

Report to Arun District Council

Application A/23/15/OUT

Full of Planning Permission for a retail unit (A1) of
1,487 sq m and Outline Planning Permission for a
Public House (A4) 587sq m

Land south of New Road (A259) and East of Brook
Lane, Angmering

May 2015

C10247

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1.0 BACKGROUND

- 1.1 This report has been prepared by DPDS for Arun District Council and considers the Retail Assessment prepared Blue Sky Planning (BSP) for application A/23/15 dated February 2015. The application is by SDB Investments Ltd and Commercial Development Ltd. We have also examined other application documents including the Design and Access Statement, Site Layout Plan (Drawing No KL.264.001), the Supporting Statement by NLP on behalf of M&S and the letter of objection by Dalton Warner Davis (DWD) dated 14th April 2015. We only consider those parts of that letter which relate to retail planning policy and its implementation.
- 1.2 The proposals comprise a retail unit of a retail unit (Class A1) comprising 1,487sqm (1022sqm ground floor and 465sqm mezzanine) with associated access, car parking, servicing, landscaping & associated works and a public house (Class A4) comprising 581sqm at ground floor level. The applicant indicates that the proposed occupier of the retail unit is M & S Simply Food. The covering letter from BSP indicates that M&S is a joint applicant but its name does not appear on the application form. DWD notes that

Given the focus on a named retailer within the application it would be useful to understand the contractual relationship between Marks and Spencer and the development partner, particularly having regard to any legal agreements that are likely to be associated with the development.

The nature of any S106 agreement and who would have to be signatories to it is not relevant to our report. The situation where a retailer is named as an intended occupier and the assessment is based on the turnover is estimated on this basis is common in applications for retail development. Retailers are generally reluctant to let their name be used without securing their position, but the permission goes with the land and is unlikely to be restricted to a named retailer. The Local Planning Authority should bear in mind that it will not be granting planning permission for an M&S outlet, but a food retail outlet. In terms of impact, M&S have a relatively high sales density (turnover/sq m) and the use of this in the retail impact assessment is unlikely to lead to a significant underestimate of the impact. We will comment in the context of the sequential test if the occupier's specific requirements become relevant.

- 1.3 DWD also comments on the suggestion in the application that the possible occupation of the public house as a Toby Carvery. The application is for a Class A4 public house and the intended occupier or its character is not relevant – the pub would be able to change operator within the class under any permission granted unless specific restrictions were imposed. The need to limit the public house to a family orientated pub or to Toby Carvery is not apparent and DWD does not suggest reasons for such restrictions. The occupier is not relevant to our report.
- 1.4 The application site is a narrow piece of land north of the railway and south of New Road (A259). Access would be from a small roundabout on Brook Lane with the junction of Brook Lane and the A259 improved. The junction would remain left in and left out. The A259 is dual carriageway along this stretch and the distance between the roundabouts that would be used is about 2km. There is a footpath crossing of the railway from Brook Lane to the land the south but the commercial and residential areas south of the railway are accessible by vehicles only via the A259.
- 1.5 The land to the east has planning permission for a car showroom/dealership and 2 retail buildings permitted under application A/123/13. This is subject to various conditions which control the amount of overall floorspace, the size of units and the range of goods that can be sold. The permission permits up to 1400 sq m to be used for food sales, and the rest of the floorspace is restricted to bulky goods. Application A/19/15/PL seeks to vary these conditions to allow some non-bulky comparison goods sales, to vary the maximum floorspace slightly and a number of other variations. The applicant envisages that the alterations would allow a Next Home store to operate from one of the units. This application remains undetermined.
- 1.6 Further to the east is the Rustington Retail Park. This accommodates a recently rebuilt and enlarged Sainsbury foodstore and retail warehouse units. These units are subject to restrictions on the goods that can be sold.
- 1.7 The nearest M&S Simply food outlets are at BP filling stations at Crossbush and Findon Valley. There is a planning permission for M&S Simply Food to operate from a unit on the Arun Retail Park in Bognor Regis which is apparently expected to open later this year. There is a general Marks and Spencer store in Worthing town centre which NLP describe as having a floorspace of 3920 sq m and a food hall of 900 sq m.

- 1.8 The applicant acknowledges that the site is out-of-centre. The nearest centres are Rustington, some 2.4 km from the site and Littlehampton, some 2.7 km away, both measurements as the crow flies. Angmering has a village centre some 2km to the north-east.
- 1.9 The impact assessment is based on the use of the main building as a foodstore with a net sales floorspace of 826 sq m and we have worked on the basis the unit would, if permitted, be required to operate in this way by planning conditions.

2.0 RETAIL PLANNING POLICY

The National Planning Policy Framework

- 2.1 There is no need to do more than summarise national planning policy here. The National Planning Policy Framework establishes a presumption in favour of sustainable development sustainable development, and for decision taking this is defined as granting planning permission for developments which accord with the development plan, and granting planning permission where the development plan policies are absent, silent, or the relevant policies are out-of-date unless any adverse impacts would significantly and demonstrably outweigh the benefits when assessed against the policies of the framework as a whole or specific policies in the Framework indicate development should be restricted.
- 2.2 In relation to the specific policies, Para 23 of the NPPF sets out the objective to ensure the vitality of town centres. Para 24 sets out the sequential test in relation to main town centre uses, and para 26 the requirement for formal impact assessment. There are two impacts identified, the impact – the impact on the vitality and viability of town centres and the impact on planned investment. Para 27 states that where an application fails either the sequential or impact tests planning permission should normally be refused.

Development Plan Policies

- 2.3 The statutorily adopted plan is the Arun District Plan 2003. Policy DEV 26 seeks to maintain the retail hierarchy in the District. The site is shown as outside the built –up area and not in any of the Principal Shopping Areas. It therefore falls to be considered as an out-of-centre centre development and subject to policy DEV 27.
- 2.4 This policy states that planning permission will be granted for proposals for food and non-food retail provided that:-
- i) the proposal would not affect the vitality and viability of the principal or other shopping areas;
 - ii) the site is accessible from the highway network and by public transport;
 - iii) there is provision for access by cycle and on foot; and

- iv) there is provision for access for people with disabilities.

The policy requires a full impact assessment and sequential site analysis and applicants are required to demonstrate a need for additional facilities.

Where permission is granted, conditions will be applied as appropriate to restrict the range of goods sold and the minimum size of units (to not less than 1000 sq m) with no further sub-division allowed.

- 2.6 The policies have been saved and, with the exception of the requirement to demonstrate the need for additional facilities, accord with the NPPF.
- 2.7 The Draft Arun District Local Plan 2013-2031 will replace the adopted Local Plan. Policy SP RET1 seeks to retain the existing retail hierarchy and to make Bognor Regis and Littlehampton the prime locations for retail development. Rustington is intended to maintain its existing role as a centre providing a good range of shops serving the local population. Out of centre retail development is controlled by policy DM1, and this will establish the NPPF impact tests and expresses the sequential test. The development falls below the threshold in the NPPF for retail impact assessments but BSP notes para 9.2.1 of the emerging plan requires assessments for proposals of more than 1000 sq m and has accordingly prepared an assessment.
- 2.8 It is clear from the above that the main retail planning policy issues can be considered under the heading of the sequential and retail impact tests.

3.0 SEQUENTIAL ASSESSMENT

Preliminary Matters

- 3.1 The sequential approach is well understood. LPAs should ensure that sequentially preferable sites are assessed for their availability, suitability and viability and that all in-centre options have been assessed before less central sites are considered. When considering edge-of-centre and out-of-centre sites preference should be given to accessible sites which are well connected to the town centre. This last part of the test, introduced in the NPPF, means in practice, that other out-of-centre sites should be considered in the sequential approach. Where it is demonstrated that there are no town centre or edge-of-centre sites available, applicants and local authorities are expected to have shown flexibility on issues such as scale and format.
- 3.2 The approach to the sequential test and the need to demonstrate flexibility in terms of scale and format was explored, as the applicant notes, in the “Dundee judgment” with which the Council will be familiar. This concerned, in part, the question of what is meant by suitable in the context of alternative sites in the test. The conclusion was that the sites should be suitable for the development proposed but that did not obviate the need for applicants to show flexibility.
- 3.3 BSP sets out M & S’s requirements in para 6.14. These are set out as
- Format** – a store of 1487 sq m with a trading area of some 835 sq m;
 - Parking** – easy access to surface level parking providing for trolley use;
 - Servicing** – dedicated servicing in a safe and controlled manner; and
 - Location** – commercial prominence and easy accessibility to the target catchment including those travelling by car, the ability to capture pass by trade and divert expenditure from larger out of centre food stores

BSP indicate that a 10% variance has been considered in relation to the format and a minimum site size of 0.3 ha. BSP sum up that a different sized store at an inferior location would not meet the operational or commercial requirements of M&S in the Littlehampton area. We have some doubts that, expressed in these terms, this could be considered sufficient flexibility, particularly the requirement for pass-by trade.

- 3.4 The requirement is expressed rather differently in para 2.6 of the NLP statement which states, in more compliant language, that

“They need sites whether in town centre or retail park, where the combination of prominence, location, and proximity to other retailers provides a critical mass of attraction and opportunity for M&S to benefit from linked trips to other retailers and pass by trade”.

We consider that this formulation of the requirements, which does not rule out town centre sites at the start, forms an appropriate basis for considering potential sites. Whether the difference is significant of course depends what potential sites there are.

- 3.5 The public house is a main town centre use to which the sequential test applies (see the Glossary to the NPPF). As WDW notes, BSP have not considered more central alternative sites. To consider the pub unit separately would be splitting the development into bits. As noted in the Rushden Lakes decision, the NPPF does not require disaggregation and the Government has recently rejected a House of Commons Select Committee report recommending it be re-introduced. While we consider that the disaggregation of uses may be relevant in some cases, there are no obvious reasons why it should be relevant here. BSP have not included it in the site search criteria which would make suitable sites harder to find and we consider that the availability of alternative sites for a single pub would be of marginal significance in the determination of the application.

The Area of Search

- 3.6 We agree that the relevant centres to consider are Littlehampton and Rustington.

The Sites/Units Considered

The former Co-op Store, Rustington

- 3.7 This is a town centre site in Rustington. BSP consider the site available but unsuitable for the following reasons:-
- the unit is materially larger than the proposal and not suitable/viable for subdivision;
 - the unit would not benefit from pass-by trade;
 - the closure of the Co-op demonstrates that it is an unviable for a foodstore use;

- M&S would not consider a site that has proved to suffer from such trading difficulties; and
- the site is unsuitable for the premium end of the market in which M&S operates.

3.8 We understand that the unit has been let to Waitrose, which is to relocate from Littlehampton town centre and is therefore not available. We would have otherwise advised that the reasons put forward for the sites unsuitability were not sufficiently justified by evidence in relation to NLP statement of requirements outlined above and did not demonstrate sufficient flexibility. Subsequent events had demonstrated the weakness of the case.

Ash Lane, Rustington

3.9 This is also a town centre site in Rustington. Chandlers are due to vacate this site when the car dealership moves to the Mill Lane site. We have previously considered this site in relation to the Mill Lane proposals and agree that the site could not accommodate a comparably sized foodstore allowing for reasonable flexibility.

St Martin's Lane Car Park Site, Littlehampton

3.10 This is a town centre site. In the more recent past it has been considered as unsuitable for a foodstore development because of the proximity of the Waitrose store. BSP quote advice to the Council that the arrival of the Waitrose store means that a foodstore proposal for the site is no longer a viable option. However, with the recent announcement of the closure of the Waitrose store and its relocation to Rustington, it is clear that this conclusion needs review.

3.11 It is also clear that the in reconsidering the site, the future of the Waitrose unit needs consideration. It is a substantial unit with adjacent car parking and should be examined in the sequential test. It could also form part of the St Martin's car park redevelopment which would change the whole economics of the redevelopment.

3.12 We agree that there are, with the exception of the Waitrose building in Littlehampton, which will shortly become vacant, no suitable vacant retail units in either town centres.

Out of Centre Sites

Mill Lane Rustington

- 3.13 This site is adjacent to the application site and shares many of the same characteristics. It is also patently available. BSP argue that it is not, as an out-of-centre site sequentially preferable to the application site. DWD notes that the NPPF advises that where edge of centre and out-of-centre sites are considered, *“preference should be given to accessible sites that are well connected to the town centre.”* and argues that the Mill Lane site is preferable in these terms. In particular, although DWD accepts that the application site also links in with footpath and cycle ways to nearby centres, in its view the distances from the application site are materially longer. It proceeds to challenge the claim that the application site will be within 200m of public bus services once the Mill Lane development is implemented, both per se and because the figure is dependent on an internal link between the two sites. It suggests that the distance between the two sites via the proposed vehicular accesses is some 500m. This figure could, however, be reduced by providing a pedestrian link into the application site immediately adjacent to the proposed store.
- 3.14 The weight to be given to this factor depends, in our view, on how great the difference in the accessibility of the sites is. They are adjacent sites, both dependent on left-in/left out access arrangements and there can be no difference in vehicular accessibility. There is a difference in walking distances to the centres but the difference is marginal in the context of the overall distance - neither site can be considered well connected to a town centre. It is arguable therefore that the preference expressed in the NPPF is not even activated. In practice the number of people walking to the sites will be very small indeed. It follows that the weight given to the differences in walking distance should be very limited. We conclude that the Mill Lane site is not sequentially preferable.
- 3.15 There is case law on the subject - Borough of Telford and Wrekin & Anor v Secretary of State for Communities and Local Government [2013] EWHC 1638 (Admin) (14 June 2013). This held that the sequential test could conceptually give rise to no clear winner, and that the Inspector in question was entitled to come to that view on the balance of the evidence. We have given our reasons for coming the view of no clear winner in this case. It was also found that the purpose of the sequential test relates to the vitality and viability of town centres and not to the comparative advantages in reducing traffic demand.

- 3.16 It is also necessary to consider BSP's other objection to the site - M&S' wish to work with established development partners (para 6.36). DWD has responded that it is not aware of any guidance or case law where the development partner has been is a relevant consideration for the sequential approach. While not ruling this consideration out in principle, there would have to be some compelling evidence as to why the available development partner of a site should be considered as unsatisfactory and none is presented.

Conclusions on the Sequential Test

- 3.17 Overall we conclude that the Retail Assessment fails to satisfy the sequential test. This arises from events following the preparation of the report – primarily the announcement of the Waitrose move to Rustington. This affects the BSP report's assessment of the Rustington Co-op unit, the soon to be vacant unit in Littlehampton and its implications for the St Martin's car park site. We recommend that the applicant be invited to review this part of the report.
- 3.18 We do not consider that the permission on the Mill Lane site leads to a failure of the application site to accord with the sequential test.

4.0 RETAIL IMPACT

The Vitality and Viability of the Town Centres

- 4.1 We agree that the main centres to be considered are Littlehampton and Rustington.
- 4.2 In relation to Rustington, we agree that the centre is healthy and well managed. It offers a wide range of goods and services. It is not unduly reliant on convenience goods sales and could be regarded as reasonably resilient to further foodstore impacts. The assessment is out of date with regard to the decision of Waitrose relocate to the former Co-op building. This decision emphasises the centre's vitality and viability.
- 4.3 The position is more complicated in relation to Littlehampton. BSP describes it as a strong and attractive centre with a robust retail base including strong representation of food and non-food retailers, and as having *"no obvious signs of weakness"* (paras 7.8 and 7.9). It is not clear how this conclusion is drawn from the indicators described in its Appendix 6 and in particular the lack of national multiples, the lack of retailer demand, the yields and rental levels. BSP also notes that the Surrey Street/Indoor Market development is underway (para 7.11), but fails to consider the implications of the history of the retail units in the development. The site represented an opportunity for redevelopment which would, in some centres, have attracted a retail-led development but it is clear that the retail value in Littlehampton was lower than the residential. These are obvious signs of weakness. The Arun Retail Study identifies long term challenges facing the future of the town centre. BSP's assessment relies on the recent opening of Waitrose as an indication of retailer confidence but its decision to relocate to Rustington indicates the opposite. The vitality and viability of the town centre needs to be re-assessed in the context of the closure of the Waitrose store.
- 4.4 DWD expresses concern about the quality of the health check information citing as an example the failure of the impact assessment to identify the new Morrison store in the town centre - in the former Blockbuster outlet. It does not give other examples. We have already commented on BSP's health check and will rely primarily on our own assessment of the town centre's vitality and viability in assessing the likely impact.

4.5 BSP identifies the smaller centres of Angmering and East Preston in the catchment area, but states that these will not be affected by the proposal as they serve a localised function providing basic top up shopping facilities. This is very much the term used by NLP in relation to the Simply Food offer. Angmering is the nearest centre to the proposal and is likely to experience some trade diversion, although this is difficult to quantify the current trading position. The proposal would be able offer a wider range of goods than available in the village centre, but the wider range is already available in the Rustington Sainsbury store with more convenient access by car and we consider the impact would be limited, not least by the left in/left out only access. The same is broadly true of the centres in East Preston. We conclude that there is no need to consider these centres in more detail.

The Turnover of the Proposal

4.6 BSP estimates the turnover of the proposal by multiplying the net sales floorspace by a company average sales density. Although it claims that the turnover is likely to be below average because of the competition in the area – no supporting evidence is offered and the assessment is based, as is the usual practice, on the company average. The net sales floorspace is taken as 826 sq m. This includes the possible café area. The sales density is given as £9677/sq m. The source is described as Retail Rankings 2013. Retail Rankings data is generally exclusive of VAT but the retail expenditure data on which the survey based estimates of turnover are based include it. The Retail Rankings data therefore needs to be adjusted for VAT, which for convenience goods sales generally works out at 7%-8%. This is standard practice. The turnover is therefore underestimated by this amount.

4.7 The turnover is then forecast forward to the design year of 2017 to take account of increases in floorspace productivity at 0.4% a year. We accept that this is an appropriate design year and it is in accordance with the NPPG. The source of the floorspace productivity is not given. Experian, one of the main providers of retail planning data suggest that convenience sales densities will continue to decline in the context of subdued sales. This becomes more significant in relation to the turnover of existing stores in the area. It should require further explanation. However, it can be seen that the increases in turnover arising from this adjustment are small.

The Turnover of Existing Outlets

- 4.8 BSP appendix 7 Table 3 gives the estimated turnover of existing stores. These are described as benchmark turnovers derived from the Arun Retail Study up-dated for floorspace productivity. This is not correct. They are in fact household survey based estimates (see Arun Retail Study 2013 Appendix Di Table 12 which is attached as BSP App 8). Because these turnover estimates are based on expenditure data including VAT, this confirms that adjustments to the company average sales density to include VAT are necessary. The use of the same floorspace productivity increases indicates that the productivity increases are self-cancelling and can be disregarded in the impact assessment.

The Trade Draw

- 4.9 The trade draw assumed in the impact assessment is shown in para BSP App 7 Table 4 and summarised in para. 7.34. It is based on judgement. Our preference is for assessments to be based on survey data of existing shopping patterns. One problem with the judgemental approach is that it is equally open to contradiction without supporting evidence.
- 4.10 BSP expects 10% of the turnover, some £0.81m would be drawn from the M&S shop in Worthing town centre, and 5%, some £0.40m from the M&S in Chichester. Although this might appear reasonable in the context of the proposals trade draw, there is very little evidence to support the claim that residents in the catchment area are using these stores at present. The household survey indicates a very low level of usage of these stores from the Littlehampton, Rustington and Angmering zones for either main food or top-up shopping. We conclude that that aspect of the trade diversion is unlikely and that more would be diverted from other sources. Given the low market shares these two M&S stores have in the relevant zones, we consider that 5% in total would be realistic.
- 4.11 The majority of the turnover is likely to be diverted from the nearest large food stores – this is consistent with general trade draw for Simply Food outlets outlined by NLP, and the use of M&S outlets by shoppers to widen the choice of top-market products on main food shopping trips to the large food stores. M&S are known to seek locations near large food stores to benefit from this pattern of shopping. The nearest large stores and the BSP trade draw are as follows:

Store:	BSP Trade Draw %	BSP Trade Draw £m
Sainsbury Rustington	25%	£2.05m
Tesco Broadpiece	10%	£0.81m
Morrison Wick	10%	£0.81m
Asda Ferring	5%	£0.40m

In our judgement, the trade draw from the Sainsbury at Rustington is likely to be greater than 25%, the Morrison at Wick may be about right, but if so, the trade diversion from the Tesco at Broadpiece is likely to be overestimated. Even allowing for the different market orientation of the Asda store 5% appears too low. Furthermore no account is taken from trade draw from the Tesco at West Durrington which is a significant draw in the eastern half of the district, albeit less so in the Littlehampton/Rustington area.

4.12 Overall, BSP estimates that 50% of the proposals draw is likely to be from the nearby large food stores – in our view the figure is likely to be higher. The market share of the expenditure in the three catchment zones of these stores is about 63%. The assumption that the proposed store would attract proportionately less of its trade from the large stores runs contrary to the marketing strategy of capturing top-end sales would be diverted from these stores.

4.13 BSP makes an allowance for 15% of the trade to come from beyond the catchment area. BSP comments that it is reasonable to assume this, given that the proposed store would be located on the primary road network and easily accessible for pass-by trade. Our impression is that despite the heavy volumes of traffic on the A259, most of it is local and much of it would originate in the catchment area.

The unit is also only conveniently accessible for pass-by traffic in one direction, and this is likely to limit the pass-by trade. Finally some of the trade originating from beyond the catchment area would otherwise be spent in stores in the catchment area. Our judgement is that between 5-10% is the maximum trade draw that can be expected to be diverted from stores outside the catchment area.

4.14 Drawing these threads together, trade could be expected to be diverted to the proposal as follows:

M&S Stores, Worthing and Chichester	5%
Main out of centre food stores in area	65.0%
Stores outside of the catchment area	7.5%

This would leave 22.5% to be drawn from Littlehampton and Rustington town centres. This is only marginally more than BSP estimates (20%).

4.15 BSP expect that 15% of the proposal's turnover to be diverted from Littlehampton and 5% from Rustington. In coming to that judgement, it had taken the closure of the Co-op in Rustington into account, which left only the Tesco Express and Iceland stores affected. With the intended move of Waitrose to Rustington this is no longer realistic and the trade draw needs to be reconsidered. It fundamentally alters the balance of the trade diversions that would expected from the centres. It is also not clear why BSP expects 3% of the proposed store's trade to be trade from the Iceland in Rustington but none from the Iceland in Littlehampton. BSP explain that there would no trade diversion from the Iceland in Littlehampton because it has an entirely different food offer and the same could be expected to apply in Rustington.

4.16 In relation to the trade draw from Littlehampton, the only stores considered were the Sainsbury and the Waitrose. BSP states that the proposed M&S outlet would not draw from the Lidl store in Littlehampton because of its role as a discount retailer. It is unlikely that there would be significant trade diversion from these two stores to an M&S store from an M&S store on the application site. It does not refer to the impact of the Morrison Local at all. We should point out that in para 7.38 BSP refers to an Aldi store in Littlehampton. We assume this is in fact intended as a reference to the Lidl store there.

4.17 It is necessary to consider the impact if the proposal turned out not to be an M&S store. The most likely alternative would be a food discounter. The same arguments would not apply in that case and impacts on the Lidl and Iceland in Littlehampton could be expected. However, it is equally true that the impact on the Sainsbury store in Littlehampton is likely to be less. In addition the turnover of the proposed unit as a food discounter is likely to be lower. The assessment of the trade diversion is process surrounded by uncertainty and although it is often

necessary to examine detailed aspects of the proposal, these should be kept in perspective. There is no reason to believe that, within the limitations proposed as conditions (para 1.9 of this report) the impact of the proposal on the town centres as a whole, would be significantly different if it the occupier were not M&S Simply Food.

The Turnover of the Town Centres

- 4.18 BSP has adopted the turnover estimates of the centres calculated in the Arun Retail Study 2013. It updates them to 2017 using the same floorspace efficiencies as for the estimated turnover of individual stores of 0.4% pa, for which, as we have already noted, no source is given.

Littlehampton

- 4.19 BSP gives the convenience goods turnover of Littlehampton in 2013 as being £18.4m. We calculate the figure in the Retail Study as being £18.14m. It is not clear whether this is mistake by BSP or the result of some adjustment, but it is not significant. However, the Arun Retail Study pre-dates the opening of the Morrison store at Wick, which is likely to have reduced the turnover of the main stores in the town centre to some extent, and the opening of the Morrison Local in the town centre. This would tend to draw its trade from the existing shops in the town centre and it would be necessary to allow for this internal trade diversion. These developments would tend to counteract each but it is unclear what the overall effect of these developments on the town centre turnover would be. There is also a need to take account of the considerable expansion of the Sainsbury store at Rustington Retail Park on the turnover of the town centres, since this post dates the household survey used in the Arun Retail Study.

- 4.20 However, the impending closure of the Waitrose would have a much great effect on the town centre's turnover in 2017. Although some of the trade would divert to other shops in the centre, its destination trade will simply divert to Rustington. It is unclear what the future use of the building would be and uncertain that it would remain in foodstore or even retail use.

Rustington

- 4.21 BSP gives the convenience goods turnover of Rustington as £12.14m of which £5.76m related to the Co-op. The source is given as the Arun Retail Study 2013, but we cannot reconcile these with the figures in the Study. Our calculation from the Arun Retail Study gives a total of £12.08m as follows:

Store	Turnover
Co-op	£3.66m
Iceland	£5.00m
Tesco Extra	£1.38m
Local Shops Rustington	£2.04m
Total	£12.08

The overall difference is not material but the Co-op turnover is, because of the adjustments made by BSP to take its closure into account in the 2017 estimate. BSP assumes that 50% of its 2013 turnover and 75% of its top-up turnover would be retained in the centre giving an estimated turnover of £10.33m in 2017.

4.21 The main problem with this is, of course, that a lot of current Littlehampton turnover will switch Rustington with Waitrose. As noted, this will also affect balance of the trade draw, with more trade diverted from Rustington and less from Littlehampton. While the effects of the relocation on trade draw and the town centre turnovers will to some extent cancel each other out, as we have indicated, the adjustments are more complicated than that – some of the current Waitrose turnover, associated with top-up shopping will stay in the centre, primarily in the Sainsbury, but linked trips to the centre generated by the Waitrose will be lost and will have a wider effect on the town centre's turnover – particularly that derived from comparison goods.

4.22 In view of the significance of the Waitrose relocation, there is no point in our considering the impact on the centres further.

Cumulative Impact

4.23 It might be helpful however to comment on the cumulative impact exercise so that any matters arising could be taken up in any re-assessment by BSP. BSP assess the cumulative impact in paras 7.49 to 7.53, and does not quantify the impact. The only permission taken into account is for the permitted foodstore unit on the adjacent Mill Lane site. BSP assesses the unit as an Aldi on the basis that all the other food retailers are represented in the area. There is however, no such restriction on the planning permission and we consider that more general food retailing should be assessed. It is not always possible to foresee unexpected events. The Mill Lane unit is not

restricted to food retailing and the impact of its use for comparison goods retailing should also be considered.

- 4.24 BSP estimate the turnover of the permitted unit as a foodstore on the basis of 770 sq m of net sales floorspace and a sales density of £6227/sq m. The sales density is significantly lower than used by Aldi's agents in submitting its own recent applications and, as noted the permission should be assessed on a more general basis. We therefore regard the estimated turnover of £4.8m as significantly too low.
- 4.25 BSP comments that the vast majority of this turnover would be diverted from the main food stores in the area, although a small amount might be diverted from the Lidl in Littlehampton. This is not in our view an adequate assessment of a permission which is, after all, on the same scale as the application proposal. The Council will have to give considerable weight to the cumulative impact of these two proposals and we conclude that the exercise is insufficient to demonstrate the acceptability of the proposal alongside the existing permission.

Conclusions on Impact the Vitality and Viability of the Town Centres

- 4.26 We have made a number of comments the BSP impact exercise and identified where clarification is needed. These cover
- Whether VAT is included in the sales densities figures
 - The source of the floorspace efficiency improvements used
 - The trade draw assumed
 - Changes to the town centre turnovers since the Arun Retail Study was completed including the opening of the Morrison store at Wick, the expansion of the Sainsbury foodstore on Rustington Retail Park and the opening of a Morrison Local in Littlehampton.
 - The cumulative impact assessment
- 4.27 We may have been able to come to a conclusion on the impact of the proposal despite these concerns, but the overwhelming problem is the announcement that Waitrose is to relocate from Littlehampton after the completion of the BSP assessment. This has such widespread implications for the town centre vitality and viability assessment, the trade draw and the town centre turnovers that we are unable to draw reliable conclusions. We also consider it reasonable for the applicant to

have the opportunity to address these implications as it wishes before the application is determined.

Impact on Existing Planned and Committed Investment

- 4.28 The NPPG advises that key considerations in assessing the impact on investment will include:-
- the policy status of the investment,
 - the progress made towards securing the investment; and
 - the extent to which an application is likely to undermine planned developments or investment based on the effects of current/forecast turnovers, operator demand and investor confidence.
- 4.29 In terms of Littlehampton, BSP consider the Indoor Market/Surrey St. development and the St Martin's car park site. The Indoor Market development is, according to BSP, well advanced with limited retail floorspace. The Council will be more aware of the situation, but if this is correct, the possible impact can be ruled out. In relation to the St Martin's car park site, BSP consider that the site would not be viable for food retail scheme and that the Council is considering a leisure-based scheme. The difficulty for the retail development was the occupation of the former Co-op unit by Waitrose and this now needs re-evaluating.
- 4.30 The only planned investment in Rustington identified by BSP is the redevelopment of the Ash Lane garage site. BSP claims that there would be no impact on this because the unit is too small for M&S and any retail unit would serve a very localised catchment area. The suitability of the Ash Lane development for M&S is more a matter for the sequential test. The applicant does not consider the effect on forecast turnovers or operator demand that the M&S proposal might have on this development in sufficient detail to establish that such an impact is unlikely, but the lack of objection from DWD on this basis indicates that it is not likely to affect the investment decision.
- 4.31 Technically, the Waitrose commitment to the former Co-op unit should be considered in this context. However, the Waitrose announcement was made after the consultation exercise on the application site and it is unlikely that the retailer was not aware of the proposal. We very much doubt that the proposed development would have played a significant part in Waitrose's decision in any case.

- 4.32 We therefore conclude that further examination of the impact on the investment potential of the St Martin's car park site following the departure of Waitrose from Littlehampton town centre is required but, other than that, there is unlikely to be any significant impact on planned investment.

5.0 CONCLUSIONS

- 5.1 The retail impact assessment only considers the impact of the proposal operating as an M&S Simply Food store. Whether or not there is a contractual commitment to M&S does not affect the conclusions on retail impact. Although based on M&S, we regard BSP's estimate of turnover as a reasonable guide to the proposal's likely turnover as a food store operated by a leading grocery chain. In relation to the sequential test, we consider that the defining feature of sites in this case as their availability rather than their suitability of a particular operator.

The Sequential Test

- 5.2 We conclude that the Retail Assessment fails to satisfy the sequential test. Although the assessment of the suitability of sites has been very specific to M&S and could well be considered inflexible, this would have been of no consequence because the sites considered are, in general, not available. This conclusion would have applied to all sites but for the announcement, after the preparation of the retail statement, of the Waitrose move to Rustington. This affects the BSP report's assessment of the Rustington Co-op unit, the soon to be vacant Waitrose unit in Littlehampton and its implications for the St Martin's car park site. We recommend that the applicant be invited to review this part of the report.
- 5.3 We conclude that the Mill Lane site does not constitute a sequentially preferable site. Both are out of centres sites which are not well connected to a town centre and the differences between the sites in terms of accessibility are not sufficiently significant to be given weight.

Impacts on the Town Centres

- 5.4 The applicant has failed to demonstrate that the impact of the proposal on the town centres would not be significantly adverse. Although there are a number of small matters which could be explained or amended, the main problem arises from the announcement that Waitrose is moving from Littlehampton town centre to Rustington. This has such widespread implications for the town centre vitality and viability assessment, the trade draw and the town centre turnovers that we are unable to draw reliable conclusions. We recommend that the applicant is given the opportunity to address these implications as it wishes before the application is determined.

- 5.5 We also consider that the applicant has failed to examine the cumulative impact sufficiently. The adjacent site has an extant planning permission for retail units. This is a material consideration to which the Council must have regard. The combined impact of both schemes is arguably more important than the solus impact of the proposal, given the likelihood that both will be implemented, if the current application is granted. We conclude that the Council could be held to be acting unreasonably if it did not have a better understanding of the combined impact of the two proposals.
- 5.6 We conclude that the impact on investment in the current Waitrose building in Littlehampton and the St Martin's car park site needs to be reconsidered in the context of the Waitrose announcement.
- 5.7 We therefore recommend that the applicant be invited to review its retail assessment to take the Waitrose relocation into account.

Old Bank House
5 Devizes Road
Swindon
SN1 4BJ

3 Gleneagles House
Vernon Gate
Derby
DE1 1UP

