

South Worcestershire Retail Study Update

Prepared for
South Worcestershire Development Plan Team

Prepared by
DPDS Consulting Group
Redmayne House
4 Whiteladies Road
Clifton
Bristol
BS8 1PD

DAM/dam/C10104

December 2010

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Executive Summary

This report updates the estimates of retail floorspace capacity/need made in the 2007 South Worcestershire Retail Study. Retail capacity estimates use data on the population and retail expenditure per head to estimate the total retail expenditure generated in an area. The amount of this that is likely to be accommodated within the area is estimated from existing shopping patterns and this is compared to the amount of retail floorspace, assuming that it performs at an average level (the benchmark turnover).

Since the 2007 Study, population forecasts have been reviewed and the economy moved into recession, leading to lower forecasts of expenditure growth. In addition, a number of changes have occurred in relation to existing retail provision and planning commitments. The retail need calculations have been rerun and the results are reported here. They are compared with the results of the 2007 study and assessed to examine whether a review of planning policy is required. An analysis of the sensitivity of the estimates to different levels of forecast population has been assessed and is reported in population addendum attached to the report.

The data reviewed are:

- Population forecasts – amended to reflect later ONS estimates and the latest County Council forecasts. This gives a study area population of 520,000 by 2026, some 11,000 less than in the 2007 study. The forecasts also provide a better reflection of the likely distribution of population within the Study Area. The sensitivity testing, assuming no population growth after 2012, indicates that the differences between the main and nil population growth scenarios are not significant for planning policy purposes.
- Expenditure data – amended to reflect the latest estimates and forecasts of retail expenditure growth prepared in 2010. For convenience goods (food and drink, newspapers and magazines and non-durable household goods) the effect of lower expenditure and population growth is to reduce the amount of expenditure available in the study area by about 5%. Because the long term forecasts for comparison goods expenditure growth are significantly lower, the effect on the forecast of available expenditure is much greater – a reduction of 22% compared with the 2007 survey. As a

result, there is a significant reduction in the amount of floorspace required for comparison goods sales.

- Information on planning commitments has been updated to take into account new permissions and retail floorspace completed since the 2007 study.
- Sales densities and benchmark turnovers – the turnover per sq m for leading companies has been updated to reflect the latest information. A number of outlets have changed hands and this has been taken into account. For instance, Asda has taken over the Co-op store in Pershore. Since Asda achieves a much higher sales density than the Co-op, the benchmark turnover for Pershore is significantly higher.
- Floorspace productivity increases – shops are generally achieving more sales for a given floorspace and this needs to be taken into account. In the 2007 study, the productivity increase forecasted by Experian was 2.25%. This has been increased to 2.4% in the longer term. However, because the decline in retail sales post 2007 was not accompanied by a commensurate reduction in floorspace, this has been reduced to 1.5% for the period 2007 to 2012.

The results of the 2010 update are set out below.

Convenience Goods Floorspace (sq. m) Requirement 2026

	2007 Study (sq m)	2010 Update (sq m)
Worcester	-1,570	-675
Malvern	+722	+1,031
Tenbury Wells	+46	+68
Upton	+20	+21
Evesham	+317	+476
Droitwich	-1,098	-787
Pershore	-21	-1,184

In general, the floorspace requirements are marginally increased and over-supply marginally reduced, but the changes are small and do not require a different policy response. There remains a requirement for a moderate amount of floorspace in Malvern and Evesham but not

enough to support another superstore, even by 2026. The main difference is in Pershore where the oversupply is substantially increased as a result of the change in the operator from the Co-op to Asda. This increases the potential turnover of the existing floorspace significantly and thus the surplus of floorspace.

Comparison Goods Floorspace (sq. m) Requirement 2026

	2007 Study (sq m)	2010 Update (sq m)
Worcester	+50,138	+9,837
Malvern	+11,336	+3,639
Tenbury Wells	+947	+302
Upton	+543	+174
Evesham	+8,090	-3225
Droitwich	+1,909	-598
Pershore	+1,731	+740

The effect of the reduction in the growth rate for comparison goods spending over the longer term significantly reduces the requirement of new floorspace in all centres. In Evesham, the reduction in requirements is increased by taking into account the actual occupiers in the redevelopment scheme at Worcester Road. This redevelopment had been taken into account in the 2007 Study as a commitment, but the future occupiers were not known at that time and a generalised estimate of the turnover was used.

The floorspace requirements are based on the assumption of the centres retaining their existing market share, but for most of the towns in the study area, this would be a considerable achievement in itself. In practice, it will be difficult to attract the investment to bring about the development suggested and there is little likelihood of such development being viable in the next few years. Equally if retail development is located in town centres, it would not matter if any retail development that did take place were in excess of these figures subject to a scale appropriate to the centre. We consider that retail development in the centres should be welcomed and that it would be sensible to continue to identify sites which enable such development, should the opportunity arise. Qualitative improvements in both the retail offer and the environment of centres will be important in enabling the centres to keep up with residents' expectations and help retain their market share.

Although the figures now suggest that there is no need for substantial retail development in Worcester, it is more likely that there will be pressure here than elsewhere in South Worcestershire for retail investment in the city as the economy recovers. We consider that there is still a need to identify a suitable site for a major town centre expansion so that the city centre is in a position to benefit from economic recovery, and to ensure that any such development is best located to foster the vitality and viability of the city centre. The scale of any such development is uncertain and will reflect the demand for retail floorspace at that time. Any site or location identified should be sufficiently large to allow flexibility with regards to scale. Furthermore, town centre schemes must be of a sufficient size to achieve viability and the estimates derived from this capacity reappraisal should not be seen as an upper limit, provided the development is suitably located to benefit the vitality and viability of the city centre.

Finally, the figures do indicate that with slower expenditure growth, town centres will be less resilient to out-of-centre development.

1.0 Introduction

- 1.1 In April 2010, DPDS Consulting Group was instructed to update the South Worcestershire Town Centres and Retail Study previously undertaken in September 2007. The update has been prepared to review the assessment of need for new floorspace across the local authority areas of Malvern Hills, Worcester City and Wychavon to provide an updated evidence base for the preparation of the South Worcestershire Development Plan. It is also considered important to update the study with regard to new population and expenditure projections, the implications of new retail development and the impact of the economic recession.
- 1.2 This report provides a revised assessment of the need for further convenience and comparison floorspace over the period to 2026. It also reflects the guidance set out in Planning Policy Statement 4: Delivering Sustainable Growth (PPS4) which outlines the government's commitment to sustainable economic growth, including advice related to the preparation and maintenance of a robust evidence base, including the quantitative and qualitative need for retail development at the local level.
- 1.3 In accordance with the 2007 Town Centres and Retail Strategy Study, the current update provides an assessment of retail floorspace need on a district by district basis and outlines the capacity for further retail floorspace in the main centres of the study area. This report should be read in conjunction with the detailed reports prepared for the 2007 study. To enable comparisons with the earlier study to be made easily, the price base is retained as 2005 and presentation of the tables remains the same. It is thus easy to assess the robustness of the original study and the strategy based upon it.

Background

- 1.4 Since 2007, economic conditions have altered significantly and forecasts of retail spending have been revised significantly downwards. Further work has been carried out on population forecasts in connection with the Joint Core Strategy. The County Council has published new forecasts for the districts taking account of the emerging distribution of new housing in the Core Strategy area. This enables the retail study to be more closely aligned to housing plans than was the case in 2007.

- 1.5 The opportunity has also been taken to update other data which have become available, including the sales densities for grocery retailers, retail completions and planning permissions, forecasts of special forms of trading (including internet retailing) and floorspace productively estimates.
- 1.6 The update does not include a new household survey of shopping patterns, or a re-assessment of town centre vitality and viability indicators.

Price Base

- 1.7 The update is in 2005 prices. This is the same as the original study.

2.0 Population Data

- 2.1 The base data for the population by zone remains the 2005 data from Experian, with the exception of the three zones in the Wychavon District for which the data by zone is 2003 based. The population of these zones has been updated to 2006 in line with the ONS mid-year estimates for Wychavon District. This gives a marginally lower population estimate of 106,766 compared with 107,885 in the 2007 study. It should be noted that that Wychavon Study area is not coterminous with the District and the total population of the three zones is some 9,000 less than for the District.
- 2.2 For forecast years, the growth rates from the latest projections for districts prepared by Worcestershire County Council have been applied to the Experian base year data. For zones outside of the County, the following have been used:
- Tewkesbury: Gloucestershire County Council Sept 2008 -Tewkesbury District
 - Herefordshire: Herefordshire Council 2006 based - County.
 - Shropshire: ONS 2006 based – combined growth rate for South Shropshire and Bridgnorth Districts.
- 2.3 A sensitivity analysis of the floorspace requirements to population change has been carried out and is reported in the supporting Population Forecast Sensitivity Addendum.
- 2.4 The 2006 and 2007 population estimates for the study area are marginally lower as a result of the up-date of the 2006 estimate for the Wychavon zones. The rate of growth now forecast is slower, and the study area population in 2006 is some 10,600 people fewer. The figures are shown in the Table 2.1.

Table 2.1 – Population Estimates and Forecasts – 2007 Study and 2010 Update

Year	2007 Study	2010 Update	Difference
2006	482,300	481,200	-1,100
2012	498,100	493,996	-4,100
2017	510,500	503,000	-7,500
2026	531,400	520,100	-11,300

2.5 The updated projections show significantly less population growth in the following areas:

- Zone 2 (Stourport and Kidderminster) -8,263
- Zone 3 (Bromsgrove) -6,761
- Zone 11 (Greater Malvern) -3,133
- Wychavon (all 3 zones) -3,819

By contrast, they show significantly greater population growth in:

- Zone 6, 7 and 8 (Worcester and environs) +11,133
- Zone 15 (Tewkesbury) +5112

2.6 The revised projections reflect the Joint Core Strategy housing provisions more closely than was possible in the 2007 projections. In particular, the population growth is more concentrated on Worcester, whereas previously the areas of housing growth were allocated to the district they were in, and it should be noted that the distribution of growth now more accurately reflects study zones 6, 7 and 8 which extend beyond the Worcester administrative boundary.

2.7 There is now forecast to be less growth in population overall and this will reduce the future retail floorspace requirements. The population growth is more concentrated on Worcester than in the earlier study and will increase the need for additional floorspace there and reduce it elsewhere, although when the existing tendency of people in the study area to shop in Worcester is taken into account, the effect might be less than expected. A summary of the population forecasts and resultant changes by zone are set out in Table 2.2.

Table 2.2: Comparison of Population Forecasts by Zone

Zone	2007		2026		Growth: 2007- 2026		Difference Growth
	2007	Update	2007	Update	2007	Update	
1	8,023	8,023	8,705	8,966	682	943	260
2	100,618	100,623	105,742	97,484	5,124	-3,139	-8,263
3	47,382	47,333	53,068	46,258	5,686	-1,075	-6,761
4	7,100	7,101	7,966	7,339	866	239	-628
5	6,719	6,720	7,539	6,946	820	226	-594
6	29,448	29,327	31,989	3,5042	2,541	5,715	3,174
7	44,027	43,846	47,826	52,390	3,799	8,544	4,745
8	29,818	29,695	32,391	35,482	2,573	5,786	3,214
9	7,109	7,110	7,881	7,698	772	589	-183
10	8,645	8,646	9,700	8,937	1,055	291	-764
11	35,435	35,440	39,758	36,631	4,324	1,191	-3,133
12	14,243	14,244	15,789	15,423	1,546	1,179	-367
13	4,809	4,809	5,395	4,971	587	162	-425
14	8,699	8,700	9,761	8,993	1,061	292	-769
15	24,692	25,001	27,384	32,805	2,692	7,804	5,112
	376,765	376,618	410,893	405,365	34,128	28,746	-5,382
Droitwich	34,499	34,097	38,258	36,643	3,759	2,546	-1,213
Evesham	47,818	47,260	53,027	50,789	5,209	3,529	-1,680
Pershore	26,362	26,054	29,234	28,000	2,872	1,946	-926
	108,679	107,412	120,519	115,432	11,840	8,021	-3,819
Total	485,444	484,030	531,412	520,797	45,968	36,767	-9,201

3.0 Expenditure Forecasts

3.1 At the time of 2007 study, Experian forecasted that retail expenditure per head would increase by the following rates:

- Convenience Goods: 0.7% a year from 2006 to 2015
- Comparison Goods: 3.8% a year from 2006 to 2015

3.2 The forecasts for retail expenditure per head have been revised in line with the latest advice from Experian (Retail Planner 8.1 - August 2010). These are set out in Table 3.1 below.

Table 3.1 – Expenditure per Head Growth Rates and Forecasts

	2007	2008	2009	2010	2011	2012	2013-17	2018-27
Conv. Goods	0.4%	-1.6%	-2.9%	0.3%	0%	0.4%	0.8%	0.8%
Comp Goods	2.7%	3.7%	-0.6%	0.4%	1.2%	2.4%	2.5%	2.9%

These take account of the full effects of the economic downturn on spending in 2008 and 2009 and the slow rate of recovery expected thereafter as a result of the increasing pressures on personal income and continuing squeeze on personal credit.

3.3 The opportunity has also been taken to update the forecasts from the base year to 2009 using actual rather than forecast data.

Convenience goods expenditure

3.4 The total convenience expenditure available in the study area in 2007 is some £8m higher than in the 2007 study. This is because the forecasts of expenditure growth for 2006 and 2007 proved to be underestimates. However, the negative growth in 2008 and 2009 exceeds the increases in the other years to 2012 and the total convenience expenditure available in the study area declines from £769.0m in 2007 to £763.9m. The longer term growth rates (post 2013) are marginally higher than those used in the 2007 study (0.8% and 0.9% compared with 0.7% in the 2007 study), but this is not enough to offset the impact of the early decline in this update. As a result of this and the lower population forecasts, the total convenience expenditure available in the

study area in 2026 is some £50m less (£914.8m compared with £964.4m in the 2007 study) – 5% less.

Comparison goods expenditure

- 3.5 The effect of updating population and expenditure figures to take account of the actual changes is to increase the total available comparison goods in the study area in the base year by about £21m (£1439.9m compared with the earlier £1418.2m). However, the effect of the revised expenditure and population forecasts is to reduce the 2026 figure by £713.3m (£2468.6m compared with £3181.9m in the 2007 study) – 22% less.
- 3.6 The updating of population and expenditure forecasts therefore has relatively little effect on the need for additional floorspace for convenience goods sales but a very significant effect on the need for additional floorspace for the sale of comparison goods even in the short term (by 2012). Because there will be less growth in retail expenditure on comparison goods which has tended to cushion any loss of trade to out-of-centre locations, it will also mean that town centres will be less resilient to this form of development.

Special Forms of Trading (SFT)

- 3.7 In the 2007 study, the growth in SFT was specifically taken into account in the capacity tables (Tables 17 -24 of the Worcester and Malvern Appendices and Tables 16 – 21 of the Wychavon 2007 update tables). In this update, the forecast of growth in expenditure per head makes an allowance for the growth of SFT (reduced to reflect internet sales through retail outlets). The figures for SFT derived from the household survey have therefore been held constant in capacity tables and the increase due to internet sales has been incorporated into the growth

4.0 Sales Density

- 4.1 The company average sales densities for convenience goods are used to calculate the “benchmark” turnovers of the large foodstores in Tables 15 and 16 for the Wychavon and Worcester/Malvern Hills centres respectively. These tables have been updated to take account of more recent trading results.
- 4.2 There have been a number other changes necessary. The Marks and Spencer Simply Food outlet in the Riverside Shopping Centre, Evesham has closed and is now vacant. Similarly, the Sainsbury’s store at Lychgate in Worcester city centre has closed. Elsewhere, the Co-operative Group has taken over Somerfield and we have amended the average sales densities accordingly.
- 4.3 As part of the takeover of Somerfield by the Co-op Group, the Co-op store in Pershore was sold to Asda. This has the effect of significantly increasing the benchmark turnover. However, the store is considerably smaller than most Asda stores and there must be some doubt as to whether the store would trade at the average level for Asda convenience goods floorspace.
- 4.4 These changes are a clear demonstration of how retail capacity can change without development, and of the need to avoid attributing undue precision to the results. Although the exercise can inform the appropriate policy response, a wider view of need should be taken.

Floorspace Productivity Increases

- 4.5 Government Guidance has advised that in estimating retail need/capacity, account should be taken of increased floorspace productivity i.e. increasing sales density. This was done in the 2007 study through the capacity tables, and it is this that accounts for the increase in store turnover in the tables. It was also taken into account in the sales density used to convert the residual expenditure into the floorspace capacity.
- 4.6 In the 2007 study, it was assumed that the sales densities would increase by 0.75% a year for convenience goods floorspace and 2.25% for comparison goods floorspace,

based on Experian analysis. Experian has reviewed its assessment and now advises 0.5% a year for convenience goods floorspace and 2.4% for comparison goods over the next 15 years. These estimates have been incorporated in the new study. However, the recent decline in retail sales (shown in table 3.1) was not matched by a decrease in floorspace and sales densities declined in 2009 for both convenience and comparison goods floorspace. For convenience goods, total sales are forecast to decline further in 2010 and 2011. For the period up to 2012, we have assumed no increase in sales densities for convenience goods, and an increase of 1.5% a year for comparison goods.

- 4.7 The effect of increases in floorspace productivity is to reduce the need for additional floorspace. For convenience goods floorspace, the effect of reducing the productivity increase is to increase the floorspace requirement very slightly. For comparison goods, the productivity increases now forecast are slightly higher than assumed in the 2007 study, but are off set by the lower short term increases. Overall the effect is to increase the need for additional comparison goods floorspace. In both cases the effect is marginal.

5.0 Retail Commitments and Changes since the 2007 Study

5.1 Since 2007, changes have occurred in both those commitments identified at the time of the update study together with those changes that have occurred post study across the South Worcestershire area. A summary of those changes is provided below which have implications for the level of new retail development over the period to 2026. However, the base year for the study remains 2007 and commitments which have now been implemented since 2007 are still treated as commitments and not incorporated as the turnover of stores in the base year turnover. This is because the household survey has not been updated.

2007 Commitments Update

5.2 A number of the proposals identified as commitments in the 2007 study have been implemented. In Worcester City, the Sainsbury's store at St Johns is trading following its opening in March 2009. The 2,050 sq m (net) store occupies an edge of centre location to the St Johns district centre and provides good linkages with the centre.

5.3 Implemented proposals include discount foodstores which have opened in this period, including Aldi (975 sq m net) at Unit 2 Roman Way Retail Park in Droitwich Spa. This variation of condition consent allows for convenience sales at the former Miller Brothers electrical unit.

5.4 In Evesham, a Lidl store (850 sq m net) has opened at 2 Broadway Road following the change of use from a car dealership. The Lidl consent was granted after the 2007 study and therefore was not identified as a commitment at the time. An Aldi store (791 sq m) has also opened at Swan Lane in the former Somerfield unit, following the relocation of Somerfield to vacant premises (the former Kwik Save building). The former Countrywide store at Worcester Road has been demolished and redeveloped as the Evesham Shopping Park (4,212 sq m net) with current occupiers including Next, Argos and Boots alongside three vacant units. The development has resulted in the relocation of Argos and Next from the town centre.

5.5 The large regeneration proposal at Lowesmoor in Worcester city centre is under construction by Richardson Developments. The commitment provides for an Asda

store comprising 2,867 sq m (net) of convenience floorspace and 3,356 sq m of comparison floorspace, together with additional comparison floorspace of approximately 6,729 sq m contained in unit shops.

- 5.6 A small development is currently under construction at Cheltenham Road in Evesham, comprising the demolition and redevelopment of a petrol filling station with supporting retail shop of 200 sq m net. It is understood the unit will be occupied by Tesco Express and whilst minor in scale, the role of such facilities, particularly in top up food shopping terms, is important.

Non Commitment Changes

- 5.7 Changes of relevance since the 2007 study include the closure of the Sainsbury's store at Lychgate in Worcester city centre. A Tesco outlet has been opened in the former Post Office at 2 Foregate St Worcester, following the issue of a certificate of lawfulness. This has provided 194 sq m of sales floorspace according to the Valuation Office records. It is treated as a commitment in the Worcester convenience capacity table. In Evesham, the Marks and Spencer Simply Food unit in the Riverside Shopping Centre has closed.
- 5.8 As a consequence of retailer rationalisation, the former Co-op store at King Georges Way in Pershore is now occupied by Asda. This has implications for the sales density of the unit in Table 15 of the Wychavon Tables and this has been amended. Asda achieve a considerably higher sales density and as a result there is estimated to be considerable under-trading against the benchmark capacity of the floorspace. Tesco Express now operates from the former Dillon's store in the towns' High Street. This has been treated as a commitment in the capacity tables.

2010 commitments

- 5.9 Planning consent has been obtained in May 2010 for the demolition of the existing Sainsbury's, and replacement with a foodstore of 6,454 sq m (gross external area) in Blackpole, Worcester (ref: P09N0393). The site benefits from an extant consent for development of an identical scheme granted in June 2007. It is understood that the net sales area of the new store is restricted to 3,713 sq m, to comprise a maximum comparison floorspace of 557 sq m. Overall the proposal involves an additional 1,248

sq m of retail floorspace over existing provision, comprising 1,061 sq m of convenience, and 187 sq. m of comparison floorspace. The comparison floorspace is not of sufficient size to include as a comparison goods floorspace commitment. Planning permission was granted on appeal for Tesco outlet on the former petrol filling station site on Barbourne Rd, Worcester on February 2009. The sales floorspace is limited to a maximum of 212 sq m by condition. This is included as a commitment in the capacity tables.

- 5.10 A small extension to the Morrison's store at Springfield Drive in Evesham was approved in December 2009, based on extensions to the store (280 sq m net) and the café (123 sq m).

Current Applications

- 5.11 A current application has been submitted to Malvern Hills for the redevelopment of the cattle market site off Teme Street in Tenbury Wells. The Tesco foodstore proposal for a 2,234 sq m gross (1,440 sq m net) unit is located on the Local Plan allocation site EP18. This is not included in the capacity tables as the application has not yet been determined. There is also a current application for substantial comparison goods floorspace at the Evesham Country Park as part of a wider development for tourist and visitor uses
- 5.12 A summary of changes for the 2010 update study is provided in Table 5.1 (in 2005 prices).

Table 5.1 - Changes in Retail Commitments 2007- 2010

Completions since 2007	Floorspace sq m (net)	Sales Density incl VAT £/sq m	Estimated Turnover £M
Sainsburys, St Johns, Worcester	2,050	£9,115/sq m	£18.69 M
Tesco , Foregate Street	194	£7,500/ sq m	£1.45M
Aldi, Roman Way Retail Park, Droitwich Spa	975	£3,674/sq m	£3.58M
Aldi, Swan Lane, Evesham	791	£3,674/sq m	£2.91M
Lidl, Broadway Road, Evesham	850	£2,630/sq m	£2.24M
Evesham Shopping Park, Worcester Road, Worcester	4,212	£4,250/sq m	£17.90M
Asda (convenience goods), Lowesmoor, Worcester – under construction	2,867	£14,242/sq m	£40.83M
Asda (comparison goods), Lowesmoor, Worcester – under construction	3,356	£8,573/sq m	£28.77M
Lowesmoor, Worcester – understood to be under construction	6,729		
2010 Commitments	Floorspace sq m (net)	Sales Density £/sq m	Estimated Turnover £M
Sainsburys, Blackpole Worcester (convenience goods - net increase)	1,061	£9,548/sq m	£10.13M
Sainsburys, Blackpole Worcester (comparison goods - net increase)	187	£7,394/sq m	£1.38M
Tesco Barbourne Rd Worcester	212	£7,500/sq m	£1.59M
Tesco , Cheltenham Rd Evesham	200	£7,500/sq m	£1.50M
Morrisons, Springfield Drive, Evesham	280	£11,000/sq m	£3.08M

6.0 The Results

Comparison with the 2007 Study - Convenience Goods Floorspace

6.1 The results based on constant market shares are shown in Table 6.1. In examining the effect of the changes, we have concentrated on 2026 because the differences will be greatest by then. In the Wychavon towns, we have used the low growth scenario to maintain compatibility with the Worcester and Malvern Hills towns.

Table 6.1 – Convenience Goods Floorspace (sq. m) Requirement 2026

	2007 Study (sq m)	2010 Update (sq m)
Worcester	-1,570	-675
Malvern	+722	+1,031
Tenbury Wells	+46	+68
Upton	+20	+21
Evesham	+317	+476
Droitwich	-1,098	-787
Pershore	-21	-1,184

6.2 In general, the requirements are now marginally higher by 2026, and the surpluses are reduced. However, the differences are small in absolute terms and are unlikely to significantly impact on decision making. This reflects the greater growth in expenditure than forecast up to 2008 and the relatively slight reduction in expenditure growth forecast to 2026, together with the reduced benchmark turnover derived from an update of the sales density figures. The effect of these factors are clearest in the towns in Malvern Hills District where it is not obscured by changes to commitments.

6.3 In Worcester, the over-supply of floorspace is reduced. The closure of the Sainsbury store in the Lychgate shopping centre reduces the total benchmark/capacity by £7.8m. However, the additional floorspace arising from the new Blackpole commitment, the new Tesco outlet in Foregate Street and the Barbourne Road commitment add capacity for £14.2m of turnover in 2026.

6.4 In Evesham, the benchmark/capacity figure is reduced by the closure of the M & S foodstore in the Riverside Centre, but this is more than off-set in 2026 by the store openings since 2007, including the re-opening of the former Somerfield store in Swan

Lane as an Aldi and the new Lidl store and the commitment on Cheltenham Road. In Pershore, the overprovision is substantially increased as a result of the change of operator from the Co-op to Asda.

Comparison with the 2007 Study - Convenience Goods Floorspace

6.5 As with the convenience floorspace assessment, the results for comparison floorspace are based on constant market shares, as set out in Table 6.2.

Table 6.2 – Comparison Goods Floorspace (sq. m) Requirement 2026

	2007 Study (sq m)	2010 Update (sq m)
Worcester	50,138	9837
Malvern	11,336	3,639
Tenbury Wells	947	302
Upton	543	174
Evesham	8,090	-3,225
Droitwich	1,909	-598
Pershore	1,731	740

6.6 The floorspace requirement is reduced significantly in all towns. This represents a consequence of the reduction in forecast expenditure growth which dwarfs all other changes. In Worcester, the Lowesmoor development is almost sufficient to meet the requirements for growth. However, this is based on the assumption of maintaining the existing market share and the policy response is considered later. In Evesham, the reassessment of the commitment (the former Countrywide site on Worcester Road) to take account of the retailers who are now operating from there, together with the vacant floorspace within the scheme, suggests a higher capacity which will increase substantially over the years as a result of floorspace productivity increases. In Droitwich, the existing commitment for retail warehousing on Kidderminster Road is, with the lower growth of expenditure now forecast, sufficient to ensure a surplus of floorspace throughout the study period. The requirements for additional floorspace are significantly reduced in Malvern, Tenbury Wells and Upton. This is solely as a result of the lower rate of retail expenditure growth now forecast.

6.7 The differences between the 2007 Study and the 2010 Update relating to the need for additional convenience goods floorspace are relatively small and do not indicate a need to revise existing strategies. It will still be possible to accommodate the increases indicated without a need for specific provision in development plans. This is particularly so since the requirement emerges towards the end of the study period. The forecasts at the end of the period are particularly uncertain and the study will have been reviewed long before any additional provision needs to be made. A summary is provided in Table 6.3 below.

Table 6.3 - Updated Floorspace Requirements (sq m)

Centre		2012	2017	2026
Worcester City	Convenience	-2,616	-2,069	-675
	Comparison	-6,978	-2,114	9837
Malvern	Convenience	278	500	1,031
	Comparison	565	1,450	3,639
Tenbury Wells	Convenience	-13	10	68
	Comparison	47	120	302
Upton on Severn	Convenience	-14	-4	21
	Comparison	27	70	174
Evesham	Convenience	-334	-103	476
	Comparison	-6,090	-5,252	-3,225
Droitwich	Convenience	11,96	-1,074	-787
	Comparison	-2,009	-1,596	-598
Persore	Convenience	-1,409	-1,338	-1,184
	Comparison	93	283	740

6.8 With regard to the need for additional comparison goods floorspace, the differences are much greater and show a significantly reduced need for additional floorspace. The requirements are based on the assumption of the centres retaining their existing market share, but for most of the towns in the study area this would be a considerable achievement in itself. In practice, it will be difficult to attract the investment to bring about the development suggested and there is little likelihood of such development being viable in the next few years. Equally if retail development is located in town

centres, it would not matter if any retail development that did take place were in excess of the guidance figures. We consider that any retail development in the centres should be welcomed and that it would be sensible to continue to identify sites which enable any such development, should the opportunity arise. Qualitative improvements in both the retail offer and the environment of centres will be important in enabling the centres to keep up with residents' expectations and help retain their market share.

- 6.9 Although the figures now suggest that there is no need for substantial retail development in Worcester, it is more likely that there will be pressure here than elsewhere in South Worcestershire, for retail investment in the City as the economy recovers. We consider that there is still a need to identify a suitable site for a major town centre expansion so that the city centre is in a position to benefit from economic recovery, and to ensure that any such development is best located to foster the vitality and viability of the city centre. The scale of any such development is uncertain and will reflect the demand for retail floorspace at that time. Any site or location identified should be sufficiently large to allow flexibility with regards to scale. Furthermore, town centre schemes must be of sufficient size to achieve viability and the estimates derived from this capacity reappraisal should not be seen as an upper limit, provided the development is suitably located to benefit the vitality and viability of the city centre.
- 6.10 Finally, the figures do indicate that town centres will be less resilient to out-of-centre development. In the past, the impact out-of-centre development has been cushioned in many centres by the growth of retail expenditure, particularly with regard to comparison goods. This cushioning effect will be much weaker and it can be expected that town centre turnover will take significantly longer to recover from out-of-centre impacts

7.0 Planning Policy – PPS4 Planning for Sustainable Growth

7.1 Since the 2007 update, the national planning framework has changed following the replacement of PPS 6 Planning for Town Centres with PPS 4: Planning for Sustainable Economic Growth in December 2009.

7.2 A fundamental change from PPS6 is the focus on sustainable economic growth, within which main town centre uses (including retail development) form part of a wider definition of economic development. To support the promotion of sustainable economic growth, PPS 4 sets out a number of objectives of the planning system which include:

- The building of prosperous communities through improved economic performance at all levels of the settlement hierarchy;
- Reduction in the economic disparity of regions;
- Delivery of sustainable patterns of development which reduce the need to travel;
- Promotion of the vitality and viability of town and other centres, based on:
 - Economic growth and development of main town centre uses focused in existing centres which provide a wide range of facilities, and address deficiencies of provisions in areas of poor access;
 - Provision of innovative town centre services based on competition and enhanced choice to provide for the needs of all sections of the community; and
 - Conservation of the built environment of centres.

7.3 The revised guidance provides advice relating to plan preparation, monitoring and development management. In respect of plan preparation, Policy EC1 outlines the role of the evidence base, which at the local level should, amongst others:

- Assess the need for economic development, including all main town centre uses over the plan period, and
- Assess the capacity of existing centres to accommodate new town centre development.

7.4 As part of the assessment of need for retail (and leisure) development, PPS4 states that account should be taken of the quantitative and qualitative need for different types of retail development. In assessing quantitative need, to ensure a realistic assessment, Policy EC1.4C outlines the need to consider existing and forecast population levels, forecast expenditure for specific classes of goods, and forecasts of retail sales density improvements.

7.5 In developing plan policy, an important change is contained in Policy EC3 of PPS4 and includes support at the local level to consider the setting of floorspace thresholds for the scale of edge of, and out of centre development together with the identification of locally important impacts on centres which should be tested as part of the impact assessment associated with the determination of planning applications.

7.6 A major change from PPS6 relates to the determination of planning applications for main town centre uses. Whilst previously need was a fundamental consideration (alongside the sequential approach and impact), the assessment of need is now restricted to its role in plan preparation, as outlined under Policy EC1.

7.7 By contrast, PPS4 sets out two tests for planning applications for main town centre uses that are not in an existing centre and not in accordance with an up to date development plan, focused on:

- A sequential assessment (Policy EC15) – also relevant to extensions over 200 sq m gross.
- An expanded impact assessment (Policy EC16).

- 7.8 Under Policy EC17.2, where there is clear cut evidence that an out-of-centre proposal would harm the vitality and viability of an existing centre, planning permission should be refused. Otherwise they should be determined on the balance of impacts (positive and negative) they would provide as set out in Policy EC16.1 (and EC10.2).
- 7.9 The expanded impact assessment represents a major change. Specifically Policy 16.1 states that a relevant application should be assessed against the following impacts on centres:
- Impact on existing, committed and planned investment (public or private) on a centre, or its catchment area;
 - Impact on vitality and viability, including local consumer choice and the range and quality of the comparison and convenience offer;
 - Impact on allocated sites outside the town centre;
 - Impact on trade and turnover, with regard to current and future expenditure capacity;
 - Scale of a proposal if located in, or on the edge of a town centre; and
 - Any locally important impacts on centres.
- 7.10 Alongside Policies EC15 and 16, Policy EC10 sets out a broad impact assessment common to all planning applications for economic development, which must be assessed. The policy sets out five impact considerations, identified under Policy EC10.2, focused on sustainability, accessibility, design, regeneration and employment considerations.
- 7.11 Practice Guidance has been issued with PPS 4. This sets out more detailed advice on assessing need, impact and the sequential approach. The advice has been followed in preparing this review.

- 7.12 In conclusion, PPS4 lays much more emphasis on retail development as part of the wider economy and proposals need to be judged in terms of their sustainability. It emphasises the requirement to meet the retail expectations of users more and thus places more emphasis on the quality of the centres and their retail offer and convenience.
- 7.13 In relation to the preparation of development plans, PPS4 does enable local planning authorities to identify locally important impacts and to introduce local thresholds. We recommend that local thresholds are contained within the LDF. If they are not included it will be difficult to insist on impact assessments for retail developments for less than 2,500 sq m even where there is likely to be significant impact, for instance in the smaller towns. With regard to local impacts, this could include impacts on the character or of the particular centre, such as the historical nature and quality of the environment. While we doubt that the failure to refer to impacts could make them immaterial, we would recommend that important characteristics of the centres are identified in the LDF to avoid doubt.

Glossary

Retail Expenditure per Head – annual spending goods per head of population through retail outlets including permanent and temporary shops, markets, roadside stalls, mobile shops, roundsman operating from depots, mail order, including internet sales, party plan, automatic vending machines and credit traders.

Special Forms of Trading – sales not through retail outlets; includes sales through mail order, vending machines and, most importantly, the internet. It should be noted that convenience sales through the internet tend to be from existing floorspace in foodstores.

Convenience Goods –

Food and drink (including alcohol and tobacco); non-durable household goods; and magazines and newspapers.

Comparison Goods –

Books; Clothing and footwear; Furniture and floor coverings; Audio visual equipment; Hardware and DIY, Chemist's goods; Jewellery, watches and clocks; Bicycles; and Recreational and Miscellaneous Goods

Bulky Goods (subset of Comparison Goods)

DIY; Electrical Goods; Furniture and Floor Coverings,

Sales Density – turnover per sq foot of sales floorspace.

Floorspace Productivity – year on year increases in sales density.

South Worcestershire Retail Study Update

Population Forecast Sensitivity Addendum

- A1 The population projections used in the 2010 Update were based on the RSS housing requirements. Following on from the 2008 based ONS population projections, it is likely that next set of local population forecasts will be lower. We have therefore examined the sensitivity of the retail model to forecast population change.
- A2 To do this, the population has been held at its 2012 level for 2017 and 2026. This does not represent the lowest possible requirement because population will fall if house-building in an area is not sufficient to off-set the decline in average household size. However, given the stock of land with extant planning permission for housing it is very unlikely that this could happen before 2017 and it is unlikely that the population in 2026 will be below the 2012 level. The effect of intermediate forecasts with less population growth than the main projections were also examined, but did not add to the overall picture and are not reported here. The effect of assuming nil population growth after 2012 is shown in Table A1 below. This shows the floorspace requirements under the main population forecasts and with nil population growth for each of the towns in the study by 2026.

Table A1 - Floorspace Requirements sq m in 2026 – Main Population Forecast and Nil Growth Population

		Convenience	Comparison
Evesham	Main projection	476	-3,225
	Nil Growth	-2	-4,535
	Difference	478	1,310
Droitwich	Main projection	-787	-598
	Nil Growth	-984	-1,236
	Difference	197	638
Persnore	Main projection	-1,184	740
	Nil Growth	-1,265	448
	Difference	81	292
Worcester	Main projection	-675	4,095
	Nil Growth	-925	2,943
	Difference	250	1,152
Malvern	Main projection	1,031	3,639
	Nil Growth	933	3,347
	Difference	98	292
Tenbury Wells	Main projection	68	302
	Nil Growth	57	278

	Difference	9	24
Upton	Main projection	21	174
	Nil Growth	16	160
	Difference	5	14

- A3 In all cases the requirements would obviously be lower, but in most cases the difference is insignificant for planning purposes. The levels of change indicated could easily occur through changes in the retail floorspace stock without planning control. The difference in floorspace requirement up to 2017 would be even less.
- A4 In Worcester the surplus of convenience goods floorspace in 2026 increases from 675 to 925 under the nil population growth scenario, an increase of 250 sq m. by 2026. The need for comparison goods floorspace would be reduced by 39% - from 4095 to 2943 sq m.
- A5 In Evesham, the surplus of comparison goods floorspace in 2026 would increase by about 1300 sq m and in Droitwich by about 600 sq m. In Pershore, the requirement would reduce by about 300sq m.
- A6 In Malvern, the requirement for convenience goods floorspace would be reduced by some 100sq m and comparison goods floorspace by approximately 300 sq m in 2026.
- A7 In Tenbury Wells and Upton-on-Severn, even the main projections, give rise to very small requirements and the differences between the main and nil-population growth scenarios are not significant.

Conclusions

- A8 Given that there is a considerable stock of land with planning permission for residential development, the scenario of nil population growth between 2012 and 2017 is not particularly likely. Nevertheless even under this scenario, the differences between the main and nil population growth scenarios are not significant for planning policy purposes.
- A9 However, it would be better at the LDF Examination stage if the data on population and retail requirements were consistent and it is recommended that the population figures are revised as a likely alternative to the RSS based population forecast emerges. This need not be an extensive exercise if such forecasts become available in the near future, but it will obviously become more worthwhile to review other data as well the longer it takes for the forecasts to emerge.