



**Nathaniel Lichfield
& Partners**

Planning. Design. Economics.

Eden Westwood Proposal

**Critique of Retail and Leisure
Statement**

Mid Devon District Council

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31277/JCO/GJ

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1.0 Introduction

1.1 Nathaniel Lichfield & Partners (NLP) has been commissioned by Mid Devon District Council (MDDC) to provide an independent review of a major Retail and Leisure Proposal at Junction 27 of the M5, known as Eden Westwood (EW).

1.2 The scheme is being proposed as a site allocation within the draft Mid Devon Local Plan by EW – a partnership between Friend’s Life Limited and the Eden Project.

Background

1.3 A previous proposal was put forward by Friends Life in 2014 as a proposed allocation within the Local Plan, however, MDDC rejected its inclusion in the Proposed Submission Local Plan in February 2015 for the following reasons:

- The quantitative (numerical) need for the proposed retail element of the development had not been demonstrated.
- The proposal did not meet the sequential test set out in the National Planning Policy Framework when there were opportunities to accommodate parts within sequentially more preferable sites in the catchment area and not all sites had been examined.
- The retail impact analysis provided by the site promoters was not considered adequate, and the proposal had the potential to materially affect the role and function of existing centres in the retail hierarchy through the loss of their market share, adverse financial impact, the potential to impact upon investment proposals.
- New national guidance on the preparation of SHMAs, introduced in the spring of 2014, required that job creation is matched by housing provision within a local plan. The then promoted scheme was stated to create about 3,500 additional jobs at the retail/leisure park at Junction 27. Accordingly, the Council has sought advice on the implication of this significant additional employment on housing needs. The analysis indicated that these additional jobs would lead to the requirement to allocate an additional 3,200 homes over the plan period, increasing the local plan requirement from 7,200 (360 per year) to 10,400 (520 per year). The housing policies and proposals of the local plan would have required significant amendment in order to accommodate this additional requirement. It would not have been possible to add sufficient sites to meet this requirement without significant further study of infrastructure requirements, transport impact and environmental impacts.

1.4 A revised scheme was submitted as part of representations to the Proposed Submission Local Plan, including assertions as to why the Proposed Submission Local Plan is not sound without the inclusion of the proposed

allocation. The main amendments to the scheme from that previously proposed are:

- A partnership with the Eden Project to deliver the main tourism component of the allocation – ‘The Ark’,
- a reduction in the amount of retail floorspace in the Designer Outlet Village by 30,000 sq ft;
- removal of ‘artisan village’
- removal of cinema,
- removal of conference venue;
- removal of retirement village; and
- removal of garden centre;

1.5 The indicative scheme now includes the following components:

- 170,000 sq ft Designer Outlet Village
- ‘The Ark’ Agronomy Centre visitor attraction
- 100 bed themed hotel
- Outdoor surfing reef and leisure activity zone
- Visitor centre
- Motorway services (including budget hotel)
- 750,000 sq ft Warehousing and Distribution (Class B8)

1.6 Various documents have been submitted in support of the representations, including:

- Eden Westwood – A Major Tourism and Leisure Opportunity Narrative Summary (April 2015);
- Eden Westwood – Forward : Sir Tim Smit (April 2015);
- GL Hearn – Representations on behalf of the Eden Westwood Partnership – Mid Devon District Council Local Plan review : Proposed submission Consultation (April 2015);
- Colliers international – Leisure Impact Assessment ; Eden Westwood (April 2015);
- CBRE – Economic and Employment Land Evidence : Eden Westwood (April 2015);
- GL Hearn Review of Exeter HMA Strategic Housing Market Assessment (April 2015);
- CBRE Strategic Viability Appraisal: Eden Westwood (April 2015);
- CBRE Town Centre Uses Statement: Proposed Tourism and Leisure Led Mixed Use Development at Eden Westwood (April 2015);

- Parsons Brinkerhoff – High Level Junction Assessment: Revised Scheme and Base Data Technical Note (April 2015);
- Parsons Brinkerhoff – Rackenford : Eden Westwood Impacts (April 2015);
- Engain – Eden Westwood Ecology Notes (April 2015); and
- SLR – Landscape, Visual and Heritage Representation : Eden Westwood (April 2015).

Objectives

- 1.7 This report sets out NLP's critique of the proposed allocation in relation to its appropriateness as a retail, leisure and tourist destination. It does not seek to comment on other local plan implications such as housing land supply.
- 1.8 This report includes a review of:
- The data sources used;
 - The methodology and key assumptions; and
 - The validity of their interpretation of the NPPF policy tests,
 - The validity of viability arguments.
- 1.9 The report also considers whether the absence of the proposal within the Local Plan will render the Plan unsound.

Report Structure

- 1.10 Section 2.0 provides an overview of the policy context. Section 3.0 examines the Need and Section 4.0 the Impact case for the proposal. Section 5.0 sets out our critique of the Sequential Approach to site selection. Section 6.0 considers the viability arguments linked to cross-subsidisation, and Section 7.0 summarises our conclusions and recommendations.

2.0 **Planning Policy Context**

2.1 A presumption in favour of sustainable development is seen as the 'golden thread' running through NPPF in terms of both decision taking and plan making, with Local Plans seen as the key to delivering sustainable development that reflects the vision and aspirations of local communities (Para 150).

2.2 For Plan Making specifically, the NPPF (Para 14) states that:

- Local planning authorities should positively seek opportunities to meet the development needs of their area; and
- Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits or specific policies in the NPPF indicate development should be restricted.

2.3 In terms of the three aspects of sustainable development, LPAs should seek opportunities to achieve economic, social and environmental sustainability, with significant adverse impacts on any of these dimensions to be avoided and wherever possible, alternative options pursued which reduce or eliminate these impacts (Para 152).

Town Centre Uses

2.4 The onus of NPPF regarding the delivery of retail, leisure, tourism and other town centre uses remains as a 'town centre first' approach.

2.5 With regard to plan making, paragraph 23 is clear that LPAs should look to allocate a range of suitable sites to meet the scale and type of retail, leisure, commercial, office, tourism, cultural, community and residential development needed in town centres. The NPPF is clear that need should not be compromised by limited site availability, with LPAs to identify edge and/or out of centre sites to meet the need if a sufficient supply of in and/or edge of centre sites cannot be identified.

Tourism

2.6 The Planning Practice Guidance states that local planning authorities, where appropriate, should articulate a vision for tourism in the Local Plan, including identifying optimal locations for tourism. Specifically, the practice guidance states that when planning for tourism, local planning authorities should:

- consider the specific needs of the tourist industry, including particular locational or operational requirements;
- engage with representatives of the tourism industry;

- examine the broader social, economic, and environmental impacts of tourism;
- analyse the opportunities for tourism to support local services, vibrancy and enhance the built environment; and
- have regard to non-planning guidance produced by other Government Departments.

- 2.7 Draft Local Plan Policy DM22 is the key policy for assessing tourism proposals against. However, in terms of a 'vision', whilst tourism is mentioned under Policy S6 as falling within the 'commercial floorspace' allocations, there are no specific tourism allocations other than a stated preference for locating such development in or adjacent to settlements, with particular reference to Tiverton, Cullompton and Crediton.
- 2.8 The Local Plan as currently drafted therefore does not have a clear vision for tourism in Mid Devon nor has it identified 'optimal locations' for such development beyond the general desire to locate them in or adjacent to settlements.

3.0 **Need**

Introduction

- 3.1 Whilst the test of need is no longer required in planning applications for town centre uses, it remains a consideration in the plan preparation process.
- 3.2 The need for each element of land use proposed should therefore be considered. For the retail elements of the proposal, there are standard methodologies that are employed to assess the quantitative need for the floorspace proposed (i.e. the Designer Outlet Village and the Food Hall), and CBRE have adopted a standard approach. For the leisure and tourism proposals some quantitative analysis is possible, but much of the need will be qualitative in nature.
- 3.3 This section considers the validity of the base data and methodology used for each element and then whether a need for the proposal can be demonstrated. We deal first with the retail element, followed by the leisure and tourism uses.
- 3.4 It should be noted that whilst the elements are looked at individually, it must be recognised that the proposal represents a comprehensive development and therefore the retail should be considered in the context of the visitor draw to the wider scheme and not in isolation as an Outlet Village/Food Hall.

Proposed Retail Development – Farmers Market/ Food Hall/ Fishmonger

- 3.5 The convenience goods element of the proposal totals 10,000 sq ft (930 sq m) and would be located within The Ark. Its stated purpose is to showcase and sell produce from local Devon food producers, linked to the agricultural theme of The Ark.
- 3.6 Whilst convenience goods are traditionally identified as food and drink items purchased on a regular basis, the niche nature of this retailing – akin to a large farm shop – will not meet day to day retail needs.
- 3.7 Whilst it is not made clear whether there would be controlled access to the Food Hall that would require an entrance fee, it is unlikely that the main customer base would be within the standard 15 minute drive time catchment that one would expect for a main foodstore.

Study Area

- 3.8 CBRE has identified a core and secondary catchment area for the proposal. The core catchment for the convenience goods element is identified as an area covering five zones (10 – 15) from roughly Lyme Regis, Taunton to the North Somerset coast, across to Barnstaple and down to just north of Newton Abbott. The area encompasses a population of c.675,000. CBRE anticipates that 90%

of the convenience goods turnover will be drawn from the core catchment, and 10% from the outer catchment.

3.9 As discussed above, we consider that the Food Hall is unlikely to function in the same way as a foodstore, and the majority of the trips will be linked with the other attractions on site, particularly The Ark. There may be shoppers whose purpose of visit is only to shop at the Foodhall, but they are unlikely to extend to the whole of the identified core catchment. We consider that there will be a core catchment area that will be much smaller than CBRE's core area focused much more tightly around Zone 12, but that the majority of the trade will still be drawn from a wider area linked with visitor trips to The Ark.

3.10 CBRE's approach is therefore considered balanced.

Design Year and Price Base

3.11 CBRE identifies the design year as 2024. Given the scale of the proposal and the fact that this is being promoted in the Local Plan rather than as an application at this stage, this would seem a reasonable year to assume the retail elements to have reached a stable trading pattern.

3.12 The price base adopted is 2014 which is consistent with the expenditure used.

Population

3.13 CBRE has adopted population data provided by Experian Micromarketer and applied Experian's population projections. The population growth rates are ONS based, rather than policy led, however, because the study area covers a large regional area, there are less sensitivities regarding the distribution of housing growth across local authority areas.

3.14 The population estimates are therefore considered robust.

Expenditure

3.15 CBRE has used Expenditure data derived from Experian Business Strategies and has applied growth rates set out in Experian Retail Planner Briefing Note 12.1 (October 2014). This represents the most up to date data source.

Existing Shopping Patterns and Turnovers

3.16 CBRE commissioned a household survey across the study area to establish existing shopping patterns and therefore estimate the existing turnovers of foodstores in the catchment area.

3.17 The results are set out in Table E4. However, due to the large study area and size of zones covered, the results are considered to be more susceptible to error than a more local based assessment of need where a zone might typically contain 10,000 – 20,000 residents rather than the zones of 60,000 – 900,000 residents adopted by CBRE.

- 3.18 The resulting turnovers indicate that the survey results are unlikely to truly represent the actual shopping patterns in the study area, especially when compared to up-to-date local authority retail studies.
- 3.19 For example, the survey results and expenditure per capita suggest that the Aldi store in Risca is achieving a turnover of £46m, and the Asda in Coedkernew (both Zone 1) £102.6m, which are both substantially over the benchmark turnovers of these stores.
- 3.20 We can therefore only give limited weight to the survey results for convenience goods.

Proposed Turnover

- 3.21 The gross floorspace being assumed is 930 sq m, and a realistic net to gross ratio of 90% is also assumed, rendering 835 sq m net convenience goods floorspace. CBRE has assumed that the Food Hall will have a sales density of c£6,000/ sq m on the basis that the products sold will be of a high value but not sold in the same volume as at a foodstore. We agree with this approach. This implies a turnover of £5.01m for the convenience goods floorspace.

Turnover of Commitments

- 3.22 CBRE identifies three commitments within the core catchment in Table E6, and then makes an assumption about their benchmark convenience goods turnover and how much of that expenditure is likely to be derived from the core catchment area.
- 3.23 The assumptions regarding the commitments at Barnstaple and Street appear reasonable, however, we would question the assumptions regarding the Morrisons in Exeter, and consider that 50% of the store's turnover should be assumed as coming from the Core catchment area, i.e. £14.55m rather than £8.7m as assumed by CBRE.

Headroom Capacity

- 3.24 By combining population projections and per capita estimates of expenditure, and applying the results of the household survey, CBRE estimates that there is currently £1,270.6m of convenience goods expenditure attracted to stores in the core zones, which is anticipated to rise to £1,445.6m by 2024.
- 3.25 This increase in available expenditure that is anticipated to be attracted to the core catchment area by 2024 (assuming market shares remain as existing) creates headroom capacity for new floorspace, subject to the provisos below.
- 3.26 CBRE estimates that the amount of convenience expenditure spent on special forms of trading (non-shelf picking) will increase in the future and this will reduce available expenditure in the core zones by £27.7m by 2024. This is an appropriate approach.

- 3.27 CBRE makes a small allowance for future increase in turnover efficiency that will be made by the existing floorspace of £14.0m
- 3.28 In accordance with its estimate of the turnover of commitments above, CBRE reduces the headroom capacity by £25.8m at 2024. As discussed, we consider that the commitments should reduce the residual capacity by a further £5.85m.
- 3.29 Therefore, whilst CBRE identifies headroom convenience goods capacity within the core catchment area at 2024 of £107.4m, we consider the capacity should be reduced to £101.6m.

Quantitative Need

- 3.30 CBRE has clearly demonstrated that there is quantitative capacity for the convenience goods element of the proposal, (in excess of £100m compared to an anticipate turnover of £5m), however, capacity does not necessarily relate to need.
- 3.31 The Local Authority is charged with meeting the retail, leisure and tourism needs within its local authority area. The Mid Devon Retail Study 2012 advised that over the course of the Plan period (to 2026) there would be residual convenience goods expenditure in Tiverton of £7.5m, and £5.2m in Cullompton, although there would be no residual capacity in Crediton where stores were trading below company average.
- 3.32 The Council is seeking to meet these identified needs through the allocation of 'commercial floorspace' which includes B class employment uses alongside retail, leisure and hospitality uses (A1-A5 and D1/D2).
- 3.33 The Submission Plan states that The Employment Land Review (2013) recommended that the Council plans for circa 140,000 sq m of B1-B8 floorspace and the Retail Study (2012) identified a limited need for non-food retail at around 14,000 square metres. Taking this evidence into account, the Local Plan therefore sets a commercial development requirement of 154,000 square metres under Policies S2 and S6, with allocations distributed throughout Mid Devon as follows:

Table 1 Proposed Allocations Under Policy S2

Location	Total Residential (commitments and allocations; dwellings)	Total Commercial (commitments and allocations; square metres)
Tiverton	2,160	30,800
Cullompton	3,600	77,000
Crediton	720	15,400
Rural areas	720	30,800
Total	7,200	154,000

Source: Mid Devon Local Plan Submission Version

3.34 Specific allocations where retail is mentioned within the submission Local Plan policies include:

- 1 **Phoenix Lane, Tiverton (Policy TIV12)** - 8,000 square metres of mixed commercial floorspace including retail, office and leisure uses; and
- 2 **East Cullompton (Policy CU7)** - 20,000 square metres commercial floorspace within the plan period and a further 12,000 post-2033, to include appropriately scaled retail development and other suitable uses such as offices and a hotel or leisure development.

3.35 However, a number of other allocations (such as the Tiverton Eastern Expansion – Policy TIV1) are also likely to include elements of retail.

3.36 The Local Plan indicates that the commercial requirement includes an element of non-food retail floorspace (14,000 sq m) but does not include convenience goods floorspace. Therefore, whilst convenience goods floorspace does not appear to be explicitly excluded from the commercial allocations, it could be argued that the Submission Local Plan does not meet the identified need for convenience goods floorspace in the District through its allocations. The counter argument to this is that there is an ‘oversupply’ of convenience goods floorspace in Crediton, which should balance out the need for new floorspace emerging in Tiverton and Cullompton.

3.37 However, EW presents a more sustainable location for residents of Cullompton and Tiverton to access their convenience needs than Crediton.

3.38 We therefore consider that there is a need for the proposed Foodhall.

Proposed Retail Development – Designer Outlet Village

3.39 The Designer Outlet Village will comprise mainly comparison goods and is assumed to comprise 150,000 sq ft (13,935 sqm) of comparison goods and 20,000 sq ft (1,858 sq m) of A3 restaurants/cafes.

3.40 CBRE states that the Designer Outlet Village would be a retail facility that is integrally linked to the ethos and principles of the Ark. Whilst they do not expand on this, it is assumed that this is in reference to the fact that Designer Outlet Villages sell end of season and seconds, which might otherwise be surplus to requirements.

Study Area

3.41 CBRE has adopted a wider catchment area for the Designer Outlet Village than the Foodhall, with a core catchment area of a 60 minute drive time (zones 8 – 16), and an outer catchment area extending to a 90 minute drive time.

3.42 The core catchment area broadly extends to the following local authorities: Plymouth, South Hams, Torbay, Teignbridge, West Devon, Torridge, North Devon, Mid Devon, Exeter, East Devon, West Somerset, Taunton Deane,

West Dorset, Weymouth and Portland, South Somerset, Mendip, Sedgemoor and North Somerset.

3.43 CBRE anticipates that 80% of the trade will be drawn from the core catchment and 20% from outside the core catchment.

3.44 We agree that this is a reasonable assumption.

Design Year and Price Base

3.45 As with the foodhall proposal, a design year of 2024 is assumed for the Designer Outlet Village, and a price base of 2014 is adopted. Both of these assumptions are considered appropriate.

Population

3.46 As with the convenience goods assessment, the population estimates are considered robust.

Expenditure

3.47 CBRE has used Expenditure data derived from Experian Business Strategies and has applied growth rates set out in Experian Retail Planner Briefing Note 12.1 (October 2014). This represents the most up to date data source.

Existing Shopping Patterns and Turnovers

3.48 CBRE summarises the results of the household shopping survey for comparison goods in Table G4. It is not indicated how the percentage shares have been derived – whether respondents were asked a single question about where they shop for non-food items, of whether they were asked about their shopping habits for different types of comparison goods. As a result it is not clear how robust the survey results are, and consequently how reliable the estimates of the town centre turnovers are.

3.49 According to CBRE's figures, comparison goods floorspace within the core zones attract 30.4% of expenditure across the study area. When one looks at how much of the core zone available expenditure is retained within just the core zone, the retention rate rises to 84%. This would seem a reasonable retention rate across the core catchment, however, there are local variations that reflect the local hierarchy. For example in Zone 12 where the proposal would be located, the comparison goods retention rate is only 25%, with almost 35% of the zone's expenditure leaking to Exeter and 8% to Taunton. The proposed development is likely to have some impact on the retention rate in the most local zones, but is unlikely to make a noticeable impact on the wider catchment area.

Proposed Turnover

- 3.50 The gross floorspace being assumed for comparison goods within the Designer Outlet Village is 150,000 sq ft (13,900 sq m), and a net to gross ratio of 90% is also assumed, rendering c12,500 sq m of net floorspace. The net to gross ratio is considered high and therefore represents a robust assumption. CBRE references a report by FSP Retail Consultancy that sales densities at designer outlet centres in the UK are typically £3,000 per sq m. In the interests of robustness they have adopted a higher turnover density of £7,000 per sq m. This is above the average of the Top 10 High Street fashion retailers as recorded by Retail Rankings, and even allowing for future increase in turnover density, we consider this to be a robust figure to base the potential turnover of the Outlet Village on. This therefore implies an estimated turnover of £87.8m.

Turnover of Commitments

- 3.51 CBRE identify seven comparison goods commitments within the core catchment area:
- Atlantic Village Extension, Bideford
 - Units 1-4, Clovelly Road Industrial Estate, Bideford
 - Anchorwood Bank, Barnstaple
 - Ikea, Newcourt Way, Exeter 7
 - Sainsbury's, Gravenchon Way, Street
 - LeisureDome, Locking Parklands, Weston-super-mare
 - Sainsbury's, Memorial Stadoum, Horfield

- 3.52 The assumptions regarding their turnover and trade draw from the core catchment area appear reasonable.

Headroom Capacity

- 3.53 By combining population projections and per capita estimates of expenditure, and applying the results of the household survey, CBRE estimates that there is currently £5,334.7m of comparison goods expenditure attracted to stores in the core zones (6 – 18), which is anticipated to rise to £8,003.9m by 2024.
- 3.54 This increase in available expenditure that is anticipated to be attracted to the core catchment area by 2024 (assuming market shares remain as existing) creates headroom capacity for new floorspace, subject to the provisos below.
- 3.55 CBRE estimates that the amount of comparison expenditure spent on special forms of trading (non-shelf picking) will increase in the future and this will reduce available expenditure in the core zones by £637.8m by 2024. This is an appropriate approach.
- 3.56 CBRE makes an appropriate allowance for future increase in turnover efficiency that will be made by the existing floorspace of £1,647.5m.

3.57 In accordance with its estimate of the turnover of commitments above, CBRE reduces the headroom capacity by £100.6m at 2024.

3.58 As a result, CBRE identifies headroom comparison goods capacity within the core catchment area at 2024 of £283.3m.

Quantitative Need

3.59 Given that CBRE estimate that 80% of the Designer Outlet Village's turnover, i.e £70.24m, will be drawn from the core catchment area, they have clearly demonstrated that there will be comparison goods expenditure capacity in the future that could support the volume of floorspace proposed (£70.24m out of £283.3m).

3.60 However, that is only part of the story given that this 'capacity' is being created across a very large catchment area - the core catchment of which includes 18 different local authorities. Each of these local authorities will be assessing its own future plan requirements, including future retail floorspace needs, and should be seeking to accommodate these needs within their Local Plans. CBRE suggests that the EW proposal will absorb 25% of the future comparison goods capacity by 2024 across the core catchment area, which is a not insignificant proportion.

3.61 A previous criticism of the CBRE submission was that it did not consider the Local Plan allocations in other local authority areas that may also be making a claim on this headroom capacity. CBRE has not sought to provide any further analysis of this in the most recent Town Centre Uses Statement. The Statement also does not provide a penetration rate into each zone so it is not possible to distinguish the trade draw rates of the proposal (as opposed to the trade diversion rates).

3.62 In terms of whether need exists for the proposed comparison goods floorspace, we can therefore only comment on the identified retail need in Mid Devon.

3.63 The Mid Devon Retail Study 2012 advised that over the course of the Plan period (to 2026) there would be residual comparison goods expenditure in Tiverton of £33.2m and £1.5m in Crediton, with no emerging comparison goods capacity in Cullompton. These projections assume that there will be no change in the existing market shares.

3.64 The Local Plan indicates that the commercial requirement includes an element of non-food retail floorspace (14,000 sq m). The amount of floorspace identified indicates a turnover density of £2,500 per sq m, which is significantly less than the £7,000 per sq m assumed for the Designer Outlet Village, but nevertheless indicates that the Council has already sought to meet its identified comparison goods need through various Local Plan allocations.

3.65 There is therefore no quantitative need to allocate further comparison goods floorspace within the Local Plan.

Proposed Tourist Development – The Ark and Surf Reef

3.66 Colliers have prepared a Leisure Impact Assessment as an appendix to CBRE's Town Centre Uses Statement. They state that the purpose of the report is to assess the impact of the proposed leisure uses. It does not purport to demonstrate a 'need' for the leisure uses.

3.67 Colliers contend that the two main tourism uses at Westwood are not 'normal town centre uses'. Nonetheless, the NPPF identifies 'tourism uses' as a main town centre use, and in doing so, places an onus on local authorities to meet in full the need for further tourism developments in its town centres (or beyond if a lack of sites is available within the town centre). Local authorities should also articulate a tourism vision in their local plan, including optimal locations for tourism development.

3.68 In order to identify the need for further tourism development, the potential vision and optimum locations, MDCC commissioned GL Hearn to prepare a Tourism Study. The resulting Mid Devon Tourism Study November 2014 forms part of the evidence base for the Local Plan Review, and is cross referenced in Policy DM22.

3.69 The Tourism Study concludes that:

Data on tourism spend in Mid Devon shows that spend levels are typically lower than in other parts of Devon. Given the District's strategic location by investing further in both the number/quality of tourism attractions and the accommodation offer, there may be an opportunity to grow both the visitor numbers and spend.(para 3.39)

Existing tourism facilities within the District largely draw on a visitor pool from within the region, and particularly within a 20-40km catchment. However there are a number of strategic routes through the District – the M5 and A361 in particular. There should be an opportunity to develop the tourism infrastructure around these key links to encourage a greater proportion of people to "stop" or break their journey in the area, for instance to visit a local attraction, market or retail facilities or to stay. (para 6.2)

3.70 The Study recommends six 'strands' to achieving this objective. One of which includes a major new attraction:

Based on the analysis set out, there could be opportunity for the development of new tourism infrastructure or facilities to increase visitor numbers and spend. Based on the evidence set out, the opportunity here could be quite varied, but could include:

- *Delivery of a new man-made tourism attraction, such as an amusement park or a major climbing/ high ropes course to cater for families and/ or the adventure market; and/or*

• *Development of a tourism facility which showcased local food and produce, linked to the slow tourism agenda and the strong agricultural economy in Devon.*

A major facility or attraction would also be likely provide a number of associated services, such as a visitor attraction or activity, retail space, accommodation and café/restaurant floorspace; with a critical mass of 'things to do or stop for' being important in attracting visitors and maximising economic benefit. The precise nature of the facility is difficult to precisely predict, and any proposal would need to be supported by bespoke market research, but it could also link to Strand 2: Developing the Accommodation Offer. (para 6.12)

- 3.71 The Study does not seek to quantify the scale of tourism offer that is needed in the district in order to increase spend levels or dwell time, although Strand 5 does clearly advocate a development offer very similar to that which is now being proposed at EW.
- 3.72 Rather than make any specific tourism allocations, the Local Plan currently seeks to defer tourism proposals to the development management stage, and states that planning applications should take into consideration the findings of the Tourism Study.
- 3.73 A need could therefore be said to have been established for the proposed Westwood Ark and Westwood Reef which accords with the recommendations of the Tourism Study.

Proposed Leisure Development – Hotels

- 3.74 Colliers' assessment of the need for the proposed hotel accommodation focuses on the findings of the Mid Devon Tourism Study. The study advocates enhancing the accommodation offer in the District through, amongst other means, enhancing the offer of more good quality budget hotel accommodation in the District and developing selected opportunities for higher quality, bespoke accommodation such as provision in unusual attractive, historic properties. It also states:
- There would seem to be a particular opportunity to encourage visitors travelling through the area to stop, through provision of accommodation close to the M5 and A361 gateways to Devon.*
- 3.75 The Tourism Study therefore identifies a need for new hotels in line with the proposed provision at EW.

Proposed Leisure Development – Restaurants and Cafes

- 3.76 As discussed above, the Colliers Leisure Impact Study predominantly considers the impact of the development, rather than expressly considering the need for the development. Nonetheless, the Study does estimate that there is around a £14m gap p.a in turnover derived from restaurants in Tiverton and Cullompton compared to the national average.

- 3.77 They estimate that the proposed units at EW would have a collective turnover of around £10m p.a.
- 3.78 From the data presented, these assumptions appear reasonable, and we consider that a need can be demonstrated for the A3 uses proposed.

4.0 **Impact**

Introduction

4.1 The Planning Practice Guidance advises that when considering impact in the plan making process, issues of adverse impact should not arise if the Local Plan is based on meeting the assessed need for town centre uses in accordance with the sequential approach.

4.2 Since need for certain elements of the proposal has not been demonstrated (namely the Designer Outlet Village) it is appropriate to consider the impact of this element of the proposal in order to inform the Council of the likely impact should they determine to include the allocation on account of other factors.

4.3 The impact test only applies to retail, office and leisure uses, and not all of the main town centre uses. Impact is therefore only a relevant consideration for the Designer Outlet Village given that this is the only element of the proposal for which need has not been demonstrated and that is a relevant town centre use.

Retail Impact – Designer Outlet Village

4.4 CBRE sets out its consideration of the impact of the Designer Outlet Village in Tables I6 and I7 and Section 9.0 of the Town Centre Uses Statement.

4.5 The analysis is not as thorough as it could be, as it does not consider in detail the trade draw of the proposal, i.e. from where within the core catchment area the proposal is likely to draw its trade from – what is the anticipated penetration rate or market share of the proposal within each zone?

4.6 Without such analysis it is not so easy to validate the assumptions made regarding trade diversion in Table I6.

4.7 CBRE assumes that the greatest level of trade diversion will be from Exeter (27%), followed by Taunton (20%). It assumes that the remaining trade diversion will be from a range of different centres such as Barnstaple and Yeovil, each of no more than 5% of the proposal's turnover.

4.8 In terms of the assumptions made, these seem broadly reasonable, but ideally should be cross-checked against assumptions of market share. We would also anticipate some trade diversion, albeit small, from the Atlantic Village Outlet Centre in Bideford.

4.9 CBRE calculates the impact on turnover that the above trade diversions will have on each centre at 2024, and also what the cumulative impact of commitments and EW will be. The maximum level of 'solus' impact arising from the development is anticipated at 3.05% on Taunton and 3.02% on Honiton. In terms of cumulative impact CBRE estimates that there will be a 4.11% impact on Exeter, and 3.99% impact on Taunton.

- 4.10 The impacts are based on the reduction in turnover assumed at 2024, compared to anticipated turnover at 2024. All residual turnovers will be above the current 2014 turnovers estimated from the household survey i.e all centres will benefit from improvements in turnover efficiency if no additional untested floorspace is developed.
- 4.11 In terms of assessing the significance of this level of impact, CBRE has sought to undertake a healthcheck assessment of all of the main centres in the core catchment that it anticipates EW will divert trade from.
- 4.12 It concludes that all of the centres are relatively vital and viable, and we agree with the assessment of the health of the centres.
- 4.13 As such, we agree with CBRE that the impact on the town centres within the core catchment area will not be significantly adverse.
- 4.14 What CBRE does not consider however, is the cumulative impact alongside local plan allocations, or indeed the impact on these planned investments coming forward. Without this, their assessment of impact is incomplete.

5.0 **Sequential Approach**

5.1 The Practice Guidance advises that, in plan-making, the sequential approach requires a thorough assessment of the suitability, viability and availability of locations for main town centre uses. It requires clearly explained reasoning if more central opportunities to locate main town centre uses are rejected.

5.2 We provide an overview of the sequential approach as put forward by CBRE in the submitted Retail Statement.

Flexibility and Disaggregation

5.3 CBRE states that it has not examined sites where only parts of the indicative EW scheme might be accommodated, instead focussing on those sites that could accommodate the entire scheme, albeit having taken a flexible approach to car parking and store scale and format.

5.4 There is nothing in Government guidance that explicitly requires disaggregation, as has been confirmed by the Courts. We therefore consider it appropriate to only consider sites suitable for the development as proposed.

5.5 In terms of flexibility on format, CBRE acknowledges that some of the retailing could be two storey, and that a town centre site may not require car parking, and are therefore prepared to discount the car parking area from the sequential search. We consider it unlikely that a tourist attraction of this scale would be acceptable without some degree of car parking, however, for the purposes of demonstrating flexibility we accept their assumption that car parking can be discounted from the minimum site area requirement.

5.6 However, there does not appear to be clear mention of the size of site CBRE has sought to find within its sequential assessment. The report states that this is provided in Appendix G, but this does not appear to be the case.

5.7 Notwithstanding this point, the accompanying Eden Westwood Summary Statement provides the following land take for the key development aspects:

- Traveller services/reception zone – 6.25 hectares;
- Devon Environment and Agronomy Visitor Centre (The Ark) – 9.70 hectares;
- Outdoor surf park and adventure activity zone – 14.16 hectares;
- Regional Visitor Centre – 0.12 hectares;
- Designer Outlet Village – 4.41 hectares;
- Logistics/B8 distribution centre – 16.67 hectares.
- Supporting access roads, parking and infrastructure/landscaping – 46.6 hectares.

5.8 Thus, if the key elements are taken as a whole (yet removing the supporting infrastructure), a site area of some 51.3 hectares would be required. On this basis, it is accepted that a site in the region of circa 50ha would be required to provide even a flexible version of the proposal.

5.9 There could be an argument to also remove the logistics element (which is largely separate) which would further reduce the site further to circa 35ha. Whilst we are not suggesting that the logistics element should be removed, for the purposes of undertaking a robust sequential assessment, we consider that sites of no less than 35ha should be subject to further consideration.

Area of Search

5.10 CBRE has sought to identify sites within Tiverton, Crediton, Exeter, Exmouth, Taunton and Bridgwater all of which fall within a 30 minute drive time of the site. This has largely been justified on the basis that it considers that locating the development too far to the north-east, east or south-west would make the development unviable due to an inability to draw shoppers from areas such as Cornwall, Bournemouth and Salisbury.

5.11 It would also nullify its raison d'être of being a major tourist destination in Mid Devon acting as a gateway attraction on the M5 that can capture passing tourist trade. Given these considerations, we consider that the area of search is appropriate.

Assessment of Sequential Sites

5.12 CBRE has identified and assessed a number of sites within and near the six centres listed and so we provide an initial assessment of these.

5.13 The majority of sites identified by CBRE are clearly too small for the proposals and have therefore been discounted. We agree with CBRE's assessment of all of the sites within the retail statement with the exception of the following, which is likely to consider further consideration.

Bus and Coach Station, Exeter

5.14 CBRE states that this site is capable of accommodating 30,000 sq m of retail floorspace as part of a mixed use scheme including leisure and housing. However, the site is then discounted on the basis that whilst it could potentially accommodate the level of retail floorspace proposed at Eden Westwood it is not large enough to accommodate the other elements of the scheme.

5.15 No site size has been provided for the site so it is difficult for us to make this judgement.

5.16 We understand that the likely developers of the scheme want to create new restaurants, cafés, shops, cinema, enhanced public space and an amphitheatre capable of housing a range of live events. There is also the

possibility of a swimming pool and leisure complex. However, the scheme has been delayed for reasons for which we are unaware.

- 5.17 We consider that further analysis is completed on the suitability of this site as CBRE's assessment in its current form does not go far enough. Overall we consider it unlikely that the site is available or suitable but would suggest that further evidence is provided to support this view.

Other Sites

- 5.18 It should be noted that a number of the sites proposed for allocation for mixed use within the Submission Version of the Local Plan Review document have not been considered under this exercise, which is a significant omission.
- 5.19 In particular, it is suggested that the following sites should be considered within the Sequential Site Assessment:
- 1 **Eastern Urban Extension of Tiverton** – this is a 153 hectare site to the east of Tiverton allocated for mixed use development including 30,000 sq m of commercial and some 47ha of green infrastructure.
 - 2 **North West Cullompton** - 95 hectare site to the North West of Cullompton is allocated for mixed use development.
 - 3 **East Cullompton** - 160 hectare site to the East of Cullompton allocated for mixed use development including 32,000 sq m of commercial floorspace.

6.0 **Viability**

- 6.1 From our review of the Town Centre Uses Statement, we conclude that there is a need for the tourism, hotel, leisure and convenience goods retailing, but no confirmed need for the comparison goods retailing.
- 6.2 EW contend that the Designer Outlet Village is inextricably linked to the Westwood Ark proposal, because it cross subsidises the financing of the Ark.
- 6.3 Evidence from the Eden Project in Cornwall indicates that such ambitious projects rely heavily on charitable donations and grant funding in order to be developed and sustained.
- 6.4 A broad review of the development and revenue costs put forward by EW suggest that certainly some degree of cross subsidy is required.
- 6.5 Whether the Outlet Village could be reduced in size and still prove sufficient financial subsidy for the rest of the EW project would require a more forensic review of the figures, however, it should be noted that there would be a minimum size of critical mass required to make the Designer Outlet Village a viable proposition in its own right.

7.0 **Conclusions and Recommendations**

7.1 MDDC has been presented with a proposal by EW for inclusion within the Local Plan Review. EW argue that without its inclusion the Plan is unsound.

7.2 A local planning authority should submit a plan for examination which it considers is “sound” – namely that it is:

- Positively prepared – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development;
- Justified – the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence;
- Effective – the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and
- Consistent with national policy – the plan should enable the delivery of sustainable development in accordance with the policies in the Framework.

7.3 Having reviewed the representation and Town Centre Uses Statement, the key question is whether the plan can be said to be positively prepared given that it does not seek to allocate a major tourism proposal in line with the recommendations of the Mid Devon Tourism Study.

7.4 The Tourism Study recommends a multi-pronged approach in developing a tourism strategy, although it does not automatically follow that all of the six strands have to be followed in order for the Strategy to work.

7.5 MDDC has opted for a reactionary policy to tourism proposals (DM22). Whilst this is not an entirely ‘positive’ approach, in the absence of any meaningful tourism proposals at the time of publishing the Submission Plan for consultation, it is considered to be an appropriate approach for responding to future tourism proposals that might arise during the Plan period.

7.6 We believe that the current position of the Submission Plan, i.e. not allocating EW or any other tourism proposal, could be defended at Examination on the basis that DM22 allows for tourism proposals to be considered in line with the Tourism Strategy as they arise.

7.7 Nonetheless, EW does indeed offer a significant opportunity to address 2 out of the 6 recommendations within the Tourism Study. Should the Council decide that they do wish to include the allocation as proposed as a major alteration to the draft Local Plan, it would have the following implications:

- 1 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.
- 2 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.
- 3 CBRE has undertaken a sequential assessment that we agree with, although we consider the Council would need to extend this exercise to include the three Local Plan allocations identified in Section 5.
- 4 The Council's objectively assessed retail need confirms that a far smaller amount of comparison goods retail floorspace is required during the Plan period than is being proposed at EW in order to meet local needs, and the local need is already accounted for in 'commercial floorspace' allocations.
- 5 Pursuing an allocation that involved the level of retail floorspace proposed at EW would likely reduce the size of the 'commercial floorspace' allocations already made.
- 6 The Council would need to undertake further work to estimate what proportion of trade would be drawn from beyond MDDC, and the origin of the trade.
- 7 Further work is required 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.
- 8 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.
- 9 Subject to the above, the proposal could potentially be justified once it is made clear how much reduction in retail capacity in the surrounding local authorities the proposal would result in, and this communicated to the other authorities as part of the Duty to Co-operate.

7.8 Notwithstanding the above measures that could be taken, 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 it is not possible for the Council to allocate the site for the proposed development at this time.