Hadleigh's urban area and its rural hinterland, therefore sites within other towns would not meet the identified need.
- 3.8 It is theoretically possible to disaggregate the proposed unit shop and accommodate this use in the town centre, but MRPP argues the unit is needed for design reasons and to link the food store with the town centre. If the Council agrees with this conclusion then the need for the unit shop could be considered to be site specific, and therefore not capable of disaggregation from the proposed food store.

The Site's Location and Town Centre Designations

- 3.9 PPS4 indicates that proposals for retail development on sites outside existing centres and not allocated within an up to date plan will only be permitted if the sequential approach to site selection has been undertaken. It states that a failure to demonstrate a sequential approach has been applied will justify the refusal of planning permission.
- 3.10 The PPS4 Practice Guide states that adopting a sequential approach to selecting sites means wherever possible seeking to focus new development within, or failing that on well located sites on the edge of existing defined centres. Only if town centre sites are not available, will edge-of-centre locations be likely to be appropriate in policy terms.
- 3.11 The application site is in an edge-of-centre location, just outside the town centre boundary defined in the Local Plan (**Point 4**). Site Availability
- 3.12 The PPS4 Practice Guidance indicates that all the alternative sites must be tested having regard to the identified need and timescale within which it arises (**Point 6**). All sites that have potential to deliver the proposed use by 2016

should be considered. The applicant should also explore the potential to overcome any obstacle to availability of more central sites with the LPA (**Point 8**).

Analysis of Alternative Sites

- 3.13 The application site is in an edge-of-centre location, and if the Council considers the Local Plan allocation is out-of-date or the application proposals are inconsistent with the local plan allocation then the applicant should consider all potential sites within the defined town centre boundary.
- 3.14 Given the limited extent of the defined Hadleigh town centre boundary and the historical nature of buildings within the defined area it seems unlikely a food store of the size required to meet the identified need can be accommodated within the town centre.
- 3.15 If the unit shop element of the proposal is not considered to be consistent with the Local Plan allocation then the Council must first consider the scope for disaggregation. If the Council agrees the unit shop meets a site specific need in terms of design and linking the food store to the town centre then it may be appropriate to over-look the scope for disaggregation. NLP has not assessed the design implications of not providing the unit shop. If the Council concludes the need for the shop unit is not site specific and can be disaggregated then it is necessary to consider sites and premises in the town centre.
- 3.16 Even if there are sites or vacant premises within the town centre that could accommodate a Class A1/A3 use of approximately 140 sq m gross, it is necessary to consider the global need for additional shop floorspace (Class A1 to A3) in Hadleigh up to 2016. The CCRE study indicated there was only one small vacant shop unit in Hadleigh town centre in 2008. The CCRE conclusions suggest there are qualitative reasons why small scale redevelopment and retail intensification should be implemented in Hadleigh, and in our view the provision of a new unit shop of 142 sq m gross appears to be consistent with this conclusion, particularly if the unit shop helps to link the food store to the town centre.
- 3.17 In our view the sequential approach has been satisfied, regardless of the whether the application proposal is considered to be consistent with the Local Plan allocation.

4.0 **Retail Impact**

Introduction

- 4.1 Government guidance contained within the recently adopted PPS4 sets out an enhanced impact assessment. Proposals for retail and town centre uses that are not located within an existing centre or in accordance with an up-to-date development plan must satisfy the ‘significant adverse impact’ tests before their positive and negative impacts and other material considerations are assessed.
- 4.2 The impact test consists of two sets of assessments; one applying to all forms of economic development and the other to town centre uses only. Applications for economic development should be assessed against the following impact considerations (policy. EC10.2):
- a whether the proposal has been planned over the lifetime of the development to limit carbon dioxide emissions and minimise vulnerability and provide resilience to climate change;
 - b the accessibility of the proposal by a choice of means of transport including walking, cycling, public transport and the car, the effect on local traffic levels and congestion (especially on the trunk road network) after public transport and traffic management measures have been secured;
 - c whether the proposal secures a high quality and inclusive design which takes the opportunities available for improving the character and the quality of the area and the way it functions;
 - d the impact on economic and physical regeneration in the area including the impact on deprived areas and social inclusion objectives;
 - e the impact on local employment.
- 4.3 Policy EC16 states that planning applications for town centre uses should be assessed against the following impacts on centres:
- a the impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the study area of the proposal;
 - b the impact of the proposal on the town centre vitality and viability, including local consumer choice and the range and quality of the comparison and convenience offer;
 - c the impact of the proposal on allocated sites outside town centres being developed in accordance with the development plan;
 - d in the context of a retail or leisure proposal, the impact of the proposal on in- centre trade/turnover and on trade in the wider area, taking

account of current and future consumer expenditure capacity in the study area to five years from the time the application is made and where applicable, on the rural economy;

- e if located in or on the edge of a town centre, whether the proposal is of an appropriate scale (in terms of gross floorspace) in relation to the size of the centre and its role in the hierarchy of centres;
- f any locally important impacts on centres under policy EC3.1.e (which requires RPB and LPAs as part of strategy for management and growth of centres to define any locally important impacts on centres which should be tested.

- 4.4 If a proposal is likely to lead to a significant adverse impact it should be refused. Impact on planned investment within town centres is also a relevant consideration. Where there is no significant adverse impact, the local planning authority is required to determine an application taking account of the positive and negative impacts of the proposal and any other material considerations.

Trade Diversion and Impact

- 4.5 As indicated in Section 2, we have some concerns regarding MRPP's impact analysis and particularly the lack of information provided. For these reasons we have assessed the impact of the proposed Tesco store, based on our own estimate of trade draw. This assessment examines trading patterns in the base year (2008) and the design year (2016).

Base Year 2008 Shopping Patterns

- 4.6 CCRE suggest the 2008 turnover of existing convenience shops in Hadleigh was £10.3 million, based on MRPP's benchmark turnover estimates this turnover could be split as follows:

	Zone 6 Hadleigh	Zone 7	Zone 3	Elsewhere	Total
Co-op	4.4	0.7	0.4	0.2	5.7
Other town centre	2.4	0.2	0.1	0.0	2.7
Buyright	1.3	0.3	0.2	0.1	1.9
Hadleigh Total	8.1	1.2	0.7	0.3	10.3
Outflow	13.1	45.2	33.9	n/a	92.2
Grand Total	21.2	46.4	34.6	0.3	

- 4.7 MRPP's benchmark turnover for these facilities is £8.18 million (Table 4), and existing facilities are therefore trading over 25% above benchmark levels.

- 4.8 CCRE's survey results suggest only 38.1% of convenience expenditure is retained in Hadleigh (Zone 6) and there is 61.9% leakage, most of which (35%) goes to the Tesco at Copdock and other large food stores in Ipswich. A further

5% goes to Sudbury. In our view there is significant potential to claw back expenditure leakage.

Future Trading Patterns in 2016 – Assuming No Development

- 4.9 CCRE's figures suggest convenience goods expenditure in Hadleigh's catchment area will increase by just over 6% between 2008 and 2016, including a 3.8% growth in expenditure per capita. Based on constant market shares the 2016 turnover of existing convenience shops in Hadleigh would increase to £10.9 million, broken down as follows:

	Zone 6 Hadleigh	Zone 7	Zone 3	Elsewhere	Total
Co-op	4.6	0.8	0.4	0.2	6.0
Other town centre	2.6	0.2	0.1	0.0	2.9
Buyright	1.4	0.3	0.2	0.1	2.0
Hadleigh Total	8.6	1.3	0.7	0.3	10.9
Outflow	13.9	48.0	36.1	n/a	98.0
Grand Total	22.5	49.3	36.8	0.3	

- 4.10 Existing facilities in Hadleigh should be trading about 33% above benchmark levels in 2016, on the basis that facilities were trading 25% above in 2008.

Future Trading Patterns in 2016 – With Tesco

- 4.11 As indicated in Section 2 the maximum convenience goods turnover of the application proposals is about £14.9 million. The expected trade draw and revised trading patterns are shown below.

	Zone 6 Hadleigh	Zone 7	Zone 3	Elsewhere	Total
Tesco	8.2	3.0	1.5	2.2	14.9
Co-op	3.0	0.7	0.3	0.2	4.2
Other town centre	2.3	0.2	0.1	0.0	2.6
Buyright	1.1	0.3	0.2	0.1	1.7
Hadleigh Total	14.6	4.2	2.1	2.8	24.1
Outflow	7.9	45.1	34.7	n/a	98.0
Grand Total	22.5	49.3	36.8	2.8	

Impact Summary

- 4.12 The summary of trade diversion and impact is shown below. A significant proportion of the application proposal's trade is expected to come from large food stores in competing towns. The highest impact within Hadleigh will fall on the Co-op store (about 30%) and Buyright (about 15%). We estimate £1.8 million will be diverted from Co-op compared with MRPP's figure of £1.5 million, but we estimate less trade diversion (£0.3 million compared with £0.5 million)

from the Buyright store. The Co-op store is expected to be trading about 7% below benchmark levels in 2016 (£4.2 million compared with the benchmark of £4.52 million), and in our view is unlikely to close due to the worst case effects of the application proposals.

	Turnover 2008 £M	Turnover 2016 No Tesco £M	Turnover 2016 With Tesco £M	% Impact
Tesco	n/a	n/a	14.9	n/a
Co-op	5.7	6.0	4.2	30%
Other town centre	2.7	2.9	2.6	10%
Buyright	1.9	2.0	1.7	15%
Hadleigh Total	10.3	10.9	24.1	

- 4.13 Impact on other convenience businesses in Hadleigh town centre shops is estimated to be about 10%. About half of this impact will be offset by expenditure growth between 2008 and 2016, and we do not anticipate that shops will be forced to close. Indeed some of the specialist convenience shops could benefit through the generation of additional linked shopping trips to the Tesco store and the town centre. The impact figures above do not take into account the indirect benefits of additional linked shopping trips to Hadleigh, which will further offset impact on small convenience shops.

Comparison Goods Trade Diversion

- 4.14 As indicated earlier, MRPP has not fully assessed comparison goods trade diversion to the proposed food store and unit shop. As a worst case, we believe the development could have a comparison turnover of about £2 million. Most of this turnover (at least 75%) would be generated by the proposed food store. The amount of comparison sales floorspace in the food store could be restricted by condition to not more than 230 sq m net in order to minimise impact.
- 4.15 The majority of the proposal's convenience turnover (84%) will be diverted from large food store in other towns, most of the food store's comparison turnover will also be diverted from other food stores. This will be predominantly comparison goods typically purchased during main food and grocery trips, such as pet related goods, small kitchen utensils, health, beauty and baby care products. Impact on comparison shops in Hadleigh town centre is likely to be insignificant. The amount of comparison sales floorspace proposed (not more than 330 sq m net) should not harm Hadleigh town centre, particularly if the proposal is conditioned to exclude a post office and dispensing chemist. In our view any trade diversion from comparison shops in Hadleigh town centre should be offset by additional linked shopping trips to Hadleigh, generated by the food store, as suggested by MRPP and future expenditure growth.

Scale of Store Proposed

- 4.16 Policy EC16.1 (e) indicates proposals should be of an appropriate scale in relation to the size of the centre and its role in the hierarchy. This separate impact criterion suggests development of an inappropriate scale may be a reason for refusal regardless of the absence of a harmful impact.
- 4.17 The development proposes 2,642 sq m gross, compared with 2,500 sq m gross suggested in the Local Plan allocation. In terms of net sales floorspace the proposal provides 1,650 sq m net. The CCRE study suggests Hadleigh town centre currently provides 4,191 sq m net, therefore the proposal will increase sales floorspace by 39%. These figures exclude the Buyright store (over 5,000 sq m net).
- 4.18 In our view the scale of development proposed is not inappropriate in relation to Hadleigh's shopping role in the hierarchy.

Wider Impacts

- 4.19 As indicated above, the retail impact of the proposed development is not expected to have a significant adverse impact on Hadleigh town centre. PPS4 indicates (Policy EC17) that where no significant adverse impacts are identified, the positive and negative impacts of the proposal should still be considered along with other material considerations, but only if the development is not considered to be consistent with an up to date development plan allocation.
- 4.20 The negative impacts of the proposal (e.g. impact on shops in the town centre and any other site specific impacts) should be weighted against the benefits of the proposal in terms of job creation (net change taking into account any lost employment in the town centre), increase in competition and consumer choice, regeneration and the reduction in car travel. Most of the proposed Tesco store's turnover is expected to be diverted from food stores in other towns and this should result in a reduction in average trip lengths. The claw back of expenditure leakage from the local catchment area could help to reduce the distance travelled for food and grocery shopping.

5.0

Conclusions

Introduction

5.1

The applicant suggests a retail assessment under PPS4 is not required because a food store of 2,500 sq m gross is proposed is allocated within an up to date development plan. Exceeding this allocation threshold would not automatically mean a development proposal was not in accordance with the development plan. Our analysis assesses MRPP's retail statement on the basis that the Council considers the proposal is not in accordance with the Local Plan. If the proposal is considered to be not in accordance with the development plan then this does not necessarily mean the application should be refused. In these circumstances the proposal must be tested against PPS4.

The Need for the Development

5.2

PPS4 removes the need test and this overrides the statutory development plan (adopted before December 2010). Nevertheless expenditure capacity is relevant in terms of the assessment of impact. The proposal should not be refused on the grounds of absence of retail expenditure capacity on its own, but if the absence of capacity results in an over-provision in Hadleigh, which has an unacceptable impact on the town centre then there would be a retail impact ground for refusal.

The Sequential Approach

5.3

The size of store proposed is around the minimum required to meet the identified need and there is limited potential to reduce the size of store. The need can only be met in Hadleigh rather than other towns. Given the limited extent of the defined Hadleigh town centre boundary and the historical nature of buildings it seems unlikely a food store of this size can be accommodated within the town centre.

5.4

If the proposed small shop unit is not considered to be consistent with the Local Plan allocation, but the Council believes it meets a site specific need, in terms of design and linking the food store to the town centre, then it may be appropriate to overlook the scope for disaggregation. NLP has not assessed the design implications of not providing the unit shop.

5.5

The CCRE study indicated there was only one small vacant shop unit in the town centre and the study suggested there is a need for small scale redevelopment and retail intensification in Hadleigh. In our view the provision of a new unit shop of 142 sq m gross appears to be consistent with this conclusion.

- 5.6 We believe the sequential approach has been satisfied, regardless of the whether the application proposal is considered to be consistent with the Local Plan allocation.

Retail Impact

- 5.7 PPS4 states that if a proposal is likely to lead to a significant adverse impact, whether on its own or cumulatively, it should be refused. Where there is no significant adverse impact, the local planning authority is required to determine an application taking account of the positive and negative impacts of the proposal and any other material considerations.
- 5.8 Taken on its own or cumulatively with the proposed unit shop, the impact of the food store is not considered to be significant. A significant proportion of the food store's trade is expected to come from large food stores in other towns. The Co-op store in Hadleigh is expected to trade just below benchmark levels, and is unlikely to close, even if the cumulative impact of the food store and unit shop are assessed as a worst case scenario.
- 5.9 Impact on other convenience businesses in Hadleigh town centre shops is estimated to be not more than 10%, and this will be offset by expenditure growth up to 2016 and the spin-off benefits of new linked trips to the food store.
- 5.10 Comparison trade diversion to the proposal (not more than £2 million) will be spread amongst a number of shopping destinations. Impact on comparison shops in Hadleigh town centre is likely to be insignificant. The amount of comparison sales floorspace proposed (not more than 330 sq m net) will not harm Hadleigh town centre.
- 5.11 The negative impacts of the proposal (e.g. impact on town centre shops and any other site specific impacts) should be weighted against the benefits of the proposal in terms of job creation (net change taking into account any lost employment in the town centre), increase in competition and consumer choice and reductions in car travel etc.

Planning Conditions

- 5.12 If the Council is minded to approve the planning application then we believe planning conditions should be attached in order to minimise impact on the town centre.
- 5.13 It will be necessary to control the maximum amount of sales floorspace as planned (i.e. not more than 1,550 sq m net for the food store), in order to ensure expected impact is as predicted. The floorspace should be restricted to the sale of convenience goods only, perhaps allowing for a maximum of 15% ancillary comparison goods (233 sq m net).
- 5.14 The proposal should also be restricted from including a dispensing chemist and post office to encourage linked trips to the town centre