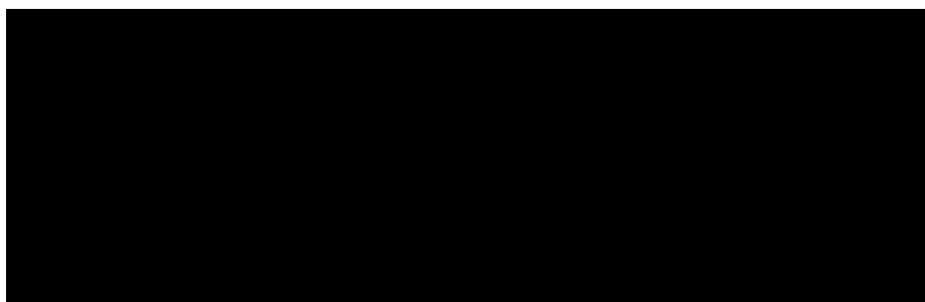


On behalf of
Landlink Estates Limited

Proposed employment-led development
Salt Box
Bognor Regis

Retail Assessment

Ref: AH/140056/R0005v1a
Date: December 2018



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1.0 Introduction

- 1.1 This retail assessment is prepared by Mango Planning & Development Limited in support of a hybrid planning application submitted on behalf of Landlink Estates in respect of the Salt Box site at Bognor Regis. The application is for:

“Hybrid planning application for the comprehensive development of the Salt Box site comprising:

Full planning application for erection of Class B8 warehouse with fuel island and car parking; 2 No Class B1/B8 employment units with associated parking and servicing; Class A1 retail food store with car parking and servicing; 2 No drive thru units with car parking and servicing; car showroom, workshops (including MOT testing) vehicle storage, external display areas, service areas and parking; together with access roads, associated ground and engineering works, landscaping and ancillary works

Outline planning application for the development of employment units, parking and servicing areas, landscaping and associated works.”

- 1.2 This assessment considers the compliance of the proposal against the retail policy tests of retail impact and the sequential test. It should be read in conjunction with the Planning Statement prepared in support of the planning application that considers the requirements of the development plan and other material considerations.

2.0 The proposal

- 2.1 The 'town centre' uses proposed in this application comprise an Aldi discount foodstore and two drive thru restaurants.
- 2.2 The drive thru restaurants were consented under the previous permission and this application therefore seeks simply to re-orientate these within the revised scheme.
- 2.3 The foodstore will be situated on the parcel of land to the north of the site entrance. This store will comprise a convenience store of 1,785 sq m gross internal area, and net sales area of 1,315 sq m, with associated parking and servicing areas.
- 2.4 The two drive thru restaurants are also proposed within the car park of the proposed Aldi store (as proposed in the extant scheme) are also accessed from the spine road into the site. Unit 4 extends to 167 sq m gross internal area and Unit 5 extends to 139 sq m gross internal area.

3.0 Planning policy

3.1 The development plan context for the site is set out in detail in the Planning Statement that accompanies this application.

3.2 The retail policy requirements of the development plan are contained within the Arun Local Plan 2018 and these are summarised below.

3.3 Paragraph 9.2.1 states that:

“All applications for growth related to the activities in this policy need to comply with the provision set out in the National Planning Policy Framework (28) . For the avoidance of doubt, impact assessment for growth of office, leisure and retail development will be required from a threshold of 1,000 sqm for Town Centres, Large Service Centres and the Six Villages and 200 sqm for village and suburban centres. At any scale, impact may be a material consideration which needs to be addressed and any impact assessment should be appropriate to the scale of the development and address the likely impacts relevant to the proposed development.”

3.4 Policy RET DM1 sets the criteria against which applications for town centre uses will be assessed. Sub paragraph (1) sets criteria in respect of design, accessibility and crime prevention measures. Sub paragraph (3) states that:

“Town centre uses should be accommodated in town centres. Proposals for Town Centre uses outside the centres defined on the Policies Maps will only be permitted if:

- a) The scheme meets the impact tests of the NPPF;*
- b) The scheme is easily accessible by the highway network and public transport;*
- c) The scheme includes provision for access by cycle and on foot;*

- d) *The scheme includes appropriate provision to enable access for people with disabilities.*

Applicants proposing retail development on out of centre sites will demonstrate that no suitable site can be found, firstly within the existing town centre or secondly, on the edge of the centre."

- 3.5 Also of relevance to this proposal is that compliance with retail impact and sequential tests is a requirement of Criterion (h) of Policy EMP DM2.

4.0 Retail impact

- 4.1 In accordance with the requirements of Policy RET DM1 of the Local Plan and criteria (h) and (j) of Policy EMP DM2, to inform the local planning authority's consideration of the proposal we have undertaken an assessment of the likely effects of the proposed foodstore upon the defined centre of Bognor Regis and other defined centres.
- 4.2 Our assessment has not considered in any detail the effects of the two drive thru units as, firstly, each falls below the impact threshold of policy RET DM1 and therefore impliedly their impact does not need to be assessed; secondly, there is in any case no established methodology for assessing such impact; and thirdly, in any event there is existing planning permission for these units and so the cumulative effect is nil.

Trading effects

- 4.3 Our assessment follows a traditional step-by step approach with the following stages:
- Establish a study area within which the trading patterns are to be examined and define sub areas (zones) to allow for a more finely grained analysis;
 - Determine the design and base years of the assessment and the price base to be adopted;
 - Using established data sources, determine the population and expenditure available for convenience goods shopping within the study area at the base and design years;
 - Establish existing shopping patterns by way of a household telephone survey;
 - Identify committed developments and establish their likely effects on design year shopping patterns;
 - Determine the likely turnover and trade draw pattern of the proposed store and inflow from beyond the study area;
 - Model the likely trade draw patterns resulting from the development, cumulatively with commitments;
 - Determine the effect on in-centre convenience stores and the overall effect on the town centre's trading performance.

Study area

- 4.4 For the purposes of this assessment we have identified a study area representing an approximate 10-minute drive time from the proposed store (shown on Study Area Plan at **Appendix 1**). This is made up of sub-zones which correspond¹ to zones of the Arun Retail Study 2016 (“ARS”) update and comprises the following sub-areas defined by ward:

Zone 1: Pagham (ARS Zone 1)

Zone 2: Bersted (ARS Zone 2)

Zone 3: Aldwick East / Aldwick West (ARS Zone 3)

Zone 4: Pevensey, Marine, Orchard & Hotham (ARS Zone 4)

Zone 5: Felpham East, Felpham West (ARS Zone 5)

Zone 6: Middleton on Sea (ARS Zone 6)

Zone 7: Barnham (ARS Zone 8)

Base and design years

- 4.5 The base year of the proposal is taken as 2018 and the design as 2022, when the store is expected to have opened and settled into an established trading pattern.

Price base

- 4.6 The assessment expresses all prices at a 2016 base, reflecting the price base of spending data provided by Experian.

¹ Note that due to ward boundary changes between the 2012 data set for the ARS and the 2018 dataset for this assessment, there are variances in zonal population for Zones 1 & 4, although total population is consistent (ARS: 79,212 at 2018)

Population and spending data

- 4.7 The population for the study area on a zone basis is drawn from the ONS NOMIS dataset which provides 2016 population estimates by ward for the study area. Specialist data providers Experian have been commissioned to provide forecasts of population growth across these wards so that the zonal populations can be calculated.
- 4.8 Table 1 at **Appendix 2** shows that the total resident population of the study area at 2016 was 77,757, rising to 79,265 by the base year of 2018 and to 82,349 by the design year of 2022.
- 4.9 As explained above, this population at 2018 accords with the population for the corresponding zones in the 2016 ARS update. While the ARS does not provide population forecasts for 2022, again the data above is broadly consistent with the forecasts that are provided.
- 4.10 Convenience goods spending per capita is drawn from a bespoke report commissioned from data specialists Experian specifically for the study area. Table 1 of the assessment shows that, excluding non-store sales (e.g. mail order and non-store-based internet shopping) the average per capita convenience goods spend at 2016 was £2,160 per person. Applying forecasts of spending growth and internet sales, it can be seen that in-store spending per capita rises to £2,166 by 2018 but then falls by the design year to £2,138 per capita.
- 4.11 By multiplying the population estimates for the base and design years by the estimate of convenience goods spending per capita, the overall pool of convenience goods spending by zone and for the study area as a whole, can be determined.
- 4.12 Table 2 shows that overall, the resident population at the base year of 2018 generates £171.68 million of convenience goods spending, rising (due to population growth) to £176.05 million by 2022.
- 4.13 This total pool of spending at 2018 is about 4.5% lower at 2018 than the ARS, which

reflects the use of more up to date base data and forecast spending growth.

Existing shopping patterns

- 4.14** The ARS is based upon a household survey undertaken in December 2012 and is now very dated. To establish a more up to date picture of shopping patterns in the study area, in June 2018 we commissioned an independent survey company, NEMS Market Research, to undertake a representative telephone survey of 500 residents across the 7 sub-zones. The survey was undertaken in early July 2018, prior to the summer holidays. The weighted results are provided at **Appendix 3** to this Statement.
- 4.15** Tables 3 & 4 of the economic assessment take the results of three questions to inform base convenience goods shopping patterns: Question 1 (Main food principal destination), Question 2 (Any other main food shopping destinations) and Question 11 (Top up shopping).
- 4.16** Raw data is reweighted to exclude null responses to these questions (i.e. “varies”, “do not do” and “Don’t know”). Insofar as Questions 2 and 11 invite multiple responses, the data is also reweighted to give equal weight to all responses.

Base year shopping patterns

- 4.17** The household survey results at Question 14 provide a mean percentage of spending on top-up shopping of respondents as a percentage of total convenience goods spending. This percentage is applied to the total amount of convenience goods spending per zone and distributed in accordance with the pattern of spending for top up shopping. This provides a more accurate judgement of spending split between main food and top up spending than used in the ARS 2016.
- 4.18** The remaining spending is distributed on an 70/30 split between first and second main food spending responses.
- 4.19** Table 5 provides the total convenience goods spend at stores identified in the

household survey, on a zone by zone basis at the base year of 2018. For stores in Bognor, we also apply a judgment as to what percentage of total trade is drawn from non-resident sources such as visitors and tourists. This allows the total convenience goods turnover of existing facilities to be determined. Inflow is assumed at 10% for all stores.

4.20 As can be seen, the most popular convenience store in Bognor Regis is the Tesco store at Shripney Road with a survey derived convenience goods turnover (including inflow) of £57.28 million (ARS, 2016 - £47.34m) Sainsbury's attracts a total turnover of £39.14 million (ARS, 2016 - £31.3m) while the town centre Morrison's store has a total estimated convenience goods turnover of £23.77 million (ARS, 2016 - £20.8m). Lidl has a survey derived turnover, including inflow, of £11.98 million (ARS, 2016 - £3.6m) while Iceland has a convenience goods turnover, including inflow, of £3.05m (ARS, 2016 - £3.18m).

4.21 Except for a small drop in Iceland's turnover, these turnovers are higher for all stores than estimated in the ARS. Of particular note is that since 2012 the Lidl store has increased its attraction significantly, a reflection of the rise of the discount supermarkets since following the recession.

4.22 While the data are not directly comparable, the results indicate that these stores have not only retained but improved their market share since the 2012 survey was undertaken².

4.23 Table 6 applies the same patterns to the higher pool of spending generated at 2022. Consequently, all stores experience a modest uplift in turnover from the base year.

Commitments

4.24 In February 2018 planning permission was granted for a new Lidl store at Oldlands Farm, to the east of the application site on the northern edge of Bognor Regis. This

² See Table 13 of the ARS 2016 Update

store will result in the closure of the existing, out of centre Lidl store at the Peel Centre.

- 4.25 The impact assessment prepared in support of that application assessed both the existing store and the proposed store at company benchmark levels. Against the results of the household survey outlined above, this is not considered an appropriately robust approach. Consequently, we have assumed that the new store will trade at 10% above the existing Peel Centre store levels, with a total convenience goods turnover of £13.51 million.
- 4.26 Table 7 shows the effect of the opening of Lidl (and the closure of the existing store) at the design year of 2022.

Application proposal

- 4.27 Table 8 shows that the proposed Aldi store will have a net sales area of 1,315 sq m which, at a company average sales density (Retail Rankings 2018) of £12,907 at 2016 prices, gives it a total turnover of £16.97 million, of which 90% is expected to be drawn from the study area.
- 4.28 It is estimated that about 80% of this total turnover will comprise convenience goods sales, with the remainder comprising ancillary non-food goods. Consequently, the estimated convenience goods draw of this proposal from the study area is estimated to be £12.22 million.

Effects of the application proposal

- 4.29 Table 9 introduces the new store to the study area at the design year. Using professional judgment, the likely patterns of trade draw are estimated on a store by store and zone by zone basis.
- 4.30 Table 10 summarises the effect of the proposal in convenience goods terms on the key facilities in Bognor Regis, taking account of commitments.

- 4.31 It shows that following the closure of Lidl at the Peel Centre, the impact of the new Lidl is confined limited towards other out of centre stores, notably Tesco and Sainsbury's on Shripney Road.

- 4.32 The Aldi proposal will unsurprisingly divert a proportion of the new Lidl store's trade and will similarly have a trade draw pattern focused on the larger out of centre stores.

- 4.33 Taken cumulatively the proposal will not have any material impact on any defined store.

- 4.34 In terms of the town centre as a whole, shoppers who have opted not to shop in the town centre have the option of a number of out of centre stores already, including the new Lidl store when it opens. Those shoppers who have opted to shop in the town centre notwithstanding existing out of centre provision are likely to do so for specific reasons e.g. proximity to work or home, or preference for the brands represented, and these customers are unlikely to change their habits materially with the introduction of a new fascia at the application site

- 4.35 While we acknowledge that there will be a limited adverse impact on the defined centre, we do not consider this to be significantly adverse, for a number of reasons.

- 4.36 Firstly, the adversity of impact must be considered against the health of the town centre and the performance of the key outlets. Our health check assessment of the town centre of Bognor Regis, that we provide at **Appendix 4**, shows that the town centre is healthy when considered against all the key indicators of vitality and viability. It is an attractive and busy centre with low vacancies and good retail representation.

- 4.37 Our assessment above, read in the context of our assessment 'on the ground' has shown that the anchor Morrison's store is overtrading and the Iceland (a brand typically underrepresented in household survey results) is trading reasonably well also. We do not expect either store to close as a consequence of this proposal, and that neither operator objected to the Lidl proposal at Oldlands Farm illustrates that neither store are at risk in this regard.

- 4.38 Finally, in respect of other centres (noting Chichester is referred to specifically in Policy EMP DM2 Criterion (j)) the proposed foodstore will have no material effects on their trading performance.

Harm to town centre investment

- 4.39 We have not identified any proposals for investment within the town centre subject of a planning application or with planning permission that has the potential to be prejudiced by this proposal.

Conclusions

- 4.40 Our assessment above identifies that the proposed town centre elements of the proposal comply with the impact requirements of Local Plan policies EMP D2 and RET D1 and therefore comply with the development plan.

5.0 Sequential assessment

- 5.1 Paragraph 86 of the National Planning Policy Framework (“The Framework”) requires that LPAs should apply a sequential test to planning applications for main town centre uses not within an existing centre and not in accord with an up to date Local Plan. This means that LPAs should consider, firstly, sites within a town centre and if suitable sites are not available, sites at the edge of town centres.
- 5.2 The Courts have held that application of the sequential test to proposals for new development must be a realistic consideration of genuine alternative locations. The Secretary of State and Appeal Inspectors have upheld this principle consistently.
- 5.3 The Supreme Court judgment in respect of Tesco Stores Limited v Dundee City Council [2012] EWSC 13 provides guidance on what constitutes a ‘suitable’ alternative site. That judgment outlined that in determining a site’s suitability, LPAs must consider whether it can accommodate the developer’s proposal, subject to the demonstration of flexibility and realism, and not to some alternative scheme, which might be suggested by the LPA. As Lord Reed held at (29):
- 5.4 “Provided the applicant has (given consideration to the scope for accommodating the development in a different form and to have thoroughly assessed sequentially preferable locations)... the question remains...whether an alternative site is suitable for the proposed development, not whether the proposed development can be altered or reduced so that it can be made to fit an alternative site”.
- 5.5 Further clarification of the requirements of the sequential test is provided in the Secretary of State’s decision in respect of an appeal at Rushden (App/G2815/V/12/2190175), referred to as “Rushden Lakes”. At Paragraph 8.45 of his report (which was endorsed fully by the Secretary of State) the Inspector noted two tests of suitability arising from Dundee:

“In summary it establishes [a] that if a site is not suitable for the commercial requirements of the developer in question then it is not a suitable site for the purposes of the sequential approach; and [b] that in terms of the size of the alternative site,

provided that the Applicant has demonstrated flexibility with regards to format and scale, the question is whether the alternative site is suitable for the proposed development not whether the proposed development could be altered or reduced so that it can be made to fit the alternative site.”

5.6 Paragraph 8.46 of the Inspector’s report adds:

“This makes good the very simple point that what the sequential test seeks is to see whether the application i.e. what is proposed, can be accommodated on a town centre site. There is no suggestion here that the sequential test means to refer to anything other than the application proposal”.

5.7 This is particularly relevant in this case since the proposal in this case is not simply a standalone discount store but an integrated mix of uses including B1 and B8 employment space, associated infrastructure and two drive thru restaurants. It is this proposal in its entirety that is to be assessed in sequential test terms.

5.8 To reinforce this approach, we note that Paragraph 8.47 of the Inspector’s Report confirms that disaggregation is no longer part of the Framework. There is therefore no requirement for the proposal to be subdivided into its component parts for the purposes of the sequential test.

5.9 There is however a requirement for applicants in considering alternative sites to adopt a flexible approach. Paragraph 8.49 of Rushden Lakes considers the degree to which developers must show flexibility in issues such as format and scale, through consideration of matters such as flexible car park arrangements, use of multi-level stores and innovative servicing.

5.10 The prevailing case law and the Rushden Lakes appeal decision establishes therefore that the simple requirement of any sequential assessment is that any alternative site must be able to accommodate the application proposal in full, albeit with consideration of reasonable flexibility, and to be available for development now.

5.11 Within this overall context we turn to consider the parameters that define the proposal

and that therefore form the basis of the sequential test exercise.

- 5.12 When considering alternative sites it is necessary for applicants to show flexibility in terms of how the development is delivered. This may include consideration of factors such as multi-floor trading and reduced car parking provision.
- 5.13 The application proposal is intended to provide a comprehensive redevelopment creating new employment floor space at a location where such uses are promoted and encouraged by the Council through policy and the extant consent. As is explained elsewhere in this application submission, the commercial uses proposed within this phase are essential to deliver the employment floor space on the remainder of the site. As explained, this proposal includes non-B class uses as “enabling development” to cross subsidise the delivery of the Salt Box site, a key local plan objective with demonstrable public benefits. As such, the foodstore and drive thrus are integral to the development as a whole and cannot be separated. Moreover, as the viability assessment shows, they are the minimum scale of commercial development necessary to deliver this proposal and so there is no scope for a reduction in their scale if the development as a whole is to be delivered.
- 5.14 In terms of site parameters for application test, therefore we do not consider that an alternative site any smaller than the application site itself (i.e. less than 12 hectares) could physically accommodate this proposal.
- 5.15 With regard to the area of search, it is both common sense and a matter of law (in R v Braintree District Council Ex Parte Clacton Common Developments Limited) [1988] CO1614/98 that the scope of the sequential exercise be limited to locations that may serve the intended catchment. In discussions with officers it has been confirmed that the only centre of relevance for the purpose of the sequential test is Bognor Regis town centre.
- 5.16 To ensure that an up to date picture of availability in Bognor Regis town centre was obtained a town centre survey was undertaken in November 2018 to identify vacant units and other potential sites. We have also considered other potential edge of centre and out of centre sites that are included within adopted planning policy or that have

been suggested to us by Council officers.

5.17 The following development sites have also been considered in the sequential assessment:

- The Regis Centre, The Esplanade
- The Hothampton Car Park Site

5.18 The premises and sites listed above are considered below.

Vacant town centre units

5.19 During the town centre survey conducted in November 2018, 3 vacant units were identified within the defined Primary Shopping Frontage. The units range in size from 40 sq m to 400 sq m and are therefore too small to accommodate the development proposed.

The Regis Centre, The Esplanade

5.20 The Regis Centre comprises approximately 1.28 ha of land to the east of the pier on the seafront. It is currently occupied by the Alexandra Theatre, Brewers Fayre public house, a car park and is surrounded by Council offices to the north east and an area of landscaping towards the seafront.

5.21 The Regis Centre has been identified by Arun District Council as a development opportunity in the Bognor Regis Masterplan, published in 2004 and its redevelopment is a longstanding aspiration of the Council. The Council entered into a development agreement with St Modwen in 2007 for the mixed-use redevelopment of this site.

5.22 St Modwen held a public exhibition in 2008 to unveil plans for the site which included:

- Residential units;

- Retail and restaurants;
- Leisure and cultural new entertainment provision, bowling and outdoor performance space;
- Potential hotel provision;
- Potential library; and
- Car parking.

5.23 The total floorspace proposed at that time for the retail and restaurant uses combined comprised 2,625 sq m (gross internal), with 330 parking spaces.

5.24 The most recent application for the redevelopment of the Regis Centre (BR/156/16/PL) in June 2016 sought to provide 6,358 sq m of commercial space (including leisure facilities) plus a 64-bed hotel and 192 apartments. It was also proposed to redevelop the theatre to provide a restaurant, plus an upgraded skate park and three smaller retail kiosks. This was refused in February 2017 on the grounds of insufficient parking provision and unsuitable design.

5.25 The report presented to Full Council provides an analysis of the potential options for the redevelopment of the site. It states that:

“There have been many reasons why the Council has not been able to secure the delivery of development on this site. Part of the difficulty has been around trying to accommodate an extensive list of requirements, whilst at the same time ensuring the development remains viable and, therefore, deliverable”.

5.26 It is evident that the requirement for the site is for a family-led leisure/entertainment and cultural centre to replace the current facilities on site, which front onto the seafront and esplanade. There is no aspiration to accommodate retail development on this site, and to seek to locate the application proposal at this location would be contrary to the Council’s objectives for the area.

5.27 In the assessment of other out of centre proposals for retail development in Bognor Regis, including at Sainsburys, Tesco and Bognor Regis Retail Park, and Lidl at Oldlands

Farm, this site has been consistently rejected as a sequentially preferable suitable alternative. It is not considered that the Regis Centre is suitable or available to accommodate the application proposal.

Hothampton site

- 5.28 This site extends to approximately 0.6 hectares and is located to the west of the town centre. It comprises a surface level pay and display car park, a Primary Care Trust Health Centre, and several additional buildings, and is owned by Arun District Council.
- 5.29 The Bognor Regis Masterplan states in relation to this site that: *“A mixed use development is expected with a large part public sector related and a large part residential. The type of residential accommodation is likely to be 2/3 bedroom flats and apartments of a type and size that best meets the local housing requirements”. It goes on to make reference to the provision of “retail units on the ground floor fronting on to the Queensway”.*
- 5.30 The Council entered into a development agreement with St Modwen for the site back in 2006. This site has also been considered by Full Council on 11 November where it was resolved that the Council, as landowner, supported the principle of redeveloping the Hothampton car park site for a suite of uses including A1 retail, student accommodation, car parking and workshop/office space.
- 5.31 This site is therefore not suitable for a development of the size proposed, or for the mix of uses anticipated. This was confirmed at a pre-application meeting with officers where the Council’s aspirations for the redevelopment of the site to include a green ‘linear park’ were also discussed. The commitment of St Modwen to the site also renders it unavailable for alternative forms of development.

Conclusions

- 5.32 This assessment has considered two development sites and a number of vacant units within and at the edge of Bognor Regis to determine whether they may present

suitable and available alternative locations for the development proposed.

- 5.33 Unsurprisingly given the form and mix of the development proposal, no sites or premises have been identified in sequentially preferred locations that can reasonably be considered suitable alternatives to the application site.
- 5.34 As such it is considered that the sequential test has been complied with.