

Salt Box Retail Audit

Proposals: hybrid planning application relating to:

1. Outline application for the principle of employment uses B1-B8.
2. Full application for Class B8 warehouse with fuel-island and car parking (Unit 2), 2 No. Class B1/B8 employment units with associated parking and servicing (Units 6 and 7), **Class A1 retail food store with car parking and servicing (Unit 9)**, 2 No. drive thru units with car parking and servicing (Units 4 and 5), car showroom, workshops (Including MOT testing), vehicle storage, external display areas, service areas and parking (Unit 8) together with access roads, associated ground and engineering works, landscaping and ancillary works.

Ref: BE/135/18/PL

At: Salt Box, Bognor Regis

Introduction and General Overview

GL Hearn has been instructed to provide an independent assessment of the above planning application. It is understood that Aldi are the intended occupants for the unit (although are not the applicant), with the two drive through unit operators unnamed.

The retail element of the site will be occupied by a 1,785 sqm (GIA) A1 retail unit with a net sales area of 1,315 sqm and 470 sqm back of house. The store will be served by a car park its associated servicing requirements. The two drive through units will be smaller with unit 4 extending to 167sqm and unit 5 extending to 139 sqm (GIA).

The planning application is supported by a Retail Assessment, which following a clarification request from GL Hearn was supported by a retail response from the applicant on 15 March. Both of these documents have been assessed as part of this retail audit.

Planning Policy

Section 38(6) of the Planning and Compulsory Purchase Act states that *“the determination must be made in accordance with the plan unless material considerations indicate otherwise”*.

In this respect, the Arun Local Plan was adopted in 2018. In terms of retail and town centre, Policy RET SP1 relates to the Hierarchy of Town Centres. This identifies that

“The hierarchy of centres in Arun will be maintained by supporting and promoting measures which reinforce their role in meeting community needs and providing a focus for a range of activities including: retail, leisure, commercial, office, tourism, cultural, community and residential development. This range of activities will promote economic resilience for the vitality of our centres”

Following on from this, Policy RET DM1 relates to town centre uses and how to assess schemes outside of centre. This states at section 3 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:

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

Where these criteria are satisfied and permission is granted it will be made subject to planning condition or legal agreement, as appropriate, to restrict the range of products sold.

There is also a local floorspace threshold of 1,000sqm for locations outside of town, large service centres and the six villages, which this proposal will breach.

The supporting Retail Assessment considers the sequential approach to development along with the proposed impact of the scheme in accordance with the NPPF requirements.

Sequential Approach to Development

It is noted that the Assessment leads with the proposed impact of the development (section 4), nevertheless the scheme is supported by a sequential assessment at section 5.

The applicant sets the backdrop to the sequential assessment with reference to relevant court judgements and secretary of state appeal decisions. In relation to the case law identified, this focuses on the absence of the need to consider disaggregation. The applicant was asked to provide clarification on more recent cases at Tollgate Village and Hull.

The submission by the Applicant seeks to identify that the Tollgate and Hull cases were in outline and were supported by very little information which was described as a fluid, vague proposal which did not have constituent parts which must be co-located. In contrast the majority of this planning application is in full, indeed the retail elements are submitted in full detail. As such, in this case, it is accepted that a sequentially preferable site must be considered for the scheme as a whole

As part of the submission, the applicant has considered a suite of sites including:

- Vacant town centre units
- The Regis Centre, the Esplanade; and
- Hothampton Site

In light of the above findings with respect of the sequential approach to this development, the vacant town centre sites are all too small to accommodate the proposal. As such there are no sequentially preferable vacant sites within the town centre.

The Regis Centre

GL Hearn did request further clarification from the Applicant over the sequential approach to development as the Assessment stated that there is “*no aspiration to accommodate retail development on the site*” (para 5.26). No evidence was provided to substantiate the claim. The Assessment also needed to address whether the site is available.

The Applicant's updated response is useful in so far as the site's potential to accommodate the development as a whole. It is noted that previous assessments of the Regis Centre have dismissed this opportunity given that the site is likely to accommodate a mixed use development. Previous assessments have also dismissed the potential for a large format discount foodstore on the site. As this proposal includes a discount foodstore along with a range of B class uses and two drive through restaurants it cannot accommodate the development as proposed.

Clarification was also requested on the ownership of the site and it is understood that the Council own a significant proportion. It is noted that the site is not being actively marketed for sale. Therefore even if this site could be made available, it is not available now and given the location of the site in the town centre it is likely to contain a mix of town centre uses. It is unlikely that the Council would make it available for the development proposed given the non-retail uses proposed.

As such The Regis Centre is not available and not considered suitable to accommodate the development proposed.

Hothampton Site

The Hothampton site is as edge of centre opportunity, but it extends to only 0.6ha. Given that it has been established in this situation that the sequential approach to development needs to be considered for development proposed, a site extending to only 0.6ha could not accommodate all of the development. Indeed even if disaggregation could be considered it would still be highly unlikely to be able to accommodate the Aldi in isolation, never mid the two drive through units.

As such the Hothampton site is not suitable to accommodate the development proposed.

Conclusion

Overall the proposal complies with the sequential approach to development

Retail Impact

The detailed impact assessment is covered within the retail Assessment at section 4. This helpfully sets out the step by step approach to the assessment undertaken by the applicant at para 4.3, which is welcomed. The following parameters are also noted:

- Base year 2018
- Assessment year 2022
- Price base in 2016
- Population and Expenditure provided by Experian

In terms of the study area, this is identified at para 4.4 to extend to approximately 10 minutes. Typically discounters such as Lidl and Aldi claim to have a catchment of around 5 minutes, unless the proposal is in a relatively contained settlement. Nevertheless I note that the surrounding settlements of Goring by Sea and Chichester both benefit from an Aldi such that this is a reasonable approach in this location and is not a fatal flaw of the assessment.

It is noted that there is only moderate growth in convenience retail expenditure within the catchment as a whole, rising from £171.68m to £176.22m by 2022. It is also noted that the pool of expenditure is lower than what was identified in the 2016 ARS, reflecting more up to date information.

It is also noted that the Applicant has updated the shopper survey by commissioning a new survey in 2018. This is welcomed and is a useful update and input into the assessment, even if the sample size is only 500 respondents from the seven zones.

Given the updated inputs to the population and expenditure and the new shopper survey, it is interesting to note that the turnover of the main foodstores are all slightly higher than the results of the ARS, except the Lidl which appears to have increased its turnover significantly over recent years.

Impact on town centre vitality and viability

The Applicant has undertaken a vitality and viability assessment of Bognor Regis to support the application, which has broadly followed the health check indicators within the PPG, where information is available.

It is noted that there are some details of the centre's composition, but no comparative exercise to the national position to explain whether the town centre has any particular strengths or weaknesses.

Within the original health check assessment only limited information was provided on other indicators including rent, which identified only one unit and its rental price. Again, there is no comparative exercise to indicate its rental levels per sqft and how this has changed over time to be able to establish whether Bognor Regis is coping well with the current issues in the retail climate.

When it is compared to the health check contained within the ARS, this identifies that there has been a significant reduction in the number of comparison units (from 121 to 90) and also an increase in the number of vacant units (from 17 to 23). There does however appear to be a significant increase in the Class A1 other/leisure uses (from 89 to 112).

It is also noted that the ARS identified Bognor Regis to be 235th nationally in terms of retailer requirements in 2010 (17 requirements), with this falling to 6 requirements in March 2013. As part of the clarification provided by the Applicant, 8 potential retail operators have been identified (including Aldi who are associated with the application site), which would indicate an improvement from the 2013 position.

As there is no comparative exercise it is unclear whether there are significant underlying issues within Bognor Regis which needs further investigation, for example the significant decline in comparison operators (25% decline) or the increase in vacant units (27% increase) or whether this is reflective how high streets have changed between 2007 and 2018.

The ARS concluded that:

Bognor Regis represents the largest retail centre of the district and appears to have performed resiliently over recent years notwithstanding the difficult economic climate. The mix of retail uses is reasonable and orientated towards comparison and service uses although the absence of modern floorspace, including an anchor store and higher quality fashion/clothing retailers remains an underlying weakness of the retail offer. An equally important weakness is the limited range and choice of leisure and entertainment facilities, particularly mid to upper market food and drink uses which is more compatible with the dual role of Bognor Regis as a tourist destination

Nevertheless the health check assessment does provide a general overview of the health of the centre, despite the shortcomings identified above. Overall it appears as though Bognor Regis is only of moderate health without the further detailed investigation and the benchmarking identified above.

Trade Diversion

In terms of the trade diversions, the largest single draw is from the Tesco, Bognor Regis (£3.88m) which is the most popular foodstore in this area. This is followed by the Lidl, Oaklands farm (£3.27m), which

based on a like with like basis appears reasonable. Thereafter the third largest draw is from the Sainsburys, Bognor Regis (£3.13m), which is the second most popular foodstore in this area. The draw from these three stores alone equates to around 84% of the stores turnover. In any case these stores are located out of centre and are afforded no retail policy protection.

Thereafter diversions are identified from Bognor Regis town centre and include Morrisons (£1.02m). This is the total diversion identified from the town centre, despite there being a range of other foodstores including Iceland and local shops. Nevertheless the total diversion equates to 8% of the store's trade being drawn from the centre. On the basis of the convenience element of the centre and based on the Applicant's turnover, this results in an impact of around 3.5%.

Although the Morrisons store equates for around 85% of the centres convenience turnover, it is likely that the trade draw would be slightly higher than that presented as it is inevitable that some trade would be drawn from other convenience units within the centre. Even if this was say 20% higher than the £1.02m reported, the impact would still only be around 4.2%.

The NPPF requires the impact to be considered on the basis of the centre as a whole and this was requested from the application, but not provided. When the comparison element of the town centre is included (circa £53m from the Arun Retail Study Update), the impact will be around 1.2%, or 1.5% if the trade draw was slightly higher from the town centre..

Impact on investment

No potential investment has been identified in paragraph 4.39, but it is noted that the sequential approach to development does make reference to aged developer agreements with St Modwen for The Regis Centre (para 5.21) and Hothampton (para 5.30).

Nevertheless the Council has not identified any other investment in Bognor Regis town centre which could be prejudiced by this proposal.

Summary

Despite only having moderate health, the proposal would be unlikely to have significant adverse impact on the overall vitality and viability of Bognor Regis town centre. Furthermore the scheme would not prejudice any investment in the centre. As such, the proposed development is considered compliant with the retail elements of Policy RET DM1 of the Local Plan and the NPPF.

Conclusion

The application is supported by the necessary supporting retail information which covers the sequential approach to development and the impact of the proposal. In terms of the sequential approach to development there are no suitable or available sites to accommodate the development proposed.

In terms of impact, the proposed spread of trade appears reasonable based on up to date shopping patterns. The majority of the trade will be drawn from larger superstores, Tesco and Sainsburys along with Lidl, which are not afforded any retail policy protection.

Although a slightly higher level of additional trade may be drawn from Bognor Regis town centre than that identified by the Applicant and despite only having moderate health, the proposal would be unlikely to have significant adverse impact on the overall vitality and viability of Bognor Regis town centre.

Overall the scheme complies with the sequential approach to development and the impact of the proposal could not be considered 'significantly adverse'. Accordingly the proposal would comply with the retail policies of the Local Plan and the NPPF.