

**NORTH DORSET LOCAL PLAN**

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**REPORTS ON RETAIL ISSUES  
BLANDFORD  
PREPARED  
ON BEHALF OF  
NORTH DORSET DISTRICT COUNCIL**

**BY**

**MWA**

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#### **NOTE**

These Reports have been assembled from Agenda Reports presented to NDDC Committees as published on the NDDC website.

Some Appendices were not published. These consist of the full Appeal Decisions referenced in the Reports.

## Appendix 2

20<sup>th</sup> February 2013

Dear Hannah

**Retail planning issues associated with proposed food store, Shaftesbury Lane, Blandford  
(App. No. 2/2011/1439/PLNG)**

I refer to the above planning application and the discussions which have occurred between the Applicants and the Council regarding the potential impact on the town centre.

As you will be aware the Applicants have accepted that mitigation of the significantly adverse impact of the proposed food store on the town centre is required. This is confirmed by their agreement to fund various measures which include:

- Improving the X8 bus service which would provide an additional two journeys per hour between the proposed store and the town centre on Mondays to Saturdays with the additional journeys operating in the opposite direction to the existing X8 service. The cost of providing the additional services is £80,000 per annum for 3 years (£240,000 in total).
- Funding a town centre manager for 4 years on an assumed salary of £40,000 per annum. As currently envisaged the manager would be employed by the District Council. The total cost would be £160,000.
- A total of £30,000 upgrading 2 bus stops in the town centre including the provision of real time information.
- A further £43,400 towards shop front improvements and provision of a fund for the town centre manager to promote the town as a shopping and leisure destination.

These total £473,400 and have been derived in discussion with myself and officers of the Council as a basis for establishing the scale of mitigation the Applicants consider is reasonable and necessary. They have confirmed that these mitigation measures are 'reasonable and appropriate' and accord with the NPPF and the CIL regulations. The Applicants have also confirmed that potentially a further £100,000 might be available if this was considered necessary to enable a favourable conclusion to be drawn on the retail impact issue.

The issue for the Council to determine is whether these measures are sufficiently extensive to mitigate the significant impact of the scheme on the town centre. There is no empirical basis for assessing the effectiveness of the measures but there is no doubt that they are fairly and reasonably related to the development proposed.

These improvements would be in addition to those already agreed by Tesco Stores Ltd in relation to the permitted extension at Stour Park.

I have made clear in my last advice to the Council that I did not believe that the cumulative impact of both developments is capable of being mitigated. Since then extensive discussions have occurred as a means of identifying the scale and scope of potential schemes which would reduce the trade diversion. This was useful I believe in establishing agreement that mitigation in excess of the proposed bus route improvements was reasonable and necessary.

The proposed measures are targeted in specific areas and cover a range of complementary solutions. Although these are to be welcomed, it is not clear that they are sufficiently extensive for me to conclude that they would ensure that the trade diversion and concomitant reduction in the town's vitality and viability, would be ameliorated to an acceptable degree. I accept that ultimately this is a matter of planning judgement and it is for the Council to decide where the planning balance lies. In impact terms it turns on the question of whether the significantly adverse cumulative effects which the Applicants agree will occur, can be mitigated to an acceptable level.

Yours faithfully

Mark Wood

# Appendix 1

**PROPOSED MIXED USE DEVELOPMENT  
SHAFTESBURY LANE  
BLANDFORD FORUM  
(App. No. 2/2011/1439/03)**

**FINAL OBSERVATIONS  
ON RETAIL MATTERS**

**PREPARED ON BEHALF OF**

**NORTH DORSET DISTRICT COUNCIL**

**December 2012**

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- 2.0 FURTHER OBSERVATIONS**
- 3.0 OVERALL CONCLUSIONS**

### **Appendices** (bound at the rear)

- Appendix [1] Additional cumulative impact tables
- Appendix [2] Appeal decision in Barnoldswick, Lancashire dated 31<sup>st</sup> October 2012.
- Appendix [3] Appeal decision in Todmorden, West Yorkshire dated 13<sup>th</sup> November 2012.
- Appendix [4] Appeal decision in Hayes, London dated 15<sup>th</sup> November 2012.

## 1.0 INTRODUCTION

1.1 Following the submission of our report in April 2012 in respect of retail issues associated with the proposed food store at Shaftesbury Lane, Blandford Forum, further discussions have been held with the agents (RPS) acting on behalf of the Applicants.

1.2 RPS submitted a letter dated 29<sup>th</sup> May 2012 responding to various points raised in our report. A meeting was held with RPS on 13<sup>th</sup> July 2012 where various matters were discussed including the need to address the cumulative impact associated with the planned extension to the Tesco store at Stour Park<sup>2</sup>. In addition the offer of providing a bus link between the store and the town centre was also discussed.

1.3 Following this meeting RPS have submitted further information in the form of three tables together with a written explanation of the assessment of cumulative impact relating to both comparison and convenience goods. Our final observations are based on our assessment of the additional information. The three tables are attached as **Appendix [1]** to this report.

1.4 Following receipt of this information we held further discussions with RPS in order to seek clarification on the following matters:

- Final details of the preferred bus route.
- The level of linked shopping and other trips between the store and the town centre.
- Whether in accordance with the letter of 29<sup>th</sup> May 2012 a legal undertaking was being offered to mitigate the impact in addition to the funding required for the bus route.

1.5 Subsequently further information in respect of the funding of an existing bus service (X8) and the proportion of additional expenditure which is estimated to be attracted to the town centre through linked trips. The Applicants have confirmed that any additional financial contributions other than the funding of the bus route are dependent upon the Council's consideration of the likely impact on the town centre having regard to the improvements already planned as part of the extension to the Tesco store.

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<sup>2</sup> Planning permission No. 2/2010/1222.

## 2.0 FURTHER OBSERVATIONS

### (i) Cumulative impact: convenience goods

2.1 Supplementary Table 19 provides an assessment of the predicted cumulative impact of the proposed Asda store taken in combination with the planned Tesco extension. The analysis is based on a number of assumptions:

- The larger Tesco store will trade against the proposed Asda store reducing the latter's turnover by 5% (£1.3m).
- Asda would draw 50% of the turnover attributed to the planned Tesco extension.
- The resultant turnover of the Tesco store would be £35.03m.
- The resultant turnover of the Asda store would be £20.8m.
- The trade draw from Morrisons within the town centre would increase from £0.92m to £2.22m providing a resultant post-impact turnover of £10.17m.
- The impact on Morrisons would increase from approximately 7.5% to 18.3%. This can be compared with 14.5% with Asda trading in isolation i.e. prior to the Tesco extension.
- The trade draw from the town centre would increase from £1.08m to £2.88m.
- The overall impact on the town's convenience goods trade<sup>3</sup> would increase from 3.2% to 16.6%. This may be compared with 13.8% with the Asda trading in isolation.
- The net increase in trade draw from the town centre is estimated to be £0.46m<sup>4</sup> which would be ameliorated by the £457,000 of planned improvements proposed as part of Tesco implementing its extension.

2.2 In addition RPS have provided a second table (Supplementary Table 21). This is submitted on a 'without prejudice basis'<sup>5</sup>. The table addresses our previous comments in respect of the Tesco extension where we estimated that it could draw approximately £3.3m from the town centre compared with £1.35m as estimated by Tesco's consultants.

2.3 On the basis of the revised trade draw assumptions the following outcomes are predicted:

- The Tesco store with extension would have a convenience goods turnover of approximately £35.1m compared with a pre-impact turnover of £51.2m.
- The proposed Asda store would trade at £20.8m compared with a solus turnover of £22.1m.
- The Morrisons store would experience a reduction in convenience goods trade of approximately £3.0m. This would equate to a cumulative impact of 23.8%.
- The town centre would experience a reduction of £3.79m equating to a cumulative impact of 21.9%.

<sup>3</sup> Includes Morrisons and all convenience goods shops within the town centre.

<sup>4</sup> There are a number of arithmetical errors in Supplementary Table 19 which suggest that the trade draw from the town centre is £0.5m and not £0.46m.

<sup>5</sup> RPS have stressed that in their view the cumulative impact would be more in line with the figures set out in Table 19.



2.4 The overall conclusion by RPS is that under either scenario the cumulative convenience goods impact would not be likely to be significantly adverse. In a subsequent telephone conversation with the agents it was accepted that the impact would be significant but would not give rise to the closure of Morrisons.

2.5 In examining the two alternative impact assessments, the following points are considered to be particularly relevant:

- The design year turnover of the Asda store is predicted to be £20.8m compared with a turnover of £24.47m.
- Tesco would experience a reduction in turnover from £51.24m to £35.03m.
- On the basis of the higher trade draw from the town centre attributable to the Tesco extension, the trade drawn to the proposed Asda store from Morrisons reduces from £1.3m to £0.7m and from the rest of the town centre from £0.5m to £0.4m.
- The inflow of expenditure from outside the primary catchment area to the proposed Asda increases from £1.3m to £2.2m assuming a higher trade draw from the planned Tesco extension.

2.6 We accept that the proposed Asda will compete to a significant extent with the Tesco store at Stour Park. Indeed the *Practice Guidance* recognises that 'like competes with like' and that any new retail development will have an impact on existing shopping centres.

2.7 In previous advice to the Council we have concluded that the planned Tesco extension would be likely to have a significantly greater impact on the town centre than that predicted by Tesco Stores Ltd. The latter in agreeing to entering into a planning obligation to secure improvements to the town centre, accepted that this was necessary in order to adequately mitigate the impact on the town centre and accorded with Section 122(2) of the Community Infrastructure Levy, England and Wales (2010). The latter requires that a planning obligation be necessary to make the development acceptable, directly related to it and fairly and reasonably related in scale and kind.

2.8 In our view therefore the cumulative impact of both proposals notwithstanding the level of mutual impact, is likely to be higher than that predicted by RPS. In this context we attach as **Appendix [2]** a recent appeal decision relating to the erection of a 2,005 sq.m. net food store in Barnoldswick, Lancashire<sup>6</sup>. The Council had already granted planning permission for a 3,244 sq.m. gross foodstore on another site and the issue therefore was the likely cumulative impact of a second store on the appeal site. The town contained a Co-op store of 741 sq.m. net.

2.9 The Inspector (Philip Asquith) recognised the benefits of introducing a large format foodstore by increasing the level of expenditure retained within the

<sup>6</sup> APP/E2340/A/12/2175946 dated 31<sup>st</sup> October 2012.

local area (paragraph 12 of the DL). The Inspector also acknowledged that the impact of large food stores were more likely to impact on similar stores (paragraph 13 of the DL). The Appellants argued that both stores were likely to trade at below company average levels. However the Inspector at paragraph 14 of the DL concluded:

**“The imperative to increase market share and positioning would no doubt be significant drivers and the fact that the stores would be trading at below benchmark would be likely to lead them to very strongly competing for all available expenditure within the catchment area.”**

2.10 The Inspector also recognised that large out of centre stores were also likely to compete for top-up shopping (paragraph 15 of the DL). The impact of reduced visits to the town centre was held to be a material consideration with the spin off or linked trips to and from the town centre from the two larger stores, judged unlikely to off-set the direct loss from the Co-op.

2.11 The Inspector concluded that there was a strong probability of a substantial impact on the vitality and viability of the town centre undermining its current role as a focus for the community.

2.12 While we do not seek to argue that this appeal decision is on ‘all fours’ with the situation in Blandford, there are certain parallels. The town centre is anchored by the Morrisons store which meets in part main food and top up shopping needs and given the very high levels of expenditure which would need to be retained within/drawn from the PCA, even a small change in the adopted assumptions can lead to significant scale of the predicted impact. In this respect we recognise that predicting the likely impact is not an exact science and relies on making assumptions and applying professional judgement.

2.13 Nonetheless we have already advised that in order to support the planned extension to the Tesco store and the current proposal by Asda very high levels of expenditure would need to be retained within the primary catchment area. The studies which have been undertaken in support of both applications rely to a significant extent on attracting expenditure from beyond the study area and in clawing back expenditure spent in food stores in for example Poole. Even small changes to these assumptions gives rise to significant implications in respect of the available expenditure available to support existing and new floorspace.

2.14 This was recognised by an Inspector (Mel Middleton) in respect of 3,529 sq.m<sup>7</sup>. food store in Todmorden, West Yorkshire<sup>8</sup>. Initially the scheme was supported by J Sainsbury’s but Asda Stores Ltd was ultimately the preferred occupier. At paragraph 21 the Inspector recognised the need to ensure that the catchment area was appropriately defined and in the event that if the level of trade diversion or attraction of trade from outside the defined area was less than assumed, then more trade would need to be diverted from shops within the catchment including the town centre. The need to have an understanding of retail

<sup>7</sup> Convenience goods: 1,335 sq.m.; Comparison goods: 557 sq.m.

<sup>8</sup> APP/A4710/A/12/2171556 dated 14<sup>th</sup> November 2012.

floorspace capacity was recognised as being relevant in informing a consideration of the likely impact (paragraph 36 of the DL).

2.15 Our concern in respect of Blandford is that in order to minimise the impact on the town centre and in particular upon the Morrisons store, the Applicants must make a series of favourable judgements. These include:

- Reducing the design year turnover of the proposed Asda store to approximately 85% of the company average.
- Relying on clawing back expenditure from food stores further afield particularly in the Poole area.
- Relying on a significant inflow of additional expenditure from non-residents.
- Assuming that the store turnover would continue to remain at below company average levels.

### **(ii) Cumulative impact: comparison goods**

2.16 Linked to this consideration is the level of comparison goods floorspace which is proposed. The comparison goods turnover of the proposed store is estimated to be £6.1m and is predicted to draw £1.8m from the town centre equating to an impact of 4.5%. The planned extension to Tesco is predicted to achieve a net increase in comparison goods turnover of £3.85m of which £0.48m was predicted to be drawn from the town centre<sup>9</sup>. In total both stores would provide a combined turnover (excluding a degree of mutual impact) in excess of £11m which equates to around 30% of the towns' anticipated comparison goods turnover in 2016. While the direct impact on this sector of the town centre may not by itself give rise to a significant adverse impact it is nonetheless a relevant consideration given the relatively extensive and unrestricted range of comparison goods that both stores would be able to sell.

2.17 In advising on the extension to the Tesco store we noted that the estimate of £0.48m is likely to understate the impact given the relatively high proportion of expenditure derived from the four main postcodes comprising the primary catchment area. The latter demonstrates the importance of the town centre for a wide variety of comparison goods shopping. In our view a trade draw of 35% would be more representative suggesting a diversion of £1.3m from the centre in 2016.

### **(iii) Linked trips**

2.18 The Applicants have provided information on the proportion of linked trips which would be made to the town centre partly as a consequence of funding the X8 service for three years. It is estimated that the proposed store would generate between £2.3m and £2.5m of additional turnover within the town centre.

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<sup>9</sup> Based on the estimated provided by Tesco Stores Ltd.

2.19 We accept that some people would be likely to make use of the bus service and travel between the store and the town centre and we also acknowledge that making accurate predictions about the total proportion is difficult. Nonetheless we do not believe that the proportion would be as great as that estimated. In an appeal involving an Asda store in Hayes, London<sup>10</sup> which is attached as **Appendix [4]**, the company estimated that the development would generate between £0.5m and £2.5m of additional expenditure into Hayes town centre (paragraph 58 of the DL). Notably that scheme involved a store extending to 7,998 sq.m. gross and was located only 325 metres from the edge of the town centre and 650 metres from the primary shopping area (paragraph 48 of the DL). It also envisaged public realm improvements between the site and the town centre to improve linked trips on foot (paragraph 56 of the DL).

2.20 In respect of Blandford it is not predicted that any significant levels of linked trips would be made on foot and we agree with this conclusion. Moreover the suggested uplift of £2.5m is the equivalent of that estimated in Hayes for a store which was more than double in size and which was much more conveniently located to the primary shopping area.

2.21 A further point is that the predicted level of linked trips does not provide the net change within the town centre because of the diversion from the Tesco store and Morrisons and together with other shops within the town centre.

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<sup>10</sup> APP/R5510/A/12/2174884 dated 15<sup>th</sup> November 2012.

### 3.0 OVERALL CONCLUSIONS

3.1 In respect of previous advice to the Council we conclude that the site occupies an out of centre location and is not sequentially preferable to the existing Tesco store at Stour Park.

3.2 The proposed food store does in our view comply with the sequential approach to site selection. This is consistent with our conclusion in relation to the proposed extension to the Tesco store.

3.3 In relation to the impact on the town centre, the Applicants have provided additional information in respect of the likely cumulative impact. In this regard RPS have acknowledged that it would be 'significant' but would not lead to the closure of the Morrisons store. We agree that predicting the closure of any store is problematic. The analysis does demonstrate even on the basis of all the assumptions used by the Applicants, that the Morrisons store in particular would trade well below company averages and would continue to do so. The impact would in fact be significantly greater in the event that the level of claw-back and/or inflow was less than predicted and in the event that Asda sought to improve its market share following opening to achieve improved sales. Tesco would also no doubt wish to stem any diversion to the new store through price competition and other attractions which would of course impact across all shops in the catchment area.

3.4 Notwithstanding the level of competition which would occur between the Tesco store and proposed development, we nonetheless believe that the impact on the town centre would be significantly adverse. It would in our opinion lead to a significant over-provision of out of centre retail floorspace which would lead to further reductions in particular to the turnover of the Morrisons store and the Co-op at Langton Road.

3.5 The benefits of increasing choice and competition and the creation of jobs are material considerations along with the potential to generate linked shopping trips. The development would enable the introduction of a new retailer to the town (provided of course that this did not lead to any of the town centre supermarkets closing) which would increase competition between retailers. It has the potential to reduce the need to travel further afield although the magnitude of these savings remains unclear.

3.6 The planned improvements to the town centre as a consequence of the Tesco extension are relevant since these will enhance the ability of the centre to withstand competition and trade diversion. Of course these improvements are directly and fairly related to that development and do not seek to mitigate directly the impact associated with the proposed Asda store. Consequently we do not believe that these improvements can be used as a basis for mitigating the impact of the proposed development. Moreover it is not clear that further enhancements to the town centre would be capable of mitigating the cumulative impact of both schemes given that the impact will strike at the heart of the town's convenience goods offer and have additional impacts on the comparison goods turnover. Consequently we do not believe that a

package of further improvements would be capable of mitigating the likely impact. Nonetheless this ultimately is a matter for the Council to decide.

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**PROPOSED MIXED USE DEVELOPMENT  
SHAFTESBURY LANE  
BLANDFORD FORUM  
(App. No. 2/2011/1439/03)**

**FURTHER OBSERVATIONS  
ON RETAIL MATTERS**

**PREPARED ON BEHALF OF**

**NORTH DORSET DISTRICT COUNCIL**

**April 2012**

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PROPOSED RETAIL DEVELOPMENT  
 CHARTERSBURY LANE  
 BRAINTON-FORUM  
 (App. No. S/2012/0003)

FURTHER OBSERVATION  
 ON RETAIL MATTERS

PREPARED ON BEHALF OF

NORTH DORSET DISTRICT COUNCIL

April 2012

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## 1.0 INTRODUCTION

- 1.1 MWA has accepted an instruction from North Dorset District Council (the 'Council') to provide further information of the retail issues associated with the development of a 3,880 sq.m. gross Class A1 food store<sup>1</sup> as part of a mixed use<sup>2</sup> development at Shaftesbury Lane to the north of Blandford Town centre. The proposed occupier of the store is Asda.
- 1.2 The planning application (No. 2/2011/1439/03) is supported by various reports. We have examined in particular the '*Planning and Retail Statement*' (PRS) prepared by RPS.
- 1.3 A planning application (No. 2/2010/1222) submitted by Tesco Stores Ltd seeks planning permission for the development of a 2,317 sq.m. gross<sup>3</sup> extension to the company's store at Stour Park, Blandford St. Mary. The Council at its meeting on 17<sup>th</sup> January 2012 resolved to grant planning permission subject to the completion of a planning obligation relating to the following matters:
- Payment by the Applicant of a financial contribution of £375,000 towards improvements to Blandford Forum Town Centre.
  - Payment by the Applicant of £100,000 towards shopfront enhancements/vacant property improvements within Blandford Forum Town Centre.
  - Monitoring of the agreed Travel Plan.
- 1.4 MWA has provided a series of reports to the Council in respect of the retail issues associated with the Tesco proposal. In summary we concluded that the impact of the development on Blandford town centre would be significantly adverse. The impact could however be mitigated (but not completely removed) by the implementation of a series of measures to improve the quality and attractiveness of the town centre. This led to agreement on the nature of the measures which would be fairly and reasonably related to the predicted impact and the cost of implementation.
- 1.5 In advance of determining the planning application by Tesco Stores Ltd we provided an Initial Assessment of the main issues in a report prepared in January 2012 partially on the basis of whether there was any justification in seeking to delay a determination of that company's planning application.
- 1.4 The Council has requested that we provide further advice in respect of the cumulative impact of the planned extension to the Tesco store in combination with a new food store at Shaftesbury Lane.
- 1.5 Since the preparation of our previous reports on behalf of the Council the Government published on 27<sup>th</sup> March 2012 the National Planning Policy Framework (NPPF). This came into immediate effect and abolished previous advice in PPS4<sup>4</sup>. It places significant weight on the need to deliver sustainable development and in particular stresses the need for the planning system to support economic growth and new employment opportunities (paragraph 19).
- 1.6 Paragraph 26 of the document states:

**"When assessing applications for retail, leisure and office development outside of town centres, which are not in accordance with an up-to-date Local Plan, local planning authorities should require an impact assessment if the development is over a proportionate, locally set floorspace**

<sup>1</sup> Including ancillary petrol filling station.

<sup>2</sup> As part of the scheme 2,300 sq.m. of Class B1/B2/B8 employment floorspace is also proposed.

<sup>3</sup> 1,290 sq.m. net.

<sup>4</sup> The Practice Guidance accompanying PPS4 remains extant although it does not comprise Government policy.

threshold (if there is no locally set threshold, the default threshold is 2,500 sq m). This should include assessment of 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 the impact of the proposal on town centre vitality and viability, including local consumer choice and trade in the town centre and wider area, up to five years from the time the application is made. For major schemes where the full impact will not be realised in five years, the impact should also be assessed up to ten years from the time the application is made.”

1.2 The planning application (No. 23011/1357) is supported by a town centre vitality and viability assessment (TCVVA) prepared by RPS.

1.3 A planning application (No. 23011/1357) submitted by Tesco Stores Ltd seeks planning permission for the development of a 1,574 sq m gross extension to the company's store at Stone Park, Blandford, Dorset. The Council at its meeting on 17<sup>th</sup> January 2017 resolved to grant planning permission subject to the completion of a planning obligation relating to the following matters:

- > Payment by the Applicant of a financial contribution of £125,000 towards improvements to Blandford Town Centre;
- > Payment by the Applicant of £100,000 towards works and enhancements to the property improvements within Blandford Forum Town Centre;
- > Monitoring of the ground level plan.

1.4 MWA has provided a series of reports to the Council in respect of the retail issues associated with the Tesco proposal. In summary we concluded that the impact of the development on Blandford town centre would be significantly adverse. The Council could however be mitigated (but not completely removed) by the implementation of a number of measures to improve the quality and attractiveness of the town centre. The need to agreement on the nature of the measures which would be fairly and reasonably related to the predicted impact and the cost of implementation.

1.5 In advance of determining the planning application by Tesco Stores Ltd we provided an initial assessment of the main issues in a report (dated 17<sup>th</sup> January 2017) partially on the basis of whether there was any justification in seeking to delay a determination of the company's planning application.

1.6 The Council has requested that we provide further advice in respect of the cumulative impact of the planned extension to the Tesco store in comparison with a new food store at Sparisbury Lane.

1.7 Since the preparation of our previous reports on behalf of the Council the Government published on 15<sup>th</sup> March 2017 the National Planning Policy Framework (NPPF). This sets out the Government's policy on planning and in particular places significant weight on the need to deliver sustainable and new employment opportunities (paragraph 19).

Paragraph 26 of the document states:

“When assessing applications for retail, leisure and other development outside of town centres which are not in accordance with an up-to-date local plan, local planning authorities should require an impact assessment if the development is over a certain threshold locally set threshold.

A local planning authority should require an impact assessment if the development is over a certain threshold locally set threshold.

## 2.0 IMPACT

2.1 As we indicated in January 2012 from a retail perspective the proposal raises similar issues to those associated with the planned extension to the Tesco store. This is because both schemes involve retail development in out of centre locations. We have concluded in respect of the sequential approach to site<sup>5</sup> selection that there are no suitable and available sites within and on the edge of the town centre which are capable of accommodating the size of food store proposed at Shaftesbury Lane.

2.2 In the context of impact the NPPF advises at paragraph 26 requires an assessment of the impact of retail development and a default threshold of 2,500 sq.m. is set where no locally set thresholds are in place. Any impact assessment should consider the effect on existing, committed and planned public and private sector investment and the impact on a centre's vitality. Relevant considerations will include the effect on local consumer choice and trade in the town and wider area.

### (i) Impact

#### (a) Catchment area and price base

2.3 Section 8 of the PRS examines the impact of the proposal on the vitality and viability of Blandford town centre. A Study Area based on the postcodes used by Tesco Stores is adopted along with a Primary Catchment Area (PCA) encompassing postcodes DT11 0, DT11 7, DT11 8 and DT11 9. This is consistent with our examination of the Tesco scheme.

2.4 The price base used is at 2010 prices compared with a 2007 price base used by Tesco. Consequently the retail figures used in both assessments are not directly comparable. RPS have converted the estimates to accord with a constant 2010 base.

2.5 Population estimates within the postcodes are based on data supplied by Experian. We have not examined these projections in detail. They forecast population levels below that estimated by Tesco Stores Ltd<sup>6</sup>. In 2012 the population within the PCA is estimated to be 30,520 which compares with 30,330 provided by Dorset County Council. The PRS then estimates that the population will increase to 31,636 in 2017 compared with 29,795 provided by Dorset County Council. Thus at 2017 the difference in population levels between the two forecasts could be approximately 1,840 people.

2.6 Expenditure per capita estimates have been provided for each postcode sector, at a constant 2010 base.

#### (b) Turnover of the proposed development

2.7 Table 16 at Appendix 1 of the PRS provides an estimate of the predicted turnover of the Asda store. This is estimated to be £28.2m of which £22.1m would comprise convenience goods and £6.1m would be from the sale of comparison goods. As we have already indicated our concern at adopting these estimates is that the PRS assumes that the store would trade at 10% below Asda's company average. This is apparently based on the economic slowdown and the size of the store.

2.8 While we accept that the impact of the recession has had an impact on expenditure it is clear from the forecast growth rates used to 2017 that additional expenditure would be generated in the period

<sup>5</sup> As required under Shopping Policy A of the Bournemouth, Dorset and Poole Structure Plan (2000) and Policy 3.19 of the North Dorset District Wide Local Plan (2003).

<sup>6</sup> Based on a Pitney Bowes Anysite report.



2017. Since the company's turnover in 2010 is already based on the impact of the recession it is not self-evident why such a favourable assumption has been made.

- 2.9 In relation to the size of the store, we acknowledge that it does lie at the lower end of the company's range. However as we have noted above and as the PRS notes in relation to Morrison's in the town centre, the growth in expenditure growth within the catchment area would enable the turnover of the food store to be improved. Again this would highlight a need to test the impact based on company average levels of trading. From Table 4 of the PRS convenience goods expenditure within the four postcodes is predicted to increase from £58.3m to £61.7m between 2010 and 2017.

**(c) Impact on the town centre (solus)<sup>7</sup>**

- 2.10 The PRS predicts that the proposed development would draw 76% of the convenience goods turnover equating to £16.9m from existing stores in the Blandford area. A diversion of £14.2m is predicted from the Tesco store an impact of 30.6%. In relation to the town centre a diversion of £1.8m is predicted from Morrison's on West Street an impact of 14.5%. A diversion of £0.2m (-5.2%) is predicted from the Co-op store at Langton Street and a further £0.6m from other convenience goods shops in the town centre (-12%).
- 2.11 On behalf of the Applicant it is confirmed that the impact on the town centre's convenience goods turnover would not be significantly adverse. Paragraph 8.28 of the PRS accepts that the diversion from Morrisons will be significant and of course this impact excludes the predicted impact attributable to the planned Tesco extension.
- 2.12 In relation to comparison goods an impact of 4.5% of the town's trade in this sector is estimated. This assumes that 30% of the comparison goods trade generated within the store is derived from the town centre itself.
- 2.13 The Council is aware from the previous advice we have given that the estimated diversion of £1.31m from the proposed Tesco extension<sup>8</sup> from the town centre is likely to be a significant underestimate. However if acceptance is made by those put forward by both sets of Applicants it is clear that the development at Shaftesbury Lane would lead to substantially greater levels of impact on the town centre.

**(d) Impact on the town centre (cumulative)**

- 2.14 In order to provide a cross-check on the potential cumulative impact on the town centre we have examined the information contained within the PRS. For the purposes of this report we have adopted the population and expenditure estimates provided within the PRS.
- 2.15 In Table A below we provide an assessment of the available expenditure within the PCA when compared with the 'benchmark' turnover levels of existing stores in 2012 and 2017.

<sup>7</sup> The PRS does not seek to assess the cumulative impact of the proposed Asda store and the proposed extension to Tesco at Stour Park. This is on the basis that the latter is not a commitment in planning terms.

<sup>8</sup> As estimated by DPP on behalf of Tesco Stores Ltd.

**Table A: Estimated convenience goods retention based on benchmark turnover levels 2012-2017**

|  | 2012   | 2017                | Change 2012-2017 |
|--|--------|---------------------|------------------|
| Total population in PCA  | 30,713 | 31,636              | +923             |
| Total residence convenience goods expenditure £ms  | 58.40  | 61.70               | +3.3             |
| Benchmark turnover of convenience goods floorspace drawn from PCA: Existing floorspace £ms | 40.45  | 40.54               | +0.09            |
| Benchmark turnover of proposed extension to Tesco store drawn from PCA £ms                 | -      | 9.17 <sup>9</sup>   | +9.17            |
| Total existing and proposed benchmark turnovers £ms  | 40.45  | 49.71               | +9.26            |
| Estimated retention  | 69.3%  | 80.6%               | +11.3%           |
| Estimated turnover drawn to Shaftesbury Lane store <sup>10</sup> from PCA £ms              | -      | 16.58 <sup>11</sup> | +16.58           |
| Total existing and proposed benchmark turnovers £ms  | 40.45  | 66.29               | +25.84           |
| Estimated retention  | 69.3%  | 107.4%              | +38.1            |

- 2.16 In respect of the above it should be remembered that the figures are based on the benchmark or company average turnover levels for the main stores as adopted by the Applicant. In this regard we have adjusted the estimate of £1.23m for other shops in Blandford as set out in Table 12 of the PRS to take into account additional floorspace identified in over November 2011 report.
- 2.17 The analysis suggests that assuming all stores including the proposed Tesco extension and the supermarket at Shaftesbury Lane were to trade at 10% below company average, there would be a potential shortfall of £4.59m in 2017. Even this assumes that all of the expenditure within the PCA is capable of being retained. As we have explained previously this is highly unlikely given the range of competing stores in adjoining towns, including the Asda store in Gillingham and having regard to journey to work movements.
- 2.18 The analysis also assumes that the population estimates are appropriate. Using those supplied by DCC would indicate a reduced level of convenience goods expenditure in 2017 of around £3.60m within the PCA which would increase the potential deficit to £8.2m.
- 2.19 Moreover it is clear that the Morrisons store is already under-performing relative to company average levels. Based on Table 12 of the PRS it should achieve an average convenience goods turnover of £13.18m in 2012. However the PRS indicates that it is achieving a turnover of £11.73m in 2012.

<sup>9</sup> Based on 80% being drawn from PCA.

<sup>10</sup> For the purposes of this assessment we have assumed that the proposed food store would achieve a design year convenience goods turnover of £22.1m. In the event that the store traded at the company average for Asda Stores the turnover would be approximately £24.5m.

<sup>11</sup> We have assumed that 75% will be drawn from the PCA although the PRS does not explicitly indicate the distribution by postcode sector. Table 17 indicates an estimate of approximately 76.5% (£16.9m).



- 2.20 Consequently there is a significant risk that the proposed food store at Shaftesbury Lane would lead to a substantial over-supply of convenience goods floorspace by 2017. In order to achieve its design year turnover and assuming that it was in practice possible to achieve 100% retention of all of the convenience goods expenditure generated within the PCA, there would as a minimum be a shortfall of around £4.6m. However this could be in excess of £8m in the event that the proposed store achieved company average levels and the resident population was less than predicted.
- 2.21 We have already indicated that a retention level in excess of 80% is considered to be extremely unlikely in practice to be achieved and therefore unsustainable. We have advised that the proposed extension by Tesco is likely to divert in excess of £3.5m (2010 prices) from the town centre whose supermarkets are already trading below company norms. We concluded that such a diversion would be highly damaging and could conceivably threaten the future of the Co-op supermarket at Langton Road on the edge of the centre, Iceland within the centre and the effectiveness of Morrisons as the town centre's main food shopping destination.
- 2.21 If it is assumed that the proposed development in combination with the planned Tesco extension would be capable of retaining 85% of the total convenience goods expenditure generated within the PCA in 2017 the analysis suggests a shortfall of approximately £13.9m<sup>12</sup>. Making the adjustments set out within footnote 10 would increase the shortfall to £19.3m. This is only moderately below the benchmark turnover of the town centre supermarkets<sup>13</sup>. This could potentially involve impacts on the town centre of 50% of the convenience goods turnover, even after allowing for a significant proportion to be drawn from the Tesco store. If a higher level of retention is assumed the impacts would as a consequence fall but would in our opinion remain excessively high and place at risk the longer terms future and effectiveness of the Morrisons and Co-op stores in particular. Growth in expenditure over this period and beyond would effectively be siphoned to out of centre locations to the detriment of the town's future health and well-being.
- 2.21 Predicting the potential impact of out of centre retail development is not an exact science and judgements are required in interpreting any assessment. In this case however we are dealing essentially with a market town one of whose strengths is the presence of a supermarket extending to 1,266 sq.m. net of which around 1,050 sq.m. is devoted to the sale of food and convenience goods. The convenience goods sales area within this store may be compared with the 1,538 sq.m. within the store proposed at Shaftesbury Lane<sup>14</sup>.
- 2.22 The DETR published in 1998 *'The Impact of Large Foodstores on Market Towns and District Centres'* and we acknowledge that the research is of some age and that each case must be treated on merit. The study does provide at least some useful guidance which is factually based upon individual case studies in a range of towns including market towns. We draw attention to the following points:
- The House of Commons Environment Select Committee's Fourth Report (1994) highlighted the vulnerability of small town centres to lasting damage from large food stores (paragraph 1.6).
  - A common claim made by developers and retailers is that stores claw-back expenditure leaking to more distant centres, and by so doing increase the opportunities for linked

<sup>12</sup> In the event that the proposed store achieved a company average for Asda Stores the turnover drawn from the PCA would increase by approximately £1.8m. If an adjustment is made for the DCC population projections the shortfall would increase by a further £3.6m equating to an additional shortfall of £5.4m.

<sup>13</sup> Morrisons, Cop-op and Iceland totalling £21.21m in 2017 (Table 12 of the PRS).

<sup>14</sup> The total net sales area is 2,331 of which 1,538 sq.m. is proposed for the sale of convenience goods and 793 sq.m. for the sale of comparison goods.

trips particularly for edge of centre stores. A counter view is that while large stores may claw-back expenditure they also compete directly with town centre supermarkets and also absorb some of the “top-up” trade of specialist convenience retailers (paragraph 8.47).

- In the case of two edge-of-centre case studies (Cirencester and Warminster) the main effect of the two stores was to divert trade from the town centre to the edge-of-centre locations. This could have been due to the particular circumstances of the two towns (paragraph 11.23).
- Large, highly accessible stores will achieve greater claw-back (paragraph 11.24).
- While some of the case studies showed that linked trips increased following the opening of a non-central food store, there was no evidence of any significant increase in the use of the centres for non-food shopping (paragraph 11.26).
- The propensity for linked trips depends upon:
  - The extent to which the store complements the centre;
  - The distance and physical linkages between the two;
  - The relative size of the centre compared with the store; and
  - Accessibility, car parking and orientation of the store.

(paragraph 8.69)

- Smaller centres which depend on convenience retailing are most at risk

- 2.23 In the case of Blandford the Applicants accept that the centre’s robustness and vitality, depends to a significant degree on convenience goods retailing within its primary shopping area, for its underlying health. The proposed food store along with the enlarged Tesco store will be focused upon maximising market share and meeting main food shopping needs. It is clear from the household survey, however that the existing supermarkets and smaller convenience goods retailers also trade within this sector of the convenience goods market and despite the available expenditure within the PCA are failing to achieve company average turnover levels. The introduction of a large supermarket to the north of the town centre would inevitably overlap to a significant degree with the business models and operating characteristics of the existing retailers.
- 2.24 The relatively small size of the town and the accessibility of the Shaftesbury Road site will mean that it would be highly attractive for both man food and top-up shopping, with a free adjacent car park. The extensive range of comparison goods proposed to be sold would also add to its attraction and potentially encourage shoppers to visit the store rather than a range of smaller shops in the town which will in some part be affected by the planned closure of Argos. In this regard we note that the PRS does not seek to quantify the level of linked trips between the proposed store and the town centre nor the diminution in linked trips which would occur as a result of diverting trade from the town centre supermarkets and the Tesco store.
- 2.25 The ability to claw-back expenditure to Blandford will increase the overall retention level within the PCA and the extension to the Tesco store would based on benchmark levels lead to a retention rate of around 81%. However as we have previously advised adding any convenience and comparison goods floorspace in non-central locations does not mean that the existing in-centre and edge of centre supermarkets can increase their market share. Indeed the opposite is predicted to occur.



- 2.26 Our concern therefore is that the scale of floorspace proposed when taken in combination with the planned extension to the Tesco store would lead to an over-provision of convenience goods floorspace in the form of one superstore and one large supermarket. Both of these stores would offer clear attractions over its rivals in the town centre based upon the preferences of supermarket shoppers<sup>15</sup>. They would:
- provide free surface level car parking adjacent .
  - provide a wide range of convenience and comparison goods under one roof.
  - provide a wide selection of own label products.
  - open for long hours relative to other shops.
  - provide a large number of checkouts
  - be easy to get to by car being adjacent to town's outer by-pass.
- 2.27 In relation to comparison goods Table 18 of the PRS predicts a diversion of £1.8m from the town centre in 2017. This equates to an impact of 4.5%. We estimate that the planned Tesco extension would divert approximately £1.5m (2010 prices). This would amount to a cumulative impact of £3.1m of 7.6% assuming the predicted trade draw in the PRS is assessed as being accurate.
- 2.28 We accept that consumers are increasingly expecting food stores to provide an adjunct to the principal range of food and convenience goods and growth in comparison goods expenditure within the PCA is predicted to increase by £16.8m between 2012 and 2017. While it is difficult to predict that the level of provision would be so significant as to adversely impact on comparison goods retailers in the town centre, there is no doubt that the comparison goods range would increase the overall attractiveness of the store, thereby potentially encouraging a greater number of shoppers to divert from their regular outlets. Such enhanced attraction would no doubt be increased by the proposed petrol filling station although this proportionately would be more likely to impact on the Tesco store at Stour Park.

#### **(ii) Overall conclusions on retail impact**

- 2.29 As matters currently stand therefore we are not convinced that the predicted reductions in trade on a solus basis as set out within the PRS are sufficiently robust to allow us to conclude that there would not be a significant impact on the town centre. The position on a cumulative basis is even more concerning and we believe that the Applicants have not demonstrated that the scheme would not adversely affect to a significant degree the vitality and viability of Blandford town centre. Our analysis has regard to the implications for reducing the range and choice of food and convenience shopping in the centre as a consequence of withdrawal of the amount of trade which is attracted into the centre.

<sup>15</sup> IGD 'UK Grocery Outlook Report' (2007)



### 3.0 OVERALL CONCLUSIONS

- 3.1 As we have advised previously the Applicants have submitted a PRS which addresses the relevant development plan and national planning policy guidance. We have previously concluded that the site occupies an out of centre location and is not sequentially preferable to the existing Tesco store at Stour Park.
- 3.2 The proposed Asda store does in our view comply with the sequential approach to site selection. This is consistent with our conclusion in relation to the proposed extension to the Tesco store.
- 3.3 In relation to the impact on the town centre, we predict that the proposed store in combination with the planned extension to the Tesco store at Stour Park will lead to an excessive over-provision of convenience and comparison goods floorspace in out of centre locations which to be sustained would lead to substantial loss of trade from the town centre.
- 3.4 The benefits of increasing choice and competition and the creation of jobs are material considerations and the NPPF supports employment creation and promoting sustainable development. The development would enable the introduction of a new retailer to the town (provided of course that this did not lead to any of the town centre supermarkets closing) which would increase competition between retailers. It has the potential to reduce the need to travel further afield although the magnitude of these savings is not clear.
- 3.5 These considerations must of course be balanced against the negative impact on the town centre through a reduction in the convenience goods turnover of Morrison's and Co-op stores in particular and the enhanced attraction consequent on the comparison goods range of products sold from many Asda stores combined with the proposed petrol filling station.
- 3.6 On the basis of the submitted information and having regard to our previous conclusion and advice to the Council we are unable to conclude that the Applicants have demonstrated that the retail store complies with criteria (B) and (C) of Shopping Policy A of the Bournemouth Dorset and Poole Structure Plan and criteria (i) and (iii) of Policy 3.19 of the North Dorset District Wide Local Plan (2003). In addition we believe that there is a significant risk that the scheme in combination with the planned extension to the Tesco store would undermine the town's vitality and viability as a consequence of reducing local consumer choice and trade within the centre.
- 3.7 Given the anticipated shortfall in expenditure which would be available to the existing, planned and proposed stores, we are unable to confirm that the predicted impact could be mitigated through town centre enhancement or improvement. In our view the scale of the trade diversion would be sufficient to place at risk the longer term effectiveness and operation of the Morrison's store in particular with additional risks for the Iceland and Co-op supermarkets.
- 3.8 In arriving at these conclusions we are conscious that the Applicants have not submitted information on the cumulative impact of the proposed store in combination with the planned Tesco extension. Nor have they submitted information on the degree to which their development would affect the overall number of linked shopping and other trips to and from the town centre. They may wish to consider whether the submission of this information would address some of the concerns we have raised in respect of the scheme and whether measures could be promoted to mitigate the predicted impacts.

**APPENDIX 1**

**Draft**

**PROPOSED MIXED USE DEVELOPMENT  
SHAFTESBURY LANE  
BLANDFORD FORUM  
(App. No. 2/2011/1439/03)**

**INITIAL OBSERVATIONS  
ON RETAIL MATTERS**

**PREPARED ON BEHALF OF  
NORTH DORSET DISTRICT COUNCIL**

**January 2012**

**MWA**

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## 1.0 INTRODUCTION

- 1.1 MWA has accepted an instruction from North Dorset District Council (the 'Council') to provide an initial assessment of the retail issues associated with the development of a 3,880 sq.m. gross Class A1 food store<sup>1</sup> as part of a mixed use<sup>2</sup> development at Shaftesbury Lane to the north of Blandford Town centre. The proposed occupier of the store is Asda.
- 1.2 The planning application (No. 2/2011/1439/03) is supported by various reports. We have examined the '*Planning and Retail Statement*' (PRS) prepared by RPS.
- 1.3 A planning application (No. 2/2010/1222) has also been submitted by Tesco Stores Ltd which seeks planning permission for the development of a 2,317 sq.m. gross<sup>3</sup> extension to the company's store at Stour Park, Blandford St. Mary. MWA have provided a series of reports to the Council in respect of the retail issues associated with this proposal. In summary we consider that the impact of the development on Blandford town centre would be significantly adverse. The impact could however be mitigated (but not completely removed) by the implementation of a series of measures to improve the quality and attractiveness of the town centre. The Applicant has agreed to make a financial contribution of £357,000 towards such measures together with £100,000 towards improvements to shop fronts and vacant properties.
- 1.4 The Council has requested that we advise on the likely impact, both positive and negative, of the proposal to develop a new freestanding foodstore at Shaftesbury Lane relative to the proposed extension to the Tesco food store. In this regard we have not sought to undertake a full audit of the PRS. Rather we have examined whether in retail terms there is any justification for seeking to delay a determination of the planning application submitted by Tesco Stores Ltd.

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<sup>1</sup> Including ancillary petrol filling station.

<sup>2</sup> As part of the scheme 2,300 sq.m. of Class B1/B2/B8 employment floorspace is also proposed.

<sup>3</sup> 1,290 sq.m. net.

## 2.0 THE PROPOSED DEVELOPMENT

- 2.1 The planning application by Asda Stores Ltd and Property Development Partnerships seeks permission for the erection of a food store extending to 3,880 sq.m. gross. The PRS refers at paragraph 2.4 to this comprising a 'superstore'. The net (sales) area is proposed to be 2,331 sq.m.<sup>4</sup>. and we note that Annex B to PPS4 '*Planning for Sustainable Economic Growth*' suggests that a superstore will normally encompass a self-service shop containing more than 2,500 sq.m. of trading floorspace. A supermarket is defined as a single store with a trading floorspace of less than 2,500 sq.m. Based on the guidance within PPS4 therefore the proposal involves the development of a large supermarket.
- 2.2 To place this in context the existing Tesco store at Stour Park contains 2,273 sq.m. net of trading floorspace consisting of 1,586 sq.m. of convenience goods and 677 sq.m. of comparison and other trading floorspace. Thus the proposed Asda store would in broad terms be slightly larger than the existing trading area within the Tesco store<sup>5</sup>.
- 2.3 We agree with the Applicant that in terms of the definition within Annex B of PPS4 the proposed store would occupy an out of centre location within the urban area of the town.

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<sup>4</sup> Of which 1,538 sq.m. would be used for the sale of food and convenience goods and 793 sq.m. for the sale of comparison (non-food) goods.

<sup>5</sup> All figures exclude lobbies, checkouts, circulation areas and customer toilets.

### 3.0 PRINCIPAL RETAIL ISSUES

3.1 From a retail perspective the proposal raises similar issues to those associated with the planned extension to the Tesco store. This is because both schemes involve retail development in out of centre locations and in accordance with development plan policies and national advice in PPS4, it is necessary for the Applicants to examine the sequential approach to site selection and the impact on the town centre. This is encapsulated within Policies EC15.1 and EC16.1 of PPS4. The latter also sets out within Policy EC10.1 other 'impact' considerations.

#### (i) Sequential approach

3.2 The Applicants have examined in section 6 of the PRS a range of sites within and on the edge of Blandford town centre. The assessment is based on providing a store with a net sales area of 2,331 sq.m. It is not entirely clear how this requirement has been translated through in terms of site area given the need for servicing and car parking. However our initial view is that none of the vacant units or sites examined are suitable for the scale of development proposed and in this regard we believe that it does comply with the sequential approach to site selection.

#### (ii) Impact

##### (a) Catchment area and price base

3.3 Section 8 of the PRS examines the impact of the proposal on the vitality and viability of Blandford town centre. A Study Area based on the postcodes used by Tesco Stores is adopted along with a Primary Catchment Area (PCA) encompassing postcodes DT11 0, DT11 7, DT11 8 and DT11 9. This is consistent with our examination of the Tesco scheme.

3.4 The price base used is at 2010 prices compared with a 2007 price base used by Tesco.

3.5 Population estimates within the postcodes are based on data supplied by Experian. We have not examined these projections in detail. They forecast population levels below that estimated by Tesco Stores Ltd<sup>6</sup> and appear to be more comparable with the forecasts provided by Dorset County Council at least in relation to the PCA.

3.6 Expenditure per capita estimates have been provided for each postcode sector.

##### (b) Turnover of the proposed development

3.7 Table 16 at Appendix 1 of the PRS provides an estimate of the predicted turnover of the Asda store. This is estimated to be £28.2m of which 322.1m would comprise convenience goods and £6.1m would be from the sale of

<sup>6</sup> Based on a Pitney Bowes Anysite report.

comparison goods. Our concern at adopting these estimates is that the PRS assumes that the store would trade at 10% below Asda's company average. This is apparently based on the economic slowdown and the size of the store.

- 3.8 While we accept that the impact of the recession has had an impact on expenditure it is clear from the forecast growth rates used to 2017 that additional expenditure would be generated in the period 2017. Since the company's turnover in 2010 is already based on the impact of the recession it is not self-evident why such a favourable assumption has been made.
- 3.9 In relation to the size of the store, we accept that it does lie at the lower end of the company's range. However as we have noted above and as the PRS notes in relation to Morrison's in the town centre, the growth in expenditure growth within the catchment area would enable the turnover of the store to be improved. Again this would highlight a need to test the impact based on company average levels of trading. From Table 4 of the PRS convenience goods expenditure within the four postcodes is predicted to increase from £58.3m to £61.7m between 2010 and 2017.

### **(c) Impact on the town centre**

- 3.10 The PRS predicts that the proposed development would draw 76% of the convenience goods turnover equating to £16.9m from existing stores in the Blandford area. A diversion of £14.2m is predicted from the Tesco store an impact of 30.6%. In relation to the town centre a diversion of £1.8m is predicted from Morrison's on West Street an impact of 14.5%. A diversion of £0.2m (-5.2%) is predicted from the Co-op store at Langton Street and a further £0.6m from other convenience goods shops in the town centre (-12%).
- 3.11 On behalf of the Applicant it is confirmed that the impact on the town centre's convenience goods turnover would not be significantly adverse.
- 3.12 In relation to comparison goods an impact of 4.5% of the town's trade in this sector is estimated. This assumes that 30% of the comparison goods trade generated within the store is derived from the town centre itself.
- 3.13 The PRS does not seek to assess the cumulative impact of the proposed Asda store and the proposed extension to Tesco at Stour Park. This is on the basis that the latter is not a commitment in planning terms.
- 3.14 The Council will be aware from the previous advice we have given that the estimated diversion of £1.31m from the proposed Tesco extension<sup>7</sup> from the town centre is likely to be a significant underestimate. However treating those put forward by both sets of Applicants it is clear that the development at Shaftesbury Lane would lead to substantially greater levels of impact on the town centre.
- 3.15 In this regard the following points are particularly relevant:

<sup>7</sup> As estimated by DPP on behalf of Tesco Stores Ltd.



- The total convenience goods expenditure within the PCA in 2017 is estimated to be £61.70m (Table 4 of Appendix 1 to the PRS). The existing floorspace within the PCA is estimated to achieve a benchmark turnover of £49.52m in 2017. On the assumption that the Asda store trades at the level predicted in the PRS i.e. 10% below company averages, this would generate a combined convenience goods turnover of £66.42m in 2017<sup>8</sup>. This would considerably exceed the total available within the PCA at that date.
- A potential shortfall of £4.7m (which would assume 100% retention within the PCA, which is improbable and unrealistic) would have significant implications for the performance of stores within the town centre assuming Asda was to achieve its design year turnover in 2017. Indeed the submitted assessment appears to assume that Morrison's and the Co-op at Langton Road would continue to under-perform relative to company norms. The potential impact would of course be even greater if a lower level of retention within the PCA was achieved.
- The impact on the Morrison's store at £1.8m would mean that this supermarket would trade at £2.87m below benchmark levels in 2017. The store is already performing below company levels and the growth in expenditure beyond 2017 to 2021 of £0.7m would be insufficient to off-set the trade diversion. Indeed it is highly unlikely that the store would achieve turnover levels close to company averages.
- The Co-op store at Langton Road on the edge of the town centre would trade at £3.62m in 2017 compared with a company benchmark of £5.29m (-£1.67m).
- The impact on linked trips generated by the food stores in the town centre and from Tesco is not examined and there would in our view be some knock on effects.
- If the proposed Asda store traded at company levels the impacts would pro-rata be greater than that estimated.
- It is not clear that the turnover of all convenience goods floorspace within the PCA has been included within the assessment. Consequently the supply of convenience goods turnover relative to the available expenditure in 2017 may be greater than that estimated with concomitant implications for the impact.

3.16 Our initial view is that the proposed Asda store has significant potential to give rise to an adverse impact on the town centre. This impact based upon the Applicant's own assessment would be substantially greater than that associated with the proposed extension to the Tesco store.

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<sup>8</sup> It is not clear from the analysis how the trade draw to the proposed store has been derived. Therefore we have simply adopted the £16.9m which is assumed to be drawn from



**(iii) Other impacts**

- 3.17 In terms of Policy EC10.1 of PPS4, these are considered in section 7 of the PRS. We note that the food store is predicted to generate up to 300 employment opportunities. The majority of these would be available to local people and this is clearly a benefit. It is not clear whether these are net additional jobs within the retail sector having regard to the predicted impact on other stores. We nonetheless accept that the creation of new employment opportunities should be welcomed in accordance with the minister's statement in March 2011 and the draft NPPF.
- 3.18 The provision of a food store and petrol filling station as part of the development would also extend choice. Again this is a positive aspect of the scheme.

## 4.0 OVERALL CONCLUSIONS

- 4.1 The Applicants have submitted a PRS which addresses the relevant development plan and national planning policy guidance. We conclude that the site occupies an out of centre location and is not sequentially preferable to the existing Tesco store at Stour Park.
- 4.2 The proposed Asda store does in our view comply with the sequential approach to site selection. This is consistent with our conclusion in relation to the proposed extension to the Tesco store.
- 4.3 In relation to the impact on the town centre, it is our preliminary view that these are likely to be substantially greater than that associated with the planned extension to Tesco. This is based not only on a comparison of the two retail assessments submitted by both sets of Applicants, but our own analysis of shopping patterns and the trading performance of the town centre. As we have indicated in Section 3 it is probable that the PRS submitted in support of the Asda proposal significantly underestimates the likely impact on the town centre. We reached a similar conclusion in respect of the Tesco scheme and concluded that this was only capable of being supported provided mitigation of the impact was undertaken.
- 4.4 The benefits of increasing choice and competition and the creation of jobs are material considerations. The development would enable the introduction of a new retailer to the town (provided of course that this did not lead to any of the town centre supermarkets closing) which would increase competition between retailers. It has the potential to reduce the need to travel further afield although the magnitude of these savings is not clear.
- 4.5 These considerations must of course be balanced against the negative impact on the town centre through a reduction in the convenience goods turnover of Morrison's and Co-op. The PRS provides no information on the potential reduction in linked trips from and to these stores from the town centre, nor whether it would significantly impact on linked trips to and from Tesco and the town centre. By removing some of the town's convenience goods expenditure from an in centre to an out of centre location, the benefits in terms of linked trips and sustainability are not readily apparent.
- 4.6 Overall therefore we conclude that the impact of the proposed Tesco extension would be significantly less than that associated with the development of a new food store at Shaftesbury Lane. In addition it is our provisional view that the impact on the town centre could be significantly adverse and is likely to be materially greater than that currently predicted by the Applicants.

## Appendix 2

PROPOSED EXTENSION TO TESCO FOOD STORE STOUR PARK BLANDFORD  
ST. MARY

FURTHER OBSERVATIONS ON RETAIL ISSUES PREPARED ON BEHALF OF  
NORTH DORSET DISTRICT COUNCIL November 2011

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## 1.0 INTRODUCTION

- 1.1 MWA has accepted an instruction from North Dorset District Council (the 'Council') to examine retail issues associated with a planning application (No.) submitted by Tesco Stores Ltd which seeks full planning permission for the erection of a 2,317 sq.m. gross (1,290 sq.m. net) extension to the company's store at Stour Park, Blandford St. Mary.
- 1.2 We have previously provided advice to the Council in the form of a main report in February 2011 together with additional observations by letter in May 2011 and a further report submitted in July 2011.
- 1.3 Subsequently a meeting was held with the Applicant and the company's agents (DPP) on 5<sup>th</sup> October when various matters were discussed. Following that meeting the Council requested that further consideration should be given to the anticipated impact of the development on Blandford town centre.
- 1.4 In this report we therefore apply sensitivity testing to the assumptions adopted by DPP in their Planning and Retail Statement (August 2010)(PRS) with particular regard to:
- Population and expenditure levels within the primary catchment area.
  - Estimated convenience goods turnover of floorspace within the primary catchment and sustainable retention levels.
  - The potential impact having regard to the above considerations.
- 1.5 Further analysis has been undertaken of the population forecasts by Dorset County Council and these are attached as Appendix [1].

## 2.0 ADDITIONAL OBSERVATIONS

### (i) Catchment area and expenditure availability

- 2.1 We raised in our July 2011 report the implications of the revised population estimates provided by Dorset County Council in February 2011 which in some respects provided significantly lower levels within the primary catchment area<sup>1</sup> compared with those estimated by the Applicant. The revised population estimates and projections provided by Dorset County Council suggest that in 2007, these four postcodes would have a resident population of 28,842. This may be compared with the Anysite report which predicts a population of 30,196. This is a difference of 1,354 and is the equivalent to a reduced level of convenience goods expenditure amounting to £2.27m<sup>2</sup>. In terms of comparison goods this would equate to a reduction of £3.74m<sup>3</sup>.

- 2.2 Projecting these forward, Dorset County Council predicted<sup>4</sup> a total population in 2016 of 28,326. The Applicant predicts a resident population of 32,690. This equates to a difference of 4,364. In terms of expenditure it equates to £7.70m of convenience goods expenditure and £15.16m of comparison goods.
- 2.3 The County Council has provided an update of its February 2011 forecasts and these are attached as Appendix [1]. These indicate a total population within the four main postcodes of 30,330 in 2011 falling to 29,795 in 2016. This may be compared with 32,260 in 2016 included within the Anysite report which accompanies the planning application.
- 2.4 Applying these revisions to Table C of our February 2011 report results in the following position:

Table C1a: Retention of convenience goods expenditure within PCA 2011-2016 (based on DCC population forecasts and no extension to Tesco store)

|   | 2011   | 2016   | Change 2011 to 2016 |
|---|--------|--------|---------------------|
| Total Population in PCA   | 30,330 | 29,795 | -535                |
| Total Resident Convenience Goods Expenditure £m                                 | 51.93  | 52.55  | +0.62 <sup>5</sup>  |
| Convenience goods turnover of existing retailers in Blandford drawn from PCA £m | 43.69  | 46.63  | +2.94               |
| Retention of convenience goods expenditure                                      | 84.1%  | 88.7%  | +4.60               |
| 'Leakage' of Convenience Goods Expenditure £m                                   | 8.23   | 5.93   | -2.30               |

<sup>1</sup> Based on postcode sectors DT11 0, DT11 7, DT11 8 and DT11 9.

<sup>2</sup> Based on a per capita expenditure of £1,673 (2007 prices).

<sup>3</sup> Based on a per capita expenditure of £2,761 (2007 prices).

<sup>4</sup> Based on the February 2011 forecasts.

<sup>5</sup> Note the very limited increase in convenience goods expenditure generated. This may be compared with the £3.5m of convenience goods expenditure predicted to be drawn to the proposed extension from the four postcodes

- 2.5 The table highlights the high level of convenience goods retention within the PCA even in the absence of the proposed extension. In 2016 under the Applicant's estimate of the predicted Tesco store turnover, we believe that the retention level is unsustainable. In 2010 the store based on Table 6 of the PRS is predicted to attract £27.84m from the PCA (based on the population and expenditure estimates supplied by the Applicant). This equates to 53% of the total. Morrisons in comparison is predicted to attract £8.56m equivalent to 16.3% of the total available. In none of the postcode sectors does the town attract a greater proportion of the available convenience goods expenditure. Indeed in sectors DT11 0 and DT11 8 the out of centre Tesco store draws more than double that attracted to the town while in sector DT11 9 the proportion is almost three times greater. As we have made clear in previous reports the proposed extension will simply exacerbate this situation.
- 2.6 In addition and as we made clear in our February 2011 report the convenience goods turnover estimates do not appear to make any allowance for 'other' convenience goods floorspace within the PCA<sup>6</sup>. Table 9 of the PRS includes an 'other' category but it is clear that this relates to the whole of the study area and not just the four main postcodes. We recognise that the telephone household survey may not have identified other shops within the PCA which are used by residents for convenience goods shopping. Nonetheless additional space in local shops and convenience stores is present and we summarise the main outlets in Table 1<sup>7</sup> below:

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<sup>6</sup> The Applicant has indicated that the turnover of any additional stores within the catchment falls within the category of 'other' within the various tables. However this category appears to refer to all retail destinations not identified in the table and not exclusively to stores within the four main postcode sectors.

<sup>7</sup> We are aware from our discussions with the Council that two additional Londis stores have been excluded from the table: The first at Headington Drive in Blandford and the second in Shillingstone. We have not included these within the table but they would make a further contribution to the convenience goods turnover generated by existing floorspace within the PCA.

Table 1: Estimated convenience goods turnover of additional convenience goods floorspace within primary catchment area<sup>8</sup>

| Postcode sector | Location                | Store                       | Estimated net sales area sq.m. | Assumed sales density (£ sq.m.) | Estimated convenience goods turnover (£ms) |
|-----------------|-------------------------|-----------------------------|--------------------------------|---------------------------------|--|
| DT11 0          | Winterbourne Strickland | Spracklings                 | 75                             | £5,000                          | £0.375                                     |
| DT11 0          | Milton Abbas            | Grays Stores                | 95                             | £5,000                          | £0.475                                     |
|                 | Milton Abbas            | Post office and stores      | 40                             | £3,500                          | £0.140                                     |
| DT11 0          | Okeford Fitzpaine       | Bell Stores and post office | 40                             | £3,500                          | £0.140                                     |
| DT11 0          | Milbourne St Andrew     | Londis                      | 75                             | £5,500                          | £0.412                                     |
| DT11 0          | Durweston               | Londis                      | 80                             | £5,500                          | £0.440                                     |
| DT11 8          | Iwerne                  | Post office and stores      | 25                             | £3,500                          | £0.088                                     |
| DT11 8          | Child Okeford           | Goldhill Organic Farm       | 20                             | £2,500                          | £0.050                                     |
| DT 11 8         | Homefarm Shop           | Tarrant Gunville            | 25                             | £2,500                          | £0.063                                     |
|                 |                         |                             |                                |                                 |  |
| <b>Total</b>    |                         |                             |                                |                                 | <b>£2.322</b>                              |

- 2.7 The Applicant's agents have commented on this estimate and argue that the turnover levels are excessive and are more likely to be in the region of £1.4m. We do not believe that the turnover estimates are excessive given the low sales densities we have ascribed to the majority of the floorspace. The turnover of the Londis stores is derived from company averages.

<sup>8</sup> This does not include any sales through petrol filling station forecourt shops or corner shops within the main urban area of Blandford.



- 2.8 If this additional turnover is added to the analysis the position is set out in Table C2 below:

Table C2a: Retention of convenience goods expenditure within PCA 2010-2016 (based on updated DCC population forecasts, allowance for additional floorspace and no extension to Tesco store)

|  | 2011   | 2016   | Change<br>2011 to<br>2016 |
|--|--------|--------|---------------------------|
| Total Population in PCA                                    | 30,330 | 29,795 | -535                      |
| Total Resident Convenience Goods                           | 51.93  | 52.55  | +0.62                     |
| Convenience goods turnover of existing<br>retailers in PCA | 46.01  | 49.03  | +3.02                     |
| Retention of convenience goods expenditure                 | 88.6%  | 93.3%  | +4.70                     |
| 'Leakage' of Convenience Goods Expenditure                 | 5.91   | 3.53   | -2.38                     |

- 2.9 From Table 10 of the PRS the proposed extension is predicted to generate a convenience goods turnover of £4.8m in 2016. If the extension draws trade in accordance with Table 12 of the PRS, £2.97m<sup>9</sup> would be drawn from the PCA. Based on the revised population and expenditure estimates this would require the PCA to retain approximately 99% of the convenience goods expenditure generated in 2016 (before any allowance is made for trade diversion from existing stores). This is illustrated in Table C3a below:

<sup>9</sup> The Applicant estimates a trade draw of 62% from the 4 main postcodes. We believe this is likely to be the absolute minimum turnover given the range of competing stores outside the PCA and expenditure associated with journey to work movements and visits to higher order centres. It does not appear to be consistent with the trade draw to the existing store which assumes that 84% of the turnover is drawn from the four postcode sectors. This would be the equivalent of the extension drawing approximately £3.43m from the PCA.

Table C3a: Retention of convenience goods expenditure within PCA 2011-2016  
(based on updated DCC population forecasts, allowance for additional floorspace  
and extension to Tesco store)

|  | 2011   | 2016  | Change<br>2011 to 2016 |
|--|--------|-------|------------------------|
| Total Population in PCA                                    | 30,330 | 29,79 | -535                   |
| Total Resident Convenience Goods                           | 51.92  | 52.56 | +0.64                  |
| Convenience goods turnover of existing<br>retailers in PCA | 46.01  | 52.00 | +5.99                  |
| Retention of convenience goods expenditure                 | 88.6%  | 99.0  | +10.4                  |
| 'Leakage' of Convenience Goods Expenditure                 | 5.91   | 0.56  | -5.35                  |

- 2.10 If it is assumed that the Tesco store would achieve its predicted design year turnover in 2016 then it is questionable whether these very high levels of retention are sustainable. The corollary of this is that in the event that it is not sustainable, a greater level of diversion from town centre supermarkets would result. In our opinion this highlights the need for particular scrutiny given the very high levels of retained expenditure which are already being achieved and notwithstanding the fact that the existing supermarkets in the town centre would in 2010/11 trade at below company average levels based on the revised population and expenditure estimates. The updated forecasts provided by DCC suggest that in 2016 the town centre stores would have attracted only £0.19m of additional convenience goods expenditure over the five year period. This is largely due to the predicted fall in population within the primary catchment area which is not off-set by only a modest increase in convenience goods expenditure per capita. In 2016 all postcodes (apart from DT10 1<sup>10</sup>) are predicted to contain fewer residents than that estimated by the Anysite report: BH20 7 (-308), BH21 4 (-589), BH21 5 (-248), SP5 5 (-1,393), SP7 7 (-672) and DT2 7 (-750).

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<sup>10</sup> +603.

- 2.11 Table J contained in our February 2011 report provided an estimate of the turnover of the existing stores in the town centre based on the assumptions set out in the PRS. This is repeated below:

Table J: Trading performance of town centre stores 2016

| Store     | Pre-impact turnover in 2016 £m | Post impact turnover in 2016 £m | Achieved sales density £'s sq.m. | Company average sales density 2016 £'s sq.m. | Variation from company average sales density |
|-----------|--------------------------------|---------------------------------|----------------------------------|--|--|
| Morrisons | 11.37                          | 10.45 <sup>11</sup>             | 9,175                            | 9,692  | -5.3%  |
| Iceland   | 1.08                           | 1.03                            | 2,512                            | 5,423  | -53.7%                                       |
| Co-op     | 3.52                           | 3.29                            | 4,113                            | 4,937  | -16.7%                                       |

- 2.12 Since that time we are aware that Morrisons have indicated that the benchmark convenience goods turnover of the store is approximately £13.5m. This would be well below the level the store is currently achieving and this position would largely remain unaltered until 2016.
- 2.13 In our opinion the Applicant's estimated impact on the town centre (£1.31m) is likely to be greater than that predicted because it relies on the assumption that convenience goods retention levels can be sustained at very high levels and that the extension would draw a reduced level of trade from the PCA compared with the trading performance of the existing store. We do not believe it is appropriate to assume that such high levels are realistic, achievable and sustainable not least because of journey to work movements, the range of stores found in competing towns and the recent opening of two additional stores in Gillingham (Asda) and Wimborne (Waitrose).

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<sup>11</sup> Peacock and Smith on behalf of Morrisons have indicated that the benchmark convenience goods turnover of the store should be £13.5m. Based on this estimate the store would trade at 23% below company norms.

Both stores have opened since the survey was undertaken and would be more likely to restrict the amount of expenditure flowing into the PCA from the adjacent postcodes. They are also more rather than less likely to attract more trade out of the PCA.

- 2.14 In our opinion the Applicant's analysis is in part founded on the assumption that the already high levels of retention are not only maintained but increased. Currently retention levels are already very high with around 50% of the total being accounted for by the Tesco store. This situation is however not achieved at the benefit of the town centre and the main supermarkets would continue to lose market share to the out of centre Tesco store. Additionally there would be little if any scope for the retailers to re-coup the lost turnover given the significantly reduced levels of expenditure which are predicted to be available.
- 2.15 In our opinion although the Tesco store is trading extremely well we do not believe that there is significant of any scope to increase the overall level of retention within the PCA beyond current levels. Anything above 80% would normally be considered the maximum likely to be achieved for a town such as Blandford given the relatively dispersed rural population, the travel to work movements and competition in higher order centres. It is evident from the survey results that residents within the main postcodes shop at other food stores and centres outside the PCA. Many of these will be linked to work movements which are unlikely to be reduced by the proposed extension. The opening of an Asda store in Gillingham also has the potential to increase shoppers particularly from all four of the primary postcode sectors.
- 2.16 We accept that the capacity assessment cannot be used as a substitute for assessing the likely pattern of trade draw to the extension. In our opinion its impact will be more concentrated within the PCA in terms of both trade draw and trade diversion from the town centre. We estimate that this will be in the order of £3.3m which proportionately would be concentrated on the three main stores and would equate to an impact of 21%<sup>12</sup>. However given the existing shopping patterns this could conceivably be greater since much depends on the ability of the existing stores to maintain their share given stagnant growth and very limited if any scope to claw-back expenditure lost to competing centres and stores further afield. The opening of new stores particularly the Asda at Gillingham, will reduce rather than enhance the ability of the town to maintain its market share.
- 2.17 While we accept that this analysis is based on a broad estimate of the capacity for additional convenience goods floorspace, criterion d. of Policy EC16.1 of PPS4 states:

“ 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 catchment area up to five years from the time the application is made, and, where applicable, on the rural economy”.

## 2. Retail impact

2.18 In our opinion the analysis set out above confirms our previously stated view that the available evidence suggests that the proposed extension would be likely to lead to a significant adverse impact on the town centre and will be higher than that predicted by the Applicant.

2.19 This would be particularly damaging and a number of consequences follow:

1. Based on the Applicant's estimate of total available expenditure and making an allowance for the turnover attributed to the additional floorspace, the retention within the catchment area in 2016 would approach 100%.
2. A retention level in excess of 80% is considered to be extremely and unsustainably high given the competition in adjoining towns and the journey to work movements which are made to higher order centres.
3. Under these circumstances it can be assumed that the turnover of the existing food stores in the town centre have been over-estimated (Tesco's turnover is assumed to be accurate) and as a consequence the trade draw (based on the Applicant's estimate) would lead to greater impact in percentage terms. As we have indicated above this would mean that all town centre supermarkets would all continue to trade at below or well company average levels. In comparison the Tesco store even with the extension would trade at well in excess of company norms. This observation also needs to be also placed in the context of the very limited increase in convenience goods expenditure which is predicted to be drawn to the town centre stores between 2011 and 2016 from the PCA. This would allow them to only marginally improve their floorspace efficiency levels over the five year period and is tantamount at best to a 'flat-lining' trading position.
4. The Tesco store with the proposed extension would continue to achieve a convenience goods sales density well in excess of £20,000 sq.m., more than double that likely to be achieved by Morrisons and comfortably in excess of company norms of around £12,500-13,000 sq.m.

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<sup>12</sup> Based on the Applicant's estimate of turnover which is likely to over-state the design year turnovers having regard to the updated DCC population forecasts.

5. In 2016 we do not believe that the town centre would be able to achieve the level of market share predicted by the Applicant. In our opinion the extension would divert in excess of £3m from the town centre whose supermarkets all appear to be trading at below company average levels. Such a diversion from town centre stores would be highly damaging and could conceivably threaten the future of two of the Co-op and Iceland supermarkets and reduce the effectiveness of Morrisons in generating linked trips.

2.20 We remain of the opinion that the analysis submitted by the Applicant represents the 'best' case in terms of potential impact on the town centre. Even that analysis predicts that the existing town centre supermarkets would trade at below company average levels in 2016. On a 'worse' case having regard to the need to make an allowance for convenience goods floorspace not included within the analysis and the assumption that total convenience goods expenditure levels are not as high as predicted, the impact would be even greater and in our view unarguably significantly adverse.

2.21 In this regard we not believe that reliance on linked trips generated by the extension should be used as a basis for significantly reducing the likely impact if in the event the scheme was to lead to closure of one or more of the town's supermarkets. The closure of the Co-op supermarket for example would remove any of the potential benefits associated with increased linked trips associated with the proposed extension. Moreover the impact would continue to suppress the ability of town centre stores to improve their market share to 2016. The key anchor supermarket operated by Morrisons would continue to significantly under- perform and the proposed extension to the Tesco store would do nothing to improve this situation.

### 3.0 CONCLUSIONS

3.1 The analysis set out in this report is an attempt to highlight the difficulties associated with predicting the impact of retail developments. Changing one assumption can have dramatic consequences in the resultant predictions. The further analysis supports our conclusions as set out in our July 2011 report that there is clear evidence to suggest that the Applicant has under-estimated the likely effects and the scheme would have an adverse impact on the vitality and viability of the town centre by further reducing the convenience goods turnover of the town centre over a period of static population and expenditure growth. We therefore remain of the view that the Council is fully justified in seeking to secure an appropriate financial contribution from the Applicant to be spent on targeted schemes of improvement in the town centre. These improvements have been specifically designed to address as far as possible the likely impact which can only be mitigated and not removed.

**Appendix [1] Updated population forecasts provided by DCC**

1. The mid-year population estimates from ONS were thought to be too low as they do not include short term migrants just permanent residents.

2. In the SHMA a base population for 2011 was calculated by taking the dwelling numbers from Council Tax records, deducting the second homes and vacancies (also from council tax data) to produce a household estimate. This was multiplied by the average household size from the CLG household projections.

3. DCC does not have Council Tax data at postcode level. The County Council took domestic address point data by district and compared this with Council Tax data by district; all districts were within 1%. The address point data was therefore considered a good dwelling estimate for 2011 by postcode district. Second homes and vacancies are deducted (aggregating parish level council tax data best fit to postcode sectors). This household estimate multiplied by the average household size from CLG projections, at LA level produced the 2011 Population Estimate.

4. Housing commitments at 2011 were added to the 2011 dwelling estimate. The method assumes that these will be complete by 2016. Second homes and vacancies deducted (2011 council tax data). Multiplying by average household size at 2016 from CLG projections provides the 2016 population estimate.

**Crude Projection of Population for proposed extension of Tesco, Blandford. (postcode sector areas)  
based on housing allocations and commitments at 2010  
Short term forecast to 2016**

|   |  | East Dorset<br>BH21 4 | East Dorset<br>BH21 5 | East Dorset<br>SP5 5 | North Dorset<br>DT10 1 | North Dorset<br>DT10 2 | North Dorset<br>DT11 0 | North Dorset<br>DT11 7 |
|---|--|-----------------------|-----------------------|----------------------|------------------------|------------------------|------------------------|------------------------|
| <b>A</b>  | 2011 Dwellings* AddPoint                                       | 1051                  | 1046                  | 721                  | 2883                   | 2597                   | 2908                   | 4704                   |
| <b>B</b>  | 2011 Council Tax % vacancies & 2nd homes                       | 2.1                   | 3.6                   | 2.9                  | 2.5                    | 2.5                    | 4.2                    | 1.6                    |
| <b>C</b>  | 2011 Household estimate  | 1029                  | 1009                  | 700                  | 2812                   | 2533                   | 2786                   | 4629                   |
| <b>D</b>  | 2011 average household size estimate - CLG                     | 2.30                  | 2.30                  | 2.30                 | 2.44                   | 2.44                   | 2.44                   | 2.44                   |
| <b>E</b>  | 2011 Population* DCC estimate                                  | 2368                  | 2321                  | 1611                 | 6871                   | 6189                   | 6808                   | 11310                  |
| <b>FIGURES BASED ON 2008-BASED CLG HOUSEHOLD PROJECTIONS BY DISTRICT.</b> |  |                       |                       |                      |                        |                        |                        |                        |
| <b>F</b>  | DISTRICT FIGURES<br>2008-based HH projections: 2016 av HH size | 2.267                 | 2.267                 | 2.267                | 2.328                  | 2.328                  | 2.328                  | 2.328                  |
| <b>G</b>  | New dwellings 2011-2016  | 35                    | 8                     | 41                   | 119                    | 20                     | 36                     | 112                    |
| <b>H</b>  | Total dwellings by 2016  | 1086                  | 1054                  | 762                  | 3002                   | 2617                   | 2844                   | 4816                   |
| <b>I</b>  | Total households by 2016 (minus vac.& 2nd homes)               | 1063                  | 1016                  | 740                  | 2928                   | 2552                   | 2821                   | 4739                   |
| <b>J</b>  | Estimate of Population in 2016                                 | 2411                  | 2304                  | 1678                 | 6817                   | 5943                   | 6567                   | 11033                  |
| <b>K</b>  | <b>Rounded Population in 2016</b>                              | <b>2410</b>           | <b>2300</b>           | <b>1680</b>          | <b>6820</b>            | <b>5940</b>            | <b>6570</b>            | <b>11030</b>           |
| <b>L</b>  | change in population 2011 to 2016                              | 42                    | -21                   | 69                   | -51                    | -249                   | -238                   | -280                   |
| <b>M</b>  | % change in population 2011 to 2016                            | 1.8                   | -0.9                  | 4.3                  | -0.7                   | -4.0                   | -3.5                   | -2.5                   |



**PROPOSED EXTENSION TO  
TESCO FOOD STORE  
STOUR PARK  
BLANDFORD ST. MARY**

**FINAL OBSERVATIONS ON RETAIL ISSUES**

**PREPARED ON BEHALF OF**

**NORTH DORSET DISTRICT COUNCIL**

**July 2011**

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## 1.0 INTRODUCTION

1.1 Following a meeting with officers at North Dorset District Council on 20<sup>th</sup> June 2011, MWA has been asked to provide final observations on the retail issues associated with the proposed extension to the Tesco store at Stour Park, Blandford. In particular we have been asked to comment in particular upon:

- The implications of reduced population and expenditure within the primary catchment area.
- The effect of reduced convenience and comparison goods expenditure within Blandford town centre.
- Whether the effect constitutes a 'significant adverse impact' in the context of Policy EC17.2 of PPS4.
- If the impact is significantly adverse whether this can be mitigated.

1.2 The observations are in addition to those set out in our letter of 24<sup>th</sup> May 2011 which responds to the Applicants letter<sup>1</sup> dated 9<sup>th</sup> May 2011.

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<sup>1</sup> From DPP.

## 2.0 FURTHER OBSERVATIONS

### (i) Catchment area

- 2.1 We have raised the extent of the catchment area as one of the main issues and we note that Peacock and Smith representing Wm Morrison Supermarkets have also expressed observations upon whether it is realistic<sup>2</sup>. Linked to this is the uncertainty associated with the population levels within the various postcode sectors in 2010 and 2016.
- 2.2 In our opinion having regard to the results of the household survey provided by the Applicant together with the conclusions of Joint Retail Assessment prepared in 2008 by Nathaniel Lichfield and Partners on behalf of the Council, the primary catchment area relates to postcode sectors DT11 0, DT11 7, DT11 8 and DT11 9. This also broadly equates to a 15 minute drive time. It is from within this area that the existing store and proposed extension, will draw the majority of the convenience and comparison goods trade. This is in fact confirmed by Table 6 of the Planning and Retail Statement with the Tesco store attracting approximately 72% of its turnover from these zones.
- 2.3 The revised population estimates and projections provided by Dorset County Council suggest that in 2007, these four postcodes would have a resident population of 28,842. This may be compared with the Anysite report which predicts a population of 30,196. This is a difference of 1,354 and is the equivalent to a reduced level of convenience goods expenditure amounting to £2.27m<sup>3</sup>. In terms of comparison goods this would equate to a reduction of £3.74m<sup>4</sup>.
- 2.4 Projecting these forward, Dorset County Council predict a total population in 2016 of 28,326. The Applicant predicts a resident population of 32,690. This equates to a difference of 4,364. In terms of expenditure it equates to £7.70m of convenience goods expenditure and £15.16m of comparison goods.

### (ii) Convenience goods turnover of existing supermarkets

- 2.5 As we have previously concluded in our February 2011 report, the town centre supermarkets draw the majority of their trade from these four postcodes; as does the Tesco store. This is reflected in Tables 4 and 6 of the Applicants Planning and Retail Statement. It follows that any reduction in the estimated

<sup>2</sup> They suggest that a 15 minute drive time would be more realistic.

<sup>3</sup> Based on a per capita expenditure of £1,673 (2007 prices).

<sup>4</sup> Based on a per capita expenditure of £2,761 (2007 prices).

convenience and comparison goods expenditure available within these postcodes would have knock on effects in terms of the base and design year turnovers of the existing stores. For example the convenience goods turnover of the Morrisons supermarket derived from the four postcode sectors would reduce by approximately £1.5m. Concomitant reductions would occur in respect of all town centre stores.

- 2.6 This means that the convenience goods turnover of these stores may be over-estimated based on the lower levels of expenditure available within the catchment area. As we have identified these stores are predicted to trade below company average levels in 2010. In 2016 with the proposed extension they would continue to trade at below company average levels. In the event that the actual diversion from these stores is higher than predicted by the Applicant (as discussed in our February 2011 report) the impact would be correspondingly increased. For example the Applicant's predict that approximately 34% of the additional turnover generated by the extension would be derived from the town centre. This means that 66% is derived from other stores outside of Blandford. In our opinion it is arguable that the percentage trade draw figures should be reversed with around £3m being drawn from the town centre and the balance from further afield. The very high levels of convenience goods retention within the four postcodes means that in order to justify the additional turnover a greater proportion of trade would have to be drawn from existing facilities within Blandford.
- 2.7 Coupled to this reduction in the town's convenience goods turnover is a concomitant reduction in linked trips and in our letter of 24<sup>th</sup> May we believe that the Applicant has potentially under-estimated the direct reduction in such trips and over-estimated the number generated by the proposed development.

**(iii) Whether the impact is significantly adverse**

- 2.8 Paragraph 7.28 of the *Practice Guidance* accompanying PPS4 makes clear that it is inevitable that new retail development will have an impact on existing centres. In assessing the impact on turnover/trade within an existing centre the guidance advises:

**"The starting point for the assessment is a realistic assessment of current consumer spending and shopping patterns, based on modelling supported by survey evidence. Against this 'baseline' position, it will be necessary to assess likely changes at the 'design year' arising from ongoing trends, other 'committed' developments, and the effects of the proposals."**

- 2.9 We have highlighted our concern that the baseline and design year turnovers of the existing supermarkets have been over-estimated. The guidance continues:

**“Having established the likely catchment area, market position and turnover potential of the proposal, the key factors affecting judgements about where it will draw its trade from will be determined by:**

- **The intended market sector/role, on the basis that ‘like affects like’; so the centres currently serving the intended catchment population will experience the greatest impact; and**
- **Distance, on the basis that consumers will generally use the nearest centre/facility which meets their needs in terms of quality/convenience etc.”**

2.10 In our opinion it is inevitable that the greatest impact<sup>5</sup> will fall upon the Morrison and Co-op stores in Blandford. These already serve a proportion of main food shopping needs and are the nearest comparable supermarkets.

2.11 Paragraph 7.32 of the *Practice Guidance* further advises:

**“Where a centre is experiencing falling rents, high levels of vacancy and declining footfall, even modest levels of trade diversion can have significant adverse impacts. Where centres are vital and viable, and existing retailers/leisure operators are achieving high levels of turnover, they may be able to withstand high levels of trade diversion resulting from a proposal, although this does not mean in itself mean that such impacts are acceptable. In most cases, unless there is clear evidence of a significant impact on turnover likely to undermine the vitality and viability of the centre, the negative effect of trade diversion needs to be balanced against any positive town centre or wider impacts as part of reaching an overall judgement.”**

2.12 The health check provided by the Applicant indicates that Blandford is reasonably vital and robust although the assessment perhaps understates the importance of the main supermarkets in maintaining its vitality. In our view the proposal would inevitably lead to further reductions in their convenience goods turnover which would undermine the important role they play in supporting its vitality and viability. As we stated in February 2011 the market share of the town would fall as a consequence of the diversion of trade to an out of centre location. It would be even greater if the revised population and expenditure figures are used and the assumption regarding trade draw altered. It also follows that given the relatively limited increase in convenience goods expenditure it will take the town longer to re-establish its market share and therefore its overall attractiveness, prior to the proposed development.

2.13 In our opinion the impact on the town centre would be significantly adverse as a consequence of reducing further the convenience goods turnover of the main supermarkets that appear to be trading below company average levels and this situation would continue in 2016 and beyond. There would also be

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<sup>5</sup> Excluding the redistribution of turnover within the existing Tesco store.

indirect effects as a consequence of a reduction in linked shopping trips and the potential that some comparison goods expenditure would also be diverted from within the centre. We conclude having regard to Policy EC17.1 that there is clear evidence that the proposal is likely to lead to significant adverse impacts in terms of Policy EC16.1. We believe that this is demonstrated by the submitted retail assessment and this impact would be even more severe in the event that the population and expenditure estimates were reduced to the levels we anticipate.

**(iv) Whether the impact could be mitigated**

2.14 As the *Practice Guidance* makes clear any negative impacts should be balanced against positive impacts. Policy EC17.1 cross-refers to Policy EC10.2 of PPS4. As far as we are aware the Council accepts that the requirements of policy EC10.2 are met and we agree with this conclusion. The Applicant has also identified further benefits:

- Improving the quality of shopping within the store
- Increasing the choice of convenience and comparison goods
- Improve pedestrian and transport connections between the store and the town centre
- Clawback trade which is lost to centres and stores further afield
- Create new employment opportunities
- Contribute towards meeting sustainable development objectives including reducing the number and length of shopping trips.

2.15 The statement by Greg Clark in March 2011 regarding the need for LPAs to adopt a positive approach to economic development is an important material consideration. The Government's commitment towards planning positively for growth has been re-affirmed in its statement in June 2011. This advises LPAs to continue to promote sustainable development with a clear presumption in favour of schemes which accord with the development plan.

2.16 In our opinion these benefits taken individually and as a whole are significant material considerations. However a crucial omission is that there is not in our view a clear demonstration that the proposed extension would support the town centre in a positive manner to mitigate the direct and indirect effects of reducing in particular the convenience goods turnover of the main stores. Paragraph 7.32 of the *Practice Guidance* advises that positive town centre impacts are a material consideration.

2.17 In our opinion consideration should be given to the potential to mitigate the impact through securing a financial contribution towards town centre enhancement/improvements. This would be justified on the basis that it would assist in maintaining the future vitality and viability of the town centre, reducing the

impact of a direct reduction in trade and would be reasonably related in terms of scale and kind to the development proposed. Any contribution would of course need to comply with Regulation 122 of the Community Infrastructure Regulations 2010 and in addition would need to be focused on deliverable schemes of improvement/enhancement within the next 5 years.

- 2.18 In addition having regard to Circular 11/95 and the Policy EC19 of PPS4, conditions should be imposed limiting the net (sales) area within the store as extended and the proportion of comparison and convenience goods floorspace. This would ensure that the development did not materially change in character.



### 3.0 CONCLUSIONS

- 3.1 The application must be determined in accordance with the development plan and it is a matter for the Council to decide whether the proposal is supported by relevant policies. In the event that a conflict is identified it is necessary to have regard to any material considerations including national advice in PPS4.
- 3.2 In relation to Shopping Policy A of the adopted structure plan we do not believe that it would maintain or enhance the vitality and viability of Blandford town centre and would in our opinion have a significant adverse effect. It would therefore also fail to comply with criterion (i) of policy 3.19 of the North Dorset District Wide Local Plan. Consequently it would fail to prevent a significant adverse impact as required by Policy EC17.1 of PPS4.
- 3.3 This is not the end of the matter. In our opinion the predicted impact can be substantially mitigated in the event that:
- A financial contribution is secured towards maintaining and improving the vitality and viability of the town centre through the identification of deliverable schemes/improvements over the next five years. We understand that there are a number of deliverable schemes/improvements within and adjacent to the town centre which could be brought forward over the next five years which would assist in off-setting the adverse impact of the proposed development and thereby contributing in the longer term to maintaining its vitality and viability. The nature and phasing of such schemes requires further consideration by the Council in conjunction with say the Chamber of Commerce and Dorset County Council.
  - Conditions are imposed restricting the gross/net areas within the extended store and the amount of convenience and comparison goods floorspace.
- 3.4 Subject to reaching agreement with the Applicant in respect of these matters we believe that there would be no sustainable objections on retail grounds.

**PROPOSED EXTENSION TO  
TESCO FOOD STORE  
STOUR PARK  
BLANDFORD ST. MARY**

**OBSERVATIONS ON RETAIL ISSUES**

**PREPARED ON BEHALF OF**

**NORTH DORSET DISTRICT COUNCIL**

**February 2011**

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#### **Appendices**

Appendix [1] Appeal decision dated 17<sup>th</sup> August 2010.

Appendix [2] Appeal decision dated 7<sup>th</sup> January 2009 in respect of Honiton, Devon.

**1.0 INTRODUCTION**

1.1 MWA has accepted an instruction from North Dorset District Council (the 'Council') to examine retail issues associated with a planning application (No.) submitted by Tesco Stores Ltd which seeks full planning permission for the erection of a 2,317 sq.m. gross (1,290 sq.m. net) extension to the company's store at Stour Park, Blandford St. Mary.

1.2 The planning application is supported by a range of documents. We have focused in particular on the '*Planning and Retail Statement*' (PRS) prepared by DPP dated August 2010.

1.3 Our instructions are to:

- Review the submitted PRS and advise on the data, assumptions and methodology.
- Assess the degree to which the development complies with development plan policy and national advice in PPS4 '*Planning for Sustainable Economic Growth*'.

1.4 We have not attempted to provide our own assessment of the impact. However we have provided a series of tables in order to test the sensitivity of parts of the Applicant's analysis.

## **1.0 SITE LOCATION AND THE PROPOSED DEVELOPMENT**

### **(i) Site location**

- 2.1 The site lies within a mixed industrial and commercial area approximately 750 metres to the south-west of Blandford town centre. National guidance as set out in Annex B of PPS4 which defines various types of location including a 'town centre' and a 'primary shopping area'. Blandford falls within the definition of a town centre.
- 2.2 PPS4 states that an 'edge-of-centre' location for retail purposes is a location that is well connected to and within easy walking distance (i.e. up to 300 metres) of a primary shopping area and includes reference to local topography, perceptions, barriers such as major roads and car parks, the attractiveness and proposed safety of the route and the strength of attraction and size of the town centre. It notes that a site will not be well connected to a centre where it is physically separated from it by a barrier such as a major road, railway line or river. An 'out-of-centre' location is defined as comprising a location which is not in or on the edge of a centre but not necessarily outside the urban area.
- 2.3 The application site lies within the settlement boundary for Blandford and from an examination of the site and its relationship to the town centre we conclude that it falls within the definition of an out-of-centre location.

### **(ii) The proposed development**

- 2.4 In summary the proposal involves the erection of a 2,317 sq.m. gross extension to the Tesco store at Stour Park which lies to the south-west of Blandford town centre. In addition it is proposed to increase the number of car parking spaces by 113 to provide 436 spaces in total. Linked changes to the storage and service areas are also proposed.
- 2.5 In terms of the proposed changes to the retail areas within the store the PRS summarises the position as follows:

**Table A: Summary of proposed changes in retail floorspace**

| Floorspace        | Existing floorspace (sq.m.) | Proposed floorspace within the extension (sq.m.) | Change between existing and proposed (sq.m.) | Change (%) |
|-------------------|-----------------------------|--|--|------------|
| Convenience goods | 1,596                       | 2,297  | 701  | 43.9%      |
| Comparison goods  | 177                         | 766  | 589  | 332.7%     |
| Total net sales   | 1,773                       | 3,063 <sup>1</sup>                               | 1,290  | 72.8%      |
| Other             | 500                         | 878  | 378  | 75.6%      |
| Total net area    | 2,273                       | 3,941  | 1,668  | 73.4%      |

2.6 The table illustrates the proposed changes in percentage terms with approximately a 44% increase the trading area devoted to food and convenience goods. There is in excess of a threefold increase in the trading area devoted to comparison goods with just under a 73% increase in the net sales area of the store proposed overall.

2.7 In this regard the Applicant refers to national advice in PPS4 in respect of what constitutes the net sales area and adopts the definition as advised by the Competition Commission. Appendix A of the *Practice Guidance* accompanying PPS4 provides a Glossary of Terms. This provides the following information:

#### **"Gross retail floorspace**

The total built floor area measured externally which is occupied exclusively by a retailer or retailers; excluding open areas used for the storage, display or sale of goods.

#### **Net retail sales area**

A new set of definitions for retail planning has been prepared by the National Retail Planning Forum (NRPF). The definition for all retail shops and stores other than foodstores was widely supported during initial consultations by the NRPF, and is as follows:

*The area within the walls of the shop or store to which the public has access or from which sales are made, including display areas, fitting rooms, checkouts, the area in front of checkouts, serving counters and the area behind used by serving staff, areas occupied by retail concessionaires, customer services areas, and internal lobbies in which goods are displayed; but not including cafes and customer toilets.*

For foodstores, an alternative definition of 'net retail sales area' has been put forward by the

<sup>1</sup> Based on Annex B to PPS4 the scheme will create a superstore defined as a self-service store selling mainly food or food and non-food goods usually with more than 2,500 sq.m. of trading floorspace. The existing store falls within the definition of a supermarket having a sales area of less than 2,500 sq.m.

Competition Commission, and is supported by the majority of major foodstore operators. This is as follows:

*The sales area within a building (i.e. all internal areas accessible to the customer), but excluding checkouts, lobbies, concessions, restaurants, customer toilets and walkways behind the checkouts.*

The NRPF's definition could be applied to all shops and stores including foodstores, but differs from the way in which the majority of major foodstore operators currently publish details of their store sizes. The Competition Commission's alternative definition is believed to reflect the latter more accurately.

For retail planning purposes, the main consideration is to ensure that comparisons of floorspace and published sales densities are on a like for like basis.

#### **Net to gross ratio**

The ratio of net retail sales area to gross retail floorspace in a stated retail location."

- 2.8 In our view it would be perfectly appropriate for conditions to be imposed which effectively limit the total net (sales) area within the store and also limit the proportion devoted to non-food (comparison) goods. This is an approach adopted by Inspectors at appeal and would be enforceable since the areas could be measured. It would also be consistent with Policy EC19.1, Part 8 of the *Practice Guidance* and national advice in Circular 11/95. Paragraph 8.1 of the *Practice Guidance* states that conditions should be used to proactively manage the impacts of development including limiting any internal alterations to increase the amount of gross floorspace by specifying the maximum amount which is permitted. Similarly the mix of convenience and comparison goods can be controlled. Paragraph 8.5 states:

**"In the case of retail proposals where an impact assessment has been undertaken, based upon a particular scale of net sales floor space, and the impact and appropriateness of the scale of development has been judged acceptable, it will normally be appropriate to impose conditions restricting total net sales area permitted, unless through sensitivity testing the consequences of different levels of net sales floor space have been fully examined."**

- 2.9 Clearly in imposing any conditions the 'net' sales area would need to be defined and if the Council were so minded this could include the checkouts and space between these and the store entrance in accordance with the NRPF definition stated above. In practice this would mean that the actual area devoted to the sale and display of goods would be reduced. However as we have indicated the net sales area defined in the PRS excludes lobbies, checkouts, circulation areas around the checkouts, customer toilet and café. The total net area includes these areas.
- 2.10 Reference is made in Section 2 of the PRS to the operational difficulties associated with the existing store including congestion, a shortage of shelf space, customer dissatisfaction particularly through the removal of the café and limited range of comparison goods. This is verified by a letter from the store manager which is attached as Appendix A1 to the PRS. Paragraph 4.15 of the PRS summarises the qualitative benefits associated with the scheme which include:

- Meeting operational requirements
- Providing greater choice and range
- Creating 125 new and full-time employment opportunities
- Retaining a higher proportion of expenditure in Blandford
- Reducing the number and length of car journeys

2.11 The *Practice Guidance* makes reference to qualitative retail need in the context of plan making policies<sup>2</sup>. It is nonetheless useful in highlighting the factors which can be taken into account. These include amongst other considerations:

- Deficiencies or 'gaps' in provision
- Consumer choice and competition
- Overtrading, congestion and overcrowding in existing stores
- Deprived areas and underserved markets
- The quality of existing provision

2.12 The Applicant does not suggest that there is a gap in food store provision. Rather than consumer choice and competition needs to be improved and this would also result in less congestion and over-trading within the existing store if the extension was permitted. Paragraph 3.15 of the *Practice Guidance* also makes clear that the positive effect of providing more choice and competition should be balanced against any adverse impacts having regard to the fact that the planning system should not restrict competition or preserve existing commercial interests.

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<sup>2</sup> As we make clear in Section 3 of our report national advice in PPS4 no longer requires applicants to provide a quantitative or qualitative need for their development. However criterion d. of Policy EC16 advises on the requirement to assess any impact based on current and future consumer expenditure capacity and trade within existing centres. Paragraph 1.9 of the *Practice Guidance* states that a differentiation is made between the role of need, impact and sequential site assessment in plan making and the application of the sequential approach and impact tests in the development management process.



### 3.0 NATIONAL PLANNING POLICY

#### (i) Context

- 3.1 Notwithstanding the publication of PPS4 the Council is required to determine the planning applications in accordance with section 38(6) of the Planning and Compulsory Purchase Act 2004. A determination must be made in accordance with the development plan unless material considerations indicate otherwise. PPS4 is clearly an important material consideration. We comment on development plan policies in Section 4. However the PRS deals with the national policy tests set out within PPS4 first.
- 3.2 In terms of Development Management Policies, PPS4 removes a requirement to assess whether there is a quantitative or qualitative need for a main town centre use<sup>3</sup>. However criterion e. of Policy EC16 requires an assessment of whether the proposed development is of an appropriate scale. The PPS in Policy EC10 sets out the first Development Management policy with which all applications for economic development should be assessed. In addition the PPS requires that economic development consisting of main town centre uses should be supported by evidence relating to the sequential approach (Policy EC15) and impact (Policy EC16). Paragraph 3 of the PPS states that the Development Management policies can be applied directly by the decision maker when determining planning applications. In this regard it should be noted that the PPS clearly differentiates policies which are to be used in plan making and those which apply in the determination of individual planning applications; (paragraph 1.9 of the *Practice Guidance*).
- 3.3 In making this observation the PPS in its sections on 'Using Evidence' and 'Plan Making Policies' still requires Local Planning Authorities to assess the overall need for the different types of town centre uses over a particular plan period at both regional and local levels (Policies EC1.2, EC1.3 and EC1.4). In addition criterion d. of Policy EC16 relating to impact assessments makes reference to the "current and future consumer expenditure capacity" in a catchment area as being a relevant consideration although need in quantitative terms is not specifically mentioned.

#### (ii) Government objectives

- 3.4 Paragraph 9 of the PPS advises that the Government's overarching objective is sustainable economic growth. In this context we acknowledge that it involves economic development and would create employment opportunities. Paragraph 1.2 of the *Practice Guidance* states that promoting sustainable

<sup>3</sup> The main uses to which the PPS applies are:

1. Retail development
2. Leisure, entertainment and more intensive sport and recreation uses.
3. Offices; and
4. Arts, culture and tourism development.

economic growth the Government's objectives for planning are to build prosperous communities; reduce the gap in economic growth rates between regions; deliver more sustainable patterns of development and respond to climate change; and to promote the vitality and viability of town and other centres as important places for communities.

- 3.5 Paragraph 10 of the PPS states that in order to achieve sustainable economic growth the Government's objectives are varied. Both schemes involve main town centre uses and would deliver economic growth and contribute to sustainable patterns of development by reducing the need to travel especially by car. Either scheme would stimulate competition between retailers and enhance consumer choice and remedy deficiencies in main food shopping provision, through the provision of a modern supermarket as part of larger attractive and safe developments, serving in the main residents living within Blandford and its primary catchment area. Wherever possible such improvements must be focused 'in existing centres' in order to promote the vitality and viability of town centres. Paragraph 1.3 of the *Practice Guidance* states that the Government wants:

**> New development of main town centre uses to be focused in existing centres, with the aim of offering a wide range of services to the communities in an attractive and safe environment and remedying deficiencies and provision in areas with poor access to facilities.**

**> Competition between retailers and enhanced consumer choice through the provision of innovative and efficient shopping, leisure, tourism and local services in town centres, which allow genuine choice to meet the needs of the entire community (particularly socially excluded groups).**

### **(iii) Development management policies**

- 3.6 Policy EC10.1 advises that Local Authorities should adopt a positive and constructive approach towards planning applications for economic development and in particular schemes which secure sustainable economic growth should be treated favourably. All things being equal this weighs in favour of schemes involving economic development such as that proposed in the planning application. Policy EC10.2 sets out five criteria against which the scheme should be assessed. These relate to various matters which are referred to as 'impact considerations'. They are however different and additional to the impact criteria set out under Policy EC16, the latter falling within the remit of our instructions. Paragraphs 4.2-4.7 of the PRS analyse the impact considerations under Policy EC10.2 and we understand that these matters will be assessed by the case officer. We do comment on the proposed improvements to pedestrian accessibility as a consequence of the installation of zebra crossings along Stour Park and Bournemouth Road and bus stop facilities along Stour Park in the context of linked trips.
- 3.7 The main policies which are directly applicable are EC14, EC15, EC16 and EC17. We deal with each in turn.

#### **Policy EC14: Supporting evidence for planning applications for main town centre uses**

- 3.8 Policy 14.3 states that a sequential assessment is required for planning applications for main town centre uses that are not within an existing centre and are not in accordance with an up to date development plan. The relevant considerations under this policy are explained further in Policy EC15. In respect of the proposed development the Applicant has undertaken a sequential assessment of alternative sites within Blandford. Reference is made in paragraph 4.8 to an Exit Survey undertaken by the Oxford Research Agency in March 2010 which concluded that 23% of respondents visited Blandford town centre as part of their main food shopping trip to the Tesco store. Our initial views on this conclusion are as follows:
- In terms of the 23% who reported in response to Q10a that they would be or had visited Blandford town centre, it is not clear whether these trips would have occurred irrespective of the presence of the existing store.
  - The overwhelming majority of respondents had not made or were intending to make, a visit to the town centre (76%). This suggests that the store largely but not exclusively operates a one stop shopping destination.
  - In response to Q10b those respondents who regularly combined a trip with a visit to the town centre fell to 16% with 34% making occasional visits.
- 3.9 Although not explicitly examined in the PRS it is no doubt the case that shoppers to the town centre supermarkets (Morrisons/Somerfield<sup>4</sup>/Co-op) would also make linked trips to and from other businesses. These facilities lying in a central, town centre location, might be expected to generate higher proportions of linked trips and therefore in assessing the merits of the Applicant's arguments any reductions in their turnover might also result in a lower proportion of linked trips.
- 3.10 Policy EC14.5 further advises that in advance of development plans being revised to reflect this PPS, an assessment of impacts in Policy EC16.1 is necessary for planning applications for retail and leisure developments below 2,500 square metres which are not in an existing centre and not in accordance with an up to date development plan and would be likely to have a significant impact on other centres. The scheme involves the provision of retail floorspace below this threshold. The site is not allocated for retail development although it involves an extension to an existing supermarket. From the submitted information the scheme would be likely to have a significant impact on the town centre and accordingly we agree with the Applicant that a proper assessment should be undertaken. Policy 14.6 requires the submission of an impact assessment in accordance with Policy 16.1. In this regard Policy EC14.7 of PPS4 also states that assessments of impacts should focus in particular on the first 5 years after the implementation of a proposal and the level of detail and type of evidence and analysis required in impact assessments should be

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<sup>4</sup> The former Somerfield store at Langton Road on the edge of the town centre has been converted to a Co-op. The PRS does not make mention of this change. However we have assumed that the turnover within the store remained unaltered.

proportionate to the scale and nature of the proposal and its likely impact. Any assumptions should be transparent and clearly justified, realistic and internally consistent.

**Policy EC15: The consideration of sequential assessments for planning applications for main town centre uses that are not in a centre and not in accordance with an up to date development plan.**

- 3.11 This policy provides the main advice in assessing whether a scheme complies with the sequential approach. Paragraph 5.6 of the *Practice Guidance* states:

**“The sequential approach forms a key policy consideration, and can in itself be a clear reason for refusal. As such it is critical that applicants carry out a thorough assessment to explore alternative options, and that if more central opportunities are rejected, it is for sound reasons which are clearly explained and justified. As the onus rests on the applicant to demonstrate compliance with sequential approach failure to undertake such an assessment would constitute a reason for refusal, although as a matter of good practice applicants and the LPA should seek to agree the scope of such assessments and clearly identify any areas of difference.”**

- 3.12 Appendix 3 of the PRS sets out the Applicant’s sequential assessment. It recognises that the company trades from a number of stores of different sizes and its preference is to operate from a single level with surface car parking. It also prefers could visibility from the highway network and this certainly applies to the existing supermarket.
- 3.13 Two alternative scenarios are examined. The first is based on examining the suitability, availability and viability of sites which could support the existing store as extended. A site of 2.7ha is identified as the minimum requirement to afford a net sales area of 3,063 sq.m. and 436 car parking spaces. The second scenario examines whether the additional floorspace could be disaggregated and considered as a “standalone” unit. This is estimated as requiring 1.2ha of land achieving a net sales area of 1,290 sq.m. and 190 car parking spaces.
- 3.14 The PRS correctly observes that national guidance accepts that the business model of a particular retailer will be relevant. The Applicant confirms that it has no requirement for a second supermarket since this would not remedy the deficiencies at the existing store. Rather existing operational and trading difficulties would be replicated and the choice and quality of the retail offer would be substantially diminished. This would result in a failure to clawback trade from further afield reducing the sustainability and economic benefits.

3.15 We are not entirely convinced that the Applicant has approached the sequential site selection process with the necessary degree of flexibility required under national policy particularly since the requirement for a 1.2ha site to accommodate around 1,300 sq.m. of sales area seems somewhat excessive. Policy EC15.1 states that in considering the sequential assessment submitted by the Applicant, the Council should consider the following:

**a. Ensure that sites are assessed for their availability, suitability and viability**

3.16 Paragraph 6.37 of the *Practice Guidance* defines the three terms as follows:

- **Availability** – whether sites are available now or are likely to become available for development within a reasonable period of time (determined on the merits of a particular case, having regard to inter alia, the urgency of the need). Where sites become available unexpectedly after receipt of an application, the local planning authority should take this into account in their assessment of the application.
- **Suitability** – with due regard to the requirements to demonstrate flexibility, whether sites are suitable to accommodate the need or demand which the proposal is intended to meet.
- **Viability** – whether there is a reasonable prospect that development will occur on the site at a particular point in time. Again the importance of demonstrating the viability of alternatives depends in part on the nature of the need and the timescale over which it is to be met.

3.17 Paragraph 6.42 of the *Practice Guidance*. This states that:

**“When judging the suitability of a site it is necessary to have a proper understanding of scale and form of development needed, and what aspect(s) of the need are intended to be met by the site(s). It is not necessary to demonstrate that a potential town centre or edge of centre site can accommodate precisely the scale and form of development being proposed, but rather to consider what contribution more central sites are able to make, either individually or collectively, to meeting the same requirements.”**

3.18 The crucial point is to focus on the contribution which more central sites (i.e. in and edge-of-centre locations) can make to the vitality and viability of existing centres in locations which maximise their accessibility by a choice of means of transport. Criterion d of Policy EC15.1 further advises that the following matters are relevant:

- d. Ensure that in considering sites in or on edge of existing centres developers and operators have demonstrated flexibility in terms of:**
- i. **scale: reducing the floorspace of the development**
  - ii. **format: more innovative site layouts and store configurations such as multi-storey developments with smaller footprints;**
  - iii. **car parking provision; reduced or reconfigured car parking areas; and iii. the scope for disaggregating specific parts of a retail or leisure development.**

**iv. including those which are part of a group of retail or leisure units, onto separate, sequentially preferable, sites. However, local planning authorities should not seek arbitrary sub-division of proposals**

- 3.19 The fact that a retailer has a particular preference to operate at a single level, have free adjacent car parking and have a prominent fascia should not be given overriding weight in assessing the suitability of sites. That said criterion iv. above recognises that arbitrary sub-division of proposals should not be sought.
- 3.20 It seems to us that a pre-requisite for car parking facilities, surface level trading and a high profile from the road network while aspirations of the Applicant, do not reflect the need for flexibility in terms of format, reconfigured or reduced car parking or the use of multi-storey formats. We do accept however that disaggregating the proposed extension would be arbitrary and would fail to address the stated operational and trading difficulties associated with the existing store. In support of this view we attach as **Appendix [1]**, a copy of an appeal decision letter (DL) dated 17<sup>th</sup> August 2010 relating to an extension to a Sainsbury's superstore in Chesterfield. The proposal involved a 6,675 sq.m. gross store and the Appellant proposed to increase the net sales area by 2,631 sq.m. for convenience goods and 1,899 sq.m. for comparison goods. There are certain parallels with the proposed extension to the Tesco supermarket in Blandford. The claim was made by Sainsbury's Supermarkets Ltd that there was a significant qualitative need including a requirement for it to address deficiencies in its layout and trading conditions. These included a relatively cramped shopping environment, limited space within the store's restaurant and restricted rear house circulation and storage space (paragraph 15 of the DL). The Inspector accepted at paragraph 16 that the commercial objectives of a particular trader should not be viewed as being separate from increasing choice, competition and quality.
- 3.21 In relation disaggregation the Inspector noted at paragraph 34 of the DL that national policy did not necessarily require development to be split onto separate sites. Where the need was based on improving quality or choice then it may be justifiable to permit an extension to an out of centre store. It was accepted that in respect of a superstore it was normal to have a range of convenience and comparison goods (paragraph 37 of the DL) and since the development was predicated on improving quality and choice, this could not be addressed by disaggregating the comparison goods floorspace (paragraph 38 of the DL). If the additional floorspace was disaggregated the existing superstore would remain together with its various difficulties and this would not improve shopping facilities in the area.
- 3.22 We believe that the Applicant's claims regarding the inappropriate and impractical nature of assessing the scheme on a disaggregated basis therefore carry some weight since the degree of over-trading and



congestion within the existing store would remain unchanged. We have nonetheless assessed the two scenarios postulated by the Applicant which does include the disaggregated option.

3.23 Three sites are examined.

**Stour House, 41 East Street**

3.24 The site contains a grade II listed dwelling together with its gardens. At 0.5ha it is in our view too small to even accommodate the proposed extension on a disaggregated basis. Its linear shape with a narrow frontage to East Street also makes it unsuited to the development of a large format store even if the latter were to trade from more than one level. The difficulties relating to access, the retention of the existing building and location within the conservation area also mitigate against its suitability.

**Langton Road Car Park**

3.25 This comprises one of two main car parks which serve the town centre and is owned by the Council. We are not aware that the Council has any aspirations to sell the site. Redeveloping the site for a food store even if possible given its limited size (0.6ha) would provide little opportunity for replacement parking. Decked or underground parking would be impractical and probably unviable.

**West Street Car Park**

3.26 This is also owned by the Council and perhaps provides the principal car park serving the town. It supports the operation of Morrisons and the wider town centre. Although it might be capable of promoting an extension to the supermarket with some form of decked car parking, we do not know of any aspirations by Morrisons for such an outcome. It is large enough to accommodate a possible extension but decked car parking would be required which would involve very careful design given its conservation area status.

3.27 Therefore while this site offers the greatest potential to secure an improvement in the range of food and convenience goods shopping in the town, it is not available to the Applicant and is unlikely to become so within a reasonable period of time.

**Forum Garage, Wimborne Road**

- 3.28 This site extends to only 0.3ha and is in our view unsuitable.
- 3.29 A further site to the rear of the Co-op store along Langton Road is not examined. This may be because the Applicant believes the site to be out of centre. However the draft Core Strategy identifies this as being potentially suitable for additional retailing but this is aimed at the sale of non-food goods. Draft Core Policy 15 supports regeneration to the south of East Street including around the former Somerfield store. Paragraph 2.8.17 also notes:

***“Any future scheme in this area would need to take full account of flood risk. Although much of this area is already protected by a flood defence scheme, a Site Level Strategic Flood Risk Assessment would be required. The potential impacts of redevelopment on the historic character of the town centre would also need to be considered.”***

- 3.30 In our view requiring the Applicant to provide a store selling just non-food items on this site would be unreasonable and impractical.
- 3.31 We therefore believe that the sequential approach to site selection is satisfied.

**Policy EC16: The impact assessment for planning applications for main town centre uses that are not in a centre and not in accordance with an up to date development plan.**

- 3.32 This policy sets out the criteria against which the trading effects of each scheme should be assessed having regard to our conclusions under Policy EC14. As paragraph 5.8 of the *Practice Guidance* states this is the key impact policy test. Paragraph 5.5 of the *Practice Guidance* also stresses that it is a matter for the decision maker to judge what constitutes a ‘significant’ adverse impact. Annex D of the *Practice Guidance* relates to ‘Quantifying impact’. Figure D1 sets out the steps required to quantify the impact. These are as follows:

**Step 1:** Establish base/design years, and determine what is being assessed

**Step 2:** Examine ‘no development’ scenario i.e. what will happen if the development does not take place?

**Step 3:** Assess turnover and trade draw i.e. what turnover will the development generate and where will it come from?

**Step 4:** Assess impact on existing centres and facilities i.e. quantify the effects of trade diversion

**Step 5:** Consider the consequences of impact, including quantitative and qualitative issues

- 3.33 The guidance states that it will appropriate in assessing the impact of a planned development to examine a 'no development' scenario. Paragraph D.22 of the *Practice Guidance*. This states:

**"In every case, the objective should be to set out clearly the judgements reached about the total turnover and proportion of the proposals turnover drawn from different parts of the catchment area, together with assumptions about 'inflow' from beyond the survey area. This provides an important first step, as a means of judging, on a zone by zone basis, the likely changes in shopping patterns arising and the centres from which the proposal is likely to divert its trade."**

- 3.34 Paragraph 4.33 of the PRS summarises the approach taken in assessing the impact of the scheme. We deal with each of the steps undertaken.

**(a) Study area**

- 3.35 The Applicant adopts 12 postcode sectors which reflect a maximum drive time of 35 minutes. These comprise four inner and eight outer zones. Paragraph 4.35 of the assessment states that the study area is bounded by Gillingham and Shaftesbury to the north and Dorchester and Wareham to the south. Verwood and Wimborne Minister bound it to the east. Yeovil, Salisbury and Poole lie to the north-east, north west and south east.

- 3.36 Our initial view is that the study area has been drawn relatively wide and includes large areas which we do not believe fall within the natural catchment of the town or the proposed development. Three pieces of evidence corroborate this view;

- The telephone household survey results at Appendix A8 confirm that for main food and top up shopping (Questions 4 and 5), the town and existing Tesco store draws the majority of convenience goods expenditure from the following postcodes:

**Table B: Primary Catchment Area (PCA)**

| Postcode | Description  |
|----------|--|
| DT11 0   | West of Blandford including Milford St Andrew, Okeford Fitzpaine, Winterborne Stickland and Milton Abbas |
| DT11 7   | Central Blandford  |
| DT11 8   | North of Blandford including Blandford Camp, Child Okeford, Stourpaine, Pimperne and Tarrant Gunville    |
| DT11 9   | Blandford St Mary including Charlton Marshall and Winterbourne Kingston                                  |

- The Joint Retail Assessment (JRA) prepared by Nathaniel Lichfield and Partners (March 2008)<sup>5</sup> concluded that the primary catchment area of the town (including convenience goods expenditure drawn to the Tesco store) comprised study area ND4. This contains the postcodes listed above in addition to postcode DT2 7. The telephone household survey results submitted as Appendix 8 to the PRA indicates that the town centre supermarkets have a much more localised catchment primarily concentrated on the four postcodes listed above.
- A previous planning application (No. 2/2000/0448) which involved a 1,236 sq.m. gross extension to the store used a 15 minute drive time study area divided into 13 zones. The Council's consultants at that time (Nathaniel Lichfield and Partners) concluded that the 15 minute drive time represented a useful starting point<sup>6</sup>. In 2006 the total population within the catchment was predicted to be 40,551. It was concluded that the catchment area was likely to extend further to the west possibly beyond the 15 minute drive time but be more constrained to the north and south-east.

3.37 The JRA concluded that:

***“The Tesco store in Stour Park, Blandford Forum was the main shopping destination, attracting 62% of respondents, while Somerfield in Langton Road, Blandford Forum was the second most popular destination for respondents' last main food shopping trip (6%). There is a reasonable level of expenditure outflow to stores in Poole from this zone.”***

3.38 Since that report was prepared the former Safeway store has been re-occupied by Morrisons following the acquisition of a large number of stores by the company.

<sup>5</sup> Undertaken on behalf of Christchurch Borough Council, East Dorset District Council, North Dorset District Council and Purbeck District Council.

<sup>6</sup> Paragraph 2.1 of the 'Evaluation of Retail and Planning Assessment' (February 2001).

- 3.39 We accept that the telephone household survey results suggest that the Tesco store draws from other postcode sectors including DT10 1, DT10 2 and SP5 5. However the proportion from these areas is relatively limited at around £5.24m (16% of the store's turnover derived from the study area zones). Perhaps more significantly the town centre food stores appear to have more concentrated levels of trade draw largely confined to the four postcodes listed in the table above. We therefore believe that it would be unrealistic and inappropriate to include large areas of the catchment area whose residents have a natural propensity to travel to centres and stores which are closer or more convenient for main food shopping. Such travel patterns cannot be equated with 'leakage' from Blandford Forum's or the food store's catchment area.
- 3.40 The definition of an appropriate catchment area is important when assessing the availability of population and expenditure and trade draw rates. This has a knock-on effect in terms of assessing the level of diversion by postcode sector.

**(b) Population and expenditure**

- 3.41 The assessment adopts 2010 as the base year and a design year for testing impact of 2016. Although Policy EC14.7 of PPS4 states that impacts should be assessed taking into account the first five years. Paragraph D.2 of the *Practice Guidance* states that it will normally be assessed 1-2 years after opening. Therefore while the extension could be built and trading within five years we do not believe that the use of 2016 as the design year is inappropriate.
- 3.42 The assessment uses specially commissioned information from Pitney Bowes MapInfo Ltd produced in May 2010 (AnySite Report). This is a recognised consultancy providing retail data. Deductions are made for special forms of trading including internet sales. The AnySite Report is not provided within the PRS. We have examined the population in the context of those used in the JRA. For the main catchment area for Blandford (ND4), the JRA estimated a population of 30,468 in 2011 with this falling very slightly to 30,476<sup>7</sup>. The PRS predicts a total resident population within the four postcodes we have identified as being 30,844 in 2010 rising substantially to 32,690 by 2016. These forecasts exclude the population within postcode sector DT2 7 which according to the PRS contained 5,772 people in 2010 rising to 6,041 in 2016. This is a

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<sup>7</sup> We understand that the population forecasts were provided from various sources including the 2001 census and from Dorset County Council and were agreed with the District Council. The latter relies upon the County Council for population estimates and forecasts.

significant difference because it has a knock-on effect in terms of the total expenditure generated within the catchment area.

- 3.43 The JRA also provided high growth figures which indicate a population in 2011 of 31,491 rising to 32,750 in 2016. However even these would involve a sizeable difference because they include postcode sector DT2 7 which we have excluded from our analysis.
- 3.44 We have discussed this aspect with the Council since in our opinion it is critical to properly estimate the total expenditure available. This will have knock-on effects in terms of the turnover of individual stores including the existing Tesco supermarket. We recommend that the Council should seek further clarification from the Applicant regarding the population figures since it seems to us that they potentially represent the most optimistic estimate and thereby may overinflate the total convenience and comparison goods expenditure. The County Council is undertaking additional work in order to try and verify the estimates used in the PRS.
- 3.45 In terms of expenditure per capita the PRS adopts a base year figure of £1,673 on convenience goods in 2007 at we assume 2007 prices<sup>8</sup>. This appears however to be a generic figure for the whole of the study area i.e. it is an average for all 12 zones. The JRA estimated a per capita convenience goods expenditure figure of £1,519 for ND4 at 2005 prices i.e. it related specifically to the socio-economic characteristics of this more narrowly defined area which relates to the core catchment area of the town. Even after allowing for the differing price base this also represents a substantial difference and again has a bearing on the availability of expenditure in the future. It may be the case that the difference is accounted for by the Applicant using MapInfo as a data source and the JRA using Experian Business Strategies. This is not clear because we do not have access to the AnySite report nor the base data used in the JRA. It is an area where the discrepancy is sufficiently significant to warrant further clarification by the Applicant.
- 3.46 We are not able to reconcile these discrepancies and they give us a degree of concern regarding the ability to rely upon the PRS when assessing the likely trading effects. We recommend that the Council seeks clarification from the Applicant on these matters in order that some form of reconciliation can be made to test the population and expenditure estimates.
- 3.47 Therefore at this stage we have proceeded the assumption that the PRS involves the use of appropriate population and expenditure estimates. We are unable to confirm to the Council that they are appropriate

<sup>8</sup> We cannot find an explicit reference to a price base although the AnySite report was produced in May 2010. However the actual start date for projection purposes is 2007 and we have assumed therefore that this is the price base.



and from our initial review we believe them to involve the most optimistic projections. The PRS proceeds on the basis that the base year expenditure forecasts are projected forward using growth rates set out within MapInfo Information Briefing Note 09/02.

- 3.48 The population and expenditure estimates are multiplied to provide total overall levels of convenience and comparison goods within each postcode and study area in 2010 and 2016. These are then used to model existing expenditure flows, turnover, trade draw and impact.

**(c) Shopping patterns**

- 3.49 The PRS uses a telephone household survey undertaken by NEMS to estimate convenience and comparison goods expenditure patterns. Using the responses the assessment predicts the levels of turnover within existing shops by residents in the study area.

- 3.50 In relation to Blandford paragraph 4.47 notes that the town draws £50.15m in convenience goods expenditure from the £110.73m generated by residents in the catchment area. This represents 45.3% of available expenditure. Paragraph 4.49 states that significant amounts of expenditure are being spent further afield including in Dorchester, Poole, Shaftesbury and Gillingham. The implication of this assessment is that the town has the potential to significant increase its ability to retain convenience goods expenditure generated within the catchment area. While there may be some scope to do this we believe that the following table assist in placing the capacity or need for additional convenience goods floorspace in perspective. We have adopted a more narrowly defined Primary Catchment Area (PCA) based on postcode sectors DT11 0, DT11 7, DT11 8 and DT11 9.

**Table C: Retention of convenience goods expenditure within PCA 2010-2016<sup>9</sup>**

|  | 2010                 | 2016 <sup>10</sup>   | Change<br>2010 to 2016 |
|--|----------------------|----------------------|------------------------|
| Total Population in PCA  | 30,844 <sup>11</sup> | 32,690 <sup>12</sup> | +1,846                 |
| Total Resident Convenience Goods Expenditure £m                  | 52.53 <sup>13</sup>  | 57.67 <sup>14</sup>  | +5.14                  |
| Convenience goods turnover of existing retailers in Blandford £m | 47.65 <sup>15</sup>  | 52.31                | +4.66%                 |
| Retention of convenience goods expenditure                       | 90.7%                | 90.7%                |                        |
| 'Leakage' of Convenience Goods Expenditure £m                    | 4.88                 | 5.36                 | +0.48                  |

- 3.51 **Table C** above demonstrates that Blandford including the existing Tesco store, already account for most of convenience goods expenditure within the four main postcodes from which they currently draw the great majority of their trade. This is in excess of 90% of expenditure generated by residents. Expenditure leakage or loss under a 'do nothing' scenario would increase from £4.88m to £5.36m by 2016. However the retention in practice is likely to be even higher because our assessment does not include the convenience goods floorspace in other shops and their turnover which lie within the four main postcodes. Were such an allowance to be made it is conceivable that the retention rate would be at least 95% of the total available, a very substantial level showing that the ability to claw-back or retain additional expenditure in this area is very limited. Indeed this is generally confirmed by the predicted trade draw pattern to the proposed extension which indicates that the net additional turnover can only be achieved on a sustainable basis if the majority of turnover is derived from outside the primary catchment area.
- 3.52 Therefore notwithstanding the suggestion that the town centre is failing to retain the majority of expenditure within its main catchment area, our analysis suggests that in quantitative terms it is performing well albeit that this seems to be being achieved as a consequence of over-trading within the Tesco store and under-trading within the town centre stores particularly Morrisons. We comment on this later. The cross-check is relevant because criterion d. of Policy EC16 of PPS4 advises that when assessing the impact of a proposal on town centre trade/turnover and on trade in the wider area, reference should be made to current and future consumer expenditure capacity in the catchment area. Defining the latter in a realistic and appropriate manner to allow sensitivity testing of the assumptions is clearly important.

<sup>9</sup> We make it clear that this analysis and that contained in subsequent tables is predicated on the basis that the population and expenditure estimates within the PRS are eventually judged to be sufficiently robust to be relied upon.

<sup>10</sup> Extracted from Table 1 of the PRS.

<sup>11</sup> This may be compared with a population of 30,478 in ND4 at 2011 as predicted in the JRA.

<sup>12</sup> This may be compared with 30,476 in ND4 at 2016 as predicted in the JRA.

<sup>13</sup> Based on £1,703 per capita on convenience goods across the four postcode sectors (Table 1 of the PRS).

<sup>14</sup> Based on £1,764 per capita on convenience goods across the four postcodes (Table 1 of the PRS)

<sup>15</sup> Extracted from Table 9 of the PRS and includes out of centre Co-op at Salisbury Road. However it does not include all other convenience goods floorspace in the town.

**(c) Turnover of existing shopping facilities**

3.53 Paragraphs 4.54 and 4.55 of the PRS set out estimates of the total convenience goods turnovers of the existing stores and supermarkets within Blandford town centre and the Tesco store in 2010 and 2016. These estimates are derived from the telephone household survey results and include an allowance for expenditure inflow i.e. from non-residents such as tourists. The inflow of expenditure to the existing Tesco and proposed extension is predicted to be 15% of the total. The justification for this level of inflow is not fully explained given the large catchment area. Clearly some will be the result of tourist expenditure but if the amount is over-stated the trade draw from existing facilities would be potentially greater. There is also little information on the average spend per trip to each store and therefore the analysis may over-state the turnover of the town centre supermarkets who are likely on average to generate lower levels of expenditure. This question may have been asked but the selected extracts from the survey do not provide confirmation on this matter.

3.54 The PRS sets out the convenience goods turnovers which set out in **Table D** below. We have added in our estimates of the resulting sales densities because these figures do not feature in the PRS.

**Table D: Convenience goods turnover of existing stores and facilities 2010-2016**

| Store/Centre                    | Total convenience goods turnover 2010 (£ms) | Total convenience goods turnover 2016 (£ms) | Convenience goods sales area sq.m. <sup>16</sup> | Achieved sales density in 2010 £'s sq.m. | Achieved sales density in 2016 £'s sq.m. | Company average convenience sales density £'s sq.m. <sup>17</sup> |
|---------------------------------|---|---|--|--|--|---|
| Tesco                           | 38.92                                       | 42.71 <sup>18</sup>                         | 1,596 <sup>19</sup>                              | 24,386                                   | 26,761                                   | 13,145  |
| Morrisons                       | 10.26                                       | 11.37                                       | 1,139  | 9,007                                    | 9,982                                    | 9,549   |
| Co-op <sup>20</sup>             | 3.19  | 3.51  | 800 <sup>21</sup>                                | 3,988                                    | 4,388                                    | 5,343   |
| Iceland                         | 0.97  | 1.08  | 410  | 2,366                                    | 2,634                                    | 4,864   |
| Other Town centre <sup>22</sup> | 3.30  | 3.58  | 690  | N.C.                                     | N.C.                                     | N.C.  |

3.55 This table tends confirms the Applicant's claim that the Tesco store at Blandford St Mary is trading at very high levels based on the company's own estimates and application of results of the household survey to the total convenience goods expenditure within the study area. In 2010 it would appear that the store traded at almost double the company average and this also tends to corroborate the company's statements regarding the degree of over-trading, congestion and operational difficulties it faces. In 2001 NLP estimated that the store was trading at approximately 26% above company average levels; (paragraph 3.21 of the 'Evaluation of Retail and Planning Statement'. Since that time the store appears to have built upon its trading position and is achieving a turnover approximately 86% higher than company norms. In contrast the supermarkets in the town centre do not appear to have fared so well and as in 2001 trade at below company norms. In addition their trading level may in fact be somewhat over-stated since it is likely that the average spend per trip would be less given the smaller size of the town centre stores. This would make them more rather than less vulnerable to trade loss.

<sup>16</sup> Based on a 10% allowance for non-convenience goods within the Morrisons store.

<sup>17</sup> As set out within the PRA. We acknowledge that these figures are at a 2005 price base compared with a 2007 base used in the PRS. However we believe that they are sufficiently robust for the purposes of assessing the general trading levels of individual stores. By 2016 the company average sales densities could be expected to increase nationally to 2016. We have assumed a very modest 1.5% cumulative increase over the 6 year period.

<sup>18</sup> Excluding the proposed extension.

<sup>19</sup> As specified in paragraph 2.16 of the PRS.

<sup>20</sup> The PRS constantly refers to this store as Somerfield. However the Co-op acquired Somerfield in mid 2010 and the store has been re-branded.

<sup>21</sup> Table 1A of JRA estimates that the former Somerfield had a convenience goods sales area of 1,190 sq.m. net. We have adopted the lower estimate calculated from the health check provided by the Applicant.

<sup>22</sup> This includes a Spar store extending to approximately 150 sq.m. net and an Iceland supermarket (410 sq.m.) along Salisbury Street.

3.56 In contrast the town centre supermarkets in 2010 were under-performing relative to company norms. Morrisons traded at around 10% below company levels while the Co-op traded at around 25% below company levels.<sup>23</sup> If the store has a convenience goods sales area as calculated in the JRA the sales density would be even lower at around £2,681 sq.m. Similarly the Iceland store is also estimated to be significantly under-performing relative to company norms. We understand that a planning application has been submitted seeking permission to sub-divide this store into two units which may suggest that the company is seeking to either down-size or cease trading in the future. This would corroborate the low turnover levels being achieved within the supermarket.

**(d) Turnover of the proposed extension.**

3.57 Table 10 in Appendix 7 of the PRS sets out the predicted turnover of the extension. An increase in the convenience goods turnover of the store is predicted to be £4.8m rising from £42.71m to £47.51m. For comparison goods the increase is predicted to be an increase of £3.65m from £1.48m to £5.13m. This would equate to a sales density of approximately £8,710 sq.m.

3.58 Placing the projected increase in perspective, the convenience goods sales density achieved within the proposed extension equates to £6,847 sq.m. which is around 50% of the company's average sales density. Paragraph D.14 of the *Practice Guidance* states that where a new development is predicted to achieve a potential retailers' company average, the assumption should be treated with caution. The new floorspace would achieve a turnover well below company levels. Nonetheless it would result in a store achieving a convenience goods sales density of approximately £20,684 sq.m. in 2016.<sup>24</sup> This would remain in excess of the company's national average even allowing for increase in floorspace efficiency increase between 2010 and 2016 of say 1.5%. The corollary of this is that the town centre stores would continue to under-perform.

3.59 It is to be expected that the addition of an extension would tend to facilitate a redistribution of turnover within the store particularly one which is over-trading relative to company norms. The resulting comparison goods sales density appears reasonable to use based on our experience and published research. In relation to convenience goods the actual sales density within the extension would be markedly less than company norms. It is possible that by adding to the floorspace in the manner proposed that the store achieves an even greater level of attraction to residents within the catchment area which would tend to lead to an uplift trading levels. The overall convenience goods sales level within the store would nonetheless remain in excess of company norms and we have therefore proceeded on the basis that it

<sup>23</sup> We have assumed that the trade attracted to the former Somerfield has simply been transferred to the Co-op store.

<sup>24</sup> Based on a total convenience goods sales area of £2,297 sq.m. and a turnover of £47.51m.

represents the minimum predicted uplift in turnover within the store. Certainly the PRS does not seek to apply the estimate to any form of sensitivity testing i.e. assessing a potentially greater level of uplift.

**(e) Trade diversion**

- 3.60 Table 11 at Appendix 7 of the PRS sets out an estimate of the convenience goods diversion from the town centre and from other stores and centres across the catchment area. Inevitably this involves applying judgment to the analysis. In summary the predicted level of trade diversion is as follows (**Table E**):

**Table E: Predicted convenience goods trade diversion in 2016 (£ms)**

| Centre/store      | Total convenience goods turnover 2010 (£m) | Total convenience goods turnover with proposed extension 2016 (£m) | Trade diversion (£m) | Impact (%) | Change from 2010 levels (%) |
|-------------------|--|--|----------------------|------------|-----------------------------|
|                   |  |  |                      |            |                             |
| Morrisons         | 10.26                                      | 10.45  | 0.92                 | -8.8%      | +1.8%                       |
| Co-op             | 3.19                                       | 3.29   | 0.23                 | -6.5%      | +3.1%                       |
| Iceland           | 0.97                                       | 1.03   | 0.05                 | -4.4%      | +6.2%                       |
| Other Town Centre | 3.30                                       | 3.58   | 0.11                 | -3.1%      | +8.5%                       |

- 3.61 On the basis of the PRS all stores within the town centre would trade in excess of their 2010 levels by 2016 with the extension built and trading fully. In the case of Morrisons the increase would be very modest at 1.8% which equates to approximately 0.3% per annum.
- 3.62 In relation to comparison goods the predicted impact is as follows (**Table F**):

**Table F: Predicted comparison goods trade diversion in 2016 (£ms)**

| Centre/store          | Total comparison goods turnover 2010 (£m) | Total comparison goods turnover 2016 (£m) | Total comparison goods turnover with Tesco 2016 (£m) | Trade diversion 2016 (£m) | Impact in 2016 (%) | Change relative to 2010 levels (%) |
|-----------------------|---|---|--|---------------------------|--------------------|------------------------------------|
| Blandford Town Centre | 32.61                                     | 41.24                                     | 40.76  | 0.47                      | -1.1%              | +25%                               |

- 3.63 The PRS suggests that the majority of the proposed increase in comparison goods turnover will be diverted from retail stores in Poole (£1.65m) with smaller amounts from Dorchester (£0.24m) and Salisbury (£0.23m). It should also be noted that the analysis assumes that approximately 15% of the turnover to the existing Tesco store and the proposed extension would be derived from outside the 12 postcode sectors. This appears to be based on the company's confirmation of this position to its consultants. However there is no empirical evidence to support this level of inflow which if too high would potentially mean that the trade diversion on existing facilities within the catchment area would be greater if the existing and proposed turnover figures are to be achieved.
- 3.64 The total town centre impact is predicted to be £1.55m in 2016 equating to an overall impact of 2.7%<sup>25</sup>. We estimate that based on the PRS the total diversion is £1.78m based on Tables 12 and 15 of the PRS. This would equate to an impact of 3.1%. The comparison goods diversion of £0.47m in 2016 equates to approximately 13% of the proposed uplift in comparison goods turnover within the store. This is likely to understate the impact given the relatively high proportion of expenditure derived from the four main postcodes as set out in Table K. The latter demonstrates the importance of the town centre for a wide variety of comparison goods shopping. In our view a trade draw of 35% would be more representative suggesting a diversion of £1.3m from the centre in 2016.
- 3.65 We would also highlight the distribution of trade draw within the 12 zones used by the Applicant to define the main catchment area. We have compared the proportion of trade drawn to the store in 2016 with no extension (Table 9 of the PRS) with that attracted to the proposed extension from the same zones (Table 11). The position is set out in **Table G**.

<sup>25</sup> Combining the convenience and comparison goods turnover of the town centre.



Table G: Trade draw by zone 2016

| Zone   | Proportion of trade drawn as a % of total drawn from the 12 zones: Existing store in 2016 | Proportion of trade drawn as a % of total drawn from the 12 zones: Proposed extension |
|--------|---|---|
| DT11 0 | 18.2%   | 17.4%   |
| DT11 7 | 26.0%   | 20.1%   |
| DT11 8 | 22.1%   | 17.9%   |
| DT11 9 | 17.9%   | 17.4%   |
| DT2 7  | 1.9%  | 2.9%  |
| DT10 1 | 3.1%  | 4.9%  |
| DT10 2 | 2.1%  | 3.9%  |
| SP7 0  | 0.0%  | 2.0%  |
| SP5 5  | 1.9%  | 2.9%  |
| BH20 7 | 1.7%  | 2.9%  |
| BH21 4 | 3.1%  | 3.9%  |
| BH21 5 | 1.9%  | 2.9%  |

- 3.66 The table tends to suggest therefore that within the core or primary catchment area associated with DT11 0, DT11 7, DT11 8 and DT11 9 the proposed extension is predicted as a percentage to draw less than the existing store with greater proportions being drawn from further afield. The existing store would draw 84% of its turnover from this area compared with 73% for the proposed extension. This approach has the effect of reducing the amount of turnover drawn from the PCA which is the principal area relied upon by the existing town centre supermarkets. The net effect of this assumption is to reduce the impact on the town centre. In the event that the extension achieved market penetration rates similar to the existing store then the impact on the centre would increase. Again it reflects the need to define the study (catchment) area with some care otherwise the use of an inappropriate catchment can potentially indicate a surplus capacity for more floorspace. The proposed development is in part advanced on the basis that it will claw-back expenditure made by residents in the defined catchment area who currently shop in other centres and shops. It is claimed that the scale of the development must enable the store to achieve sustainable retention levels. However as the appeal decision at **Appendix [2]** demonstrates this is not necessarily the most appropriate basis for assessing whether the development is sustainable or capable of being provided without giving rise to an unacceptable impact.

- 3.67 The impact on other centres and stores outside of Blandford is generally focused in particular on the Tesco and Waitrose stores at Dorchester, Tesco stores in Poole and stores in Gillingham.

**(f) Linked trips**

- 3.68 The PRS estimates that the net additional turnover or expenditure which would be attracted into the town centre would be £0.76m in 2016. This is based on the results of the Exit Survey and assumes that the store currently attracts 946,498 shopping trips per annum. The PRS then assumes that 217,695 would be linked shopping trips with the town centre. It is then further assumed that on each linked trip to the centre shoppers would spend an average of £10. This would equate to £2.18m in 2010. With the proposed extension a net increase in linked trips would generate £0.76m in 2016 thereby off-setting the direct impacts of the scheme.
- 3.69 As stated above we would recommend that a degree of caution is adopted in relation to this part of the analysis. There is no evidence to suggest that shoppers undertaking a linked trip spend an average of £10 in the centre. Nor does the Exit Survey confirm that these trips would not occur in any event. In other words shoppers would visit the town centre and the Tesco store on the same visit due to the convenience of doing so. In addition it fails to take into account the reduction in linked trips as a consequence of removing shoppers from the existing stores in the town centre. Based on the PRS this would equate to a diversion of £1.31m in 2016 and given the proximity of these stores to other businesses, the propensity for linked trips and average spend per trips must be considerably greater than that attracted to the Tesco store.
- 3.70 Therefore without better information on this aspect of the analysis we are not able to corroborate the conclusions drawn from it. Whether a question was asked in connection with the telephone household survey is unclear since only a selection of tables is provided. Therefore this does not provide a cross-check to the in-store survey.

**(g) Assessment of trade diversion**

- 3.71 The PRS concludes that no significant impact on the town centre would result. We believe that this conclusion requires further scrutiny.

3.72 The Government published in 1994 *The Impact of Large Foodstores on Market Towns and District Centres*. We acknowledge that the research is 10 years old and that each case must be treated on merit. However this study does provide at least some useful guidance which is factually based upon individual case studies in a range of towns. We draw attention to the following points:

- The House of Commons Environment Select Committee's Fourth Report (1994) highlighted the vulnerability of small town centres to lasting damage from large food stores (paragraph 1.6).
- A common claim made by developers and retailers is that stores claw-back expenditure leaking to more distant centres, and by so doing increase the opportunities for linked trips particularly for edge of centre stores. A counter view is that while large stores may claw-back expenditure they also compete directly with town centre supermarkets and also absorb some of the "top-up" trade of specialist convenience retailers (paragraph 8.47).
- In the case of two edge-of-centre case studies (Cirencester and Warminster) the main effect of the two stores was to divert trade from the town centre to the edge-of-centre locations. This could have been due to the particular circumstances of the two towns (paragraph 11.23).
- Large, highly accessible stores will achieve greater claw-back (paragraph 11.24).
- While some of the case studies showed that linked trips increased following the opening of a non-central foodstore, there was no evidence of any significant increase in the use of the centres for non-food shopping (paragraph 11.26).
- The propensity for linked trips depends upon:
  - The extent to which the store complements the centre;
  - The distance and physical linkages between the two;
  - The relative size of the centre compared with the store; and
  - Accessibility, car parking and orientation of the store.

(paragraph 8.69)

- Smaller centres which depend on convenience retailing are most at risk

3.73 In the case of Blandford like many market towns, the centre's robustness and vitality, depends to a significant degree on convenience goods retailing within its primary shopping area, for its underlying health. Indeed based upon IGD research<sup>26</sup> the proposed store as extended would offer clear attractions over its rivals in the town centre based upon the preferences of supermarket shoppers. It would:

- provide free surface level car parking adjacent to the store<sup>27</sup>.
- provide a more extensive range of convenience and comparison goods under one roof. The scheme would involve a further 701 sq.m. net of convenience goods floorspace which would be double that offered by Morrisons and almost three times that provided in the Co-op. The comparison goods floorspace would increase by 589 sq.m. ;(over 300%).
- provide a more extensive selection of own label products.
- be open for long hours relative to other shops.
- provide a larger number of checkouts
- be easy to get to by car being adjacent to the Blandford by-pass.

3.74 All of these matters were rated highly by respondents to the IGD consumer survey and indicate that developments offering these types of facility will become even more attractive in the future. This will mean that town centre supermarkets and other convenience and comparison goods businesses with severe limitations on their size, range of goods, accessibility and lack of dedicated car parking will be placed at an increasing disadvantage.

3.75 It would certainly appear that the town centre supermarkets has not achieved the stellar performance secured by the Applicant in its out of centre supermarket. The PRS does not examine the relative trading performances of the town centre stores relative to company average trading levels. The Health Check provided at Appendix 4 to the study is helpful in providing an indication of the vitality and viability of the centre. However the analysis does not fully recognise the importance of town centre food stores to the overall attraction of the centre. While the introduction of Morrisons following the closure of Safeway has assisted in re-establishing the balance between in and out of centre convenience goods shopping, the centre's overall market share as a consequence of the development will be reduced and this is unlikely to be rectified without new floorspace being provided within the town.

<sup>26</sup> 'UK Grocery Outlook Report' (2007)

<sup>27</sup> The JRA recorded that a survey of businesses in the town centre cited the availability and location of car parking as a constraint (34%) and the cost of parking was cited by 32% of respondents.

3.76 Taking the criteria in Policy EC16.1 in order our views are as follows:

**a. Impact on existing, committed and planned investment**

3.77 It is a truism that any development by a national retailer including an extension of the size proposed can be said to create considerable investment in the local area and we do not underestimate its ability to generate approximately 125 new full and part-time jobs.<sup>28</sup> However the following points are relevant for what is proposed here:

- The development is not in our view not essential to maintain the vitality and viability of the Blandford. Although the linked trip analysis is noted along with the proposed improvements to pedestrian linkages this is not conclusive evidence that the store as extended would be of benefit to the centre as a whole. There is no doubt that it would increase the attractiveness of the existing store and provide the qualitative benefits detailed on page 28 of the PRS.
- The impact of the development in particular on, for example, the Morrisons and Co-op supermarkets would mean that they would continue to trade at significantly below company average levels with the expected uplift in turnover over the 6 year period being unlikely to cover their increased costs over this period.
- Any reduction in the operating margins of smaller businesses would also undermine their ability to maintain and improve their premises and the overall appearance of the town which is a designated conservation area.

3.78 We are not aware if Morrisons for example has plans to invest within its town centre store through refurbishment or by extension. Clearly removing trade which would otherwise have been attracted to the store to enable it to trade at around company norms could have an adverse impact on the company's decision to invest further given the continued attraction and benefits of shopping in a much larger store in an out of centre location.

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<sup>28</sup> The Full Time Equivalent (FTE) is 85 jobs.

**b. Impact on town centre vitality and viability**

- 3.79 The main considerations here relate to the degree to which the level of trade particularly within the convenience goods sector would have a significant adverse impact on the vitality and viability of the town centre. Paragraph D.34 of the *Practice Guidance* states:

*“When considering the impact on existing trade/turnover for the classes of goods proposed to be sold from a known development, it may be sufficient to give a broad indication of the proportion of the proposal’s turnover likely to be derived from different centres and facilities in the catchment area of the proposal, and what the consequences of each is in terms of reduction in turnover and impact. In more complex cases, particularly where overall effects on travel patterns are likely to be key considerations, an analysis of ‘before and after’ shopping patterns may be appropriate to illustrate clearly how current patterns are expected to change following the development of commitments and the proposals under consideration.”*

- 3.80 Paragraph 5.5 of the *Practice Guidance* also stresses that it is a matter for the decision maker to judge what constitutes a ‘significant’ adverse impact<sup>29</sup>. It is inevitable that any new retail development will have some impact on existing shops and centres.
- 3.81 The store as extended will be focused upon maximising market share and meeting main food and top-up shopping needs. In terms of scale it would move from being a supermarket to a superstore with 3,063 sq.m. net of convenience and comparison goods. A café would also be re-introduced. It is clear from the NEMS survey that the existing supermarkets and smaller convenience goods retailers also trade within the main-food and top-up sectors of the convenience goods market although possibly due to their relatively limited size and less prominent locations, they do not achieve particularly robust trading levels. The development of an extended store in a pre-eminent location would inevitably reinforce its trading position to a significant degree.

**c. Impact on allocated sites outside the town centre**

- 3.82 We are not aware of any allocated sites for retail development outside of the town centre which would be affected by the proposed development.

**d. Impact on in-centre trade**

- 3.83 The ability of the existing supermarkets in the town centre to continue to fulfil their food and convenience goods shopping role is clearly a critical consideration. Part of this assessment requires judgments to be

<sup>29</sup> Paragraph 7.3 of the *Practice Guidance* states that it is ultimately a matter for the decision maker i.e. the Council in this case, to determine what constitutes an ‘acceptable’, ‘adverse’ or ‘significant adverse’ impact based on the circumstances of each case.

made on their ability to trade at profitable and viable levels in the future after the extension is open and trading. As part of this process the availability of expenditure in the core catchment area is a key consideration. In **Table H** below we set out the position in respect of the current and predicted market shares in the absence of the proposed extension. It will be noted that the Tesco stores dominates trading patterns within the PCA attracting 53% of the total expenditure. The town centre shops and stores attract approximately half this amount.

**Table H: Retention of convenience goods expenditure within PCA 2010-2016**

|   | 2010                | 2016 <sup>30</sup>  | Change<br>2010 to 2016 |
|---|---------------------|---------------------|------------------------|
| Total Population in PCA   | 30,844              | 32,690              | +1,846                 |
| Total Resident Convenience Goods Expenditure £m   | 52.53 <sup>31</sup> | 57.67 <sup>32</sup> | +5.14                  |
| Convenience goods turnover of existing retailers in Blandford £m                        | 47.65 <sup>33</sup> | 52.31               | +4.66%                 |
| Retention of convenience goods expenditure  | 90.7%               | 90.7%               |                        |
| 'Leakage' of Convenience Goods Expenditure £m   | 4.88                | 5.36                | +0.48                  |
| Convenience goods turnover of town centre stores only derived from PCA £m <sup>34</sup> | 14.73               | 16.24               | +1.51                  |
| Retention of town centre stores   | 28.0%               | 28.1%               | +0.1%                  |
| Convenience goods turnover of Tesco supermarket derived from PCA £m (no extension)      | 27.84               | 30.59               | +2.75                  |
| Retention of Tesco supermarket (no extension)   | 53%                 | 53%                 | 0.0%                   |

3.84 We have then gone on to examine how the patterns are affected by the proposed extension. This is set out in **Table I** below:

<sup>30</sup> Extracted from Table 1 of the PRS.

<sup>31</sup> Based on £1,703 per capita on convenience goods across the four postcode sectors (Table 1 of the PRS).

<sup>32</sup> Based on £1,764 per capita on convenience goods across the four postcodes (Table 1 of the PRS)

<sup>33</sup> Extracted from Table 9 of the PRS.

<sup>34</sup> Excludes Co-op store at Salisbury Road which lies outside the town centre.



**Table I: Convenience goods retention with proposed extension 2016**

|  | <b>2010</b> | <b>2016</b> | <b>Change<br/>2010 to 2016</b> |
|--|-------------|-------------|--------------------------------|
| Total Population in PCA  | 30,844      | 32,690      | +1,846                         |
| Total Resident Convenience Goods Expenditure £m  | 52.53       | 57.67       | +5.14                          |
| <b>1. No development scenario</b>  |             |             |                                |
| Convenience goods turnover of town centre stores only derived from PCA £m                    | 14.73       | 16.24       | +1.51                          |
| Retention of town centre stores  | 28.0%       | 28.1%       | +0.1%                          |
| Convenience goods turnover of Tesco supermarket derived from PCA £m (no extension)           | 27.84       | 30.59       | +2.75                          |
| Retention of Tesco supermarket (no extension)  | 53%         | 53%         | 0.0%                           |
| <b>2. With proposed extension</b>  |             |             |                                |
| Convenience goods turnover of town centre stores only derived from PCA £m (after diversion)  | 14.73       | 15.10       | +0.37                          |
| Retention of town centre stores (after diversion)  | 28.0%       | 26.2%       | -1.8%                          |
| Convenience goods turnover of Tesco supermarket derived from PCA £m (extension open by 2016) | 27.84       | 33.56       | +5.72 <sup>35</sup>            |
| Retention of Tesco supermarket (extension open by 2016)                                      | 53%         | 58.1%       | +5.1%                          |
| Increase in retention due to extension   | Nil         | 5.1%        | +5.1%                          |

3.85 The table demonstrates that the market share of the town centre in convenience goods will as a percentage decline to approximately 26% of the total. In contrast the market share of the Applicant's store will increase to over 58% from 53%. Thus the shift in expenditure will continue from in and edge-of-centre locations to an out-of-centre location. This shift appears to have continued for the past 10 years and would not be mitigated by the proposed development.

3.86 As we have identified all of the existing main supermarkets in the town centre (Morrisons/Iceland) and on the edge (Co-op) are trading below company averages. This position would remain unaltered as summarised in **Table J**:

<sup>35</sup> £2.97m is attributable to the proposed extension.

**Table J: Trading performance of town centre stores 2016**

| Store     | Post impact turnover in 2016 £m | Achieved sales density £'s sq.m. | Company average sales density 2016 £'s sq.m. <sup>36</sup> | Variation from company average sales density |
|-----------|---------------------------------|----------------------------------|--|--|
| Morrisons | 10.45                           | 9,175                            | 9,692  | -5.3%  |
| Iceland   | 1.03                            | 2,512                            | 5,423  | -53.7%                                       |
| Co-op     | 3.29                            | 4,113                            | 4,937  | -16.7%                                       |

- 3.87 It is difficult to precisely predict the impact on these stores following the opening of the extension. In the absence of the extension Morrisons could be expected to trade at around company norms. The Co-op store would also be able to improve its trading levels although on the basis of the submitted analysis it would not trade at company levels even by 2016. The Iceland store looks particularly vulnerable given its weak trading performance and despite its specialist nature we believe that this store is particularly vulnerable. Of course if the population and expenditure figures used in the assessment are too high then the impact on these stores would be even more pronounced. This is because they would attract proportionately less trade from the catchment area while the proposed turnover of the extension which is based on the Applicant's own forecast would remain unchanged as would the trade draw pattern.
- 3.88 It is certainly not unusual for company's to trade at or below company norms and on the basis of the PRS the longer term future of the Morrisons supermarket is probably not in jeopardy if the turnover estimates are taken at face value. We have indicated that these may in fact be lower given the average spend per trip is likely to be less than in say the Tesco store. The proposal if approved would of course mean that the trade attracted to this store would remain only marginally above 2010 levels which is below the company average. This position would not be reversed.
- 3.89 The Co-op store at Langton Road lying on the edge of the centre would also continue to have its share of the catchment expenditure eroded. In our opinion the proposed extension would mean that this store in particular would be unlikely to achieve company trading levels and would operate essentially as an under-performing store. This may place the longer term future of this store at risk.
- 3.90 The Spar store would in our opinion remain largely unaffected given its specialist convenience goods role. The impact on smaller convenience goods outlets is always more difficult to predict given their somewhat specialist role. Certainly the bakers and butchers within the centre from observation appear to trade relatively well. The same cannot be said for the Iceland supermarket which we believe would eventually

<sup>36</sup> We have assumed a 1.5% increase on 2010 trading levels. We believe that this is a cautious estimate of potential increases in trading efficiency levels over the 6 year period.

close due to the very poor trading performance. Even a small diversion to such an under-performing store would be damaging to its longer term viability and as a general rule any stores which are performing below company norms will be more sensitive to further reductions in turnover given the relatively limited growth in convenience goods expenditure.

- 3.91 With regard to the impact on the town's **comparison goods** turnover we note that the store currently trades under a limitation on the range of non-food goods which can be sold (10% of the sales area). The proposed development would mean that this would increase to 25% of the net (sales) area. The JRA noted that there was a considerable loss of comparison goods expenditure from ND4 to Poole in particular. The distribution of comparison goods flows were recorded as follows:

**"Poole is the preferred location for clothes and shoes (34.8%), electrical appliances (32.9%), electrical goods (32.3%) and furniture (34.2%). Blandford is the main destination for DIY/Hardware/Garden (40.5%), health/beauty and chemist items (67.7%), books, CDs, toys and gifts (34.8%)."**

- 3.92 In our judgement opinion the enlarged store would sell a wider variety of non-food goods including clothes, electrical items, stationery, DVDs, books and seasonal items, some additional impact on the town centre traders selling these items would occur. As the IDG 2007 report notes in the Executive Summary:

**"An important component of recent growth has been the growth in non-food. Sales in less established non-food categories such as clothing, homewares and electricals ("non-grocery") have doubled since 2002, reaching a value of £10.4bn in 2007."**

and

**"Non-food has been a key growth category for leading UK grocery retailers over recent years, consistently delivering growth ahead of the broader grocery sector. And there is considerable further opportunity for growth here."**

- 3.93 Table 7 of the PRA indicates that the town centre remains important for various types of comparison goods shopping as summarised in **Table K** below:

**Table K: Proportion of comparison goods expenditure attracted to Blandford Town Centre**

| Goods type                                | DT11 0 | DT11 7 | DT11 8 | DT11 9 |
|---|--------|--------|--------|--------|
| 1. Clothing/shoes                         | 5.06%  | 6.98%  | 15.49% | 8.95%  |
| 2. Electrical goods                       | 24.64% | 45.83% | 30.08% | 25.73% |
| 3. Furniture/carpets & household textiles | 25.93% | 26.32% | 13.91% | 18.96% |
| 4. Toys/sports goods                      | 24.32% | 30.00% | 19.90% | 16.60% |
| 5. DIY                                    | 44.74% | 61.45% | 54.52% | 45.74% |
| 6. Other non-food                         | 36.17% | 41.18% | 35.05% | 41.44% |

3.94 The table suggests that the town centre remains important for a wide variety of comparison goods shopping although its lack of clothing and shoes shops reduces its ability to retain a significant proportion of expenditure on these items.

3.95 There is no doubt that the Applicant has been expanding the sale of goods in many of these categories particularly clothing, electrical, toys and sports goods and general housewares. Expanding the amount of comparison goods retailing from the 10% limit to 25% of the total (766 sq.m. net) will inevitably increase the impact on the town centre. We estimate that the diversion may be as high as £1.3m rather than the £0.47m predicted by the Applicant given the high market shares within the four main postcodes. On balance we do not believe that this would be particularly adverse because:

- The existing supermarkets do not currently sell a wide variety of comparison goods and therefore the degree of overlap would be less<sup>37</sup>.
- The town centre's comparison goods turnover is predicted to increase from £32.61m in 2010 to £41.24m by 2016. Therefore a loss of £0.47m would represent less than 6% of the predicted growth over this period. Even if the diversion were in fact greater than this at £1.3m the town would continue to increase its total comparison goods turnover over the six year period. Thus the predicted the growth over the 6 year period would cushion any impact. A loss of £1.3m would represent approximately 15% of the predicted growth in town centre trade.
- The majority of expenditure would continue to be reclaimed from centres outside the catchment area and this would have a generally wide distribution.

<sup>37</sup> The JRA estimated that the town centre supermarkets contained 697 sq.m. net of comparison goods floorspace with 6,936 sq.m. net in other town centre shops.

- Comparison goods shopping within superstores often involves impulse buying which would not directly affect town centre shops. Rather trade would be derived from other similar sized stores where comparison goods shopping is more extensive.

**e. Edge of centre locations and scale**

3.96 The application involves an out of centre location so this criterion is not relevant.

**e. Locally Important impacts**

3.97 We are not aware of any other locally important impacts not already assessed in the analysis.

#### 4.0 ASSESSMENT AGAINST DEVELOPMENT PLAN POLICIES AND OTHER POLICY GUIDANCE

##### A. The development plan

4.1 The development plan for the purpose of section 38(3) of the Planning and Compensation Act 2003, comprises **RPG10 'Regional Planning Guidance for the South West'** (September 2001); **Bournemouth, Dorset and Poole Structure Plan** (February 2001) and the **North Dorset District Wide Local Plan (First Revision)** (2003).

##### (i) RPG10

4.2 RPG10 currently forms part of the regional spatial strategy<sup>38</sup>. Neither Bideford or Barnstaple are identified as a Principal Urban Areas (PUAs) under policy SS5. The nearest PUAs are Plymouth, Exeter and Taunton. However policy SS6, relating to other designated centres for growth: ODCsG (i.e. those which do not qualify as PUAs), includes Barnstaple.<sup>39</sup>

4.3 Policy EC6 deals with town centres and retailing. It advises that local authorities in their development plans and other agencies in their plans, policies and programmes should:

- seek to locate developments which attract large numbers of people, including retailing, leisure, commercial activity and public facilities, in the centres of the PUAs and in the other designated centres for growth specified in the spatial strategy;
- encourage town centre developments of an appropriate scale in the market towns and larger settlements elsewhere in the region in keeping with their size and function; ensure that such development is located where it will contribute to the regeneration and environmental improvement of town centres, can help to reduce the need to travel and encourage journeys by modes other than the private car;
- ensure that the vitality and viability of existing centres, including suburban centres, is protected and enhanced, notably by assessing the need for new development and by applying the sequential approach in PPG6 (*Town Centres and Retail Development*) to site selection for new retail and leisure developments (for convenience shopping, a distribution of provision should be maintained that minimises the lengths and frequency of trips, so that any settlement of reasonable size has access to all normal day-to-day necessities. Such provision should be in keeping with the scale of the

<sup>38</sup> The Government initially abolished Regional Spatial Strategies in June 2010. However the High Court ruled in *Cala Homes (South) Ltd v Secretary of State for Communities and Local Government & Winchester City Council* 10/11/2010, that abolishing the RSS was unlawful. On the basis of this ruling the RSS has arguably been re-incorporated into the development plan and is therefore included within this report. However the Government has indicated that notwithstanding this ruling it will abolish the RSS and the Localism Bill published in December 2010 proposes this change.

<sup>39</sup> The 10 ODC'sG are Weymouth, Salisbury, Yeovil, Camboume/Redruth, Barnstaple, Falmouth/Penryn, St. Austell, Truro, Newquay and Dorchester. These settlements make up 10% of the region's resident population, about 0.5 million people.

centre and the catchment that it conveniently serves so as not to encourage longer trips or to undermine the viability of other nearby centres); and

- make no further provision for proposals to build or extend major regional or sub-regional out-of-town shopping centres. Any proposal to extend or redevelop the existing regional shopping centre at Cribbs Causeway should be brought forward and fully justified in a future review of Regional Planning Guidance;
- ensure that such development is located where it can help to reduce the need to travel, encourage journeys by modes other than the private car and contribute to the regeneration and environmental improvement of town centres;
- ensure that the vitality and viability of existing centres, including suburban centres, is protected and enhanced, notably by assessing the need for new development and by applying the sequential approach in PPG6 (*Town Centres and Retail Development*) to site selection for new retail and leisure development.

4.4 The policy is mainly intended to inform the preparation of development plan policies within each local authority area. However we do not believe there is any justification for seeking the proposed extension to be located within a PUA or ODCG. The second bullet point requires developments within existing centres to be of an appropriate scale. However the scheme proposes an extension to an out-of-centre store. It would in our opinion lead to some reduction in the number and length of car borne journeys although within the PCA the majority of the turnover will be generated as a consequence of diverting expenditure from in and edge of centre supermarkets in Blandford. We do not believe it would encourage regeneration within the town itself.

4.5 In terms of the third bullet point the scheme would not protect or enhance the vitality and viability of the town centre. It would divert in particular convenience goods expenditure from in and edge-of-centre locations to an out-of-centre site. We believe that this effect has been occurring over a period of years since the store opened in 1995 and the proposal would continue to divert proportionately more convenience goods expenditure from the centre.

4.6 The requirement to prove need is no longer part of Government policy. We believe that the scheme complies with the sequential approach to site selection.

**(ii) Bournemouth, Dorset and Poole Structure Plan (July 2000)**

4.7 In relation to the structure plan, Settlement Policy C stated:

**"THE ROLE OF THE FOLLOWING TOWNS AS LOCAL SERVICE CENTRES WILL BE SUPPORTED BY THE DEVELOPMENT OF EMPLOYMENT, SHOPPING, EDUCATION, RECREATION AND COMMUNITY FACILITIES: BEAMINSTER, BLANDFORD**



**FORUM, BRIDPORT, CHRISTCHURCH, FERNDOWN, GILLINGHAM, LYME REGIS, SHAFTESBURY, SHERBORNE, STURMINSTER NEWTON, SWANAGE, VERWOOD, WAREHAM, WIMBORNE MINSTER.”**

4.8 The development would increase the quality and range of convenience and comparison shopping in Blandford although not necessarily within the town centre. It would be generally consistent however with the policy’s aim of enabling Blandford as a whole i.e. not just the town centre, to meet the needs of its residents and would redress the operational and trading difficulties associated with the current store which appears to be trading at a very high level for its size.

4.9 Shopping Policy A provides the main source of guidance. It states:

**“THE SEARCH FOR THE LOCATION OF SHOPPING DEVELOPMENT AND/OR REDEVELOPMENT WILL FOLLOW THE SEQUENTIAL APPROACH:**

**(I) IN THE FIRST INSTANCE, DEVELOPMENT AND REDEVELOPMENT SHOULD BE CONCENTRATED IN OR ADJACENT TO THE EXISTING SHOPPING CENTRES OF THE BOURNEMOUTH-POOLE CONURBATION AND THE MAIN TOWNS AS DEFINED IN ADDITIONAL SETTLEMENT POLICY A1 AND SETTLEMENT POLICY B.**

**(II) IF NO SUITABLE TOWN CENTRE SITE IS AVAILABLE, A SITE IN A DISTRICT OR LOCAL SHOPPING CENTRE SHOULD BE CONSIDERED.**

**(III) ONLY AFTER THE ABSENCE OF SUITABLE LOCATIONS IN OR ADJACENT TO EXISTING SHOPPING CENTRES HAS BEEN ESTABLISHED SHOULD A LESS CENTRAL SITE BE CONSIDERED. IN ADDITION AND WHERE APPROPRIATE, ALL DEVELOPMENT AND/OR REDEVELOPMENT SHOULD:**

**(A) BE COMPATIBLE IN CHARACTER WITH THE CENTRE;**

**(B) MAINTAIN AND/OR ENHANCE THE VITALITY AND VIABILITY OF THE CENTRE;**

**(C) NOT ADVERSELY AFFECT TO A SIGNIFICANT DEGREE THE VITALITY AND VIABILITY OF ANY NEARBY TOWN, DISTRICT OR LOCAL CENTRE AS A WHOLE;**

**(D) NOT PREJUDICE THE AVAILABILITY OF EMPLOYMENT LAND; AND**

**(E) BE EASILY ACCESSIBLE BY A CHOICE OF MEANS OF TRANSPORT.”**

4.10 We believe that the Applicant has demonstrated compliance with the sequential approach. It would have no direct impact on the character of the centre (criterion A). It would not maintain or enhance the vitality and viability of Blandford (criterion B). However we are unable to conclude on the basis of the submitted information that it would not adversely affect its vitality and viability in respect of its food and convenience goods shopping role (criterion C). Criteria D and E are matters for the Council to assess.

**(iii) North Dorset District Wide Local Plan (2003)**

4.11 The North Dorset District-Wide Local Plan: First Revision, which was adopted in January 2003, sets out policies at the local level in conformity with the Structure Plan. It also covers the period from April 1994 to March 2011.

4.12 Policy 3.15 seeks to maintain and promote the vitality and health of Blandford. We do not believe that the scheme would achieve this objective based on the predicted levels of trade diversion and the resulting turnover levels of the main convenience stores and supermarkets.

4.13 Policy 3.19 deals with out of centre developments. It states:

**"Where the results of a "sequential" test show there are no suitable sites within or on the edge of the town centre, development may be permitted where the proposal;**

**(i) either by itself or cumulatively with other existing or proposed developments, does not adversely affect the vitality and viability of the town centre;**

**(ii) is accessible by a choice of means of transport and promotes pedestrian and cycleway linkages with the existing town centre;**

**(iii) is of an appropriate scale for the size of the centre;**

**(iv) is for small neighbourhood centres of not more than 500m<sup>2</sup>, (5,400ft<sup>2</sup>) net retail floorspace.**

**All applications for more than 500m<sup>2</sup>, (5,400ft<sup>2</sup>), net retail floorspace outside or adjoining the town centre should be accompanied by retail and transport assessments."**

4.14 The proposal involves retail development in excess of 500 sq.m. net and a retail assessment accompanies the application. In our opinion the scheme complies with the sequential approach to site selection and in terms of criterion (iii) given its out of centre location, this requirement has been superseded by national advice in PPS4. Our overall conclusion in terms of the potential impact is that we are unable to this stage to corroborate the conclusions set out in the PRS.

#### **B. Other guidance**

##### **(i) Draft Regional Spatial Strategy (2006)**

4.15 The South West Regional Assembly<sup>40</sup> published in June 2008 a draft RSS relating to the period 2006-2026. Following an EiP the panel reported in January 2008 and the Secretary of State published proposed changes in June 2008. The final adoption of the plan is unlikely to occur given the government's stated intention to abolish regional spatial strategies. Therefore while we believe little weight should be attributed to it, the draft RSS identified 21 Strategically Significant Cities and Towns (SSCTs) which will be

<sup>40</sup> The South West Regional Assembly ceased to exist on 13<sup>th</sup> May 2009. Its powers in respect of planning, transport and housing were transferred to the Strategic Leaders Board acting on behalf of South West Councils.

the primary focus for development in the South West in accordance with Development Policy A. None of the identified SSCTs are located in North Dorset. Development Policy B of the draft RSS also indicates that locally significant development will be provided in the region's market towns. Blandford would fall within this definition and the proposal would be generally consistent with the intention of focusing locally significant development in such a location.

**(ii) The New Plan for North Dorset (March 2010)**

- 4.16 The Council published its draft Core Strategy and Development Management Policies for consultation in 2010. It covers the period until 2026. Blandford is identified as the main service centre for the south of the District. It acknowledges that the town has a reasonably good range of national multiples and records the conclusions of the JRA which identifies a need for 1,000 sq.m. net of additional convenience goods retailing by 2016 and 1,700 sq.m. net of comparison goods floorspace. However paragraph 2.8.16 notes:

***“The study pre-dated the re-opening of Morrison’s supermarket in November 2008 and since then Iceland and the Co-op have also set up stores in the town. These changes have provided adequate additional floor space to meet the town’s convenience shopping needs up to 2026.”***

- 4.17 Land to the south of East Street and the Market Place (including the land around the existing Somerfield (now Co-op) store) is identified as having the most potential to provide further additional comparison goods floorspace within and adjacent to Blandford Town Centre.
- 4.18 Draft Core Policy 7 deals with town centres and retail development. Blandford is identified as a Market Town and its historic core limits the ability to easily accommodate new retail development. It does not support retail development outside of existing centres. In this regard reinforcing an out of centre location would be contrary to the underlying thrust of this objective. National advice in PPS4 while supporting a ‘town centre first’ approach to retail development does not impose a moratorium on development outside of existing centres provided the relevant tests are met.

## 5.0 OVERALL CONCLUSIONS

### 5.1 Our main conclusions are as follows:

1. The proposal involves the erection of an extension to the Tesco store at Blandford St Mary. The scheme proposes an increase in the convenience goods sales area of 701 sq.m. and in the comparison goods area by 589 sq.m. The total increase in the net sales area would be 1,290 sq.m. although a further 378 sq.m. of additional space would be provided to give a total increase in the net area of 1,668 sq.m. The effect would be to elevate the store from the definition in PPS4 of a supermarket to a superstore. It would be substantially larger than the existing supermarkets in the town centre.
2. The Applicant states that the scheme would deliver a number of positive impacts including:
  - Improving the quality of shopping within the store
  - Increasing the choice of convenience and comparison goods
  - Improve pedestrian and transport connections between the store and the town centre
  - Clawback trade which is lost to centres and stores further afield
  - Create new employment opportunities
  - Contribute towards meeting sustainable development objectives including reducing the number and length of shopping trips.
3. We believe that approach set out within the Planning and Retail Statement (PRS) generally follows the advice in PPS4 and the accompanying *Practice Guidance*.
4. We have identified a number of matters which require additional clarification and explanation by the Applicant. These include:
  - A reconciliation of the population and expenditure figures with those used in the Joint Retail Assessment (2008) which was prepared by Nathaniel Lichfield and Partners. The difference in expenditure estimates may be accounted for the different source data, price base and geographic coverage. However because both the base year population and expenditure estimates are fundamental to the analysis it is very important that they are judged to be reliable. We understand that the Council has requested Dorset County Council to examine the population estimates to provide a further cross-check and this information is awaited.
  - The PRS does not examine the resultant sales densities within the Tesco store as existing and proposed. Nor does it refer to the trading performance of the town centre supermarkets and whether the survey results may over-estimate the turnover given the lower average spend per trip. Based on the submitted information all the town centre supermarkets would trade below or substantially below company averages. This would be associated with a diversion of approximately £3m of convenience goods expenditure within the PCA would be attracted to the proposed extension resulting in the town centre's overall market share falling by almost 2% between 2010 and 2016.
  - Greater explanation of the trade draw rates would be useful in assessing the ability of the extension to attract trade from further afield while minimising the trade draw from the core catchment from which the existing supermarkets are very dependent for their turnover. In

particular justification for the assumption that 15% of the convenience goods turnover of the existing store and proposed extension would be drawn from outside the 12 postcodes which encompass a very wide area which could not be classified as representing the natural catchment.

- Further information on the number of linked trips to and from the store would be advantageous along with any analysis on the proportion of linked trips which would be lost as a consequence of the predicted level of trade diversion.
5. In relation to the sequential approach we believe that this is satisfied whether the scheme is judged as a whole or on a disaggregated basis. The only potential exception would be if Morrisons possibly in conjunction with the Council had proposals to extend the existing supermarket and build on part of the West Street car park. However we know of no such plans and accordingly have discounted this as a realistic possibility.
  6. In relation to impact we are unable to confirm at this stage that the scheme would meet the relevant development plan policy tests and national advice in PPS4. We would need to be reassured in particular that the population and expenditure estimates used in the study are sufficiently robust for prediction purposes. We would also request that the Applicant critically examines the existing and proposed trading levels within the town centre supermarkets and explains why a further reduction in their market share and turnover levels would not adversely affect their longer term viability and health of the town centre.
  7. We would recommend that the Council request further information on these matters from the Applicant.