

## Mid Devon Local Plan Review: Examination

### Hearing Statement: Matter Policy J27, Issue 2

This statement has been prepared by CBRE and should be read in conjunction with the representations<sup>1</sup> made by GL Hearn and the retail evidence<sup>2</sup> prepared by CBRE on behalf of Friends Life Ltd (c/o Aviva Investors Global Services Ltd) (herein FLL). It seeks to complement and expand on those representations as necessary to assist the Inspector in determining the extent to which the Local Plan meets the appropriate tests of legal compliance and soundness.

#### 2. HAS A REGIONAL NEED FOR THE RETAIL ELEMENT AND THE COMPARISON GOODS FLOOR-SPACE IN PARTICULAR, BEEN DEMONSTRATED?

2.1. A Statement of Common Ground (SoCG) for Issues 2, 3, 4 and 8 has been prepared between Mid Devon District Council (MDDC) and Friends Life Ltd (FLL) (August 2017) which sets out the matters of agreement in respect of retail matters. This hearing statement expands upon that SoCG where necessary and relevant to Issue 2.

##### Planning policy and guidance

2.2. Planning for town centre uses is addressed at paragraph 23 of the NPPF. It explains that in drawing up Local Plans, local planning authorities should:

***“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.”***

2.3. In addition, as indicated at paragraph 161 of the NPPF, the need for land or floorspace for economic development, including for retail and leisure development; should be assessed on both a quantitative and qualitative basis.

2.4. The Planning Practice Guidance (PPG) (paragraph 001; reference ID 2b-001-20140306) says:

***“Local planning authorities should assess and plan to meet the needs of main town centre uses in full, in broadly the same way as for their housing and economic needs...”***

2.5. In the part of the PPG dealing with the need for housing and economic development, paragraph 003 (reference ID 2a-003-20140306) says:

***“Need for all land uses should address both the total number of homes or quantity of economic development floorspace needed based on quantitative assessments, but also on an understanding of the qualitative requirements of each market segment.”***

2.6. The PPG (paragraph 008; reference ID 2a-008-20140306) also says

<sup>1</sup> Representations To Mid Devon District Council's Consultation On Its Proposed Submission Local Plan (February 2015) on Behalf Of The Eden Westwood Partnership (April 2015); and Representations To The Mid Devon Local Plan Review Proposed Submission (Incorporating Proposed Modifications) January 2017 on Behalf Of Friends Life Limited (C/O Aviva Investors Global Services Limited) (February 2017);

<sup>2</sup> Town Centre Uses Statement: Proposed Tourism and Leisure Led Mixed Use Development at Eden Westwood (April 2015) prepared by CBRE; Town Centre Uses Statement [Draft] and Supplementary Addendum (August 2016 and September 2016 prepared by CBRE

***“Needs should be assessed in relation to the relevant functional area, ie housing market area, functional economic area in relation to economic uses, or area of trade draw in relation to main town centre uses.”***

2.7. In addition, the PPG (paragraph 032; reference ID 2a-032-20140306 says:

***“Local authorities should develop an idea of future needs based on a range of data which is current and robust. Authorities will need to take account of business cycles and make use of forecasts and surveys to assess employment land requirements.”***

2.8. There is no further guidance in the PPG on the mechanics of a need assessment, but CBRE has followed established practice. In doing so, it has drawn on the Guidance on Need, Impact and the Sequential Approach<sup>3</sup>. Whilst the guidance document was withdrawn in 2014, the guidance on approach remains relevant.

2.9. CBRE has drawn on:

- Paragraphs 3.10 to 3.20 of the Guidance on Need, Impact and the Sequential Approach in addressing qualitative need
- Paragraphs 3.4 to 3.9 and Appendix B of the Guidance on Need, Impact and the Sequential Approach in addressing quantitative need

### **Overall approach to the assessment of need**

2.10. As noted above, it is appropriate to consider need in both qualitative and quantitative terms:

- Qualitative need typically exists where there is, for example, poor consumer choice and an inadequate distribution of facilities.
- Quantitative need for A1 retail floorspace typically arises where there is, or will be, an imbalance between the turnover capacity of existing facilities and available expenditure in any given area.

2.11. Both qualitative and quantitative need for the proposed retail allocation in Policy J27 can be demonstrated (see below), on a regional basis.

2.12. In this case, the need for the retail floorspace must also be seen in the context of its ability to:

- Help deliver a step-change in the tourism offer in Mid Devon, by acting as an attraction in itself and as one of a range of attractions between which there will be linked trips (an issue addressed in the hearing statements dealing with issues 1, 5, 6 and 7); and
- Enable the development of other elements of the development sought in the allocation (an issue addressed in the hearing statements dealing with issues 1, 5, 6 and 7).

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<sup>3</sup> Planning for Town Centres Practice guidance on need, impact and the sequential approach (Department for Communities and Local Government, December 2009)

## Assessment of qualitative need

- 2.13. Qualitative need is a subjective concept, but of the factors frequently identified as components of qualitative need, three are particularly relevant in this case:
- Deficiencies or 'gaps' in existing provision
  - Consumer choice and competition
  - The quality of existing provision
- 2.14. In terms of the comparison goods element, the south west is currently served by the following outlet villages/centres:
- Atlantic Village, Bideford (around 50 mins from Tiverton by car)
  - Clarks Village, Street (around 50 mins from Tiverton)
  - Gloucester Quays (around one hour 35 mins from Tiverton)
  - Wilton Shopping Village, Salisbury (around one hour 35 mins from Tiverton)
  - Swindon Designer Outlet (around one hour 45 mins from Tiverton)
  - Poole Pottery Factory Outlet (around one hour 50 mins from Tiverton)
  - Dolphin Quay, Poole (around one hour 50 mins from Tiverton)
- 2.15. Of these, only Atlantic Village is located in Devon or Cornwall, and it:
- Only serves as an outlet village to a limited degree with, for example, Asda, Aldi and Poundland part of the retail offer.
  - Lacks many of the 'higher end' brands typically associated with outlet villages.
- 2.16. That means that most people living or holidaying in Devon or Cornwall are forced to travel for a significant period of time in order to reach an outlet centre with the type of offer they might reasonably expect. Moreover, Atlantic Village is located on the coast and, therefore, is not well placed to serve passing trade in a way which a more centrally located outlet village at Junction 27 could.
- 2.17. That implies a significant qualitative deficiency in the south west region and, in particular, in the area to the south and west of Tiverton. The proposed outlet shopping village at Junction 27 would help to address that deficiency by improving the distribution of factory outlets across the south west, thereby improving customer choice and helping to provide a diverse retail offer, both of which are aims identified in the NPPF (paragraph 23, bullet 4).
- 2.18. In addition, the outlet shopping village would be an important part of the mix of attractions that would entice people to Junction 27. Further detail in this regard is contained within FLL's responses to Issues 1 and 5.
- 2.19. In short, the proposed shopping village will help to meet an identified qualitative need which arises at a regional level.

2.20. Turning to the ancillary retail floorspace at the agronomy visitor centre, it would provide for food and drink products from a range of producers across Devon to be showcased and sold<sup>4</sup>. Although some farm shops and similar outlets operate in Devon and the wider area, most simply sell products from single providers. As such, the area lacks a base from which a range of products can be sold. The ancillary retail floorspace at the agronomy visitor centre would address this qualitative deficiency, improving customer choice and improving the diversity of the retail offer.

### Assessment of quantitative need

2.21. There is nothing in the NPPF to suggest that development within an authority area should only serve residents who live in that authority area. Such an approach would be inappropriate and unduly restrictive, because it would fail to recognise that shopping catchment areas overlap, and that catchment areas are rarely the same, or even similar, to local authority boundaries.

2.22. With that mind, it is FLL's firm view that the quantitative need arises on a regional basis; that is, it is not based on seeking to secure the expenditure available from residents of Mid Devon alone. FLL has reached that view on the basis of analysis in:

- Town Centre Uses Statement for Local Plan Proposed Submission Consultation (section 5 and appendices E and F), CBRE for Friends Life Ltd, 27 April 2015
- Town Centre Uses Statement (updated) (section 5 and appendices E and F), CBRE for Friends Life Ltd, 3 August 2016

2.23. That analysis follows an approach to the assessment of quantitative need which follows the broad approach set out in the now withdrawn Guidance on Need, Impact and the Sequential Approach (see above). It assumes that:

- There are two main types of goods:
  - Convenience – groceries and food and drink products; and
  - Comparison – less frequently purchased, often durable, goods
- In a given area, each resident is forecast to spend a given amount per year on each of these types of goods; and
- The market is currently in equilibrium – this assumes that under current shopping patterns there is an appropriate amount of floorspace to support available spend
- That capacity for new floorspace can arise through one or more of:
  - Population growth and/or growth in expenditure per person – more people with more money available to spend means that more floorspace is required
  - Improved market share (including 'clawing back' expenditure which is 'leaking' to other locations); and
  - Addressing 'overtrading' (typically only for convenience floorspace).

2.24. Given the role of the outlet shopping village (and the development as a whole sought by Policy J27) as a regional tourist destination, CBRE's assessment assumes that, in the case of comparison goods, a major retail development might draw on the spend available from residents of a large part

<sup>4</sup> See also: Eden Westwood: Food Farming and Life in Devon 2016

of the south west region. CBRE has, therefore, worked on the basis of a constant market share for the area covered by zones 6 to 18 of our study area. The study area is illustrated in Appendix A of the Town Centre Uses Statement for Local Plan Proposed Submission Consultation (27 April 2015), prepared by CBRE and submitted by GL Hearn on behalf of Friends Life.

- 2.25. The very significant headroom for comparison goods that CBRE identifies in its capacity assessment (some £283.3m by 2024 and £986.2 by 2029, as illustrated in Appendix G of the retail evidence prepared by CBRE<sup>5</sup>, means that there is ample capacity for the proposed floorspace.
- 2.26. The conclusions are echoed in analysis by MDDC's own retail planning consultants in:
- SSE17: Retail Response (paragraphs 2.16 to 2.50), NLP (now Lichfields) for MDDC, 19 July 2016
  - SSE16: Critique of Retail and Leisure Statement (section 2), NLP (now Lichfields) for MDDC, 7 March 2016
- 2.27. FLL recognises that, inevitably, MDDC's consultants have taken different views on some assumptions, but none of these differences are such as ultimately to lead to materially different conclusions, and it is therefore not, in our view, necessary for the Local Plan Inspector to seek to resolve any such differences in order to reach a robust conclusion on this issue.

#### Criticisms of the assessment of need

- 2.28. FLL is mindful that a number of parties have raised concerns about the need assessment, but is of the view that none stand up to scrutiny.
- 2.29. First, Exeter City Council (in representations dated 13 February 2017) has expressed concern that 'insufficient evidence has been prepared to demonstrate that it is reasonable to meet the comparison retail needs of the local authorities within the core catchment area of the OSV and that this is consistent with achieving sustainable development, taking into account the relevant policies of the NPPF'.
- 2.30. That criticism implies that each local authority should meet its own needs, but that cannot be a reasonable position to take when there is, as CBRE's retail evidence (referenced above) and the additional information above indicate, a qualitative regional need for an outlet shopping village in Devon and Cornwall. Moreover, as the PPG (paragraph 008; reference ID 2a-008-20140306) also says
- "Needs should be assessed in relation to the relevant functional area, i.e. housing market area, functional economic area in relation to economic uses, or area of trade draw in relation to main town centre uses."***
- 2.31. The trade draw of an outlet shopping village extends well beyond a single local authority's boundaries, and thus it must be appropriate to assess need on a wider basis than a single local authority.
- 2.32. Second, Taunton Deane Borough Council (in representations dated 13 February 2017) express concern that 'existing and potential allocations have not been included in assessing the need for the proposal'. There is no case for taking into account 'potential allocations', given that the Borough Council is currently only at evidence gathering stage for its new Local Plan. Although there are a

<sup>5</sup> Town Centre Uses Statement: Proposed Tourism and Leisure Led Mixed Use Development at Eden Westwood (April 2015) prepared by CBRE; Town Centre Uses Statement [Draft] (August 2016) prepared by CBRE

number of allocations in adopted planning policy, CBRE has identified significant capacity for new floorspace and there is, therefore, no reason why they should not come forward.

- 2.33. Finally, Rocke Associates/Planning Potential, acting for Hermes, have expressed concern that the household sample survey is unknown and may be too small, that survey-derived turnover for zone 6 of Table I6 of Appendix I of, presumably, the Town Centre Uses Statement: Proposed Tourism and Leisure Led Mixed Use Development at Eden Westwood (April 2015) prepared by CBRE; has been omitted, and that the basis on which the comparison goods market shares were weighted is unclear (paragraphs 5.5 to 5.14 of Planning Potential's assessment).
- 2.34. The survey sample size was 2,000 people. The number of respondents to each question, less those who did not respond or gave multiple responses, is stated as the 'base' in the household survey results provided as Appendix B to the Town Centre Uses Statement: Proposed Tourism and Leisure Led Mixed Use Development at Eden Westwood (April 2015) prepared by CBRE. On commissioning the survey CBRE was advised by the market research firm responsible that this was a reasonable sample size.
- 2.35. The survey-derived data for zone 6 is included in Appendix I of, presumably, the Town Centre Uses Statement: Proposed Tourism and Leisure Led Mixed Use Development at Eden Westwood (April 2015) prepared by CBRE. It is the first entry in the table.
- 2.36. The weighting for the comparison goods market shares assumes the levels of spend for each of the different types of goods about questions were asked, with the expenditure data supplied by Experian. This is standard good practice.
- 2.37. Planning Potential raise three further concerns at paragraphs 5.15 to 5.20 of their critique. The first, that no assessment of whether existing stores are under-trading, has little basis. It is perfectly usual for some stores to trade at a higher sales density than others, and there should be no presumption that a poorly performing store can or should meet a future need, or that it is able to meet that need, particularly in the case of an outlet shopping village for which a specific qualitative need has been identified.
- 2.38. The second is that the source of data on commitments is not referenced. In short, the commitments data is based on planning application data where available and, where not available, reasonable assumptions made by CBRE. Finally, Planning Potential expresses concern that no specific allowance has been made for allocations. There is, however, as noted above, very significant headroom for new floorspace.

### **Conclusions on regional need**

- 2.39. In conclusion, the assessments undertaken have been robust and consistent with policy/guidance. Moreover, none of the criticisms made by objectors are well-founded or call into question the key conclusions drawn from the assessments. That leads us to conclude that there is a regional need for the retail element of the Junction 27 allocation, both in qualitative and quantitative terms, and in particular for the comparison goods floorspace.