MEMO

To Southend on Sea Borough Council

From CBRE Ltd

Date 10 December 2012

ADDITIONAL ADVICE IN SUPPORT OF THE SOUTHEND CENTRAL AREA ACTION PLAN AND FORTHCOMING EIP

Terms of Reference

1. Following the completion of the Southend Borough Council Retail and Town Centre Study in January 2011, CBRE have been instructed by Southend on Sea Borough Council to review the findings of the Retail Study in light of: the current economic climate; recently consented retail proposals; and the implications of these on the identified levels of capacity within the borough.

Background

2. Since the January 2011 assessment was completed, the Government has published (27th March 2012) National Planning Policy Framework (NPPF). This sets out the Government's planning policies for England and how these are expected to be applied. Annexe 3 cancels certain documents including Government guidance contained in PPS4 'Planning for Sustainable Economic Growth' (December 2009) against which the Retail and Town Centre Study was assessed.

3. The NPPF does not change the statutory status of the development plan as the starting point for decision making. Proposed developments that accord with an up to date Local Plan should be approved and proposed developments that conflict should be refused, unless other material considerations indicate otherwise. The NPPF constitutes guidance for Local Planning Authorities and is a material consideration in determining planning applications.

4. Whilst the NPPF revokes the advice in relation to main town centre uses that are not in an existing centre and are not in accordance with and up to date development plan (i.e. PPS4), local planning authorities are tasked with ensuring the vitality of their centres and providing positive planning policies which recognise town centres as the heart of their communities; defining a network of centres and the extent of their primary shopping area; promoting competition and consumer choice; enhancing existing markets; and allocating a range of suitable sites to meet the scale and type of retail development needed in their town centres (paragraph 23).

5. In December 2009, Practice Guidance on Need, Impact and the Sequential Approach was published alongside PPS4. Practice guidance does not constitute a statement of Government policy, but it is intended to help those involved in preparing or reviewing need, impact assessment and the sequential site assessments, and to help the interpretation of town centre policies.

6. The NPPF remains silent on the future of this practice guidance, but in light of the acknowledgement that the key tenant's of "town centre first", sequential and impact assessments remain in the NPPF we consider the practice guidance remains the most up to date example of how best to undertake such assessments. Our January 2011 assessment had due regard to this best practice and in this regard it remains a robust and appropriate assessment of capacity over the plan period to 2025.

Summary of 2011 Findings

7. The objectives of the 2011 study were to determine the level of different shopping needs in the borough, and how these needs could be met most appropriately. The study identified future capacity for additional retail floorspace (both convenience and comparison) and recommended where such capacity should be located. The study also recommended strategies for promoting centres in response to perceived strengths and weaknesses in both quantitative and qualitative terms and also in relation to other town centre uses.

8. Before considering in detail the implications of capacity forecasts on plan making, the following should be noted:

- The assessment of capacity is based upon a set of assumptions employed at a particular time, based upon the most up to date information available;
- The identified capacity is intended to provide an indication of the likely levels of floorspace that could be supported at given test dates, in this instance 2010, 2015, 2020 and 2025;
- Care should be taken when considering capacity towards the end of these test dates as assumptions and other factors may change. It is for this reason that such assessments should be regularly reviewed and updated; and
- The level of capacity should not be seen as a maximum or minimum, but merely as an indication of the likely levels that could be supported. Where sites are allocated to accommodate such development, consideration as to the impact of such allocations should be undertaken.

9. In considering capacity the 2011 Study focused upon Southend town centre, Leigh on Sea and Westcliff. Capacity arising outside these centres from stand alone foodstores, solus retail units or retail parks, were identified as 'non central' floorspace. Although this capacity arises outside existing centres it should, in accordance with PPS4 as was and now the NPPF, be directed to existing centres in the first instance and in so doing increase each centre's market share, health, vitality and viability. Given that a key priority of the Council is to ensure Southend town centre maintains and enhances its convenience and comparison market share this should remain a key priority for the Council.

Southend town centre

10. Southend town centre contained a significant proportion of vacant retail floorspace although the High Street overall had a relatively low vacancy rate. The major convenience stores in Southend Borough overall were performing well and were expected to continue to do so.

11. However, there was an over provision of convenience floorspace in Southend town centre (approximately -88sqm net by 2015) although, by 2020 there was sufficient expenditure to support 308sqm net increasing to 736sqm net by 2025 (Retail and Town Centre Study, Appendix 2, Table 6).

12. Despite the limited capacity identified for Southend town centre, there was considered to be scope to increase expenditure which was currently leaking from the town centre to freestanding food stores. To achieve this reversal of expenditure required additional bulk food store provision to help anchor the town centre's convenience offer, particularly if/when Sainsbury's relocated to the former football ground at Roots Hall.

13. Unless adequately planned for, the departure of Sainsbury's from Southendtown centre could result in a loss of market share and careful consideration should be given to food store proposals beyond existing centres, in particular at the football training ground at Fossetts Way.

14. Southend town centre was performing well as a comparison shopping destination, drawing a good level of trade from the surrounding zones. Scope existed for additional comparison floorspace in Southend town centre, arising from the forecasted capacity of 36,841sqm net at 2015, rising to 50,873sqm net by 2020 and to 70,172sqm net by 2025 (Retail and Town Centre Study, Appendix 2, Table 6).

Vacancies

15. Before planning to allocate sites to accommodate this additional capacity within the town centre, careful consideration should be given to the ability of existing vacant floorspace (estimated the time to represent approximately 18,000sqm gross) to accommodate the identified need over the planned period.

Development opportunities

16. It was however acknowledged that even after allowing for the ability of some of the vacant floorspace to accommodate this identified capacity, other sites would be required if the Council were to accommodate identified capacity over the Plan period.

17. The review of Southend town centre suggested that several sites would offer a good prospect of integrating well with Southend's existing Primary Shopping Area and should be prioritised for the delivery of retail use. Design and feasibility testing was also recommended. These sites included:

- Tylers Avenue Car Park;
- Clarence Road Car Park; and
- Alexandra Street Car Park

18. In addition to these town centre sites, the former B&Q site at Short Street was identified as providing the opportunity for retail development in the short term given its current availability. However, careful consideration would need to be had to its integration with the Victoria shopping centre. Other potentially, more challenging opportunities were also identified. These included:

- Opportunities to redevelop the existing car park adjacent to the Sainsbury's store on London Road; and
- A site to the eastern end of South Church Road (currently used as a car wash operation).

Out of town/Non central

19. The major out of town foodstores (which included stand alone stores, retail parks or solus stores not within identified centres) were identified as overtrading, with Asda (North Shoebury) displaying a significantly higher turnover than expected, based upon company averages. Overall, this additional turnover resulted in a surplus expenditure which could support new convenience floorspace of 281sqm net by 2015 rising to 3,237 sqm net by 2020 and 6,455 sqm by 2025 (Retail and Town Centre Study, Appendix 2, Table 18).

20. The non-central comparison floorspace were also considered to be trading well which was reflected in the high average sales densities. If the non-central stores continued to trade at this level, it was estimated that there would be an oversupply of -4,715sqm net of comparison floorspace at 2015. This would rise to 5,414sqm net by 2020 and 19,495sqm net by 2025 (Retail and Town Centre Study, Appendix 2, Table 18).

21. In summary the level of available capacity will be influenced by the role of centres and their ability to accommodate new floorspace. As Southend town centre is the principle centre in the Borough and a priority for the Council, we consider it appropriate that the majority of this capacity should be directed to the town centre. Based upon this approach the level of capacity over the Plan period, at the test dates of 2015, 2020 and 2025, are set out below:

Table 1 – Capacity for additional floorspace in Southend town centre

Capacity	2015	2020	2025
Convenience (sqm net) [1]	193	3,545	7,191
Comparison (sqm net) [2]	32,126	56,287	89,667

Southend Borough Council ,Retail and Town Centre Study Appendix 2, Tables 6 and 18 (2011)

1. Convenience capacity assumed as:
-88 + 281 at 2015
308+3,237at 2020
736+6,455 at 2025

2. Comparison capacity assumed as:
36,841 + -4,715 at 2015
50,873+5,414 at 2020
70,172 + 19,495 at 2025

22. In reality some non central capacity will be taken up by increases in turnover efficiency of units and through minor extensions/variation of conditions. Some of the existing vacancies in Southend town centre will also be able to absorb an element of this capacity. Nonetheless capacity will remain and it is appropriate that the Council have considered sequentially preferable sites to accommodate this capacity.
23. Taking this forward in terms of policy development paragraphs 6 and 7 of the supporting SCAAP text should read as follows:

> *"6 Southend Town centre is performing successfully as a comparison shopping destination, drawing a good level of trade from the surrounding area. The Retail Study (2011) identifies significant expenditure growth for comparison goods within Southend, based upon forecast growth in population and expenditure. With the Town centre there is considerable capacity for comparison goods floorspace; 36,841m^2 net (2015) rising to 50,873m^2 net (2020) and 70,172m^2 (2025). In addition to capacity resulting from the town centre, additional capacity is also created beyond Southend within freestanding foodstores, solus retail warehouses and retail parks. This represents and over supply of (4,715m^2) net (2015), 5,414m^2 net (2020) and 19,495m^2 (2025). In accordance with the Governments stated objective of 'town centre first' and Southend Core Strategy this non central capacity should be focused towards town centre development sites. Such an approach would result in 32,126m^2 net (2015), 56,287m^2 net (2020) and 89,667m^2 (2025) of comparison floorspace in Southend town centre."*

> *"7. The Retail Study (2011) identified that within the Town Centre the range of foodstores and convenience offer is fairly low, with only one major foodstore. The study identifies an oversupply of floorspace (88m^2 net) (2015), 308m^2 net (2020) and 736m^2 net (2025) of growth for convenience goods floorspace. If a similar approach to that advocated for comparison capacity is employed, capacity arising beyond identified centres represents 281m^2 (2015), 3,237m^2 net (2020) and 6,455 m^2 (2025). In accordance with the Governments stated objective of 'town centre first' and Southend Core Strategy this non central capacity should be focused towards town centre development sites. Such an approach would result in 193m^2 (2015), 3,545 m^2 net (2020) and 7,191 m^2 (2025) of convenience floorspace in Southend town centre."*

Changes since 2011 Study

24. Since 2011 national planning policy has evolved with the publication of the NPPF, the UK economy has fallen into a recession, the likes of which are unprecedented and the Council have granted consent (subject to the signing of a S106) for the redevelopment of the former B&Q site at Short Street.

25. As highlight above the key messages of PPS4 remain within the NPPF, although it now requires that the need for retail uses are met in full and are not compromised by limited site availability.

26. Our 2011 Study applied the latest information available on expenditure per head and robust assumptions as to the growth in expenditure over the plan period. Expenditure per head estimates for convenience and comparison goods were derived from MapInfo's Area Profile Report 2009/2010 (Retail and Town Centre Study, Appendix 2,

Table 2). Given the state of the economy, the expenditure growth rates were subdued over the test dates, with growth in convenience expenditure per head only exceeding 1% pa between 2017 and 2026. Comparison expenditure growth was stronger (as would be expected) but only returned to its 2007/2008 position (4.6% pa) post 2017. Given the economy remains in recession we are satisfied that the assumptions employed previously remain robust.

27. Total commitments in 2011 i.e. those schemes where planning permission had been granted but not implemented, were focused beyond the borough's centres. These included commitments at Fossets Way and Roots Hall (including new convenience offer at the Sainsbury's London Road site, Aldi London Road and Heath House) and Carby House Victoria Road. These were included in our Study at Appendix 2, Table 18 and their combined turnovers are summarised below:

Table 2 – Turnover of Commitments at 2011

Turnover	2015	2020	2025
Convenience (£m)	63.3	63.3	63.3
Comparison (£m)	135.2	145.7	157.0

Southend Borough Council Retail and Town Centre Study , Appendix 2, Table 18 (2011)
Turnover efficiency of 1.5% pa applied to comparison commitments, in line with 2011 assumptions.

28. Since our 2011 Study the Council has resolved to grant consent (subject to the signing of a S106) for the redevelopment of the former B&Q site at Short Street. This will provide a 7,711sqm net Tesco foodstore. The Retail Assessment prepared by DPP in support of the application states that the convenience goods element will provide 3,691sqm net and the comparison element will provide 3,334sqm net (The difference between the overall net sales and the respective convenience and comparison split is explained as those miscellaneous areas such as lobbies and circulation space).

29. For the purposes of this exercise we have focused our assessment of additional commitments (post 2011) upon those retail proposals that will affect shopping patterns and have been required, in accordance with national planning policy, to undertake a retail impact assessment. Based upon the assumptions employed in our 2011 Study and by reference to DPP's assessment of the proposed store's turnover the Tesco's would turnover at £42.86m and £28.26m for convenience and comparison goods, respectively at 2015. On the assumption that all of the previous commitments remain valid (and in this regard we would recommend that the Council regularly monitor the status of these planning permissions), the total turnover of commitments is summarised in the table below:

Table 3 – Commitments post 2011

Turnover	2015	2020	2025
Convenience (£m)	106.1	106.1	106.1
Comparison (£m)	163.5	176.1	189.8

Southend Borough Council Retail and Town Centre Study, Appendix 2, Table 18 (2011).
DPP Retail Assessment, Appendix 2, Table 5 (2010)
Turnover efficiency of 1.5% pa applied to comparison commitments, in line with 2011 assumptions.

Implications for planning policy

30. Taking the above into account revised capacity at 2015, 2020 and 2025 is summarised below:

Table 4a – Revised convenience capacity

	2015	2020	2025
Southend town centre (sqm net) [1]	(88.0)	308.0	736.0
Non central (sqm net) [2]	(3,291)	(335)	2,883
Total capacity for Southend town centre (sqm net)	(3,379)	(27)	3,619

1 Southend Borough Council Retail and Town Centre Study , Appendix 2, Table 6 (2011)
2 Retail commitments post 2011 Table 3 above.
Negative capacity shown in brackets.
Assumes all capacity directed to Southend town centre, in line with policy aspirations for the town centre

Table 4b – Revised comparison capacity

	2015	2020	2025
Southend town centre (sqm net) [1]	36,841	50,873	70,172
Non central (sqm net) [2]	(7,509)	2,619	16,701
Total capacity for Southend town centre (sqm net)	29,332	53,492	86,873

1 Southend Borough Council Retail and Town Centre Study , Appendix 2, Table 6 (2011)
2 Retail commitments post 2011 Table 3 above.
Negative capacity shown in brackets.
Assumes all capacity directed to Southend town centre, in line with policy aspirations for the town centre
No allowance made for vacant units to accommodate capacity

31. After allowing for the additional turnover generated by the Short Street proposal (totalling £42.86m) there is a noticeable over supply of convenience floorspace until post 2020, no doubt compounded by the implications of redevelopment at Roots Hall. Whilst capacity exists towards the latter part of the Plan period such figures should be treated with caution and carefully monitored.

32. It should also be noted that whilst the Tesco proposal lies beyond the town centre boundary, if planned properly, paying particular attention to enhancing permeability and links with the high street and Victoria Shopping Centre, the store could function as part of the town centre. Furthermore, whilst the level of capacity is negative, it is reasonable to assume that this improvement in qualitative provision will result in the clawing back of expenditure currently leaking from the centre and in turn improving the centre's market share.

33. Whilst capacity for comparison floorspace is also affected, this is less noticeable due to the significant capacity previously identified in both Southend town centre and those non central locations and the relatively small additional turnover generated by the Short Street proposal (£28.26m comparison turnover vs. £42.86m convenience turnover).

34. In conclusion, we would recommend that the suggested amendments to paragraphs 6 and 7 of the SCAAP are made and that Southend town centre remains the focus for future retail development. Despite the changes in planning and the continuing state of the economy, we do not consider this will affect the overall findings of our 2011 Study.

35. The resolution to grant planning permission for the former B&Q site and the ability of a proportion of vacant units to accommodate capacity will reduce the levels of capacity overall. However, if the Council continue to promote the sites previously identified in our 2011 Study as potential retail sites, we do not envisage it being necessary to bring forward further sites at this stage.

36. We also recommend that the Council monitor the commitments given their impact upon capacity forecasts and revise their assessment of capacity accordingly.

Yours sincerely,

CBRE LTD