

Spatial Policy Comments - Application Reference 15/04945/OUT

Dear Simon,

Further to your correspondence, please find below the Spatial Policy response to the application for the erection of a new food store with ancillary parking on the site of the former Ashleys of Yeovil, West Hendford.

As established in law by Section 38(6) of the Planning and Compulsory Purchase Act (2004) and Section 70(2) of the Town and Country Planning Act (1990) (as amended), the starting point for considering this application must be that it is determined in accordance with the development plan unless material considerations indicate otherwise. The following sections therefore consider the application against the development plan in South Somerset and the National Planning Policy Framework (NPPF) as a material consideration.

1. Overview of Main Issues

The application is to develop a 2,611 sq m gross (1,583 sq m net) class A1 foodstore. For the purposes of your decision-making it is important to make clear two elements. Firstly, the proposed use is classified as a “town centre use” under the terms of the development plan and the NPPF¹. Secondly, the proposed location should be considered an “out of centre location”, due to it being approximately 450 metres from the edge of Yeovil’s defined town centre boundary².

Against this context, your decision will need to understand the proposed development’s compliance with the sequential test as defined in the South Somerset Local Plan Policy EP11, and given the size of the proposed scheme, the impact of the additional floorspace on Yeovil town centre through consideration of Policy EP12. In addition, your decision should reflect on whether the proposal affects the overall level of planned investment in convenience goods retail floorspace in Yeovil as defined in Policy EP10.

2. South Somerset Local Plan (2006-2028)

2.1. The Sequential Test

Policy EP11: Location of Main Town Centre Uses requires applicants to seek to locate developments on sequentially preferable sites. Sequentially preferable sites in Yeovil being:

- within the Yeovil Town Centre Shopping Area (Primary Shopping Area), followed by
- edge of centre locations³, then
- out-of-centre locations that are, or will be served by a choice of sustainable modes of transport.

The policy explains that applications for “town centre uses”, which are not in an existing town centre, and not in accordance with the development plan should be refused planning

¹ As defined in the NPPF, main town centre uses constitute retail development (including warehouse clubs and factory outlet centres); leisure, entertainment facilities the more intensive sport and recreation uses (including cinemas, restaurants, drive-through restaurants, bars and pubs, night-clubs, casinos, health and fitness centres, indoor bowling centres, and bingo halls); offices; and arts, culture and tourism development (including theatres, museums, galleries and concert halls, hotels and conference facilities).

² As defined in the NPPF, an out of centre location which is a location which is not in or on the edge of a centre but not necessarily outside the urban area.

³ 300 m from the Primary Shopping Area

permission where the applicant has not demonstrated compliance with the sequential approach to site selection, or there is clear evidence that the proposal, either alone, or combined with other recent outstanding permissions would seriously affect the vitality and viability of a nearby town centre.

2.1.1. Consideration of the Sequential Test

The applicant has undertaken a sequential test in support of the application. There are some key criteria which have influenced the process:

- i. Locations to the 'east' are discounted on the basis that Lidl has an existing store on Lyde Road (the applicant does not define the geographical area of search).
- ii. The site needs to be able to accommodate a store of at least 1,500 sq m.
- iii. The agent has indicated that the intention is to open the store within 12 months and therefore is looking at sites which are immediately available.

Their test concludes that there are no available, viable and sequentially preferable vacant units or sites within or on the edge of Yeovil town centre.

Having reviewed the submitted site assessment, it is accepted that the following sites are not suitable or available and thus cannot be regarded as sequentially preferable to the proposed site:

- Vacant existing retail units in the town centre;
- Stars Lane North;
- Ambulance and Fire Station Site; or
- Glovers Walk.

However, it is advocated that there are four sequentially preferable sites which could accommodate the proposed development. The applicant has discounted three out of the four sites, and has not appraised the other site. The applicant's reasons for discounting these sites, along with the reasons why they are considered to be sequentially preferable are set out below:

Quedam Centre Extension

The Quedam Centre extension is discounted by the applicant on the basis that there are no available units and in their opinion the scheme is clearly targeted at comparison rather than convenience retailing.

However, the owners of the Quedam (Benson Elliot) have indicated in written correspondence to the Council (dated 4th September 2015) that the site is suitable for new retail floorspace and can meet the requirements of modern retailers for large and flexible units. Furthermore, their letter states that the site is available and viable for new Class A1 retail floorspace development.

Benson Elliot point out that parts of the site are available for immediate redevelopment and therefore could meet the timescales identified by the applicant. The Quedam owners are actively seeking to bring forward the extension proposal and are currently in discussion with the Council on how to optimise this development to ensure the future vitality of the town centre.

Based upon the evidence received from Benson Elliot, the Quedam site appears capable of accommodating the proposed development, in a sequential preferable location, within the existing town centre.

Cattle Market/Market Street

The site is discounted by the applicant on the basis that it is not suitable or available as it is proposed for a mixed use development comprising residential development and car parking.

The proposal referred to by the applicant is set out in the development brief for the site (Market Street Area, 2007). This document is now dated and was conceived in a different economic climate, outside of the new approaches to considering retail development as defined in the NPPF, PPG and case law. The Council has indicated that alternative forms of development would be considered on the site and a large-format retail unit could be acceptable as part of a re-development scheme.

More importantly, pre-application discussions with the site owner (Premier Livestock Auctions) and a development consortium (Consolidated Property Group) have established that the site is available and capable of being developed within the same timescale set out by the applicant. Furthermore, these discussions have established the site is capable of accommodating a large format retail unit within the site envelope – and as such give the Council confidence that the applicant's proposal could be achieved on this sequentially preferable location in the town centre of Yeovil.

Stars Lane South (the Box Factory)

The site is discounted by the applicant on the basis that it is identified in the Local Plan as the Summerhouse Village (Policy YV3) – a strategic location for a mixed use scheme to be delivered later on in the plan period. The Local Plan does suggest that the Summerhouse Village concept is unlikely to be achieved until late in the plan period which runs to 2028. One of the reasons for this is that the concept is recognised to have viability issues, particularly the funding of replacement of car parking spaces.

The applicant however fails to recognise that it has been the Council's position that if, in the meantime, alternative proposals come forward, a pragmatic approach would be taken, and the Council would seek to capitalise on investment to facilitate a mixed use development opportunity of the highest standards. It is expected that an initial proposal would kick start a range of investment opportunities and contribute to the overall vision for the area. This view was articulated in a press release issued by the Council to the Western Gazette in May 2015.

The long term aim remains for a mixed-use scheme, which balances housing, retail, leisure, and employment as part of the 'urban village' concept. Therefore, if there were proposals that can deliver benefits in an earlier timeframe, but also provide a platform for further growth and investment then the Council would look positively at support them. The proposed development is one such opportunity. The Council is being realistic, its focus remains on improving the vitality and viability of Yeovil town centre through development. The site is therefore deemed to be both suitable and available and a sequentially preferable site given its proximity to the town centre.

Olds Garage

The former Olds Garage site is considered to be a sequentially preferable site. However, this site (characterised as an edge of centre site) does not feature in the assessment carried out by the applicant.

2.1.2. Conclusion on Sequential Test

Based on the above it is advocated that the application fails the sequential test because it has not considered all potentially suitable sites and because there are sequentially preferable sites available for the proposed development. The application should therefore be refused on this basis that it is not in accordance with Local Plan Policy EP11.

2.2. The Impact Assessment

2.2.1. Overview

Policy EP12 of the South Somerset Local Plan (2006 – 2028) requires applications in excess of 2,500 sq m gross, in Yeovil, to be accompanied with a Retail Impact Assessment.

The Impact Assessment undertaken by the applicant concludes that the proposed store would not have a significant adverse impact on the vitality and viability of Yeovil town centre as a whole, or any planned in-centre investment.

However, the Council is extremely concerned that this store would result in a further proliferation of out of centre retail development, and that a store of this footprint and format, will divert trade and investment from the town centre. The resulting reduced footfall, combined with a continuation of difficult retail circumstances for businesses and premises, could have a potential significant impact on the vitality and viability of Yeovil town centre.

2.2.2. Applicant's Position

Impact on existing, committed and planned investment

The applicant states that they are not aware of any public or private sector planned investments other than the Quedam Centre proposals. They do not believe that the proposed store would have a significant adverse impact and therefore satisfies the NPPF test.

Impact on town centre vitality and viability

The applicant has undertaken a quantitative assessment to establish whether the estimated trade diversion of the proposed development would have a significant adverse impact on town centre vitality and viability.

The applicant indicates that the total annual convenience goods turnover of the proposed store would be £4.3 million and £0.41 million for comparison goods.

The assessment of trading impact takes into account the concept of "like affects like" in other words if a business' primary purpose is to focus on customers' main food shopping requirements, it is expected that the proposal would compete with other businesses that cater for the same grocery "market". Conversely, one would not expect a business that does not cater for the same "market" to be affected by trade diversion. The assessment concludes that the main impact will be felt by other grocery food stores, namely Morrisons, Asda and Tesco. They estimate that the largest trade diversion would be from Tesco Extra store, but given that it overtrades, they do not believe that it will threaten the viability of the store and therefore does not represent a significant adverse impact.

It is estimated that there will be trade diversion from the existing Lidl store but given that it trades at a level above the company benchmark, the impact will not be significant.

Roughly 10% of the store's turnover is expected to come from comparison goods. The applicant does not believe that this will have a significant adverse impact on businesses in Yeovil town centre.

2.2.3. Council's Position

At both a local and national level there is a clear "town centre first" approach for retail development. There have been a number of applications for out of centre food and non-food retailing around Yeovil (including on the edge of Yeovil in West Dorset) in the last two years⁴. It is clear, that the market is looking to develop these sites for a variety of reasons including cost and ownership. The overall effect of developing the sequentially non-preferable sites for clearly defined "town centre uses" is at odds with the Council's strategic plan for Yeovil town centre.

⁴ Examples include - WD/D/15/000374 – Proposed retail warehouse unit, Peel Centre, Babylon Hill, 15/03513/OUT – Mixed use development comprising A1 use, Yeovil Town Football Club, 13/03469/FUL – Erection of food retail unit (A1), drive through coffee shop (A3) and restaurant/public house (A4), Fusion Park

The Council has been in discussion with developers and it appears there is an appetite to develop some of these sequentially preferable sites. The Council, in trying to realise the development sites in the town centre is concerned that in a fragile market, which retail is, their investment could be undermined by additional out of centre floorspace. The Council is working hard to focus on regenerating Yeovil town centre and bring forward sites, the cumulative impact of out of centre retail development, erodes that effort.

Impact on existing, committed and planned investment

The applicant states that they are not aware of any public or private sector planned investments other than the Quedam Centre proposals. A number of public/private partnership groups work within Yeovil, focusing their efforts on improving the vitality, viability and vibrancy of the town centre, these include:

- Yeovil Vision;
- The Yeovil Town Team, and
- Yeovil Chamber of Trade.

The Yeovil Vision Partnership was formed in 2004 and set out an agreed vision for the future redevelopment, regeneration and renewal of Yeovil. A broad framework for delivering that vision is set out in the Yeovil Urban Development Framework which includes a number of different projects in and around the town centre (a refresh was undertaken in 2010). Since its inception, the partnership has overseen several million pounds of investment within the town centre. Investment projects include:

- Reckleford Gyratory (Eastern Gateway) - £1.7 million project to alleviate traffic congestion at the eastern side of the town centre.
- Foundry House - £883k project to redevelop/refurbish the historic, derelict glove factory site to create a mixed use development.
- Princess Street Enhancement Scheme - £208k scheme to improve the public realm, creating attractive pedestrian access and enhancing the character of the area.
- Town Centre enhancements - £160k.
- Yeovil Country Park Visitor Centre - Yeovil Vision contributed funding towards the creation of the centre, creating improved linkages between the town centre and Country Park.

This list is not exhaustive, but illustrates public investment in Yeovil town centre.

The Yeovil Town team was set up in 2010 as a public private partnership, with the aim of improving the footfall within Yeovil Town centre. The group focuses on marketing and promoting the town and is heavily supported by local businesses. It has undertaken a range of initiatives including the Yeovil Town Centre App, the Yeovil Loyalty Card as well as running a range of events throughout the year. The Yeovil Town Team also contributes to the work of the Yeovil Town Centre Enhancement Group which carries out regular audits of the town and invests around £20k per annum on ensuring that a clean and inviting town centre environment is maintained.

All groups working within the town centre are encouraged by the renewed confidence demonstrated by the current owners of the Quedam Shopping Centre, Benson Elliot, who have recently had two applications approved to improve the existing offer with the town centre by amalgamating and reconfiguring existing units. Pre-application discussions are currently being held with Benson Elliot regarding the Quedam extension. There is concern over the potential impact that any further out of centre retail development could have on the planned private investment by the company in Yeovil town centre. The Quedam extension is vital to the future vitality and viability of Yeovil town centre.

Impact on town centre vitality and viability

The applicant states that vacancy rates in Yeovil town centre have improved since the RPS Retail Assessment (which was undertaken in August 2013 to support the previous application ref: 13/03564/FUL). They state that there are currently 35 vacant units in Yeovil town centre, equating to a vacancy rate of 10%, better than the national average. The applicant states that this performance indicator does not point to a weak or fragile town centre.

Commercial information and the Council's own monitoring records do not concur with the applicant's view of the town centre. In 2007, Yeovil town centre was ranked 118th in Javelin's VenueScore⁵, in the latest rankings (2014) it has slipped to 165th, demonstrating its vulnerability and the impact of the closure of a number of key national multiples due to the impact of the recession, but also because of relocations to cheaper, out of centre sites. For example, during this timeframe, Next (closed between September 2006 and 2007 retail monitoring exercise) and JJB Sports (closed between 2007/2008) and both vacated the town centre and relocated to the Peel Centre. Mothercare (closed between 2009/2010) and Currys/PC World (closed between 2009/2010) and also relocated to Houndstone Retail Park.

The Council's Annual Retail Monitoring demonstrates that vacancy rates in Yeovil Town Centre have increased over time, as have the vacancies within the Primary Shopping Frontages:

Year	Total Premises within Town Centre	Vacancies	%
2006	487	46	9.44
2007	468	48	10.25
2008	468	49	10.47
2009	471	61	12.95
2010	472	56	11.86
2011	480	56	11.66
2012	480	71	14.79
2013	480	72	15.00
2014	483	75	15.52
2015	488	70	14.34

Year	Total Premises within Primary Shopping Frontage	Vacancies	%
2006	125	8	6.4
2007	126	8	6.34
2008	127	9	7.08
2009	128	17	13.28
2010	130	17	13.07
2011	128	12	12.5
2012	128	23	17.96
2013	136	24	17.64
2014	128	24	18.75
2015	131	19	14.50

The last survey was undertaken in September 2015. It demonstrates that whilst there are signs of improvement, there is still an overall vacancy rate across the Town Centre and Primary Shopping Frontage of 14.34% and 14.5%, which is above the national average.

The fall in Yeovil's national ranking since 2007, the rise in vacancies and the loss of a number of key national multiple anchor retailers to out-of-centre shopping locations clearly demonstrate that its overall vitality and viability is weak and vulnerable to further challenge from out-of-centre retailing, as well as the threat of online shopping. Clearly the loss of further retailers, turnover and shoppers to new out-of-centre retailing will further significantly erode investor and business confidence in the future growth and performance of the town centre at this critical stage in its recovery.

The Council also does not accept the simple logic of "like affects like", and given that certain stores are apparently over-trading that this does not result in an impact on the town centre.

⁵The Javelin VenueScore is widely used as a key indicator to help inform the changing attraction and performance of different shopping locations from year-to-year.

Whilst trade may be drawn from a store which is over-trading, it is too simplistic to consider that this results in a net neutral effect. The Tesco Extra store in question is in an ideal location sequentially, within the town centre, and drives a series of additional benefits, namely linked-trips to and from the other retailers in the town centre. The trade that would be drawn to a new store, located away from the town centre precludes linked trips and therefore has a greater negative effect on the town centre than merely the shift in overall trade.

Furthermore, the South Somerset Retail Study Update (July 2010) concluded that although Yeovil Town Centre was a successful Town Centre, it had experienced increased vacancies in recent years, part in due to the UK economic climate and part in due to the age, attractiveness and availability of property stock. The study concluded that the proposals for the extension of the Quedam Centre, if implemented would considerably improve the town centre offer by providing a range of modern retail units. It recommended that careful consideration should be given to out-of-centre proposals given their potential to harm opportunities on the town centre.

Town Centre retailing in general is currently facing a difficult environment with the economy still picking up from the economic crisis of 2008 and ever increasing competition from internet sales, particularly in the comparison sector.

2.2.4. Conclusion on the Impact Assessment

The Council's clear policy direction is to locate town centre uses into the defined centre of Yeovil, on sequentially preferable sites.

The Council highlights that more than just the Quedam Centre's planned investment will be undermined by the application site. The benefits of the ongoing investment by a number of public/private partnerships which clearly focus on improving Yeovil town centre, highlighted above, will be affected, as will the public investment in the centre. Businesses and landowners/developers require confidence to invest and this confidence can be damaged by a weak approach to out of centre retail development which can affect town centre sites coming forward.

Furthermore, the overall vitality and viability of Yeovil is being eroded. The town centre is vulnerable as is demonstrated by the Council's Annual Retail Monitoring. Whilst there are signs of improvement in vacancy rates between 2014 and 2015, in eight of the last ten years the vacancy rate has been growing. This indicator points to a fragile town centre.

The overall concern is that more out of centre retailing will have an adverse impact on the vitality and viability of Yeovil town centre and planned investment in the centre.

2.3. The Quantitative Need for Convenience Retail Development in Yeovil

Policy EP10: Convenience and Comparison Shopping in Yeovil, limits the convenience goods retail floorspace in Yeovil to 2,400 sq m net (or £29.9m retail expenditure) by 2017. The application should be considered in the context of this policy.

3. Consideration of Material Considerations on the Sequential Test and Impact Assessment

Paragraph 23 of the NPPF urges local planning authorities to recognise town centres as the heart of their communities and support their vitality and viability. The NPPF reinforces the requirement for a sequential test to be submitted with planning applications for main town centre uses that are not in an existing centre and not in accordance with an up-to-date Local Plan (Para 24, NPPF).

Where a proposal is over 2,500 sq m, or a locally set threshold, the NPPF requires local authorities to obtain an Impact Assessment to assess retail proposals which are outside

town centres and are not in accordance with an up-to-date Local Plan (Para 26, NPPF). The NPPF clarifies that the impact assessment should consider:

- The impact of the proposal on existing, committed and planned public and private investment in a centre; and
- The impact of the proposal on town centre vitality and viability.

Where the proposal fails to satisfy the sequential test or is likely to have a significant adverse impact, the NPPF clarifies that the application should be refused (Para 27, NPPF).

The PPG further reinforces the two key tests that should be applied when dealing with town centre uses not in an existing town centre - the sequential test and the impact test, and advises on the application of these tests.

The NPPF and PPG state that compliance with the sequential test does not guarantee that permission is granted, and local planning authorities will have to consider all the material planning considerations in reaching their decision.

As noted above, it is beyond doubt that the site is in an out of centre location, and that sequentially preferable sites can accommodate the proposed application. Furthermore, it is the case that the impact assessment has not truly understood the scale of planned investment in the town centre.

The NPPF also sets out how the planning system should be supportive of sustainable economic growth and job creation. The NPPF clarifies that planning policies should not over burden business investment, and they should be flexible to allow for rapid changes in economic circumstances. Consideration should therefore be given as to whether the impact of the proposed scale of development and subsequent investment constitutes 'material harm', when weighed against the 40 jobs and approximately £4.5 million investment generated by the applicant themselves.

It is clear, from the planning statement submitted with the application, that if the application were to be refused, the applicant would not consider redirecting the proposed development to an alternative site (see paragraph 8.22 of Retail and Planning Statement, dpp Planning, September 2015). As such, as part of the planning balance, the potential loss of this economic development needs to be weighed against the potential harm that it could have upon Yeovil town centre.

4. Conclusion

The applicant is looking to develop a new style 2,611 sq m gross (1,583 sq m net) class A1 foodstore.

The proposed use is classified as a main "town centre use" and the proposed location is classified as an "out of centre" location. As required by the Local Plan and NPPF, the applicant has undertaken a sequential test and impact assessment in support of this proposal. These conclude that there are no sequentially preferable sites, and that the proposed development will not have a significant adverse impact on the vitality and viability of Yeovil town centre or any planned investment in the centre.

The applicant illustrates the qualitative benefits of the proposal as:

- the regeneration of a vacant brownfield site, bringing multiple economic benefits;
- improved retail offer for the local area - a lack of a discount store to the west of the town centre represents a weakness in their opinion; and
- given their smaller more limited product range, opportunities for linked trips and associated spin-off trips with local retailers; improving the overall food offer in this part of Yeovil.

However, this application is contrary to Local Plan Policy EP11 and Paragraph 27 of the NPPF, as it fails the sequential test. This is because it has not considered all potentially suitable sites and because there are sequentially preferable sites suitable and available for the proposed development.

Additionally, there is concern that more out of centre retailing will have an adverse impact on the vitality and viability of Yeovil town centre and planned investment in the centre. The applicant's impact assessment has failed to recognise the scale of planned investment across a range of development sites in the town centre, which would be compromised by the allowing of the proposed application.

The application is contrary to the South Somerset Local Plan's strategy for Yeovil town centre. The Council is in discussion with landowners and developers associated with the sequentially preferable sites identified above. Allowing this application for additional "out of centre" floorspace will erode the confidence of those landowners to progress development proposals in an increasingly competitive and fragile market. As such, this could compromise the approved strategy for regenerating, enhancing and improving the vitality of the town centre.

The fact that the application is not in accordance with the South Somerset Local Plan, must be weighed against the fact that the proposal will generate 40 jobs and realise approximately £4.5million worth of trade and investment.

December 2015