

# Former Rayware Site, Speke Boulevard

## Introduction

1. This advice note is requested by Liverpool City Council to draw together the correspondence received from Asda Stores (Asda) and B&M Retail Limited (B&M) and Quod on behalf of the applicants TJ Morris Limited since completion of the first advice note dated October 2016 in relation to the planning application at the former Rayware site (application ref:16O/1043)
2. The correspondence from Asda and B&M raise a number of questions including the:
  - Sequential approach and trade draw from Liverpool City Centre
  - Trade draw from Speke District Centre
  - Trade draw from Hunts Cross
  - Impact on Asda, Garston compared to Aldi, Cressington House
  - Trade draw of convenience goods
3. This note should be read alongside the initial retail advice note dated October 2016.
4. The issue of solus and cumulative impacts have been raised in the recent correspondence.
5. Since the issuing of the first note, the recent SoS decision at Scotch Corner (ref: APP/V2723/V/15/3132873 and APP/V2723/V/16/3143678) has considered the solus and cumulative impact of proposals. The appeal at Scotch Corner was presented on the basis of a solus impact (para 5.37), which was referred to in the Inspectors conclusions (para 11.11). The SoS agreed with the approach in his decision letter (para 12).
6. The backdrop to para 5.37, is para 5.33 which states:

*The retail impact test in Framework paragraph 26 second bullet point focuses on the solus impact of proposed development. This is clear from the language of the Framework. Framework paragraph 26 refers to “applications”, “the development” and twice to the impact of “the proposal”. Framework paragraph 27 focuses on the effect of “an application” and whether it is likely to have a significant adverse impact. Accordingly on a proper understanding of the meaning and effect of the Framework planning permission could be refused only if the impact of the proposal is found to be significantly adverse. There is no basis in the Framework for refusing planning permission for a proposed development because of the impact of some other permitted development. That is not to say that one should ignore the effect of the impact of other permitted development e.g. Princes Gate in Catterick where a town centre retail development opened last year.*

7. And paragraph 5.34 which states that:

*Whenever the effect of Princes Gate is fed into the equation the point is simply that the Scotch Corner proposals cannot be refused permission on the basis of the impact of Princes Gate on DTC nor on the basis of some form of “cumulative” impact. It is only if the impact of the Scotch Corner proposals themselves is found to be significantly adverse that Framework paragraph 26 and 27 envisages refusal.*

## Sequential Approach and Trade Draw from Liverpool City Centre

8. B&M question the approach of only considering sites within the defined catchment area. The catchment which the Rayware proposal is seeking to serve is identified as Zone 4, Zone 9, Zone 10 and Zone 14 of the Liverpool Retail and Commercial Leisure Study.
9. Quod identify that the intention of the proposal is to improve choice and competition for local residents and encourage more sustainable shopping patterns.

10. Liverpool city centre is located around 30 minute drive from the application site and is therefore outside of the proposal's catchment. As such, locating the proposal within Liverpool City Centre would serve a different catchment i.e. it would not serve zones 4, 9, 10 and 14 and would not meet the same need which the application site is seeking to serve.
11. It is also noted that B&M acknowledge that the nature of the proposal will 'draw overwhelmingly from the immediate local catchment', but at the same time suggest that the sequential approach should be to assess alternative sites located approximately 30 minutes away and outside of the proposal's catchment.
12. As such it is reasonable to discount Liverpool city centre as a location for sequentially preferable sites.
13. In terms of the retail impact from Liverpool City Centre, Quod identify that within the defined catchment, Liverpool city centre is identified to achieve a comparison goods market share of 35%. Liverpool is the most popular location for combined comparison goods within zones 4, 10 and 14 and second only to New Mersey (30.9% to 27.49%) in zone 9.
14. The Home Bargains unit is the only identified unit at the application site and this extends to 4,973sqm gross. It is likely that this unit will sell a range of convenience goods, household goods, low value homewares, drink, food etc. as identified in the submission.
15. The second unit extends to 2,560 sqm. As there is no confirmed occupier the applicants have assessed this unit on the basis of it potentially being occupied by a convenience or a comparison operator and following advice from GL Hearn sensitivity assessments were undertaken using a sales density of £5,061 for comparison goods and £10,500 for convenience goods. If occupied by a comparison occupier it is likely that it would draw trade from the dominant locations in the catchment including Liverpool city centre.
16. Quod assume that approximately 37.5% of the proposal's comparison turnover will be derived from the City Centre, reducing to 24.8% after allowing for trade diversion from commitments as part of the cumulative assessment undertaken. Such an assumption is considered reasonable, given existing shopping patterns, the popularity of the City Centre as a retail destination and the fact that a number of comparable retailers, including existing representation from Home Bargains at Lord Street, Hannover Street, St Johns Centre and Bold Street, are located within the City Centre.
17. Overall the level of diversion from Liverpool city centre is considered reasonable given the proposal and the existing shopping patterns within the local area

### Trade Draw from Speke District Centre

18. B&M consider that it is unrealistic to assume such a high level of trade diversion from the City Centre given the distance between the two destinations and nature of retailing proposed. As a result, B&M consider that the impact on neighbouring centres will increase
19. The dominance of Liverpool city centre is identified above. It should be remembered that there is no end occupier for the 2nd unit at the site. Notwithstanding the location of the centres' with respect to the application site, it is the location of the customers and their shopping patterns which is also relevant i.e. the catchment area
20. Quod have identified that Speke currently generates the following convenience turnover from the catchment:

Zone 4	Zone 9	Zone 10	Zone 14
24.9%	24.5%	42.0%	8.6%

21. Speke is anchored by a range of national operators such as Morrisons, Iceland and TK Maxx and despite not having any night time activity from A3-A5 units, is considered to be healthy. From a

convenience perspective and for an indicative benchmarking exercise, the centre is trading broadly at company average levels (Table 12 of Appendix 5 of the Retail Study), such that a diversion of 10.6% on a cumulative basis should not be considered significant.

22. From a comparison perspective the comparison goods element of the centre is trading very well (Table K of Appendix 6 of the Retail Study).
23. The solus impact is identified to be -1.4% in the baseline and between -2.9% and -3.4% in the updated sensitivity.
24. This would be highly unlikely to threaten the future of any store within the centre and it is noted that none of the operators within Speke have objected to the proposal.

### **Trade Draw from Hunts Cross Local Centre**

25. In terms of Hunts Cross, this is a small local centre. It is however noted that there may be some confusion with respondents of the shopper survey about what Hunts Cross Local Centre is, as for comparison goods it is identified to be trading significantly in excess of a likely benchmark level on a market share basis. Nevertheless the applicants identify a small level of diversion given existing provision.
26. In solus terms the impact is identified to be between -0.6% and -1.3% (based on Scenario B or Scenario A respectively) in the baseline and between -1.3% and -2.9% in the sensitivity.
27. A much larger draw is identified from more significant/popular shopping locations such as the retail park at Hunts Cross where the Asda is located, indeed Quod assume that the greatest level of trade diversion from any individual store/centre (22.5%) will be from the existing Asda at Hunts Cross.
28. This is a reasonable approach given the provision of facilities and the results of the shopper survey.

### **Trade Drawn from Hunts Cross Shopping Centre**

29. B&M and Asda currently trade from stores at Hunts Cross Shopping Centre. For the avoidance of doubt this is the Retail Warehouse Park identified at Hunts Cross, not the formally identified Local Centre discussed above.
30. As advised previously, the Annex to the NPPF is relevant to town centres and this states:
31. Unless they are identified as centres in Local Plans, existing out-of-centre developments, comprising or including main town centre uses, do not constitute town centres.
32. In this respect, the NPPF only requires a consideration of the impact on trade and turnover of centres. Notwithstanding the trade draw identified above, the impact on Hunts Cross Shopping Centre does not need to be considered.

### **Impact on Asda, Garston compared to Aldi, Cressington House**

33. Asda raise issues with the impact on Garston, which B&M do not take issues with. The latest shopper survey does not identify the Asda, Garston as a retail location, which probably indicates its current trading performance.
34. Quod assert that the Aldi at Cressington house will be subject to a much higher level of diversion than the Asda. This approach assumes that the proposed second unit will be occupied by a foodstore operator and this will most likely to be a discount operator, which will compete with comparable facilities (e.g. Aldi at Cressington House).
35. This is a reasonable assumption given the size of the unit and the demand and activity amongst the discount food operators for units around this size.

36. The overall impact figures for Garston identified by Asda relate to the cumulative impact of the proposal along with outstanding commitments. A solus impact on the centre would be a maximum of -1.1% based on Scenario A of the sensitivity analysis, but could be as low as -0.1% on the basis of baseline of Scenario B.

## Trade Draw of Convenience Goods

37. Issues have been raised with the convenience goods trade. It is reasonable to assume that the proposal will draw trade from throughout the catchment area and not just the area immediately adjacent to the application site as is suggested by B&M and Asda.
38. As a backdrop to this, the convenience retention rates within the catchment are 31% (zone 4), 51% (zone 9), 72% (zone 10) and 19% (zone 14). Also Zone 4 has a convenience expenditure of some £153m and zone 10 £103m (Zone 9 is £28m and zone 14 is £36m) (based on the 2016 Retail and Leisure Study), such that there is trade that can be clawed back.
39. To provide some context to this, the Morrisons at Speke trades at around £20.6m; however the Tesco at Allerton trades at around £58.3m. Assuming a similar basket size, there are approximately three times as many customers to attract from the Tesco to the proposal as from the Morrisons to the proposal.
40. There will be residents within the catchment where the application site will be located as close or closer to the destination they may currently chose to undertake their food shopping at. Just in relation to the Allerton Road Tesco, it draws around 50% of its trade and the Iceland around 58% of its trade of from Zone 4, which is within the catchment of the proposal. Around 10% of the Allerton Road Tesco's trade is also drawn from Zone 10, again within the catchment. Therefore it is reasonable that any customers within the catchment and equidistant from both could view the Rayware site for convenience goods as an alternative location. There are also good connections between Zone 4 and the site along the A561, whereas the connections to the southern end of Zone 4 and Allerton Road potentially need to use a number of slower B-roads.
41. Furthermore the objectors appear to assume that the proposal will derive more trade from Speke District Centre despite Hunts Cross Shopping Park achieving a market share within the catchment area that is more than double that achieved by Speke District Centre.
42. Overall Quod's approach to consider existing shopping patterns in understanding where the proposal will derive its trade from is reasonable and supported by Planning Practice Guidance.

## Conclusions

43. This advice note is requested by Liverpool City Council to draw together the correspondence received from Asda Stores (Asda) and B&M Retail Limited (B&M) and Quod on behalf of the applicants TJ Morris Limited at the former Rayware site (application ref:16O/1043)
44. The correspondence from Asda and B&M raise a number of questions including the:
- Sequential approach and trade draw from Liverpool City Centre
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  - Impact on Asda, Garston compared to Aldi, Cressington House
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45. This note should be read alongside the initial retail advice note dated October 2016.
46. In relation to sequential, Liverpool city centre is located around 30 minute drive from the application site. As such, locating the proposal within Liverpool City Centre would serve a different catchment i.e. it would not serve zones 4, 9, 10 and 14 and would not meet the same need which the application site is seeking to serve.

47. As such it is reasonable to discount Liverpool city centre as a location for sequentially preferable sites.
48. In terms of the retail impact from Liverpool City Centre, Quod identify that within the defined catchment, Liverpool city centre is identified to achieve a comparison goods market share of 35%. This is identified as the single most popular retail destination for residents across the catchment area and is the most popular location for combined comparison goods within zones 4, 10 and 14 and second only to New Mersey (30.9% to 27.49%) in zone 9. Quod assume that approximately 37.5% of the proposal's comparison turnover will be derived from the City Centre, reducing to 24.8% after allowing for trade diversion from commitments as part of the cumulative assessment undertaken.
49. Overall the level of diversion from Liverpool city centre is considered reasonable given the proposal and the existing shopping patterns within the local area
50. In relation to Speke, the centre is anchored by a range of national operators such as Morrisons, Iceland and TK Maxx and despite not having any night time activity from A3-A5 units, is considered to be healthy. The solus impact is identified to be a maximum of -3.4%.
51. This would be highly unlikely to threaten the future of any store within the centre and it is noted that none of the operators within Speke have objected to the proposal.
52. In terms of Hunts Cross, this is a small local centre. It is however noted that there may be some confusion with respondents about what Hunts Cross Local Centre is, as for comparison goods it is trading significantly in excess of a likely benchmark level on a market share basis. Nevertheless the applicants identify a small level of diversion given existing provision.
53. In solus terms this is identified to be a maximum impact of -2.6%.
54. In respect to Garston, Quod assert that the Aldi at Cressington house will be subject to a much higher level of diversion than the Asda as it is assumed that the proposed second unit will be occupied by a foodstore operator and this will most likely be a discount operator, which will compete with comparable facilities (e.g. Aldi at Cressington House).
55. This is a reasonable assumption given the size of the unit and the demand and activity amongst the discount food operators for units around this size.
56. The solus impact on Garston would be a maximum of -1.1%, which cannot be considered significant.
57. Specifically in relation to convenience goods, issues have been raised with the convenience goods trade draw. It is reasonable to assume that the proposal will draw trade from throughout the catchment area and not just the area immediately adjacent to the application site as is suggested by B&M and Asda. In this location the convenience retention rates within the catchment are 31% (zone 4), 51% (zone 9), 72% (zone 10) and 19% (zone 14).
58. Overall Quod's approach to consider existing shopping patterns on a zone-by-zone basis in understanding where the proposal will derive its trade from is reasonable and supported by Planning Practice Guidance.
59. Overall it is considered that the proposal has complied with the requirements of the sequential approach and impact.

**GL Hearn January 2017**