

APPENDIX 1

Retail and Town Centre impacts. (more detail analysis.)

Since the Council last considered whether to allocate land at J27 for commercial purposes the promoters have submitted their representation to the Local Plan (April 2015).

Eden Westwood, who are promoting only the commercial allocation, have sought to address the previously identified reasons in their representation to the Local Plan.(submitted April 2015). The scheme put forward in their local plan representation has removed some of the previously proposed town centre uses such as:-

- the cinema,
- conference centre,
- concert hall and,
- the garden centre.

The evidence they have submitted has addressed the need for the individual components having regard to the availability of spending capacity/demand within the catchment to support the Designer Outlet Village, the hotels, visitor centre and restaurants and cafes. In each case their report shows that there is both significant headroom within these sectors and/or a gap in the type of provision that Eden Westwood proposes such that any impact on town centres in the study area would be insignificant.

Their report also assesses the availability of sequentially preferable sites that could accommodate the scheme as proposed, incorporating all the components that combine to create the unique visitor attraction, within the centres of Tiverton, Crediton, Exeter, Exmouth, Taunton and Bridgwater and concludes that there are no available sites that would be more suitable. Their report also assesses the health of 14 town and city centres within an agreed catchment (Tiverton, Taunton, Bridgwater, Crediton, Exeter, Torquay; Newton Abbott, Plymouth, Tavistock, Bideford, Barnstaple, Yeovil, Dorchester and Weymouth) and finds that none would be adversely affected by the proposals, with all centres continuing to achieve higher future trading turnovers than at the assessment year and with none impacted by more than 5.21% in terms of trade diversion.

Their report concludes that the scheme would not adversely affect any adjoining centres or put any planned investments at risk and that an allocation comprising the format and range of occupiers proposed based on the Eden Westwood partnership would be sound and consistent with national policy.

This Council sought independent analysis of the submitted evidence of the retail proposals. The Council employed Nathaniel Lichfield and Partners (NLP). NLP's first report (July 2015) on the submitted representation concluded that:-

- it must be accepted that the proposal comes as a package and the tourism components are largely financially dependent on the retail and hotel elements of the scheme that as a local plan allocation, it is the duty of the Council to assess the need for the development and undertake a sequential test of site selection.
- while CBRE (the promoters consultants) had undertaken a sequential assessment that they NLP agreed with, NLP considered the Council would need to extend this exercise to include the additional sites of Exeter Bus and Coach Station, the Eastern Urban Extension of Tiverton , North West Cullompton and East Cullompton, and;
- the Council would need to undertake further work
 1. to complete the sequential test,
 2. to estimate what proportion of trade would be drawn from beyond MDDC, and the origin of the trade.
 3. to assess what allocations exist in the 17 Local Authority areas that make up the -core catchment area, and then extrapolate how the EW proposal would reduce the need for the allocations, and consider in greater detail than has been put forward by CBRE, how the surrounding town centres might be impacted, and
 4. once the retail implications of the allocation are established for the 17 surrounding Local Authorities, the Duty to Co-operate would need to be considered, given that the allocation would effectively be reducing the need in some local authority areas.

NLP had noted in their report that the proposal offered a significant opportunity to address 2 out of the 6 recommendations within the Mid Devon Tourism Study (see Section 5) however in the absence of the necessary evidence that demonstrates need, a complete sequential site analysis and a complete study of the potential impacts on other development plan proposals and retail draw NLP recommended it was not possible for the Council to allocate the site for the proposed development at the time.(July 2015)

The Council requested NLP to carry out further work to address the issues identified in their July 2015 report..

NLP's second report (March 2016) concentrates on the following four areas, which were highlighted as needing further analysis in their previous report:

- the need for the proposed development, in particular the Designer Outlet Village (DOV);

- a sequential analysis of the Local Plan allocations within the Submission Plan, as well as providing further analysis of the Exeter Coach and Bus Station site;
- a fine grain analysis of the trade draw pattern of the development; and
- a corresponding fine grain analysis of the trade diversion and impact of the proposal in monetary and floorspace terms, and how that impacts on emerging or existing local plan allocations in the region.

Need

The proposed Food Hall is likely to have a dual role in meeting predominantly the needs of tourist visitors to EW, and to a much lesser extent meeting local resident's needs. NLP accepts the need for the Food Hall can be linked to The Ark tourist attraction. NLP say the proposed Food Hall is also likely to serve a dual purpose, and we are satisfied there is a need for the modest scale of convenience goods retail development proposed.

The comparison goods turnover of the DOV (Designer Outlet Village) is estimated to be £87.8 million (NLP Table 1 in their report). The DOV will have an extensive catchment area and 20% of this turnover is expected to come from beyond the core area zones. The remaining £70.2 million will be drawn from the Core Area.

Total comparison goods expenditure growth within the Core Area is estimated to be £3.52 billion. The turnover of the DOV (£70.2 million), derived from the Core Area, accounts for only 2% of projected expenditure growth up to 2024.

Even if all of the DOV's core area turnover, absorbs only expenditure growth that is theoretically available to support new retail floorspace in the Core Area (i.e. allowing for expenditure outflow and increase turnover efficiencies) then the DOV will account for only 4.8% of growth up to 2024 (£70.2 million out of £1.46 billion).

The overall retained comparison goods retail capacity within the Core Area would reduce from around 265,000 sq.m net (354,000 sq.m gross) to about 253,000 sq.m net (337,000 sq.m gross).

These figures suggest there will be significant residual expenditure growth to support new retail development in the Core Area, over and above the DOV.

Based on evidence from other DOV's across the country and NLP's experience, we accept the DOV will attract trade from a wide area, particularly if it is linked with a major tourist attraction. It will be meeting part of the regional need for comparison goods retail growth not a Mid Devon need.

The need for tourism attractions will be qualitative in nature, recognising these attractions will have a wide draw. The need for these facilities cannot always be quantified in terms of the local area. The scale of facility proposed is of a regional nature.

The need for tourism attractions should be aligned with the tourism strategy/vision for the area rather than an analysis of the local catchment population and expenditure. (Mid Devon Tourism Study Section 5.0)

The need for a themed hotel is likely to be linked to the generation of visitors to the tourist attraction. Many tourist attractions have associated hotel accommodation.

The proposed restaurant and café uses can be considered ancillary to the proposed tourist attraction, and therefore the need for these uses is generated by the visitors to the tourist attraction rather than a need generated by the local catchment population.

Sequential test

Taking into account the original sequential assessment undertaken by CBRE and this additional analysis of allocated site now undertaken, NLP concludes that there are no sequentially preferable alternative sites that could accommodate the development proposed.

Trade draw and impact.

The highest levels of impact at 2022 (less than 6%) amount to about 2 years growth in comparison goods expenditure. Total comparison goods expenditure is expected to increase by 41% between 2014 and 2022, about 5% per annum. Having undertaken this fine grain analysis of anticipated trade draw, trade diversion and impact, NLP is satisfied that the impacts of the DOV are not significant. The level of trade diversion is unlikely to undermine consumer choices within town centres or result in a significant increase in shop vacancies, because trade diversion will be offset by expenditure growth. The scale of reduction in comparison goods retail capacity projections within neighbouring authorities within the Core Area is modest when compared with total projections over plan periods. There is no evidence to suggest this impact would significantly delay or jeopardise planned investment in other town centres or result in a reduction in consumer choice.

NLP therefore concludes that, if the Council seek to include EW as an allocation, this would not render the Plan unsound.

The March 2016 NLP report was shared with our duty to co-operate partners (Neighbouring Authorities and others and a meeting was held on the 16th May 2016 to discuss the conclusions of the NLP report and the Eden Westwood proposals) Clearly a number of the neighbouring authorities have expressed their objections and concerns to the possible inclusion of the Eden Westwood site in the local plan and do not necessarily accept or agree with the conclusions of the NLP's reports. North Devon queried the comparison goods expenditure growth levels that are forecast between 2014 and 2024 stating "CBRE are predicting a growth rate of c.50% which we find very high against a population growth rate of c.10% in 'rural' areas". Exeter City Council questioned the basis of the data used by NLP and stated they had more up to date data on retail growth and expenditure in a Pre-publication Draft Exeter

and West End of East Devon Retail and Leisure Study which they had recently commissioned. A copy of that study data was sent to NLP who were asked if this new information changed any of their conclusions and findings in respect of the Eden Westwood proposals.

MDDC asked NLP to prepare supplementary work to build on the previous advice and to respond to retail issues raised.

The key retail issues NLP addressed were as follows:-

- The Pre-publication Draft Exeter and West End of East Devon Retail and Leisure Study (Draft E&WEofEDRLS) prepared by GVA contains more recent information. MDDC wishes to understand whether any changes to NLP's advice would be required, in particular feedback regarding comparison goods expenditure growth levels.
- There were concerns over the reliance placed on long term projections, and that a cautious approach should be employed.
- The NLP report suggests there is no quantitative need for the DOV comparison floorspace, over and above other allocations within Mid Devon, based on local expenditure generated within the District. This suggests the scale of DOV proposed will result in unsustainable planning and an overprovision of retail floorspace, causing an adverse impact on the vitality and viability of existing centres.
- The NLP report did not consider all current commitments in Exeter and other neighbouring authorities, i.e. in Exeter's case the Ikea store, the Bus and Coach Station scheme and the outstanding Moor Exchange Scheme (up to an additional 16,288 sq.m floorspace of which 11,102 sq.m is A1).
- In terms of the sequential approach and disaggregation, can the proposals be located within town centres within the wider catchment area, including separate components of the proposals?

NLP's conclusions (August 2016 report) were

Expenditure growth levels.

Concerns have been raised regarding the level of comparison expenditure growth adopted by CBRE suggest expenditure will increase by 50% (2014 to 2024). GVA's draft (E&WEof EDRLS) (smaller catchment area) suggests only marginally lower proportional growth, 42.5% (2016 to 2026). CBRE and GVA have adopted the same approach/data source. Both studies rely on Experian's data and forecasts. Adopting Experian's latest expenditure forecast could reduce CBRE's comparison goods expenditure projections at 2024 by about 5%. A 5% reduction in projected expenditure at 2024 would only marginally increase the impact percentages previously calculated by NLP and would not change the overall conclusions. Impact on Exeter would increase from 2.15% to 2.26% and the impact on Tiverton would increase from 5.40% to 5.68%.

It's been suggested the trend of increasing expenditure growth is "*reaching a peak*" for comparison goods and that consumers are "*trading up to higher quality goods rather than buying more goods*". This assertion is not entirely accurate and does not reflect the forecasts provided by the main expenditure data providers used in the planning industry e.g. Experian, Pitney Bowes or CACI. As indicated above, the draft GERLS assumes continued growth in comparison goods expenditure based on Experian forecasts. Growth rates are not as high as those experienced in the past but there is no suggestion that a peak will be reached.

NLP is not aware of any retail evidence study or development plan that has successfully assumed limited growth in comparison good expenditure anywhere in the country. Experian's growth forecasts are generally the most conservative available and have been considered to be robust at numerous appeals and EIPs.

NLP would not recommend that MDDC assumes comparison expenditure growth has reached a peak, and this approach should not be adopted. The development plan should plan positively for growth and investment. Failure to plan for growth would lead to a high risk the development plan will be found unsound.

Some of the projected growth is a result of consumers spending more on higher quality goods rather than buying more goods. This uplift has been taken into account through growth in turnover efficiency. For example, GVA's draft (E&WofEDRLS) assumes the turnover of existing comparison retail floorspace will increase in real terms (over and above inflation) due to growth in turnover efficiency. A significant element of this growth will be a qualitative uplift in the products sold rather than a volume increase. GVA assumes turnover efficiency will increase by around 2% per annum and this is reflected in the retail floorspace projections. This is an approach widely adopted by retail planning consultants.

The draft (E&WofEDRLS) indicates there is ample comparison goods expenditure growth to support commitments and proposals in Exeter, leaving a significant amount of growth available to support development outside Exeter. NLP has reviewed the comments received by Mid Devon Council and at this stage there is no need to amend NLP's previous advice relating to retail impact.

Long term projections

In NLP's view a ten year period is not a particularly long period to make expenditure and population projections over. (CBRE assessment 2014-2024) The draft (E&WofEDRLS) includes even longer projections 2026, 2031 and 2033. No suggestion with the draft (E&WofEDRLS) that these longer term projections are unreliable. NPPF requires LPA's to assess the need for development over plan period up to 15 to 20 yrs. NLP recommends cautious approach when planning for growth. NLP adopts Experian cautious expenditure forecasts (around 3% p.a. for comparison goods) rather than 5.8% Experian's annual average trend growth rate. CBRE and GVA and NLP

have all adopted cautious growth rates. National Planning Policy Framework (NPPF) indicates major schemes where full impact will not be realised in five years should also be assessed up to ten years from the time of application. No suggestion in NPPF that retail impact assessment will be unreliable if projections over a ten year period are adopted. Development plan allocations should be based on longer term projections than planning applications.

Retail Need and Capacity.

There is no quantitative need for DOV comparison floorspace over and above other allocations in Mid Devon. The DOV need can only be demonstrated in terms of growth within the wider sub-region and as a result it is necessary to consider the implications for surrounding authorities within the sub region. The concerns raised in relation to these NLP conclusions indicate that further clarification is needed.

Mid Devon's comparison goods retail facilities only retain around 25% of the comparison expenditure available from residents within the District, there is potential to claw back some of this expenditure leakage (back from Exeter and elsewhere). This would result in more rather than less sustainable shopping patterns, i.e. shorter shopping trips.

Mid Devon is not limited to meeting the needs of its own residents. In the same way the pre-publication draft EWEDRLS expects Exeter to continue to serve a wide area beyond its boundary. An approach that only assessed needs within authority boundaries would also fail to recognise the niche role the DOV is expected play, related to a proposed tourist attraction. This type of DOV facility will inevitably attract trade from a wide area. The key issue is whether the DOV development proposals will have an adverse impact on town centres or will harm or jeopardise the development strategy within other authority areas.

Given the nature of the EW development and the wide trade draw, NLP's assessment suggests there will be no significant impact on the development strategy of neighbouring authorities. The implications of the EW on the emerging development strategies are unlikely to cause significant cross boundary issues. Minor adjustments may need to be made within emerging retail capacity assessments by neighbouring authorities e.g. Exeter and Taunton to reflect the EW, but these adjustments will not be of strategic significance.

Commitments and Proposals

The draft EWEDRLS indicates there is ample comparison goods expenditure growth within Exeter's catchment area to support commitments and proposals in Exeter. The growth projections for the catchment area as a whole indicates there will be a significant amount of growth available to support development outside Exeter i.e. between £378 million to £420 million by 2026.

Sequential approach and disaggregation.

NLP concluded that the Council can consider the scope to disaggregate or change the content of the proposed development at EW, when considering

the appropriateness of a plan allocation. The Council can also consider the appropriate area of search for sites. These are matters of judgement and the Council, having considered whether flexibility and disaggregation and the area of search are appropriate, may in line with NLP's advice, conclude the EW and DOV proposals cannot be reduced in size or disaggregated.

NLP concluded that it is for the Council to decide how the need for a tourist attraction and DOV should be met and the degree to which the development can or can't be disaggregated when applying the sequential approach for plan making.

NLP accepted there is synergy between the proposed tourist attraction, themed hotel, restaurants, cafés and food hall, and therefore it would not be appropriate to disaggregate these uses and seek to accommodate these elements on separate sites. NLP also concluded that the DOV has less synergy with the proposed tourist attraction, but the co-location of these uses will be beneficial to each other in terms of spin-off trade and linked trips.

If all proposed main town centre uses are taken as a whole then a site area of about 28 hectares would be required. This is the basis upon which NLP concluded that there are no sequentially preferable alternative sites that could accommodate the development proposed, i.e. assuming no disaggregation of the main town centre uses.

Conclusion.

NLP has confirmed that a regional need can be demonstrated for the retail floor space of the DOV, its provision will not have a significant impact on other centres and/or commitments, the tourism proposals offer a significant opportunity to address 2 out of the 6 recommendations within the Mid Devon Tourism Study, the restaurants, café uses and themed hotel can be considered ancillary to the proposed tourist attraction, and the traveller services already have outline planning permission at J27. NLP's view is the local plan would be sound with its inclusion, the need for it can be demonstrated and the site chosen is sequentially appropriate.