



**GL Hearn**

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# Derbyshire Dales Retail Impact Thresholds

Derbyshire Dales Borough Council

July 2016

**Prepared by**

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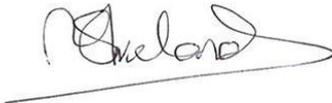
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DATE  
July 2016

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## 1 INTRODUCTION

- 1.1 The Derbyshire Dales Draft Local Plan sets out the overall vision, objectives and policies for the future development of those parts of the Derbyshire Dales that lie outside of the Peak District National Park up to 2033. The draft plan was subject to consultation between 7 April and 19 May 2016.
- 1.2 During the consultation process comments were received on a number of Policies, including Policy EC5 which seeks, amongst other things, to identify a local impact threshold of 200sqm. Some comments raised concerns over a lack of an evidence base to justify the proposed floorspace threshold figure.
- 1.3 In order to address these comments, this report seeks to consider the following interrelated matters which are relevant to the setting of a local threshold:
- Policy overview;
  - Development trends;
  - Health of existing centres;
  - Existing town centre floorspace characteristics; and
  - Recent retail proposals.

## 2 POLICY OVERVIEW

2.1 The Derbyshire Dales Draft Local Plan has been prepared in line with the National Planning Policy Framework (NPPF) and the National Planning Practice Guidance (PPG). The NPPF provides guidance for Council's when considering setting a locally appropriate threshold.

### National Guidance

2.2 Paragraph 23 of the NPPF identifies a series of elements which Local Planning Authorities should consider when preparing Local Plans. These include:

- recognising town centres as the heart of their communities and pursue policies to support their viability and vitality; and
- setting policies for the consideration of proposals for main town centre uses which cannot be accommodated in or adjacent to town centres;

2.3 Following on from this are a number of paragraphs which identify how planning applications should be considered. Paragraph 24 identifies that:

*Local planning authorities should apply a sequential test to planning applications for main town centre uses that are not in an existing centre and are not in accordance with an up-to-date Local Plan.*

2.4 Thereafter paragraph 26 states;

*When assessing applications for retail, leisure and office development outside of town centres, which are not in accordance with an up-to-date Local Plan, local planning authorities should require an impact assessment if the development is over a proportionate, locally set floorspace threshold (if there is no locally set threshold, the default threshold is 2,500 sq m)*

2.5 The NPPG provides further guidance on the application of the NPPF. Paragraph: 016 Reference ID: 2b-016-20140306 identifies "when should the impact test be used?" This identifies that:

*In setting a locally appropriate threshold it will be important to consider the following:*

- *scale of proposals relative to town centres*
- *the existing viability and vitality of town centres*
- *cumulative effects of recent developments*
- *whether local town centres are vulnerable*
- *likely effects of development on any town centre strategy*
- *impact on any other planned investment*

### Local Policies

2.6 The Derbyshire Dales Draft Local Plan includes Policy EC5. This relates to Town and Local Centres and identifies the Council's proposed local impact threshold. The current wording of the policy states;

*The District Council will seek to maintain and where possible, enhance the vitality and viability of town centres, district centres and local centres as defined on the Policies Map in accordance with their function, scale and identified development needs....*

*This will be achieved by (amongst other things)...requiring major town centre use developments (including large extensions to existing stores) of 200 square metres (net sales for A1) or more outside the defined centres of Matlock, Darley Dale, Wirksworth and Ashbourne to demonstrate compliance with the sequential approach to development..... and be supported by an impact assessment.*

- 2.7 The Derbyshire Dales Retail Study Update (DDRSU) was published in late 2015 as part of the evidence base to support the draft Local Plan. The study included assessment of the quantitative capacity for retail floorspace within the District, and assessed the performance of town centres within the District
- 2.8 The quantitative element of the Retail Study Update indicated that using a constant market share approach the level of commitments across the district will absorb all the forecast growth in expenditure leaving no residual expenditure to support new floorspace.
- 2.9 For comparison goods, floorspace capacity is not expected to emerge until 2030 when £3.7 million of residual expenditure should be in a position to support 452 sqm of new net comparison retail floorspace. This capacity will grow to 1,332 sqm (net) by 2033

### **3 RETAIL DEVELOPMENT TRENDS**

- 3.1 This section briefly considers the main drivers and trends in retail and commercial leisure within the UK. The analysis draws upon a number of published data sources including; Goad Plan data, Experian, BCSC, Family Expenditure Survey, Centre for Retail Research, BFI and Mintel.
- 3.2 The internet and advances in mobile technology are increasingly affecting shopping behaviour. The pace of growth in non-store retailing is starting to slow but is still expected to outpace the growth in traditional retail expenditure in the short to medium-term.
- 3.3 Home delivery (or 'store-to door') has become very common in the convenience sector, where goods are sourced from stores with a physical presence. While the spend might end up as turnover in the same store, such transactions do not translate to activity on the high street and remove the potential for linked shopping, this trend is undermining the anchoring role that large foodstore operators traditionally fulfil in well-configured centres.
- 3.4 Home delivery of comparison goods are commonly sourced from far afield (possibly even abroad), the steepening of this trend results in increased leakage and reduces the volume of available expenditure that can support local traders on the high street.

#### **Convenience Shopping**

- 3.5 The pace of expansion of convenience operator representation has slowed dramatically with major foodstores effectively stopping their drive for large format stores. Small convenience stores have proliferated more recently with Tesco, Sainsbury's, Morrison's and Co-op all competing for suitable sites in town centres and accessible out-of-centre locations.
- 3.6 The changing UK demographics are also having a major impact on the food and grocery sector. There is a move back to city centres, especially among younger people who are 'time poor' and relatively 'cash rich'. These city centre dwellers are much less likely to own a car and so also much less likely to use a food superstore on a regular basis
- 3.7 Elsewhere, an ageing population profile is leading to a rise in time rich consumers who are likely to make more frequent small trips rather than do large weekly shops. The contrasting requirements of these markets means that retailers are seeking to open a variety of stores with a particular current focus on small convenience stores. Typically these have a floorspace less than 280 sqm (net) in order that they are not subject to Sunday Trading restrictions.

- 3.8 Intel identifies that the recession – allied with a period of higher inflation – has had an impact on consumer behaviour and the wider dynamics of grocery retailing. Price, or specifically value, is now identified as the key issue for consumers, and more shoppers are assessing whether purchases represent value for money. This change in customer behaviour is fuelling the growth in the ‘discounters’ namely Aldi and Lidl. These stores are gaining share because they have made a small, but significant move to the middle ground of food retailing, with wider ranges, much better fresh foods, some branded products and some premium lines. Their main attraction remains value for money (and not just low prices).

### Comparison Shopping

- 3.9 Comparison retailing has been greatly affected by the economic cycle in recent years. A number of high street retailers have fallen into administration in recent years (Comet, Jessops, Blockbuster, HMV, Borders, JJB Sports, Woolworths, Game, Peacocks, Firetrap, Habitat, Barratts, Past Times and Clinton Cards. BHS were the most significant casualty of 2016) leaving vacancies in town centres across the country. However comparison expenditure is set to improve over the coming years as the UK advances further out of recession, such that the departure of national multiple retailers has created opportunities for independent retailers by removing strong competition and freeing up well situated premises for occupation.
- 3.10 Comparison retailers have also responded to market conditions. The bulky goods warehouse sector has rationalised, including a number of mergers and failures, and scaled down store sizes. Other traditional high street retailers often seek large out-of-centre stores, for example Boots, TK Maxx and Poundstretcher. Matalan has also opened numerous discount clothing stores across the UK. Sports clothing retail warehouses including Decathlon and Sports Direct have also expanded out-of-centre.
- 3.11 Within town centres, many high street multiple comparison retailers have changed their format. High street national multiples have increasingly sought larger modern shop units (over 200 sq.m) with an increasing polarisation of activity into the larger regional and sub-regional centres.

### Summary

- 3.12 Recent trends in the convenience market have been towards smaller ‘discounter’ supermarkets, typically less than the 2,500 sqm threshold identified in the NPPF, along with the smaller local convenience stores less than 280 sqm net.
- 3.13 In terms of recent comparison trends these have seen the rationalisation of larger bulky goods warehousing, with some comparison stores moving out of centres to occupy this floorspace. at the same time National retailers are typically consolidating their portfolios but into larger shop units in higher order centres.

## 4 HEALTH OF EXISTING CENTRES

4.1 As required by the NPPF and NPPG the DDRSU included vitality and viability assessments for the district's centres. This also included an overview of potential development opportunities within the centres.

4.2 Below is a summary of Matlock, Ashbourne, Wirksworth and Darley Dale as referred to in Policy EC5;

### Matlock

4.3 Matlock is a healthy centre and acts as a focal point for the wider surrounding area and as such provides a range of national retail operators, which include a series of 'attractors' such as Sainsbury's, Co-op, Iceland, Wilkinsons and M&Co along with banks, services and offices with occupiers such as Derbyshire Dales County Council.

4.4 The centre is attractive and well maintained and has a reasonable environment which is only reduced by the level of traffic travelling through. Pedestrian levels are good and there are plenty of units such as coffee shops to increase dwell time, coupled with a number of units selling items such as antiques and second hand goods, which are likely to be catering for more tourist trade.

4.5 The identified development opportunity could strengthen the offer in to the western part of the centre and this should be pursued to ensure that a large prominent unit on one of the main access roads does not remain vacant as this would detract from the overall health of the centre.

4.6 At the time of the preparation of the DDRSU the Co-op unit fronting Bakewell Road was in the process of closing in order that it be converted into an Marks and Spencer Simply Food. There may still be a small redevelopment site adjacent to the Simply Food site which could be a redevelopment opportunity. The DDRSU recommended a mixed use scheme or the re-provision of the covered market should be considered in any redevelopment scheme.

### Ashbourne

4.7 Ashbourne is a healthy centre and acts as a focal point for the wider surrounding area and as such provides a range of national retail operators, which include a series of 'attractors' such as Sainsbury's, Waitrose Co-op, M&Co and Boots along with banks, services and offices including Council offices. The number of vacant units at the time was low at 5.9% when the national average was 11.4%

- 4.8 The centre is attractive and well maintained and has a reasonable environment which is only reduced by the high level of traffic travelling through. Pedestrian levels are good and there are plenty of units such as coffee shops to increase dwell time, coupled with a number of units selling items such as antiques and second hand goods, which are likely to be catering for more tourist trade.
- 4.9 There was only one potential development opportunity of the vacant former pet store and adjacent Ashbourne Community Transport buildings, which are located towards the north of the Sainsburys.

### Wirksworth

- 4.10 Wirksworth predominantly serves a very local catchment and that is reflected in the high number of local independent traders and limited national operators. The centre would seem to adequately serve their needs as well as some tourist needs given the high numbers of A4 units.
- 4.11 The centre is attractive and well maintained and has a pleasant environment and overall the number of vacant units is low indicating a healthy centre

### Darley Dale

- 4.12 Darley Dale is a relatively healthy centre with a good range of services and only two vacant units. The centre appears to be well kempt, the majority of buildings are of high quality and there are no signs of crime. Due to the disjointed nature of the centre, it does experience low pedestrian flows and a lacking focal point for the centre. The centre feels quite disjointed and sporadic. Despite this, the centre appears to be healthy and fills its role as a secondary location rather than a main destination in itself.

### Summary

- 4.13 Overall the assessments identified that the district's centres were considered to be healthy and thriving. There are few development opportunities, but these should be supported and delivered where possible.
- 4.14 Despite overall the centres are currently in good health, this does not suggest that there could be no adverse impacts from edge or out of centre proposals either on an individual or a cumulative basis
- 4.15 In order for the existing centres to maintain and where possible enhance their vitality and viability it will be important for the Council to carefully consider retail proposals which come forward which are not within these existing centres and which could have an impact upon them.

## 5 EXISTING FLOORSPACE CHARACTERISTICS

- 5.1 The vitality and viability assessment within the DDRSU focused on the indicators identified in the PPG to determine the health of the centres. In order to expand on the information within the DDRU, further retail floorspace information has been obtained from GOAD.
- 5.2 GOAD information is available for the three largest centres of Matlock of Ashbourne. It is around these centres that majority of recent retail applications have been proposed and using the largest centres, would indicate the upper limits for the floorspace averages.
- 5.3 The tables below identify the unit breakdown for the centres as identified by GOAD from their latest centre surveys in September 2015. This identifies that A1 retailing uses are the most prominent uses in all of the centres.

**Table 1: Centre Composition Analysis**

<b>Units</b>	<b>Matlock</b>	<b>Ashbourne</b>
<b>A1</b>	92	100
<b>Comparison</b>		
<b>A1 Convenience</b>	13	16
<b>A2</b>	15	16
<b>A3</b>	9	11
<b>A4</b>	5	9
<b>A5</b>	6	5
<b>Other</b>	29	25
<b>Vacant</b>	11	8
<b>Total</b>	180	190

Source: GOAD

- 5.4 From the units within the various use classes, floorspace data has been identified in the table below. The information provided by GOAD is a gross floorspace figure, so this information is converted to a broad net floorspace figure on the basis of a 60% gross to net comparison for convenience stores and a 70% gross to net ratio for all other units.

**Table 2: Composition Analysis – Net Floorspace**

Floorspace	Matlock	Ashbourne
<b>A1 comparison</b>	6,864	8,694
<b>A1 convenience</b>	4,942	4,361
<b>A2</b>	1,302	1,785
<b>A3</b>	889	994
<b>A4</b>	742	1,386
<b>A5</b>	357	448
<b>Other</b>	4,739	3,206
<b>Vacant</b>	2,667	2,058
<b>Total</b>	22,502	22,932

Source: GOAD converted from gross to net at 70%, except convenience stores at 60%

5.5 Comparing the number of units and the associated floorspace within that use class, provides an indication of the average gross size of retail unit. This is provided in Table 3 below:

**Table 3: Composition Analysis – Average unit size (sqm)**

	Matlock	Ashbourne	Average
<b>A1 Comparison</b>	75	87	81
<b>A1 Convenience</b>	380	273	321
<b>A2</b>	87	112	100
<b>A3</b>	99	90	94
<b>A4</b>	148	154	152
<b>A5</b>	60	90	73
<b>Other</b>	163	128	147
<b>Vacant</b>	242	257	249
<b>Average</b>	125	121	123

5.6 The average size of the units within the centres is broadly similar and varies from 121sqm in Ashbourne to 125 sqm in Matlock. When focusing on the convenience and comparison elements of the centres, the average unit sizes range from 75sqm for Matlock’s comparison units to 380 sqm for Matlock’s convenience units

5.7 Across the centres, the average unit is 123sqm, with the convenience units 321 sqm and the comparison units 81 sqm on average.

- 5.8 The relevance of these existing average unit size comparisons when considering impact is the scale of proposals relative to existing centres and the individual type and size of units within them. When retail trade diversion is being assessed, the widely accepted approach is that 'like competes with like' and that the proximity of the proposal to a centre or centres will influence the level of diversion experienced. For example it would be reasonable to consider the impact of a proposal which would perform a potentially similar role, and thus potentially divert trade away from a centre giving rise to trading and consequential impacts.
- 5.9 Those consequential impacts could include reduced footfall within a centre and a lower propensity for linked trips/spending; impact upon continuing viability of retailing in centres; effect on vitality and viability; and the potential to attract investment into centres. It should also be recognised that impacts are cumulative and may gradually build up over a period of time.

## **6 RETAIL PROPOSALS**

- 6.1 At a local level, the Derbyshire Dales Council has provided details of retail (A1) planning permissions over the last 4 years. In total there have been five planning permissions granted for retail use which involve a change in retail floorspace.
- 6.2 An analysis of these applications by reference to their location either in centre or edge/out of centre show that 60% of the applications proposed development in out of centre locations.
- 6.3 The largest applications considered by the Council over the last few years have been submitted by the supermarket operators. These include an extension to the Sainsburys, which is located in the centre of Ashbourne of 2,147 sqm at ground floor level (1,613 sqm net) and 634 sqm at first floor level for 'back of house' space. In addition to this a new Aldi is now open for trading in an out of centre location in Ashbourne (1,254sqm net). It is noted that both of these applications were supported by retail assessments.
- 6.4 The remaining proposals are significantly smaller in scale. These permissions were for 125 sqm in Ashbourne, with a separate proposal for 18 sqm and another proposing a reduction in floorspace of 13 sqm following a series of internal amendments to an existing building, both of which were in out of centre locations.
- 6.5 The overall average scale of the proposals which have come forwards recently totals 2,997 sqm (net), with an average size of 599 sqm. However if the out of centre proposals are considered in isolation, when the need to support a application with further retail information may be required, the average size of those proposals totals 420 sqm.

## **7 CONCLUSIONS AND RECOMMENDATIONS**

- 7.1 The Derbyshire Dales Draft Local Plan sets out the overall vision, objectives and policies for the future development of those parts of the Derbyshire Dales that lie outside of the Peak District National Park up to 2033. The draft plan was subject to consultation between 7 April and 19 May 2016.
- 7.2 During the consultation process comments were received on a number of Policies, including Policy EC5 which seeks, amongst other things, to identify a local impact threshold of 200sqm. Some comments raised concerns over a lack of an evidence base to justify the figure.
- 7.3 In order to consider the appropriateness of a local floorspace threshold, a number of inter related issues have been considered. In terms of the NPPF, the sequential approach to development should be required for all town centre uses that are not within an existing centre and are not in accordance with an up to date local plan.
- 7.4 In terms of considering impacts, the assessments within the Derbyshire Dales Retail Study update identified that the district's centres were considered to be healthy and thriving.
- 7.5 As demonstrated in Section 5 the average size of the units within the centre varies from 121sqm in Ashbourne to 125sqm in Matlock. When focusing on the convenience and comparison elements of the centres, the average unit sizes range from 75sqm for Matlock's comparison units to 380sqm for Matlock's convenience units.
- 7.6 Across the centres, the average unit size is 123sqm, with the convenience units averaging 321sqm and the comparison units 81sqm on average.
- 7.7 The largest scale proposals which have come forwards recently have been submitted by foodstore operators. This is somewhat reflective of the wider retail market where the 'discounter' operators have been promoting stores less than the 2,500 sqm retail impact threshold in the NPPF, although it is noted that none of the smaller scale local convenience operators have promoted schemes in Derbyshire Dales since 2012.
- 7.8 The overall average scale of the proposals which have come forward recently totals 2,997 sqm (net), with an average size of 599 sqm. However if the out of centre proposals are considered in isolation, when the need to support an application with further retail information may be required, the average size of those proposals totals 420 sqm.

- 7.9 Given the overall health of the centres identified in Derbyshire Dales, it is still important for the Council to carefully consider retail proposals which come forward which are not within these existing centres and which could have an impact upon them, both on an individual and a cumulative basis.
- 7.10 The recommendation to the Council is that a local plan wide threshold be introduced which requires retail impact information to be provided on a proportionate basis. The local floorspace threshold should be set at 300sqm (net).
- 7.11 This would equate a size of unit larger than the average comparison unit with all the largest centres (81 sqm), slightly larger than the average size of the convenience units in Ashbourne (273 sqm), but smaller than the average convenience units with in Matlock (380 sqm).
- 7.12 The proposal would also be slightly smaller than the average unit proposed over the last few years in out of centre locations (420 sqm), but it should be noted that only one proposal would have been required to provide supporting sequential and impact information over the last four years.
- 7.13 It should also be remembered that the PPG advocates that the level of sequential and impact information provided in support of any application is proportionate and considered in a locally appropriate way and it is recommended that the Council work pro-actively with any applicant when scoping and agreeing the level of supporting retail information required by Policy EC5.