



Phillips Planning Services Ltd.
Town Planning and Development Consultants

Vale of Glamorgan Council

Planning Applications 2009/00946 and 2009/00947

Development at Barry Waterfront

Retail Assessment

February 2010

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1 Introduction

1.1 An Outline Planning Application was submitted to the Vale of Glamorgan Council by Taylor Wimpey UK Ltd, Persimmon Homes Ltd and BDW Trading Ltd in August 2009. The application is for a mixed use development at the Barry Waterfront and includes up to 8,825 sq m gross retail floorspace comprising a 6,525 sq m gross 'foodstore' and 2,300 sq m gross non-food floorspace that is envisaged to consist of two units. The foodstore will provide 2,800 sq m net devoted to the sale of convenience goods and 1,800 sq m net of comparison goods.

1.2 The Council commissioned a Retail Study by CACI which was published with amendments in May 2009. The planning application is supported by a Retail Assessment carried out by Nathaniel Litchfield and Partners (NLP) and representations have been made by Peacock & Smith acting on behalf of William Morrison Supermarkets Ltd.

1.3 Phillips Planning Services Ltd (PPS) have been appointed by the Vale of Glamorgan Council to advise on the potential effects that the retail element of the proposed development could have on Barry town centre. This report

- Reviews the existing policy base
- Reviews the Vale of Glamorgan Retail Study (CACI)
- Reviews the NLP Retail Assessment
- Considers representations made by Peacock & Smith on behalf of William Morrison Supermarkets Ltd
- Makes Recommendations

2 The Policy Base

2.1 This section outlines the current planning policy framework relevant to the consideration of the retail element of this application.

THE WALES SPATIAL PLAN (2008 UPDATE)

2.2 The Wales Spatial Plan designates Barry as a 'Primary Key Settlement'. The Plan says 'The key settlements must be successful in their own right and, where appropriate, function as service and employment hubs for smaller settlements. The focus will be to create affordable and attractive places to work, live and visit. The success of the key settlements should improve life in smaller rural and valleys communities, with good access to services being a key determinant of quality of life. Key settlements will provide the central framework around which high capacity sustainable transport links will be developed. A wider range of facilities and services, which add to employment opportunities, should be delivered locally within the key settlements to reduce the overall need to travel'.

2.3 The Plan also says that acknowledging the interdependent relationship between Cardiff and the wider Capital region is critical for the success of the Wales Spatial Plan.

PLANNING POLICY WALES (2002) AS AMENDED BY THE MINISTERIAL INTERIM PLANNING POLICY STATEMENT (MIPPS) 02/2005 – PLANNING FOR RETAILING AND TOWN CENTRES

- 2.4 Planning Policy Wales was amended by a Ministerial Interim Planning Policy Statement in 2005 which now provides government guidance on how planning applications for retail use must be assessed.
- 2.5 The guidance states that a quantitative need must be established before considering qualitative factors and that, having established a need that a sequential approach is followed giving preference to town centre sites before considering edge-of-centre, district and local centres and only then out-of-centre locations. In considering proposals, the impact on existing centres must be considered and local authorities and developers are required to take a realistic and flexible approach to retail formats. For instance the potential to disaggregate elements of the business which could be located within the town centre should be considered.
- 2.6 At paragraph 10.2.10 it is stated that precedence should be given to establishing a quantitative need before bringing qualitative factors in to play. If there is no quantitative need the qualitative factors must be 'fully justified'.
- 2.7 At paragraph 10.3.3 it is stated that 'regeneration and additional employment benefits are not considered qualitative need factors in retail policy terms, though they may be material considerations in making a decision on a planning application'.

**THE VALE OF GLAMORGAN UNITARY DEVELOPMENT PLAN 1996-2011
(Adopted 2005)**

2.8 The Plan contains two relevant Strategic Policies:

Policy 9 says 'The vitality, attractiveness and viability of existing town, district and village shopping facilities will be protected and enhanced'

Policy 10 says that 'Existing Town and District Centres, including the Waterfront, Barry, will be the focus of new shopping developments, out-of-centre shopping development will be permitted if:

- (i) There are no suitable town, district or edge-of-centre sites;
- (ii) The proposed development does not have an unacceptable impact on existing shopping centres or proposed retail centres identified in Part II; and
- (iii) The proposed development is accessible by means of travel other than the private car.'

2.9 Policy SHOP 3 (iv) allocates part of the comprehensive redevelopment of Barry Waterfront for retail development. It is noted at Paragraph 7.4.17 that as part of an outline planning permission for the comprehensive redevelopment of Barry No1 Dock that no more than 11,148 sq m gross of retail warehousing was granted.

2.10 Policy SHOP4 says that 'Proposals for the provision of retail warehousing within the comprehensive redevelopment of Barry Waterfront will be permitted if the proposal:

- (i) Is Located in the area of land east of the Gladstone Link Road and south of the railway line;
- (ii) Will not have an unacceptable effect on the vitality, viability and attractiveness of Barry town centre.

There are six other conditions that are not relevant to this consideration. Notwithstanding the definitions contained in TAN4 I understand that the term 'retail warehousing' has been interpreted to include out-of-centre supermarkets and superstores.

2.11 Policy SHOP12 – New Retail Development Outside District Shopping centres says that proposals for new retail development outside existing town and district centres will be permitted if all of the following criteria are met:

- (i) The proposal either singularly or cumulatively with other existing or approved developments will not undermine the vitality, attractiveness and viability of the town and district shopping centres or the retail developments proposed in Policy Shop 3;
- (ii) There are no suitable town, district or edge-of-centre sites and in the case of out of town proposals, there are no suitable town, district, edge-of-centre or out-of-centre sites ('The Sequential Test')

There are six other conditions which must be met which are not part of my considerations.

TECHNICAL ADVICE NOTE 4 (TAN 4) – RETAILING AND TOWN CENTRES (1996)

2.12 TAN4 says that all applications for retail developments over 2,500 sq m gross floor space should be supported by an impact assessment providing evidence of:

- whether the applicant adopted a sequential approach to site selection and the availability of alternative sites;
- their likely economic and other impacts on other retail locations, including town centres, local centres and villages, including consideration of the cumulative effects of recently completed developments and outstanding planning permissions;
- their accessibility by a choice of means of transport including access for pedestrians, giving an assessment of the proportion of customers likely to arrive by different means of transport;
- the likely changes in travel patterns over the catchment area; and where appropriate;
- any significant environmental impacts.

VALE OF GLAMORGAN LOCAL DEVELOPMENT PLAN; DRAFT PREFERRED STRATEGY

2.13 An LDP Draft Preferred Strategy published in December 2007 is an emerging plan which will eventually replace the UDP.

- 2.14 Objective 6 is 'to reduce the need for Vale residents to travel to meet their daily needs and enabling them greater access to sustainable forms of transport.
- 2.15 Policy CSP7: Retailing says 'the vitality, viability and attractiveness of the Vale's town, district and village retail centres will be protected and enhanced. New retail development proposals must be of an appropriate scale and type consistent with the role character and function of each centre'. In terms of monitoring this policy will be judged against decreasing the total annual vacant floor space in key town retail centres.

3 Review of the Vale of Glamorgan Retail Study

- 3.1 CACI were appointed by the Council to carry out a retail study and an amended version was published in September 2008. The study utilises CACI's Retail Footprint gravity modelling technique which defines catchment areas for centres based on their size and retail make-up of a centre in comparison to competing centres taking in to account journey times and populations within the defined area. Spending is distributed between centres on the assumption that customers will travel the shortest distance to a centre which fulfils a particular retail requirement. The technique recognises the retail hierarchy as centres are scored dependent on the number and types of shops with higher scoring centres exerting a 'pull' over a greater area.
- 3.2 The study identifies an area which is based on containing the bulk of expenditure flows to and from the Vale of Glamorgan in other words there should be inconsequential trade leakage from the Vale beyond the study area and, by the same token, minimal attracted to stores within the Vale from beyond the study boundaries. The study area is subdivided into six zones covering Barry, Penarth, Llantwit, Cowbridge, Bridgend and part of Cardiff and its western fringes.
- 3.3 The study takes population estimates for each area and multiplies this by spend per capita derived from the Expenditure and Food Survey. These values for convenience shopping range from £2,404 per head in Llantwit Major to £2,868

in Cowbridge. The total convenience spending capacity of the CACI study area in 2007 was £1.0006Bn.

- 3.4 Population growth is modelled based on data supplied by the Council and applying trend based projections which have been applied across the study area without disaggregation to zone level. It is assumed that spending per head will not grow due to price deflation and the effects of increased retail efficiencies cancelling out any increased propensity to increase convenience spending per head. However the figures have been modified to allow for an initial 3.86% of spend being home delivery rising by 1% pa to 2016 and stable thereafter. This results in forecast higher spending in each time period for each zone with the highest growth occurring towards the end of the plan period between 2017 and 2026.
- 3.5 CACI's ProViison model was used to assign expenditure from the study area to the stores within the Vale of Glamorgan administrative area. The results are shown in Figure 8 in the study. This shows that within the Vale of Glamorgan area there are 18,987 sq m of convenience floorspace accounting for £229m of turnover at an average sales density of £12,062 per sq m. This amounts to 22.9% of the spending capacity of the study area.
- 3.6 I understand that this data is being revised to correct turnover attributed to the Lidl store shown under Penarth and does not include new ASDA stores in Bridgend and Cardiff or the Tesco Express in Barry. The turnover attributed to Home Bargains in Barry has also been questioned by NLP.

- 3.7 The report then compares the spending capacity of the four zones that effectively equate to the Vale of Glamorgan's administrative area (i.e. excluding the Bridgend and Cardiff zones) with the floorspace of convenience stores in the area which for Barry in 2007 amounted to 11,943 sq m. By using a benchmark trading density of 10,000 sq m a 'need' for additional convenience floorspace is generated for each of the plan periods amounting to 2,397 sq m in 2007 rising to 3,803 in 2012, before falling to 3,295 in 2017 and recovering to 3,928 in 2026.
- 3.8 Clearly these figures are very dependent on adopting the target density of 10,000. There is a great variation between densities achieved by the small supermarket formats and the 'majors' such as Tesco, Morrison, ASDA, Sainsbury and Tesco but as the majors account for a great proportion of trade it could be argued that a higher overall benchmark should be used which would obviously reduce the 'need'. I comment further on the use of benchmark figures at paragraph [4.27](#).
- 3.9 The report then considers Comparison Goods. From Fig 28.1 it can be derived that spending per head on comparison goods in Barry in 2007 was 2197. Based on benchmark trading of 3,000 sq m this shows that there is headroom for an additional 577 sq m of floorspace. This increases to 2,978 sq m in 2012 before falling back to 2,437 sq m in 2017 and recovering to 2,859 sq m in 2026. The study does not implicitly state the spending growth rates that have been adopted or the allowance that has been made for special forms of trading (internet sales).

3.10 The main conclusions of the report are:

- Low representation in a number of retail categories including Drapery, China/Glass/Giftware, Ladieswear and to a lesser extent menswear.
- To minimise leakage to centres and stores outside the Vale of Glamorgan retail should be strengthened based on Barry and Penarth.
- There is 'a clear opportunity for an additional supermarket in Barry where there is headroom for 3,928 sq m for convenience and 2,859 for comparison shopping'. These figures are from Figures 19 and 32.3 and relate to 2026.

4 Review of the NLP Retail Assessment

Section 1: Introduction

- 4.1 Sets out the role and content of the Retail Assessment and other reports prepared to support the planning application.

Section 2: Site and Proposed Development

- 4.2 This section briefly describes the application site, the proposed development and the content of the retail element. Following the definitions contained in TAN 4 the 'foodstore' is in fact a 'superstore' (single-level, self-service stores selling mainly food, or food with some non-food goods, usually with at least 2,500 square metres trading floorspace with their own car parks at surface level.) I note that there are no named operators for the superstore but that both Tesco and ASDA have been identified as potential occupiers of the non-food units. Whilst it is anticipated that two non-food units will be provided that this could change presumably as a result of tenant demand. The retail development is referred to as a 'District Centre'.
- 4.3 This section also considers the 'Site Allocation and Retail Implications' and notes that the Barry Waterfront site is allocated within the Vale of Glamorgan UDP as a 'Comprehensive Redevelopment Area' and allocates 11,148 sq m of the site for retail development under Policy SHOP 3. It is also noted that the Development Principles Document (2009) says that the mixed use development should include a range of appropriate retail uses. It also says that the proposal is to locate all retail floorspace in to a District Centre but that this should still be

treated as an out-of-centre development due to the distance from the town centre.

- 4.4 This interpretation is not entirely correct. Policy SHOP 3 says that site iv is allocated for retail use as part of the comprehensive development of Barry Waterfront. Paragraph 7.4.17 says that this site forms part of an outline planning permission granted in May 1997 which allowed up to 11,148 sq m gross retail floorspace as part of the redevelopment. The development of this site is to be complimentary to the town centre.
- 4.5 Clearly the retail development referred to is the Waterfront Retail Park and this has been completed. As Policy SHOP 4 is limited to land to the east of Gladstone Road it cannot be used as a basis to promote an additional scheme and, as far as the UDP is concerned, it is Policies SHOP 2, SHOP 4 and SHOP 12 that set the criteria by which new retail development at Barry Waterfront must be judged.
- 4.6 I understand that 'the range of appropriate retail uses' referred to in the Development Principles Document are intended to serve the immediate needs of the local community or relate to uses such as cafes serving the needs of visitors to the area.
- 4.7 I do not consider the proposed development could amount to a District Centre. The retail units would need to service a much greater area than the local community or 'District' and, as proposed could not provide the range of services such as Library, Chemist, Post Office, Hairdressers,

Confectionery/Tobacconist/Newsagent (CTN), Hot Food Take-Away necessary for it to function as a District Centre. Whilst it may be argued that many of these services could be provided by the superstore this would not amount to a District Centre in planning terms.

Section 3: Relevant Planning Policy

- 4.8 This section lists the documents containing national and local policies concerning retail development as well as the Vale of Glamorgan Retail Study and the Vale of Glamorgan Town and District Centre Appraisal which was carried out by Martin Tonks in 2008 both of which are intended to inform policies to be contained in the emerging Local Development Plan (LDP).
- 4.9 The key considerations or 'themes' are listed as;
- a The policy status of the proposed development site
 - b The suitability of the development with regards to Barry's role within the Vale of Glamorgan hierarchy
 - c The need for the proposed development
 - d The scale of the proposed development
 - e The suitability of the proposed location of development with regards to the sequential test
 - f The potential impact of the development

4.10 I agree that these are the key issues although in considering the retail hierarchy one must give proper consideration to the wider area and in particular the influence of Cardiff. It is noted that development plan policy had been dealt with in Section 2. As I have already noted I do not consider that the development plan policies have been correctly addressed.

Section 4; Existing Retail Provision & Shopping Patterns

4.11 This section starts with a critique of the Vale of Glamorgan Retail Study carried out by CACI. I have commented on the CACI study in section 3 of this report.

4.12 At paragraph 4.4 the NLP summarises their continuing criticisms of the CACI study. These are;

- a The CACI study does not distinguish between in-centre and out-of-centre stores. This is true but the CACI study is an analysis of retail trends and pressures with its findings needing to be interpreted in terms of planning policy.
- b The study does not allow for inflow of expenditure from outside the study area. The CACI study area is based on capturing all of the potential retail spending and extends beyond Bridgend to the west, Pontypridd to the north and parts of Caerphilly and western Cardiff to the east. The peripheral parts of the study area contribute a minimal amount. It is assumed that spending beyond this is negligible. There is a major disagreement between this stance and that adopted by NLP who assume that 10% of spending will be drawn from outside

their own defined catchment area which excludes Bridgend, land to the north of the M4, suburban Cardiff and Leckwith to the east. In my view trade attracted from outside the study area will be attracted to the stores at Culverhouse Cross and to a lesser extent Penarth. In terms of the proposed development any expenditure flow would have to pass larger more accessible centres and in my view only a very negligible levels of trade will be attracted to the proposed development from outside the CACI or NLP study areas.

- c NLP cast doubt over the assessed turnover of particular stores. They say that the assessed turnover of the Lidl store in Cardiff is £23.9m and this is unrealistic. The CACI report identifies this store as being in Penarth but I assume from the postcode that this is the store at Cowbridge Road West which is outside the study area. According to data from Cardiff City Council this store has a net floor area of 1,090 sq m which would give a very much reduced turnover figure. In any event a Lidl store in this location would have little or no bearing on convenience retailing in Barry. NLP also dispute the amount of convenience floorspace at the former Netto store occupied now by Home Bargains. I note at paragraph 3.6 that some of the data in the CACI report is being revised which will address some of NLP's concerns. However much of these adjustments will affect the fringe of the study area and should have a limited bearing on whether there is a proven need for additional retail floorspace in Barry.

- d NLP point out that the final CACI study has identified an increase in convenience capacity of 5,689 sq m with no explanation. I assume that the variation is as a result of the corrections carried out largely as a result of NLP's representations.
- e Concerns comments made by CACI regarding the future of Culverhouse Cross. NLP point out that Culverhouse Cross is not a 'centre' in retail policy terms and should not be promoted for further growth. Their comment refers to paragraph 4.19 of the CACI report. I assume that this is in fact paragraph 4.16. In my view the comment is factual and, in my view, does not recommend further development in this location.

4.13 This section of the NLP report then goes on to consider the Retail Hierarchy, Existing Convenience and Comparison Shopping Patterns and Retail Allocations, Commitments and Recent Developments. In my opinion this section lacks a consideration of the existing retail hierarchy and what level of provision should be planned for taking in to account the drawing powers of competing centres (in particular Cardiff) as far as comparison shopping is concerned and the influence of existing convenience stores outside the Vale's administrative area that exert major influences particularly on those settlements towards the edge of the study area such as Penarth.

Section 5: Barry Town Centre

- 4.14 In dealing with the diversity of town centre uses NLP state that floorspace figures derived from Goad are different than those used in the CACI report which were apparently gleaned from the 2007 Vale of Glamorgan audit data. I cannot comment as to which measure is the most reliable.
- 4.15 Based on the Goad report NLP note that the town centre has 'significantly less' convenience floorspace compared to the UK average and that the amount of vacant floorspace and proportion of units that are vacant are double the UK average. Convenience stores are limited to an Iceland store, two bakers, a butcher, a greengrocer, two health food shops and two CTNs (Confectioners/Tobacconists/Newsagents). It is noted that the new Tesco Express which was not trading at the time of the Goad survey will add to the amount of convenience floorspace in the town centre.
- 4.16 With regards to Shopping Rents and Yields NLP have produced comparative yields over the period 2005-2008 for Barry, Cardiff, Culverhouse Cross and Bridgend from the Valuation Office. Yields reflect investor confidence in a centre and generally reflect the quality of covenants and expectations of rental growth. The data must be used with caution as the volume of data may be low and the recorded instances may not be comparable. Barry has the highest yields of the four centres and according to figures quoted from a Colliers CRE Report the lowest rents. In my view this is consistent with Barry's position in the regional hierarchy but taken with the high vacancy rates indicates an underlying weakness in the centre.

4.17 The study reports the conclusions of the Martin Tonks study that there is still a shortage of units suitable for multiple retailers stemming from a stock of largely older premises which often do not provide the size of unrestricted floorplates with adequate storage and servicing arrangements required. There is no evidence supplied demonstrating a frustrated demand from retailers to locate in the town or that there is sufficient demand to underpin any redevelopment schemes of significance. Whilst in the current economic recession demand for new retail space is limited throughout the UK there is no evidence from sources such as Focus or EGi of pre-recession demand from named retailers.

Section 6: Retail Need

4.18 NLP carried out a 'traditional' retail assessment which is based on market research (usually a telephone survey) to ascertain existing expenditure flows. This is the fundamental difference between the NLP study and the CACI gravity model. The study area which was defined having regard to other major destinations such as Cardiff, Culverhouse Cross and Bridgend is divided into eight zones.

4.19 The report deals with convenience trade and comparison trade separately. Paragraph 6.3 of the NLP report sets out the methodology for assessing the need for additional convenience floorspace. First of all current and future levels of population are assessed. NLP have used data on the Vale of Glamorgan Population and Topic Paper which is based on a growth rate of 500 dwellings per annum. NLP point out that 2,000 of these dwellings will be provided within the Barry Waterfront scheme which, in their view, would provide

a local demand for the proposed facilities. This may be the case but the phasing of this growth and the ability (or otherwise) of existing facilities such as the Waterfront Retail Park, which was intended by the UDP policies to provide for all the retail needs of the Waterfront, to service this growth must also be considered in the final analysis.

4.20 The turnover of existing and committed floorspace is calculated with reference to benchmark figures which are usually based on company average turnover per square foot of net retail space and taking into account trade leakage and attraction.

4.21 The difference between the calculated demand for services and the capacity of existing facilities in monetary terms are converted into floorspace using typical target retail densities (turnover per square metre).

4.22 The study raises a number of issues.

The Study Area

4.23 The NLP study considers the balance between spending capacity and the provision of floorspace across the whole study area and not Barry where the proposed development would be. It is clear from the household survey that the bulk of convenience spending in Barry is derived from Zones 1 (Barry), 2 (Barry East), 6 (Roose/St Athan and to a lesser extent 3(Dinas Powys). This is not surprising given the principal roads and attraction of Tesco Culverhouse Cross which accounts for 58.8% of expenditure from Zone 5, Bridgend, Tesco Penarth which attracts 61.1% and 40% of expenditure from Zones 4 and 3 respectively.

By the same token the household survey shows that the superstores at Cardiff Bay and Bridgend account for relatively low levels of convenience spend from the Barry area which underlines the distinct catchment areas within the study area.

- 4.24 At paragraph 6.5 and elsewhere in the report NLP refer to 'the Catchment Area' this is in fact the study area. In my view the catchment area of the proposed development would be very much more limited.

Current and Future Spending

- 4.25 NLP have applied 2007 convenience spending per head figures from Experian MMG3 (Micromarketer) which enables the spending profile of an area to be varied depending on the socio-economic profile. Outputs for each study area zones are provided with results varying from £1,587/head in Zone 2 (East Barry) to £1,983/head in Zone 8 and £1,984 for Zone 5 (the areas around Cowbridge and Peterston-super-Ely respectively). The Experian report is not included in the appendices but these figures are consistent with UK average of £1,811 at 2007 prices from Information Brief 09/02. Growth rates are then applied to these figures from the April 2009 edition of Experian Retail Planner Briefing Note allowing for deductions for special forms of trading.
- 4.26 It is noted in the footnotes to Figure 2a that growth is assumed to be 0.9% in 2007-08, -0.5% to 2009, -0.1% to 2010, 0.2% to 2011 and 0.7% thereafter. The later Information Brief 09/02 reports Oxford Economics Forecasts to be -0.8% during 2008 -10 with 'subdued growth' returning over longer terms forecasts. It

is important to use long-term trends which even out the excesses of the economic cycle when assessing the justification for a new store.

Benchmarking

4.27 At paragraph 6.8 NLP say that they have calculated the total convenience turnover of existing and committed floorspace within the study area. The assumption is that all stores are trading at their respective company averages. The use of benchmark figures is not unusual in carrying out retail assessments because there is no other available information available from the retailers on the performance of individual stores as this is commercially sensitive. However these figures must be used with care as they only represent the overall turnover of the company divided by their total UK operating floorspace and there is a great variation in the actual performance of stores. It is also the case that turnover is not the same at profitability.

4.28 The current overall convenience trading density of all stores in the study area is £12,062 and figures from Mintel's Retail Rankings 2009 show ASDA's UK average to be £14,910, Morrison £11,866, Sainsbury £10,180 and Tesco at £13,553. Analysis by Verdict produces slightly higher figures. In their analysis at paragraph 6.12 NLP use an ASDA/Tesco average of £13,840 to calculate the likely convenience turnover of the proposed development. It is also the case that other retailers such as the Co-op/Somerfield and discount stores such as Aldi and Lidl achieve much lower turnover figures.

- 4.29 In my view it is not logical for planning decisions to be based on providing and maintaining levels of retail floorspace driven, albeit indirectly, by company average turnovers. These figures should only be used as broad indicators of the levels of trade that may be expected.
- 4.30 Average turnover figures do not demonstrate the capacity of a store to trade at any particular level before suffering the symptoms of 'over-trading' such as congestion in the car parks, within the aisles and at checkouts and the inability of the stores to maintain stocks on shelves all of which would detract from the amenity of the facility.
- 4.31 This approach also leads to the assumption that the performance of a store is wholly determined by the operator. This can be illustrated by using NLP's own figures for the proposed store having a net floor area of 4,600 square metres. If it is a Tesco store trading at the benchmark turnover of £12,611 (NLP Paragraph 6.12) it would have an estimated turnover of £58m whereas if the same store were to be operated by ASDA with a benchmark of £15,068 it would have a turnover of £69.3m. In order for this to be the case there would have to be a very much greater customer preference for ASDA rather than Tesco or there would need to be a markedly different retail offer between the two stores with ASDA selling a greater proportion of higher value goods or that ASDA achieves a greater retail efficiency in generating more turnover per square metre of floorspace.

- 4.32 A further illustration of the weakness of this assumption can be seen by reference to NLP's Table 4a where the benchmark turnover of the Tesco Express stores at Holton Road, Penarth and Cowbridge are the same as Tesco Extra at Culverhouse Cross and the Stirling Road store in Barry which is highly improbable.
- 4.33 Whilst the actual retailer will have some influence on turnover due in the most part to customer preferences, it is issues such as size, convenience (quality of car parking etc), accessibility to the catchment area and levels of competition that are more likely to determine actual performance.
- 4.34 The problem is, in the absence of better data, how else to estimate the turnover of these stores. This must be a matter of judgement although in this instance the judgement could be informed to some extent by the results of the household survey that NLP commissioned.
- 4.35 For these reasons I would not accept the figure of £181.2m in paragraph 6.8. Equally I would not accept that £135.9m is derived from residents of the study area. This figure is based on the assumption that all the stores will obtain all their expenditure from the study area with the exception of the Morrison and Tesco stores in Barry, the Waitrose Store in Palmerston Road and Tesco store in Penarth who are thought to attract 10% of their expenditure from outside the study area and the stores at Culverhouse Cross that attract 70% of their trade from outside the study area.

4.36 I will come on to the issue of trade leakage and attraction but I would be surprised if the Morrison and Tesco stores attract any significant trade from outside the study area and it certainly would be different than the situation at Penarth which is close to the edge of the study area. Equally given the size of the catchment area within a short drive-time from Culverhouse Cross I would expect a much larger proportion of trade to be sourced from outside the study area.

4.37 Again without survey data it is difficult to make an informed assessment of these values but those contained in the NLP report amount to crude guesstimates that are not explained or reasoned.

Trade Leakage and Attraction

4.38 At paragraph 6.10 the NLP says 'we have not allowed for any structural outflow of expenditure as it is considered reasonable for the study to retain as much expenditure within the catchment area'. At first glance this may seem a reasonable objective but given the presence of large attractors in the Cardiff Bay area, east Cardiff and Bridgend and given the strength of the east-west communication routes such a policy is both unrealistic and could be less sustainable in terms of the amount of private vehicle mileage generated.

4.39 By the same token at paragraph 6.12 the study assumes that 10% of the new store's turnover would be derived from outside the study area. This is new trade that is not being captured by the existing Morrison store which is of a similar size and in a similar location to that proposed and assumes that this expenditure will

be diverted from existing, more accessible and in some cases larger stores. This assertion is not validated by customer survey and without any evidence I feel that the proposition is wholly unrealistic.

4.40 The NLP case is also predicated on the new store attracting expenditure from within the study area. There is logic that much of the turnover would be derived from existing Morrison customers given the store's comparable size and location and, to a lesser extent, Barry's other large-format store (Tesco) but it is unlikely to attract significant levels from trade from the outer study area as existing stores will remain more attractive.

4.41 Many retail studies consider the potential to 'clawback' trade leaking from the study area to surrounding areas. This is usually based on the notion that by improving the retail offer at the home centre that less trade will be lost to competing centres. This is usually more of a consideration when considering comparison rather than convenience goods because most people will choose to shop for foodstuffs and regular purchases locally unless there is a deficiency with that offer and most major foodstores of over 2,500 square metres are able to satisfy that general requirement. An element of comparison shopping will always take place in higher order centres where variety and choice are more important and where more specialist retailing and services can be supported.

4.42 It is therefore important to define the retail hierarchy in terms of the present equilibrium and potential to influence this balance in the future. Implicit in this is

the acceptance that a proportion of spending will flow from one area to another.

- 4.43 In the case of the Vale of Glamorgan there is the attraction not only of Cardiff City Centre as far as comparison retailing is concerned but also the amount of out-of-centre retail facilities available at Cardiff Bay, Culverhouse Cross/Cowbridge Road and Leckwith which is highly accessible to much of the Vale and to a lesser extent Bridgend which is highly accessible to the western parts of the authority's area.

Convenience Turnover

- 4.44 NLP report that whilst there is no named operator for any of the units including the foodstore ASDA and Tesco have shown interest in the foodstore and they have applied an average of the companies' turnover in order to assess the likely turnover over the convenience floorspace. I have already commented on the use of benchmark turnovers and the likelihood of attracting 10% of the store's turnover from outside the study area. Equally I have expressed doubts over the assumption that all stores in the Vale are trading at their company averages as well as the actual availability of spending at the outer fringes of the study area.

Comparison Retail Capacity

- 4.45 At paragraph 6.14 NLP say that the comparison floorspace is ancillary to the foodstore and that the catchment areas for the two broad classes of good will be the same. With the larger format stores of this type I think it wrong to

consider the comparison element to be 'ancillary' although I would accept that the main reason for trips to these stores will be foodstuff and household items. Nevertheless the sales of electrical goods and clothing have become increasingly important to both ASDA and Tesco. In the company's 2009 Report Tesco claim to have captured 10% of the UK's television market and non-food sales have more than doubled during the period 2005 – 2009.

4.46 NLP Table 5 shows that Barry at 43% has the lowest trade 'leakage' to centres outside the study area than other zones. This is not surprising as these destinations are less accessible to Barry and the town does maintain a level of comparison shopping.

4.47 NLP point to the views of both the CACI and Martin Tonks report regarding the desirability of improving Barry's comparison retail offer by attracting national retailers and thereby retaining a higher level of expenditure. The unit shops will be marketed to these national retailers and in NLP's view the proposal is therefore compatible with these two reports.

Floorspace Requirements

4.48 At paragraph 6.6 and following NLP estimate that there is £68.6m to support new convenience floorspace. I do not accept the assumptions underpinning this calculation.

Scale and Format and the Sequential Test

4.49 NLP make the case that there are no suitable vacant shops to accommodate the types of retailer envisaged, that the scale of the development is

appropriate to meet the demands of the catchment area and that there are no sequentially preferable sites upon which to construct this scale of development.

- 4.50 If there was a proven need for the quantity and format of floorspace and types of good to be sold then I would agree with this view. However given the close proximity of the Morrison store the local authority may wish to consider whether there are other potential out-of-centre sites which would improve accessibility to services for Barry and its catchment area as a whole.

5 Representations made by Peacock & Smith

- 5.1 Representations have been made by Peacock and Smith representing William Morrison Supermarkets Ltd in a letter to the Council dated 4 December 2009. The consultants consider the proposals against the policies of the development plan citing Policies SHOP 3 (iv) and Shop 4 of the UDP which both relate to retail warehousing which, they point out, is not a foodstore as proposed.
- 5.2 They go on to consider the Development Principles document and conclude that the proposed development would not amount to 'appropriate retail uses'
- 5.3 They therefore conclude that the proposal also offends the guidance contained in MIPPS 02/2005 in that it requires such proposals to be compatible with an up-to-date Community or Development Strategy.
- 5.4 The consultants then consider the issue of quantitative need and are of the opinion that the catchment area used by NLP is excessive given the existence of competing supermarkets beyond the study area and the effect of other stores within the study area which has the effect of inflating the spend available and the potential share that could be available to the proposed store.
- 5.5 On the matter of qualitative need the consultants disagree that the proposed store would reduce the amount of trade leakage from the study area due to their offer and proximity to other attractions and non-food retail units.

- 5.6 On the availability of sequentially preferable sites the consultants say that the Council should satisfy itself that a site could not be assembled within a reasonable length of time. This follows the advice contained in the Martin Tonks study that says that the Council should encourage land owners to bring forward premises that would be attractive to national multiple retailers.
- 5.7 The consultants consider that the trade diversion of 24.5% away from the Morrison store is an underestimate. They see this as being potentially harmful as the Morrison's site has in their view established links with the town centre which facilitate linked shopping trips. The proposed site is further away from the town centre and therefore the amount of linked-trips to out-of-centre sites will be reduced to the detriment of the town centre. They are also of the opinion that the estimated turnover of the Iceland store is also wrong.
- 5.8 Given the high vacancy rate of shops in the town centre they are of the opinion that the proposed development would undermine investor confidence making any redevelopments less likely.
- 5.9 They also argue that the scale of the proposed store is inappropriate to serve the catchment area. They point to larger stores outside the catchment area which serve larger populations.

Conclusion

- 5.10 It is the case that UDP Policies SHOP 3 (iv) and SHOP 4 relate to retail warehousing. Retail Warehousing is defined in TAN4 as 'large single-level stores specialising in the sale of household goods (such as carpets, furniture

and electrical goods) and bulky DIY items, catering mainly for car-borne customers and often in out-of-centre locations'. It would appear that the local authority has interpreted the term 'retail warehousing' to include out-of-centre foodstores as well the other proposed units which will sell comparison goods but which are not objected to by Peacock and Smith.

- 5.11 As far as the Development Principles Document is concerned the meaning of 'appropriate retail uses' is described as public houses, cafes, restaurants and shops''. Although this falls short of a definition I think it reasonable to infer from this that what is envisioned are essentially small scale locally based businesses or specifically related to tourism and leisure related and is not intended to include large scale development such as that proposed. I would therefore agree that the proposed development is not consistent with those quoted policies of the development plan.
- 5.12 Moving on to the issue of quantitative need I agree with Peacock and Smith's view that the NLP catchment area is too large and much of the resulting 'available' spending is not realistically available to a new store in Barry due to the existence of larger stores at Culverhouse Cross and along the western fringe of Cardiff. In particular the new ASDA store at Leckwith does not appear to have been considered as part of the appraisal.
- 5.13 This in turn leads to the ability of new development in Barry to claw back the expenditure that is leaking out of the study area and which is dealt with under the heading of qualitative need. As a general point it is desirable to

attempt to clawback trade leaking to more distant centres to avoid unnecessary travel but this is not practicable to any great extent in this instance due to the attraction and accessibility of the competing centres. Again I agree with the criticism made by Peacock and Smith.

5.14 On the issue of sequential approach I cannot comment on the likely availability of potential redevelopment sites within the town centre coming forward during the plan period save to say that the assembly of a site large enough to accommodate a large format store such as that envisaged by these development proposals would be difficult without the local authority's assistance in utilising CPO powers and would be expensive raising the issue of scheme viability. It must be noted that these large format retailers require good access, servicing arrangements and large amounts of car parking in order for the new stores to compete effectively with existing out-of-centre developments.

5.15 I agree with Smith and Peacock's view that the impact of the proposed development on the existing Morrison's store will be much greater than 24.5%. The development will target the same market – mainly main shopping trips by car. The store is essentially in the same part of Barry and is therefore targeting the same geographical area and being larger would be expected to capture a larger share of the available expenditure.

5.16 Whilst the Morrison store is nearer to the town centre than the proposed development site, without evidence to the contrary I am less convinced by

the argument that there are a significant number of linked trips between the town centre and the Morrison store such that a diversion of trade away from Morrison to the proposed development would reduce the amount of linked shopping trips to the town centre which would undermine the centre's vitality and viability.

- 5.17 I would agree that it is highly unlikely that the Iceland store is achieving a turnover of £6M but neither the CACI nor NLP study take account of the new Tesco Express which I feel is important in underpinning convenience shopping in the town centre and will in all probability have taken a significant level of trade from the Iceland store.

6 Conclusions

The CACI and NLP Reports

- 6.1 Both reports are based on models of the retail market. They are by necessity approximations based on a mixture of survey, assumptions and indicators. Both use socio-economic profiling to assess the amounts of spending by goods category from various zones of the study area. There is a greater variation between the two studies than I would have expected.
- 6.2 The main difference is the use by CACI of gravity modelling which uses the size, composition and distance to assign the retail spending of the study area to the various retail centres and stores whereas the NLP uses household survey data to assign expenditure based on consumer habits.
- 6.3 Both techniques have their strengths and weaknesses. Household survey data is still used by the majority of retail planning consultants. Its weakness is the reliability of the survey material being representative. The size of the sample is important; the larger the sample size the more reliable should the results be as the effect of rogue responses are minimised. However there is a built in bias given that the questionnaires are undertaken by telephone. The other problem is the quality of responses given that shopping habits are usually complex and not easily summarised by single often ill considered answers. The telephone survey indicates where expenditure flows to. In order to give a complete picture in-centre surveys should be undertaken to see ascertain where shoppers have come from.

- 6.4 The gravity model seeks to overcome this weakness by imposing a mathematical logic to what can be complex patterns. In order to improve accuracy the results may need calibrating to ensure that the mathematical model fits with local habits.
- 6.5 Neither report is helpful in defining the retail hierarchy particularly concerning what equilibrium is achievable and should be planned for with regards to comparison trade leakage to Cardiff and what the result would be if Barry does not improve its retail offer.
- 6.6 Whilst both reports identify headroom for additional convenience and comparison retail floorspace during the plan period, the assumptions that underpin the two studies are so different that it is difficult to reconcile the recommendations of the two reports. The amount of convenience floorspace that is indicated by the CACI model is modest and is very dependent on using a benchmark trading density of £10,000 per sq m which in my opinion is too low. The NLP calculation is to some extent dependent on looking at the whole of their study area rather than Barry, assuming no leakage and allowing for a 10% attraction from outside the study area. In my view neither study adequately assesses the risks to the town centre posed by a new out-of-centre development.
- 6.7 The following Table 1 seeks to compare the results of the two models. The figures for CACI are derived from their Figure 6 whereas the NLP results are

deduced from their Table 1c which apportions the available study area spending in accordance with the results of household survey.

6.8 It can be seen that both studies agree on the amount of convenience floorspace for Morrison, Iceland and Waitrose. NLP adopt larger floorspace figures for both Tesco and Lidl. The variation at Lidl may in part be explained by an extension that I understand has been carried out since the CACI study but these figures require validation.

Table 1: Comparison between CACI and NLP Reports

	CACI			NLP			Mintel
	Net Convenience	Turnover	Density	Net Convenience	Turnover	Density	Co Average
	Floorspace	£m	SQ M	Floorspace	£m	SQ M	
Morrison	2,370	35	14,651	2,376	41	17,441	11,866
Tesco	1,436	19	13,183	1,690	30	17,785	13,653
Iceland	374	2	5,019	374	6	16,642	6,278
Waitrose	1,975	28	14,332	1,976	11	5,445	11,877
Lidl	374	2	5,019	1,029	4	3,888	

Source: CACI Fig 8, NLP Table 1c

6.9 This table demonstrates the significant discrepancy between the estimated performances of the principal stores in Barry. The NLP results show very much higher turnovers for Morrison, Tesco and Iceland but lower for Waitrose. The figures for Lidl are unreliable because of the significant variation in assumed floorspace.

6.10 Both studies show shows that the Morrison store is trading at well above the company average but the NLP figures are significantly higher than the CACI analysis. CACI's results show that Tesco is trading at slightly below their company average as is Iceland but that Waitrose is also trading at above the

company average. Conversely the NLP study indicates that Tesco is trading at well above company average whilst Waitrose is trading poorly. The largest variation is the NLP result for Iceland which according to their analysis is trading at approximately 2.5 times the company average whereas CACI shows the store to be slightly under.

- 6.11 The results are therefore confusing but there is a greater correlation between the CACI figures for sales per square metre (sales density) and the company averages from Mintel and the results are more consistent with my observations. The extent to which the NLP figures suggest that Morrison Tesco and particularly Iceland are 'overtrading' in comparison to their company averages and the extent to which the Waitrose store is performing poorly I find to be unbelievable and I would question the accuracy of the household survey.

The Policy Framework

- 6.12 The first question is whether UDP Policies SHOP 3 and SHOP 4 concerning retail development within the Barry Waterfront are relevant. It is clear to me that SHOP 4 defines the allocation as being to the east of the Gladstone Link Road and the south of the railway line. This development known as the Waterfront Retail Park and includes the Morrison store along with Halfords, Argos and Focus DIY is now complete and these policies therefore have no bearing on the proposed development.
- 6.13 POLICY SHOP 4 refers to retail warehousing. Although not consistent with the TAN 4 definitions of 'retail warehousing', 'supermarkets' and 'superstores', in this

context 'retail warehouse' appears to have been interpreted by the local authority as a generic term for large format out-of-centre retail developments.

- 6.14 The proposed development must be judged against Policy SHOP 12 which not only requires that such developments should not undermine town or district centres and should be justified on the basis of no sequentially better site being available but also extends this protection to other retail developments proposed in SHOP 3 which includes the Waterfront Retail Park even though it is an 'out-of-centre' site. This protection for an out-of-centre development is unusual but in my view the wording of these policies is unambiguous.
- 6.15 NLP's Table 6c shows that the proposed development would reduce Morrison's convenience turnover by 24.5%. In my opinion, as the proposed store is larger and in a similar location I would expect this trade deflection to be much greater. Because the other retailers are not named it is impossible to assess what impact the proposal would have on other tenants of the Retail Park but it is clear to me that even if the competition did not prove to be lethal that the vitality of the Park would be affected through a reduction in the numbers of shoppers and the viability threatened. The proposal is therefore contrary to the retail policies of the UDP.
- 6.16 Putting this consideration to one side, the proposal would have to be justified on the basis of need, sequential test and impact.

The Question of Need

- 6.17 Planning Policy Wales as amended by a Ministerial Interim Planning Policy Statement in 2005 states that a quantitative need must be established before considering qualitative factors and that, having established a need that a sequential approach is followed giving preference to town centre sites before considering edge-of-centre, district and local centres and only then out-of-centre locations.
- 6.18 Quantitative Need is shown by comparing the capacity of existing facilities to meet the current and future retail spending demands of a catchment area over the plan period. As discussed, this raises the issue of what level of provision should be met locally and what amount of expenditure will inevitably flow to higher order or more accessible centres.

Convenience Shopping

- 6.19 Convenience shopping is usually sourced locally as all medium and larger scale supermarkets offer comparable levels of service and product choice. It would therefore be reasonable to plan for sufficient retail floorspace to meet all the demands for convenience shopping from Barry and its natural catchment area.
- 6.20 This report is only concerned with the proposed development in Barry. The amount of floorspace that should be provided to meet the needs of the population towards the periphery of the Vale of Glamorgan's administrative area is less straightforward due to the proximity and size of supermarkets and superstores along the western fringe of Cardiff and at Bridgend.

- 6.21 Both the CACI and NLP reports conclude that over the plan period there will be surplus spending capacity available to support additional retail floorspace.
- 6.22 NLP's calculation of need includes attracting trade from those areas of that are well served by accessible competing centres and by attracting a further 10% of spending from outside the study area. I regard both these hypotheses as being unrealistic as the proposed development is in a similar location to the Waterfront Retail Park which will have already tapped much if not all of this available expenditure. The household survey commissioned by NLP shows the catchment area established by existing large format out-of-centre stores is quite distinct from the rest of the Vale with relatively small amounts of expenditure being attracted into and leaking from the town and immediate area. I can see no logic for this catchment area to be extended for the proposed development.
- 6.23 Whilst the results of the household survey would appear to indicate that both Morrisons and Tesco are trading at well above their respective company averages the assessment does not demonstrate that either is 'overtrading' to the point of being able to satisfy the demands of the population whilst maintaining an adequate level of amenity and service to their customers. Merely showing that these stores are, or may in the future, trade at above their respective company averages is, in my view, irrelevant.
- 6.24 As I cannot accept the assumption made by NLP I have carried out a very basic assessment using NLP's data. This is shown on my Table 1.

Zone	1	2	3	4	5	6	7	8	TOTAL	Con Fspace	T over SQM
Population	28558	21491	14325	21935	5022	10497	10564	9178			
Convenience Expenditure/Head	1593	1569	1791	1697	1962	1629	1648	1961			
Convenience Expenditure	45,492,894	33,719,379	25,656,075	37,223,695	9,853,164	17,099,613	17,409,472	17,998,058	204,452,350		
Morrison (Study Area %)	36	37	16	2	6	26	12	3			
Turnover	16,377,442	12,476,170	4,104,972	744,474	591,190	4,445,899	2,089,137	539,942	41,369,226	2372	17,441
Tesco %	31	23	2	0	3	35	6	2			
Turnover	14,102,797	7,755,457	513,122	0	295,595	5,984,865	1,044,568	359,961	30,056,365	1690	17,785
Iceland %	7	8	0	0	0	2	0	0			
Turnover	3,184,503	2,697,550	0	0	0	341,992	0	0	6,224,045	374	16,642
Waitrose %	4	7	13	4	7	1	1	4			
Turnover	1,819,716	2,360,357	3,335,290	1,488,948	689,721	170,996	174,095	719,922	10,759,044	1976	5,445
Lidl %	2	5	2	1	0	1	2	0			
Turnover	909,858	1,685,969	513,122	372,237	0	170,996	348,189	0	4,000,371	1029	3,888
Other Town Centre	3	1	0	0	0	1	0	1			
Turnover	1,364,787	337,194	0	0	0	170,996	0	179,981	2,052,957		
Other Out of Centre	5	4	2	0	2	3	0	0			
Turnover	2,274,645	1,348,775	513,122	0	197,063	512,988	0	0	4,846,593		
T total	40,033,747	28,661,472	8,979,626	2,605,659	1,773,570	11,798,733	3,655,989	1,799,806	99,308,601		
% BARRY	88.0	85.0	35.0	7.0	18.0	69.0	21.0	10.0	48.6		

TABLE 2

6.25 I have limited the analysis to those stores in Barry and surrounding Zones 2, 3 and 6. My assumption is based on no spending being attracted from outside the study area which given the low levels of trade attracted to the Barry stores from the peripheral zones is reasonable. Neither have I allowed for any greater levels of retention as the new floorspace is essentially a duplication of what is already available. This shows that all of the stores with the exception of Waitrose and Lidl are trading well above their respective company averages.

6.26 I have then applied turnover figures which I think reasonable – lower for Tesco, Morrison and Iceland but higher for Waitrose, Lidl and ‘others’ as shown in Table 3 below.

2012 Expenditure

	Convenience Floorspace	Turnover S Q.M	NLP Turnover	Assumed Turnover S Q M	Assumed Turnover	Change
Morrison						
	2372	17,441	41,369,226	13,000	30,836,000	-10,533,226
Tesco						
	1690	17,785	30,056,365	12,500	21,125,000	-8,931,365
Iceland						
	374	16,642	6,224,045	5,500	2,057,000	-4,167,045
Waitrose						
	1976	5,445	10,759,044	7,400	14,622,400	3,863,356
Lidl						
	1029	3,888	4,000,371	5,500	5,659,500	1,659,129
Other						
	1427	4,835	6,899,550	5,000	7,135,000	235,450
Total			99,308,601		81,434,900	
					Change	17,873,701
				Floorspace @	12,500	1,430

Table 3

6.27 This gives potential headroom of £17.87m which at a sales density of £12,500 gives a floorspace of 1,430 sq m which is well below the 2,978 sq m suggested by CACI and the amount of floorspace that NLP seek to justify.

Comparison Shopping

6.28 As far as comparison shopping is concerned there is clearly a benefit of retaining as much trade as possible in the town centre but there is an inevitable leakage of trade to Cardiff City Centre, out of town stores at Culverhouse Cross and in Cardiff and to a lesser extent Bridgend town centre and the McArthur Glen Designer Outlet. The situation is not static and as the quantity and quality of these competing centres improve the existing Barry catchment area comes under greater threat. There is a need to improve the town centre just to maintain the status quo.

6.29 Both CACI and NLP conclude that there is headroom to increase the amount of comparison retail floorspace. CACI do not consider where this floorspace should be located whereas NLP conclude that there is no suitable floorspace in the town centre and that providing new comparison floorspace in an out-of-centre location would not cause significant harm to the town centre. I comment on this in the section below dealing with impact.

Qualitative Need

6.30 Qualitative need can consist of a number of factors. The Wales Spatial Plan says that in Key Settlements such as Barry a wider range of facilities and services

should be delivered locally to reduce the overall need to travel. The desirability of providing a good level of locally based service and amenity may be a case of improving geographical coverage particularly to underserved or disadvantaged communities, increasing choice and competition, improvements to shoppers amenity by, for instance, improved public areas, better car parking. Other qualitative indicators may be the desire to attract new retailers to a centre or improving the general quality of the retail offer. By improving facilities trade may be 'clawed back' from more distant centres thus reducing the need or propensity to travel.

Impact

- 6.31 It may be argued that an additional out-of-centre foodstore would essentially compete with the existing Morrison and Tesco stores and that the effects on the town centre convenience offer has already occurred. Those remaining retailers have established a niche market able to survive additional competition. The opening of a new Tesco Express may be regarded as being positive in that it is providing albeit limited facilities to town centre shoppers it is aimed primarily at 'top-up' shopping. It may also be the case that this store may deflect proportionally more trade away from the remaining butchers, bakers and greengrocers in the town centre as it is serving the same shoppers.
- 6.32 NLP's Table 8 shows that the impact on convenience spending in Barry town centre is £0.8m. This is not a large amount when compared to the likely turnover of the proposed store but this Table also shows that it would amount to

a 19% trade diversion. Given the weak nature of convenience retailing in the town centre an impact of this order could be damaging.

6.33 The main risk will be to retailers of specific comparison goods. The identity of the occupiers of the unit shops is not known at this stage but unless prevented by conditions attached to a planning permission it may be assumed that the superstore will sell a range of goods such as budget clothing, footwear and electrical goods which could have a detrimental effect on the structure of retailing in the town centre. It is not the purpose of planning to safeguard individual businesses as such but the overall vitality, viability and attractiveness of the centre could be severely affected if particular types of retail which underpin the town centre are lost. This change could be such that no s106 contribution made by the developer for 'enhancements' could ameliorate the situation as it is the retail offer that underpins the centre.

6.34 NLP Table 11 shows the trade draw for comparison goods amounting to 2.4m or 4% reduction in turnover. This of course is dependent on the assumptions made as to from where the trade will be attracted. At paragraph 9.26 it is stated that 'the pattern of comparison trade draw will be broadly similar to the convenience diversion'. As neither Morrison nor Tesco stores have significant amounts of comparison goods I find this assumption to be unacceptable.

6.35 NLP Assume that the greatest impact will be felt by out-of-centre stores in Barry (33%) followed by Culverhouse Cross (18%) and Cardiff (17%). At paragraph

9.33 it is said that the majority of trade will be diverted from out-of-centre foodstores such as Morrisons, Tesco and Lidl. As stated, all of these stores have limited comparison good offers. At Culverhouse Cross the named retailers are Tesco, Marks & Spencer, Comet and Mothercare. There is no comment on the type of stores in Cardiff that will be affected. I find this approach to be wholly unconvincing and therefore the results are unreliable.

6.36 In the case of a buoyant town centre evidenced for instance by low vacancy rates, rental growth, investor confidence and evidence of named retailers wishing to locate in the town it is likely that evidence showing the spending capacity of an area to be in excess of the reasonable capabilities of existing floorspace to service with limited options to expand would lead to a recommendation to allocate new out-of-centre floorspace and potential risks to the town centre's vitality, overall viability and attractiveness would be low.

6.37 This is not the case in Barry and whilst the spending potential of the catchment area may well increase over the plan period as a result of population increase and increased spending per head this spending should not automatically be translated in to new floorspace. There is currently a clear surplus capacity in the town centre in terms of vacant shops and low turnovers and surplus spending capacity could in theory be absorbed by reducing vacancy rates and by improving the general efficiency of retailing in the town possibly by new retailers being attracted by this frustrated spending capacity.

- 6.38 In order for Barry to maintain and possibly improve the retention of spending it must improve the quality of its retail offer. The problem would appear to be one of retailer confidence and whilst there is a ready supply of vacant property it is reported that much of this is not suitable to meet the needs of new retailers.
- 6.39 However a spiral of decline could result from allocating further new floorspace in a location that cannot be properly integrated in to the town centre resulting in further spending power being diverted away from the town centre leading to fewer retailers looking to locate in the town centre and exacerbating the viability of those marginal businesses most at risk which in turn would have a negative effect on rental growth and investor confidence required to bring about improvements to the town centre.
- 6.40 Retailing is constantly changing as new shops open to meet new demands and others close or change their offer as a result of declining markets. The threat to centres is when they are not able to respond to the pace of change and particularly when it loses 'staple' or anchor retailers from the centre. Given the amount of empty property in Barry this would appear to be the current situation in the town and further work would need to be done to identify those types of good that are important to the health of the town centre and their ability to withstand competition. If the authority were minded to approve additional out-of-centre retail floorspace then those goods at most risk could be excluded by condition.

Timing

6.41 It is the case that the need for additional floorspace for both convenience and comparison goods will increase over time as a result of population increase and increasing spending per capita. Figure 1 shows this increased spending capacity as a red line.

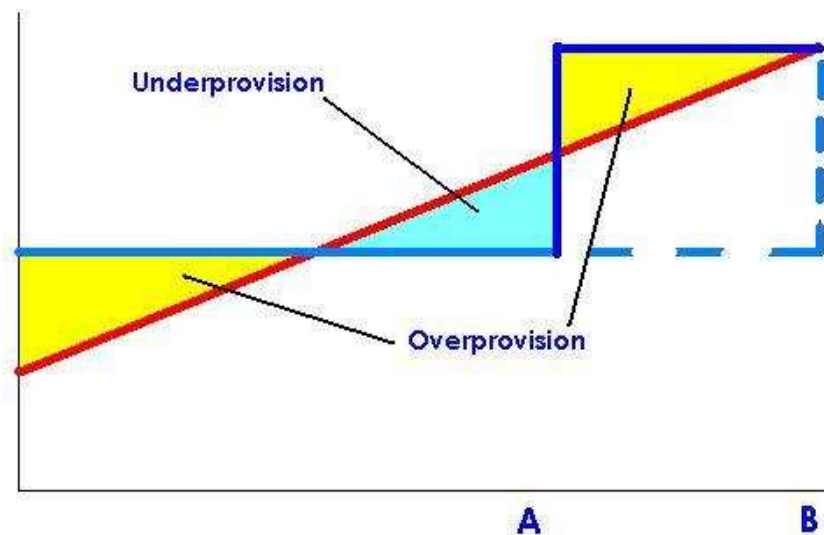


Fig 1: Development Timing

6.42 The provision of floorspace obviously occurs as tranches as and when new stores open and this is shown by the blue line. Unless one accepts an extended period of under-provision until such time as there is enough additional spending to justify the new floorspace in its entirety (point B) it is inevitable that the equilibrium will change between under-provision and over-provision.

6.43 It is also the case that growth in spending on convenience goods has been lower than comparison goods as the amount of foodstuffs that can be consumed is relatively inelastic and prices have been kept low by competition between the major supermarkets. Comparison goods have shown higher growth levels but this is more volatile in the short term as it is easier to defer spending on these items in times of recession. It is also the case that internet spending has had a greater long term impact on comparison goods with convenience goods still being supplied by the same supermarkets. Convenience spending also generally occurs locally whereas comparison shopping is more open to competition from other centres particularly for less frequent higher value shopping trips.

6.44 The CACI report is based on no increase as a result of per capita spending on convenience goods as a result of increased retail efficiencies and internet shopping. The need for new convenience floorspace will therefore be driven by population increase and qualitative aspects such as accessibility and choice. It is nevertheless predictable. Using housing growth figures supplied by the local authority CACI's study is based on a 2.4% growth between 2007 and 2011, 2.8% between 2011 and 2016 and 5.6% between 2016 and 2021. On this basis my estimate of the amount of convenience floorspace required would increase from 1430 sq m to 1464 sq m in 2011, to 1505 on 2016 and 1590 in 2021.

7 Recommendations

- 7.1 The development is not allocated by the UDP and must be justified against the prevailing policy base. In general terms Barry should seek to satisfy the need of its population having regard to the interrelationship with Cardiff. New out-of-centre developments must be justified firstly on the basis of quantitative need before considering aspects of that may point to a qualitative need. If there is a need then the development should be located in the town centre. If this is not possible then edge-of-centre sites and District Centres should be considered before an out-of-centre or out of town site. The scale should be considered appropriate and evidence shown that a flexible approach to the format of the business has been taken with a view to minimising the amount of floorspace and testing whether parts of the retail offer could be provided from smaller units in the town centre. In the event of a proposal for an out-of-centre site then the effects of the development should be tested by considering potential effects on the vitality, viability and appearance of the existing centre.
- 7.2 Clearly there is a balance to be struck between providing good levels of service and choice to the local community and the protection of the town centre. The onus must be on the developer to demonstrate a lack of harm.
- 7.3 I understand that the applicant has stated that the proposed retail development is necessary to help in stimulating the rest of the redevelopment of the Barry Waterfront which like many developments has been badly

affected by the current recession and decline in the values of residential property and land. MIPPS advises that this would not contribute to quantitative need but could be a material consideration in determining the planning application.

7.4 The local authority should adopt a cautionary stance with regards to new out-of-centre floorspace. The town centre is exhibiting signs of decline most apparent through the high vacancy levels of shop units. Throughout the UK vacancy rates have been increasing as a result of the recession and as a result in changes to retail patterns through the widespread use of the internet and the rapid decline in some sectors such as the sale of CDs. Future increased spending capacity should be used wherever possible to, attract new retailers to the town centre, to bolster remaining businesses and to encourage the formation of new ones.

7.5 Therefore even if there is some surplus spending capacity shown the development should not proceed if harm is caused to the town centre. As the application stands I am of the opinion that 'need' has not been adequately demonstrated and there is a clear risk to the town centre which is showing signs of stress which may result in even modest levels of trade diversion causing disproportionate levels of impact

7.6 Based on the information submitted the application should not be approved for the following reasons:

- The proposed development is contrary to Policies SHOP 3 and SHOP 12 of the UDP in so far as it would have a detrimental effect on the vitality and viability of the Waterfront Retail Park.
- The retail study does not adequately justify a need for the amount of convenience retail space proposed.
- The retail study does not identify the comparison goods that would be sold from the proposed development and does not undertake a risk analysis of likely impacts on the town centre in terms of impact on existing businesses and resulting effects on the vitality viability and attractiveness of the town centre.

7.7 In order to progress matters the applicant should resubmit the retail appraisal to more realistically address the available catchment area spending for convenience goods taking into account prevailing retail patterns. In particular there must be a realistic appraisal of the trade lost to neighbouring supermarkets at Cardiff Bay, Culverhouse Cross and Bridgend together with a reasoned case for including trade from outside the existing study area and increased penetration within the study area as a result of the development. In addition the study should address the influence of the proposed development on the balance of trade for comparison goods.

7.8 Any out-of-centre space should be restricted to the types of goods that cannot be sold from the town centre such as furniture and other bulky goods. It may

well be the case that there will be retailers prepared to locate in Barry but whose format means that there are no suitable premises in the town centre. There are many retailers selling clothes, footwear, pet supplies etc who may fall into this category but who could cause damage directly to key town centre businesses and indirectly to the centre as a whole by pulling customers away from the centre reducing footfall and overall vitality in the centre. The 'need' to accommodate this type of retailing may be outweighed by the potential for harm.

- 7.9 If the local authority are minded to grant planning permission for a 'foodstore' the amount of floorspace for the sale of comparison goods and the type of goods should be strictly controlled.

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