



WNDC

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Our Ref: 09/0115/FULWNN

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Date: 10 February 2010

Dear Richard,

09/0119/FULWNN – Erection of an extension to Sainsbury Superstore, Weedon Road, Northampton

Further to our recent discussions in relation to the above proposal please find attached the technical note that has been prepared by AECOM on behalf of West Northamptonshire Development Corporation. In addition I attach the advice provided to Northampton Borough Council by it's retail consultant Planning Prospects Ltd.

The advice that has been received on the application indicates that in its current form the principle of the proposal would not be supported on impact grounds. This leaves limited options for progression, the preferred option being the withdrawal of the current planning application and to hold ongoing discussions on what might be acceptable on the site to improve the existing store.

I have recently suggested some dates for a meeting and would welcome the opportunity to discuss this further. Within the associated documents there is a significant amount of information. It would be useful if you could indicate those areas where you would like further clarification or disagree with the assertion being made. I will then arrange for these points to be clarified or addressed.

Should you wish to discuss the points raised in this letter and attachments further please do not hesitate in contacting me.

Yours sincerely

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REVIEW OF SAINSBURYS APPLICATION, SIXFIELDS, NORTHAMPTON

AECOM Design + Planning was instructed in December 2009 by West Northamptonshire Development Corporation (WNDC) to review the 'Planning and Retail Report' dated September 2009, prepared by Indigo Planning Limited (Indigo) and submitted in support of the planning application by Sainsbury's to extend their existing superstore at Weedon Road, Sixfields, Northampton. We were asked to review and advise on whether or not Indigo's report demonstrated compliance with the requirements of PPS6, in particular the retail planning issues of whether or not there will be a quantitative and qualitative need for the proposed superstore extension, and whether or not it would comply with the sequential approach.

Since we were instructed, the new PPS4 'Planning for Sustainable Economic Growth' was published on 29 December 2009. This cancels PPS6, and means that the application will now fall to be determined under PPS4 not PPS6. Of course, Indigo's report was prepared when PPS6 was still in force, so does not directly address the requirements of PPS4, which were not known at that time. We have therefore included in this review and critique of Indigo's report an outline assessment of how the proposed development complies with PPS4.

In undertaking our review, we have focused on the retail planning issues of consumer expenditure capacity, retail impact, and the sequential approach, as required by PPS4. We have not addressed compliance with the development plan, or local site planning issues, as these are matters which WNDC will be better placed than us to address. In our assessment, we have distinguished between convenience and comparison goods, as defined in Appendix A of 'Planning for Town Centres – Practice guidance on need, impact and the sequential approach', Communities and Local Government, December 2009 (hereinafter referred to as the 'Guidance').

Expenditure Capacity for the Proposed Development

Indigo's report contains in Appendix 6 an assessment of quantitative need (i.e. expenditure capacity) for the convenience and comparison goods elements of the proposed superstore extension. All references to prices in this letter are to **2007 prices**, for comparison with the 2007 prices used by Indigo.

The approach taken by Indigo may be summarised as follows:

- Define a study area surrounding the Sainsbury's superstore, comprising 4 catchment zones. These are Zones 1, 3, 4 and 7 of the area covered by the household interview survey and retail capacity forecasting undertaken by CBRE for Northampton Borough Council in June 2006, in connection with their 'Retail and Leisure Capacity Study', January 2007.
- Estimate the current and future convenience and comparison goods expenditure of the residents of this area (Tables 1 to 5).
- Identify the existing convenience and comparison goods shops and stores within this study area, estimate their sales based on the results of the CBRE household interview survey or by applying 'benchmark' company average sales densities, and assess the amount of such trade which these stores draw from the study area (Tables 7 and 8).
- Estimate the likely sales in the proposed Sainsbury's superstore extension and the amount which would be drawn from the study area (Table 6).

- Compare forecast available expenditure in the study area with estimated sales in existing and committed stores and the proposed Sainsbury's extension which would be drawn from the study area, to assess whether or not there will be sufficient 'surplus' expenditure to support the proposed store extension (Tables 9 and 10).

In applying the method, Indigo has undertaken calculations for a base year of 2009, and for forecasting years of 2012 and 2014. If permitted, the store extension would be likely to open in 2011, so the 'design year' for assessing quantitative need and impact should be 2013 in accordance with the definition in Appendix A of the Guidance. However, Indigo's forecasts are either side of this design year, so the position at the design year can be interpolated.

Convenience Goods

The reliability of Indigo's method depends substantially upon the data inputs and assumptions on which it is based. In this case, there are a number of flaws in Indigo's convenience goods capacity analysis, the most important of which are as follows:

1. Indigo has used population forecasts for the four zones of the study area which appear to us to be somewhat optimistic. In Table 1, Indigo's assumed population growth over the short period 2009 to 2014 is substantially greater than assumed by CBRE in their 2007 Study. Thus (interpolating their forecasts for intermediate years) in their Scenarios 1 and 2, CBRE assumed population of Indigo's study area rising from 147,852 in 2009 to 149,762 in 2014 (1,910 increase and 1.3% growth). In their Scenarios 3 and 4, based on the Sub-Regional Strategy proposals, they assumed population rising from 162,694 in 2009 to 176,642 in 2014 (13,984 increase and 8.6% growth). In contrast, Indigo has assumed an increase from 155,040 to 180,507 (25,467 increase and 16.4% growth). CBRE considered their Scenario 3 and 4 population forecasts as *'likely to be at the top end of what might be expected'*. We appreciate that Indigo's population forecasts are described as taking account of *'known commitments, dwellings under construction and future projected growth'*. However, the recession has caused a substantial slowdown in house building across the country, with the result that local population growth may well be less than is implied by commitments and future projected growth based on Sub-Regional Strategy proposals. If Indigo's population forecasts are too high, it means that they have over-estimated available study area expenditure, and thus capacity for new convenience (and comparison) goods floorspace. We therefore suggest that WNDC checks Indigo's population forecasts against its own local population growth projections; taking account of actual recent and current house building rates, and realistic future projections of housing completions.
2. In Table 2, Indigo has applied rates of growth in per capita expenditure on convenience goods which are somewhat too high. Their overall rate of growth over the period 2007 to 2014 is 4.5%. This is above the growth forecast by Oxford Economics/Pitney Bowes (published in 'Retail Expenditure Guide 2009/2010', September 2009 – and therefore probably after Indigo completed their forecasts), which implies growth of 2.5% over the same period. Again, this results in over-estimation of available convenience goods expenditure in the survey area.
3. Insufficient deduction has been made by Indigo in Table 2 to account for expenditure on Special Forms of Trading (SFT). This is retail expenditure which is not made in retail shops and stores, and includes expenditure via mail order and the internet, party plan retailing, vending machines and at temporary market stalls. Indigo has deducted only a constant 3% each year. Based on the most recent published work on growth in internet shopping by Verdict Research Limited, we estimate that appropriate deductions would be about 4.3% in 2009, 5.1% in 2012 and 5.4% in 2014 (the rise being due to projected growth in internet

shopping). The insufficient deduction made by Indigo is a further reason why they have over-estimated available convenience goods expenditure in the study area.

4. In their Table 6, Indigo have estimated the likely sales in the proposed Sainsbury's superstore extension. In doing so, they have applied much too low a sales density for the convenience goods floorspace, which is only half their estimate of the company average. (In fact, Indigo has assumed a company average convenience goods sales density for Sainsbury's of £11,458 per sq m net; whereas based on information published by Verdict Research Limited, we estimate that in 2007/8 it was £10,034. Indigo's assumed convenience goods sales density for the extension is therefore about 57% of the actual 'benchmark' company average for convenience goods, not 50% as they say).

We do not accept that superstore extensions should be assessed as trading at less than the 'benchmark' company average, even if a substantial part of the extension is at mezzanine level. We are aware of a Sainsbury's superstore in Truro which was extended a few years ago. Before and after studies based on precisely the same method of analysis showed that the sales density of the extended store as a whole was greater than that of the unextended store (although Sainsbury's consultants had argued that the extension would trade at substantially less than the company average sales density). Overall, company average sales densities of the main food retailers have not been falling substantially in recent years, which would have happened if the many completed store extensions traded at substantially below the company average. The scale of this proposed extension is such that it would almost double the total net sales area of the store; thus virtually turning it into a new store with a much wider retail offer. Its whole purpose is to increase sales substantially and generate increased market share for Sainsbury's. This implies that the sales density of the store will be unlikely to fall as a result of the extension. Further, we do not think that the extension would generate an acceptable return on capital, if the additional floorspace traded at only 57% of the company average sales density – which would mean that the extended store would trade at significantly below the company average, thus lowering that average for the company as a whole.

We therefore consider that the extension should be assessed as trading at the estimated company average level. On this basis, it would generate total convenience goods sales of £19.5m, not £11.1m as assumed by Indigo. This means that Indigo has again over-estimated expenditure capacity for new convenience goods floorspace in the study area.

5. In Table 7, Indigo set out their assessment of convenience goods sales drawn from the study area by the existing stores which they list in that table. We are not able to verify whether or not that is a complete list of all convenience goods shops and stores in the study area (partly because there is a category of 'further stores', the details of which are not provided). We therefore suggest that WNDC check that this is a comprehensive list. It seems to us likely that there are many small local convenience goods shops (such as Spar shops, local newsagents, and independent and specialist food retailers), and petrol station forecourt shops, which may not have been included in Table 7, and which together will account for significant convenience goods expenditure.

Indigo has not provided full details of how the 'turnover drawn from study area' in Table 7 is calculated. However, using the results of CBRE's household interview survey 2006 we have established that for the main stores, the figures for 2009 are approximately correctly calculated from Indigo's assumed 'cumulative convenience goods expenditure within study area' in Table 3. For 2012 and 2014, Indigo has assumed the same 'turnover drawn from study area' as in 2009, despite rising available expenditure. This means that the market shares of available expenditure attracted by the existing stores would fall over time. This

assumption therefore builds impact on potential future trading levels into the capacity calculation. The effect of it is again to inflate the retail capacity forecast.

6. Indigo bring together the figures from the previous tables in Table 9, which sets out their calculation of convenience goods capacity in the study area. Because (as indicated above) some of the figures in the previous tables are unrealistic, the capacity forecast in Table 9 is also unrealistic – being substantially too high.

In addition, Indigo has not made any allowance in Table 9 (or elsewhere) for outflow of expenditure from the study area to stores outside it. The most important of these are Morrison's at Kettering Road, and Tesco at Weston Favell District Centre. The former superstore is just on the edge of Zone 1, which means that roughly half of its 'natural' catchment area lies in Indigo's study area. Based on the results of CBRE's household interview survey 2006 (and Indigo's Table 3), we estimate that Morrison's attracts about £25.8m of convenience goods expenditure from the study area. We also estimate that Tesco at Weston Favell attracts about £10.0m from the study area. However, Indigo has in effect assumed that all of this is available to support the Sainsbury's extension.

Most of Zone 1 is closer to Morrison's at Kettering Road than it is to Sainsbury's at Sixfields. Zone 1 is also approximately equidistant from Weston Favell District Centre and Sixfields. It is therefore unrealistic to make no allowance for outflow of expenditure from the study area to stores outside it, the 'natural' catchment area of which overlaps it. Indigo's 'residual surplus' expenditure in Table 9 is not 'surplus' expenditure as they state, but is expenditure by study area residents which is made in shops and stores elsewhere. Some of those stores are closer or more accessible to residents living in Zone 1 than is the Sainsbury's superstore at Sixfields. The effect is again to over-estimate capacity for new convenience goods floorspace.

In view of the above deficiencies in Indigo's convenience goods assessment, we conclude that they have not reliably demonstrated sufficient expenditure capacity to support the proposed superstore extension. It was not part of our terms of reference to prepare an independent retail capacity forecast. We would expect correction of the deficiencies in Indigo's analysis to result in a much reduced convenience goods expenditure capacity. That does not necessarily mean there is insufficient capacity, but that Indigo has not reliably demonstrated that such capacity will exist.

The CBRE 2007 study is the most recent empirical forecasting model for Northampton. This is somewhat out-of-date in that it does not take account of the current recession. However, the recession has affected convenience goods sales much less than comparison goods sales. For convenience goods, CBRE forecast that under their Scenarios 3 and 4 population growth assumptions, there will be capacity for additional convenience goods floorspace in Northampton as a whole of 8,528 sq m net in 2011, rising to 11,634 sq m net in 2016, in superstore formats. Even under their more conservative Scenarios 1 and 2 population growth assumptions, CBRE forecast expenditure capacity for 4,910 sq m net additional convenience goods floorspace in 2011, rising to 5,623 sq m net in 2016, in superstore formats in Northampton as a whole.

We therefore consider that (although it has not been reliably demonstrated by Indigo) the CBRE 2007 report demonstrates that there will be sufficient expenditure capacity to support the proposed Sainsbury's extension. The critical issue therefore is whether extension of this currently out-of-centre superstore at Sixfields is the most appropriate way to provide some of this forecast capacity for additional convenience goods floorspace; in view of the sequential approach, the new impact test in PPS4, and the emerging planning strategy for West Northamptonshire. We address these issues below.

Comparison Goods

Indigo's comparison goods capacity forecasts are set out in Tables 1, 4, 5, 6, 8 and 10 in their Appendix 6. These too have a number of weaknesses, the most important of which are as follows:

- a. The study area population forecasts in Table 1 may be too high, as indicated above for convenience goods.
- b. In Table 5, Indigo has not made a large enough deduction for expenditure on SFT. They have deducted 7.4% of comparison goods expenditure in 2009, rising to 8.8% in 2012 and 9.4% in 2014. Based on information published by Verdict, we consider that deductions of about 10.7% in 2009, 12.7% in 2010 and 14.4% in 2014 would be more realistic. Indigo's lower deductions mean that they have over-estimated comparison goods expenditure in the study area which will be available to retail shops, and therefore the capacity for additional comparison goods retail floorspace.
- c. In Table 6, Indigo has again assumed that the superstore extension will trade at 50% of their estimated company average sales density for comparison goods. (We estimate that Sainsbury's' actual company average sales density for comparison goods in 2007/8 was £6,997 per sq m net, not £7,834 per sq m net as assumed by Indigo. This means that Indigo's assumed sales density is 56% of the company average, not 50% as stated.) We do not accept that the extension floorspace should be assessed on the basis of a lower sales density than the company average, for the reasons indicated above. This means that Indigo has substantially under-estimated comparison goods sales from the proposed extension, and therefore over-estimated expenditure capacity.
- d. In Table 6, Indigo has listed the existing comparison goods floorspace in the study area. We do not have sufficient information to check that this is a comprehensive list of all such floorspace, or to check the floorspace figures provided. We therefore suggest that this is checked by WNDG. We note that Northampton Town Centre is stated as comprising only 42,465 sq m net comparison goods floorspace, whereas the CBRE report indicates that it has 80,109 sq m net. Whilst this is a very large disparity which could merit further investigation, the estimate of 'turnover drawn from study area 2009' in Table 8 is not based on the floorspace figure for the town centre, but is independently derived from the results of CBRE's household interview survey. Some of the turnover figures for the other locations are based on the results of that survey, and some on 'benchmark' company average sales densities. Insufficient information is provided by Indigo to enable us to check these turnover estimates. However, the 2009 turnover estimate for Northampton Town Centre is approximately correctly calculated from Indigo's Table 5 and the household interview survey results.
- e. In Tables 6 and 10, Indigo has assumed that 80% of the comparison goods sales in the extension would be drawn from the study area. No evidence is provided to support this assumption. We consider that it is unrealistic, in view of the strong competition from Northampton Town Centre (which will increase if the Grosvenor Centre extension goes ahead), Tesco Extra at Mere Way, and the many retail parks in Northampton. In our opinion, 95% would be more realistic. Indigo's assumption again means that they have over-estimated comparison goods expenditure capacity.
- f. Indigo has made no allowance in Table 10 for the proposed extension of the Grosvenor Centre in Northampton Town Centre, which is supported by Northampton Borough Council and is clearly a higher priority under the sequential approach than is extension of the currently out-of-centre Sainsbury's superstore at Sixfields. We appreciate that the Grosvenor Centre extension will probably not be completed within Indigo's timeframe to 2014. However, it will still rely upon attracting growth which will accumulate over the period from now until its

opening. Town centre development such as this is slow, expensive and difficult to achieve. In contrast, out-of-centre development such as the proposed extension of Sainsbury's is relatively quick, low cost and easy. However, the more that the easy out-of-centre option is taken, the more growth in expenditure is decentralised, and the harder it becomes to achieve the more difficult town centre development. Indigo has assumed in Table 10 that the growth in expenditure will be available to Sainsbury's as of right as a first call upon it. In reality, under the sequential approach town and district centre developments have the first call on growth in expenditure. The likely turnover needs of such higher priority developments have not been considered by Indigo.

We conclude that Indigo's capacity calculation for comparison goods is not reliable. However, correcting the above deficiencies would still lead to the conclusion that there will be substantially more than sufficient expenditure growth to support the amount of additional floorspace represented by the proposed superstore extension. The issue therefore is whether extension of Sainsbury's to sell more comparison goods is the most appropriate way to accommodate the growing capacity for more comparison goods floorspace; taking account of the sequential approach and the Borough Council's commitment to achieve a major extension of the Grosvenor Centre at the earliest opportunity. We comment on this further below.

Retail Impact

Convenience Goods

Indigo's trade diversion and retail impact calculation for convenience goods is set out in Table 11 in their Appendix 6. It is based on the previous tables, so is therefore unreliable. In particular, it assumes that the proposed superstore extension will draw only £11.1m convenience goods expenditure from the study area in 2012; whereas we consider that £18.5m would be drawn from the study area in 2012 (1,940 sq m net @ £10,034 per sq m net = £19.466m x 95% drawn from study area = £18.5m). Making this correction alone would mean that (ceteris paribus) the impacts in Table 11 would all be 67% higher than indicated, as follows:

| Centre/Store | Trade Diversion (i.e. Retail Impact) 2012 |
|----------------------------------------------|-------------------------------------------|
| Northampton Town Centre | 6.0% |
| Kingsthorpe District Centre | 8.2% |
| Abington (Wellingborough Rd) District Centre | 1.8% |
| Kingsley Park District Centre | 0.0% |
| St James District Centre | 6.3% |
| Duston District Centre | 2.5% |
| Far Cotton District Centre | 9.2% |
| Tesco Extra, Mere Way | 10.4% |
| Morrisons, Victoria Promenade | 15.5% |

Source: Indigo Table 11 and DTZ estimates

If the other weaknesses highlighted above in Indigo's tables were also corrected, these retail impacts would be even higher. There would therefore be significant impacts on convenience goods trade in Northampton Town Centre and a number of district centres; together with a substantial impact on the edge-of-centre Morrison's superstore at Victoria Promenade. These impacts would adversely affect

the vitality and viability of the centres concerned; but it is not possible to say how serious they would be without doing a more detailed study of each centre. In the case of Northampton Town Centre, the impact on the town centre as a whole would be very small, because it is principally a centre for comparison goods shopping and for services. The impacts on the convenience goods trade in the district centres, though numerically lower in some cases, would be more serious; because convenience goods sales account for a higher proportion of trade in such centres than in Northampton Town Centre.

Comparison Goods

Indigo's assessment of comparison goods impacts is set out in Table 12 in their Appendix 6. Again, this is subject to the weaknesses in the preceding comparison goods tables described above, and is therefore not reliable. In particular, it assumes too low a level of trade diversion because it is based on the unrealistically low estimate of comparison goods sales in the proposed superstore extension (£11.4m). We consider that trade diversion of £18.0m would be more realistic (2,714 sq m net @ £6,997 per sq m net = £18,990 x 95% drawn from the study area = £18.0m). Thus correcting this assumption alone would (*ceteris paribus*) increase the impacts indicated in Table 12 by 58%. Thus for example, the indicated impact on Northampton Town Centre would go up from 0.7% to 1.1%, and that on Tesco Extra at Mere Way from 12.8% to 20.2%. Correcting the other deficiencies in the preceding expenditure tables would increase the calculated impacts still further.

In addition, we consider that in Table 12, Indigo has assumed an unrealistic balance of impact between the town and district centres, and the out-of-centre superstores and retail parks. The retail parks in particular have very few stores selling the types of comparison goods which Sainsbury's proposes to sell. The enlarged Sainsbury's superstore would compete much more directly with Northampton Town Centre, and with Tesco at Mere Way and at Weston Favell District Centre, than with the retail parks (which are predominantly 'bulky goods' outlets). We would therefore expect much lower impacts on the retail parks, and a significantly higher impact on Northampton Town Centre than Indigo has indicated. We would also expect some impact on Weston Favell District Centre – which has not explicitly been considered by Indigo.

We consider it likely that around half of the comparison goods sales in the proposed Sainsbury's extension would be diverted from Northampton Town Centre, i.e. about £9m. This would reduce the expenditure which Indigo estimate the town centre would otherwise draw from the study area in 2012 (£172.0m) by about 5.2%. Of course, the town centre also draws expenditure from other parts of its catchment area which are beyond Indigo's study area, and so its total comparison goods sales will be substantially above £172.0m. CBRE's 2007 study implies total comparison goods sales in the town centre of about £675m in 2012 (under their Scenario 3 population forecasts). This is probably too high because CBRE's forecasts were prepared before the recession. However, it suggests that the impact on Northampton Town Centre's total comparison goods trade in 2012 would be at least about 1.3%, and probably more likely around 1.5%.

The impact on Northampton Town Centre is likely to be the most serious impact, because of the Borough Council's proposals to achieve a major extension of the Grosvenor Centre. That large scheme will need all the comparison goods expenditure it can attract, in order to go ahead and be a commercial success. Decentralising growth in comparison goods expenditure to the currently out-of-centre Sainsbury's at Sixfields will make this development more difficult to achieve, even if only somewhat marginally.

The PPS4 Impact Test

Because it had not been published at the time their report was prepared, Indigo has not addressed the impact test set out in PPS4. We therefore set out our own outline assessment of how the proposed superstore extension would comply with PPS4.

The new impact test comprises two 'gateways', in policies EC17.1.a, and EC17.1.b. Both of these have to be passed before other considerations can be brought into a judgement of the balance of pros and cons about the proposed development.

The first 'gateway' is the sequential approach. We comment below on whether or not the proposed superstore extension would comply with it.

The second 'gateway' is whether or not the proposed development would be *likely to lead to significant adverse impacts in terms of any one of impacts set out in policies EC10.2 and 16.1.* (our emphasis). Applying the tests in Policy EC10.2, we conclude as follows:

- a. We cannot comment on the effect of the proposed superstore extension on carbon dioxide emissions or climate change. NWDC will need to be satisfied that the proposal would pass this test.
- b. Similarly, we cannot comment on accessibility or the effect on local traffic levels and congestion.
- c. We also cannot comment in any detail on the design of the proposed superstore extension and whether or not it would improve the character of the area and the way it functions. However, we note that although Indigo contends that Sixfields and the Sainsbury's superstore should become a new district centre to serve expanding west Northampton, the proposed development is merely a superstore extension. It does not contain any of the other facilities which would normally be required for district centre designation, such as a range of smaller shops and service businesses, or any community or other non-commercial facilities.
- d. The proposed superstore extension would go some way towards meeting the capacity for new convenience goods floorspace in Northampton identified in the CBRE 2007 study. However, whether or not it would be the optimum way of achieving this would depend on the emerging strategy for the location of new retail development in the town. A new district centre to serve expanding west Northampton is likely to be one of the higher priorities. In such a case, this would therefore fail this part of the impact test. It should be noted that the Joint Core Strategy will determine the hierarchy of district and local centres across Northampton their role, scale and function to support the vision and objectives for the area.
- e. Whilst the proposed superstore extension would result in significant new employment on the site, some of this would be transferred from existing food-stores and other shops, as a result of the impacts on trade which they would suffer. It is likely that the proposed extension on its own would result in a smaller increase in employment in Northampton than that due to an alternative new district centre in west Northampton.

Applying the impact tests in Policy EC16.1, we conclude as follows:

- a. The proposed superstore extension would seriously put at risk any planned new district centre elsewhere in west Northampton. The substantial increase in comparison goods floorspace in the superstore would make it somewhat more difficult to achieve major new retail development in the town centre.
- b. It would have a small adverse impact on the vitality and viability of Northampton Town Centre as a whole; but would result in an increase in local consumer choice of convenience and

comparison goods. However, this could be also be achieved by developing a new district centre elsewhere in west Northampton.

- c. We understand that there are no sites outside town and district centres allocated for new retail development in the adopted or emerging development plans, so this criterion does not apply.
- d. There would be a small impact on town centre shops and stores; and more significant impacts on shops in some of the district centres, and on trade in out-of-centre stores in the wider area in the city.
- e. The proposed development would be out-of-centre, so this criterion does not apply.
- f. This criterion also does not apply, as we understand that the adopted and emerging development plans do not define any such centres in relation to locally important impacts.

Overall (leaving aside the matters on which we have been unable to comment) we conclude that there would be some adverse impacts under Policy EC16.1 (a) and (d). The severity of these impacts would depend on whether or not a new district centre is to be developed on another site in west Northampton. If it is, we consider that the impact under EC16.1 a. would be severe enough to mean that the proposal would fail the second 'gateway' test in Policy EC17.1. The balancing assessment described in Policy EC17.2 would therefore not apply, as the application would need to be refused under Policy EC17.1. If no new district centre is to be designated anywhere in west Northampton, we consider that the adverse impacts would not be so severe as to mean that the proposal would automatically fail this "gateway" test.

The Sequential Approach

In considering the applicant's submitted sequential assessment we have had regard to the provisions of PPS4, Policy EC15. It is considered that Appendix 8 of the Indigo Planning and Retail Report is inadequate in the consideration of the following sites:

- redeveloped Grosvenor Centre,
- the Horse Market/ Drapery site; and
- the site north of Abington Street

From discussions with WDC and Northampton Borough Council, we also understand that there are three additional sites which have not been considered within the submitted sequential assessment, namely:

- the former Royal Mail Sorting Office on Barrack Road,
- the bus depot on St James Road directly adjacent to the St James local/ district centre
- the Chronicle and Echo office and works site on The Mounts

We are therefore not able to confirm that the applicant's assertion that the application site is the most sequentially preferable site, until the sites listed above have been investigated in accordance with PPS4.

We also do not accept that the convenience and comparison goods elements of the propose superstore extension could not be disaggregated, as Indigo argue. The existing superstore is almost entirely a food-store, and has a planning condition preventing more than 15% of the net sales area being used for the sale of comparison goods. The proposed extension is aimed at turning it into a food/non-food superstore. However, we see no reason why Sainsbury's could not open a comparison

goods store in Northampton Town Centre, either in a vacant store there, or in a new store in the Grosvenor Centre extension in due course (perhaps in conjunction with enlargement of its existing food-store in the Grosvenor Centre). We therefore consider that the sequential approach assessment should include sites capable of accommodating the proposed comparison goods floorspace alone. This has not been done by Indigo, which has therefore undertaken an incomplete sequential approach assessment.

In view of the Borough Council's strategy to achieve a substantial extension of the Grosvenor Centre as soon as possible, which could accommodate a Sainsbury's comparison goods store, we consider that the proposed additional comparison goods floorspace would not comply with the sequential approach. The hierarchy of district and local centres for West Northamptonshire will be part of the Joint Core Strategy. This hierarchy is still to be determined and justified through the evidence base supporting the plan. The pre-submission version of the plan is targeted for October 2010.

Conclusions

Having reviewed in detail Indigo's expenditure capacity forecasts, we conclude that they have a number of weaknesses and are not a reliable indication of capacity for additional convenience or comparison goods floorspace in Northampton. They do not reliably demonstrate sufficient expenditure capacity to support the proposed superstore extension. However, the CBRE 2007 study undertaken for Northampton Borough Council does demonstrate capacity for substantial additional convenience and comparison goods floorspace in Northampton, which will be more than sufficient to support the proposed superstore extension.

The key retail planning issues therefore are:

- whether or not the proposed extension of the currently out-of-centre Sainsbury's superstore at Sixfields is the most appropriate way to accommodate the capacity forecast by CBRE;
- whether it would comply with the sequential approach in view of the proposed Grosvenor Centre extension in Northampton Town Centre and the emerging strategy for retail development in expanding west Northamptonshire; and
- if permitted, what impacts it would have on existing and planned centres.

These issues should inform the judgement about how the proposed development accords with the new PPS4.

We conclude that the proposed superstore extension would have some adverse impacts on existing centres. It would also be likely to put at serious risk any planning strategy to develop a new district centre anchored by a large food store, to serve expanding west Northampton.

This suggests that either:

- The development should be refused if the emerging planning strategy is to develop a new district centre elsewhere in west Northampton; or
- If the strategy is for there to be no new district centre in west Northampton, Sainsbury's should be encouraged to withdraw the current application; and submit a new application for a significantly smaller extension containing much less comparison goods floorspace (so as to reduce the adverse impact on the proposed Grosvenor Centre extension).

Richard Boyt
Principal Planning Officer, Development Control
Northampton Borough Council
Cliftonville House
Bedford Road
Northampton NN4 7NR

08 February 2010

Dear Richard

**PROPOSED EXTENSION TO EXISTING SAINSBURYS STORE, SIXFIELDS,
NORTHAMPTON
APPLICATION REFERENCE N/2009/0843**

Further to our recent conversations and meeting I am pleased to set out below my observations on the above application. As discussed, I have restricted my comments to issues arising from centres policy, as you are better placed to reach a view on the other development control matters arising. I have now had the opportunity to revisit the application site and other relevant locations, although as you are aware I am familiar with the store and retailing in Northampton generally from previous work for the Council in relation to other projects.

I have had particular regard to the Planning and Retail Statement (September 2009) prepared by Indigo Planning and submitted in support of the planning application (hereafter, "the Indigo report"). I have also brought myself up to speed on other documents published since my last involvement in Northampton, notably the October 2009 Roger Tym & Partners "Town Centre Healthcheck" prepared for the Borough Council, CACI's March 2009 "West Northamptonshire Retail Study", the August 2009 "Northampton Central Area Action Plan Emerging Strategy Document" (CAAP), and the July 2009 consultation paper on the "West Northamptonshire Emergent Joint Core Strategy" (JCS).

In making my comments below I have sought to distil my assessment and speak to the key principles, rather than elaborating on the fine detail. Please let me know if you would like any of these points to be explained further.

Context

You will be aware of the advice I gave and evidence I presented in relation to appeals into development proposals at the Sixfields Retail Park, adjacent to the site of the current proposals. It strikes me that the inspector's decisions following that inquiry (dated 8 January 2009) have relevance in establishing the background to the current proposals.

In particular, the inspector noted:

- *There is a lack of relevant and saved local policy guidance.* He therefore primarily had regard to national policy within PPS6 (as was then in force) in determining the appeals (paragraph 4 of decisions).

- *The first issue to consider was whether the appeal proposals would accord with PPS6.* He concluded in that case that in the absence of any sequential assessment and / or test, the appeal applications would not accord with PPS6 (paragraphs 3 and 11).
- *The second issue to consider was whether the appeal proposals would create a precedent which would be harmful to the vitality and viability of the town centre.* He considered that this issue was less clear cut than the first, but concluded that the proposals, "would set a precedent which could give rise to cumulative effects which might well negate regeneration initiatives." On this basis he considered that the appeal proposals would be unacceptably harmful to the town centre (paragraphs 3 and 15).

In making these judgements the inspector had regard to earlier advice from CACI which pointed to the underperformance of the town centre, the threat to the town centre of out-of-centre facilities such as Sixfields, and the need to enhance and revitalise the town centre.

The inspector took a very straightforward approach to determining the appeals. He was clear that they did not accord with national policy because it had not been demonstrated they were consistent with the sequential test. He also reached the view on balance that the precedent created would ultimately be harmful to the town centre. These two themes – the sequential test and impact – are central to the determination of the current proposal from a retail planning perspective.

It is also worthwhile at the outset reflecting on how approaches to retail planning in Northampton have evolved in recent years, both through consultancy advice and emerging policy. For example:

- *Investment in the town centre* – there has been longstanding recognition of the need for substantial investment in the town centre to improve the offer and make it more competitive. The urgency and importance attached to this has grown as time has moved on.
- *Health of the town centre* – the "health" of the town centre has declined; from a mixed position of strengths and weaknesses the balance shifted to a position of some concern, and then more general concern. This has been reflected in a growing recognition of the need to reverse this decline.
- *Approach to Sixfields* – there were suggestions that this could become a district centre, and earlier consultancy advice was sought on this proposal. The Council's revised position on new centres is being formulated, but the emerging JCS suggests establishing a new local centre to serve Northampton West.
- *Consultancy advice* – earlier work on retail capacity and strategy by planning consultants CBRE has been followed by work focusing on the town centre and separately the whole of West Northamptonshire prepared by marketing and information systems specialists CACI. CBRE and CACI followed different approaches in conducting their quantitative analysis, and the results are not always consistent between the two. This is considered in more detail below.

These changes help to provide the background to the consideration of the current proposals from a retail planning perspective. More generally, and stating the obvious, it should of course be noted that the economy has suffered a severe downturn in recent times, and this has had a profound and

negative effect on the property market. This is evidenced, for example, in investors either postponing or indeed walking away from a number of high profile town centre schemes across the country.

I note that the Borough Council have secured a development agreement for the Grosvenor Centre extension and continue to progress this scheme positively with L & G, and it strikes me as important that this should not be placed at risk. Whilst supermarket and superstore development has (to date) been resilient, the same cannot be said for large scale and complex town centre development.

Policy Framework

The lack of local policy guidance noted by the inspector following the Retail Park inquiry also applies to the consideration of the current application.

The Local Plan does set out (paragraph 6.5) the Council's intention to:

"...promote the role of Northampton as a sub-regional shopping centre through a planned expansion of an appropriate range of shopping and associated uses for the benefit of the town. The intention of the Local Plan policies is to concentrate major shopping development primarily in the town centre and district centres, to strengthen and enhance the range of shopping facilities to meet the needs of the town and to accommodate new forms of retailing to meet the needs of both customers and retailers."

It comments (paragraph 6.21) that, "The Town Centre for the purposes of the retail chapter of the Local Plan is defined by the Inset Area of the Proposals Map (excluding land to the south and west of St Peters Way / St Andrews Road). It also goes on (paragraphs 6.23 and 6.25) to recognise the continuing need to improve the quality of town centre shopping in Northampton, and considers that the role of the centre can be enhanced. However, there are no saved retail policies of direct relevance to retail issues surrounding the current proposals.

Up to date policy for the town centre is, though, provided by the RSS. "MKSM Northamptonshire Policy 3: Northampton Central Area", endorses the preparation of, "...an LDD to provide a long term framework for revitalising and upgrading the quality and facilities of the [Northampton] central area". This should include, inter alia, "improving the range and quality of retail provision by increasing comparison and convenience floorspace".

This provides clear and direct support for the strategy for the town centre being developed through emerging policy in the form of the JCS and CAAP, i.e. essentially to revitalise and improve food and non food shopping there. That said the detail of that strategy and its implementation is by no means settled. The JCS and CAAP are still at a comparatively early stage in their preparation, and the weight to be attached to them is limited accordingly. They are however useful in providing the background to, and informing the application of, the relevant policy tests.

In this context the provisions of the new PPS4 are particularly relevant, although it should be noted in reviewing the scheme that this was introduced as replacement guidance after the application was registered.

The Proposal

The application is presented as an extension to the existing store, and technically this is correct. That said, this is not a modest extension aimed at addressing day to day issues facing the existing store, nor is it a somewhat more substantial extension aimed at taking the existing store up to the next level in terms of its offer. Rather, it represents the comprehensive re-working of Sainsbury's operation at Sixfields and its elevation into an entirely different league with the provision that would be established there.

The sales area of the store would (by some margin) more than double – the equivalent of building a duplicate store alongside the existing outlet, and then expanding even that by a further 30%. There would be a six-fold increase in the floorspace devoted to comparison goods, whilst the convenience goods sales area would increase by about two thirds.

By any measure, the store would be completely transformed, and become radically different to the existing outlet. It represents an attempt to maximise the retail floorspace achievable on this site. This observation is not meant in a pejorative sense, but simply to establish the basis upon which the scheme should be assessed.

Need

The headlines suggesting that "need" has disappeared as a "development management" test with the introduction of PPS4 are misleading. Reading the policy and accompanying practice guidance paper as a whole, it is clear that it will continue to affect development management decisions in at least three areas.

The first is the application of the sequential test, as it is difficult to undertake this in a meaningful way without understanding the nature of the need and hence the locations that might potentially be capable of meeting it. Second, the impact test set out at EC16.1 includes (part d) reference to the requirement to take capacity into account, indicating that an understanding of quantitative need is required. Third, the impact test (EC16.1 part b) also makes reference to local consumer choice; this together with more general themes of choice and competition indicate that an understanding of qualitative need is also required.

The Indigo report predates PPS4 and so these points are (appropriately) framed by them in the traditional PPS6 manner. The discussion of "need" set out below should be understood in this context, and also in light of its new relevance in PPS4 terms, as summarised above.

The most recent quantitative assessment of convenience retail capacity is set out in the March 2009 CACI "West Northamptonshire Retail Study". This follows earlier (2006) work prepared by CBRE. The former is based on gravity modelling, the latter on the more conventional (in town planning circles) use of a household interview survey.

I do not propose to comment here on the merits of these alternative approaches in principle. However, I would question some of the inputs and assumptions employed by CACI, and some of the results of the exercise they carried out.

Irrespective of this view, the CACI figures read at face value identify a quantitative need for substantial new convenience retail provision in Northampton. The redistribution of that capacity suggested by CACI would see only limited capacity in the western zone within which Sixfields is located. Capacity in the south west zone is very much greater, principally because of the very strong modelled performance of Tesco Extra at Mereway.

The definition of these zones is (for perfectly valid reasons) something of an artificial construct. I would suggest that the results should be interpreted as demonstrating a high level of quantitative need for convenience goods associated with the market in the "greater western" area of Northampton as a whole, and therefore a quantitative need for that element of the current proposals. The results of the earlier CBRE work would tend to support that view. The most appropriate location to realise that need is of course a separate, and very important, question.

For comparison goods, I would again question certain aspects of the CACI work, including for example the fact that it does not address capacity associated with the out of centre market. There is no suggestion that this element of capacity should be realised in further out of centre development; rather it should be directed to centres in the first instance. However, it should not be ignored.

Returning to the CBRE work, and the assessment set out in the Indigo report, I consider that there is a quantitative need for the comparison element of the proposal. Once again, the most appropriate location to realise that need is a separate, and very important, question.

In qualitative terms, I accept that the store is showing signs of its age, that it is often busy and sometimes somewhat crowded, and that the layout and merchandising are less than ideal, giving rise to congestion in places. I accept that back of house space is also likely to have become inadequate. This is an important facility in meeting the bulk food shopping needs of local people, and for these reasons its ability to perform that role is constrained.

However, I do not accept that an increase in floorspace of the scale proposed is required to address these qualitative issues. More circulation, display, and back of house space, and a wider convenience retail offer given the more localised nature of food shopping could all be achieved with a far more modest increase. The development of new floorspace on sequentially preferable sites (discussed below) would also relieve pressure on this store. In particular, the increase in comparison goods sales space proposed is disproportionate to what might reasonably be expected to address qualitative issues here.

Indigo refer to questions of choice and competition, and these themes are evident in PPS4. I consider that these objectives would not be particularly well served by the current proposals. The development would make the Sainsbury's store more competitive with the Tesco Extra at Mereway, but in my view these objectives would be better served through the introduction of a new store or even stores in a different location or locations.

Sequential Test

There is a need for further retail provision, including to serve the western part of Northampton. I do not accept the position preferred by Indigo that this is inseparable from the existing store. Certain aspects are site specific, but not to the extent that would justify development of the scale currently proposed.

It is not clear why, over the medium term, an expanded foodstore presence for Sainsbury's, including a sizeable non-food element, cannot be secured in the Grosvenor Centre following its proposed expansion. I note that a development agreement between the Council and Legal & General has now been signed. Timescales are still uncertain, but I certainly would have thought a start on site by 2013 should be possible. Recent examples of new shopping malls in town centres being anchored by

superstores include Tesco in Hull (St Stephen's) and Asda in Folkestone (Bouverie Place), and something similar might very well be achieved in Northampton.

On the information provided in the Indigo report I do not consider that land between Horse Market and Drapery can be dismissed. It is not clear whether Sainsbury's have approached the Council as landowner to explore whether a mixed use scheme here, possibly retaining a hotel function, could be secured. I would expect to see a more detailed consideration of this, starting with discussions between Sainsbury's and the Council, and moving into a fuller appraisal of suitability and viability.

Of the other sites reviewed by Indigo, I would agree that the St Johns Area can be dismissed, whilst I am also not entirely convinced that land north of Abington Street is suitable for superstore development. However, I identified two further sites on my site visit.

First, the former post office building at 55 Barrack Road has an agent's board on it. The current, substantial structure on the site provides a clue to how it might be developed with a store "on stilts" and car parking beneath and to the rear. I would judge this site to be out of centre, but the visual and physical links with the centre seem reasonably strong, and the route is in the most part fairly attractive with other activities along the way. The link could possibly be strengthened through measures delivered via a planning permission. It is located on a bus route into the centre. It is sequentially preferable to the application site.

Second, an agent's board identifies the availability of space at the rear of the Chronicle & Echo site, just to the east of the court and police station. Whilst the main (front) part of the site is not being actively marketed, this strikes me as a very large, prominent and valuable site to be occupied by a local newspaper in challenging times for that industry. Again, the scale of the current main building on the site is such that it would suggest a solution with car parking beneath an upper store platform. I consider that this site should be explored further, possibly starting with an approach to the agents marketing the area to the rear. It is sequentially preferable to the application site.

These further two opportunities, if developed by Sainsbury's, might make their existing town centre store unviable in its present form. However, a smaller "Local" format store could potentially be retained in the Grosvenor Centre, with the main superstore occupying one of these two locations a short distance to the north.

In each case, and subject to further detailed consideration, these options may very well be likely to make a positive contribution to the town centre, and overlap with the market served by the store at Sixfields. Trade would be diverted to the heart of Northampton, and the pressure for such a major expansion of the Sixfields store suggested by Indigo would be reduced. A much more modest extension might then address any remaining deficiencies, and allow the store adequately to serve the far west of the town.

I expect that none of these alternatives is as commercially attractive to Sainsbury's as the current proposal. However, it is precisely this type of site that policy seeks to direct investment to. If major development of the type proposed at Sixfields is allowed in preference to these locations then the prospect of securing more centrally located main food shopping provision and much needed investment in the heart of Northampton will be lost.

I understand from our discussion that you might additionally have identified a further sequentially preferable location, in addition to the ones discussed above. In this context, and on the basis of the information available, I do not consider that compliance with the requirements of the sequential

approach has been demonstrated. In PPS4 terms (policy EC17.1 a) this represents grounds for refusal.

Impact

Consultancy work prepared for the Council over a number of years has pointed to the strong need for improvements to, and expansion of, Northampton town centre. It shows that the town centre is losing out to competing destinations in the wider area, and faces a threat from substantial out of centre provision. I also note that recent analysis confirms the town centre is in decline. Indigo paint a more positive picture of the health of the town centre which I do not support.

The impact assessment set out in the Indigo report considers trade diversion. I do not agree with some of the detail in terms of how this has been undertaken, for example with regard to the pattern of trade diversion and lack of sensitivity testing. I consider that it understates the likely level of impact on the centre.

Of more concern, however, is the lack of consideration given to the other impact criteria set out at paragraph 3.22 of PPS6, which was in place when the report was written. Indigo list these at paragraph 7.6 of their report, and assert in their Summary section (paragraph 7.32 et seq.) that all are satisfied, but there is no substantive analysis in between to prove this. In my view the proposals in their current form might very well be considered harmful, in particular with regard to the spatial planning strategy (e.g. as expressed in the RSS) and investment, but also in terms of the other criteria.

The proposals would be damaging in terms of the impact on town centre investor and retailer confidence. Opportunities exist for town centre retail development and should be encouraged and supported. This position is of course exacerbated by current market and economic conditions. Facilitating the accommodation of substantial additional retail accommodation – particularly in the non food sector – in the way proposed at an out of centre location would be harmful to the prospect of bringing forward much needed town centre investment crucial to the future vitality and viability of Northampton. I would suggest that you should canvas the views of L & G in this as perhaps the most directly relevant town centre investor to see if this view is supported by them, or indeed otherwise.

It would also run counter to policy objectives seeking to achieve the growth of existing centres, promoting and enhancing them, and focusing development within them, which are reflected in RSS policy.

The publication of PPS4 is directly relevant in this regard. Effectively, it introduces two stages of impact testing:

- Policy EC10: All economic development will now be assessed in terms of its impact on CO2 emissions and climate change, accessibility, design, regeneration, and employment.
- Policy EC16: Retail and other centre uses such as the Sainsburys proposal will also be subject to further impact testing in broadly similar ways to that set out in PPS6.

The question of impact is a crucial one – particularly in circumstances where PPS4 also provides (Policy EC17.1 part b) that clear evidence of a significant impact under any of the criteria set out in EC10 or EC16 should be grounds for refusal.

On the first (EC10) point, I have not read all of the application documents, and it may be that these points are addressed somewhere. It would be helpful if they could be brought together in one place so that an assessment of them can be made. On the second (EC16) point, a thorough assessment is required in the manner explained in the Practice Guidance accompanying PPS4. That said, on the basis of the information available to date I have serious concerns in relation to impact, particularly having regard to parts a, b and d of EC16.1.

In addition, I would also suggest that the applicants should be asked to provide a view on the cumulative impact of their proposals with another application currently being determined, namely the variation of condition at the Nene Valley Retail Park that would allow a food superstore there. It is of course the case that this is not currently a commitment. That said, to enable an informed judgement to be made on the four possible outcomes (Sixfields only permitted, Nene Valley only permitted, both permitted, both refused) it would be extremely helpful to have this analysis.

As a final point, I would observe that there is also the question of precedent, as considered by the inspector at the Retail Park inquiry referred to above. This relates not just to the effect of the current application on its own, but to the cumulative harm from future similar proposals. The grant of planning permission for the current proposals would effectively confirm that the Council accepts the sequential test can be bypassed – this would make challenging future out of centre proposals (for any centre use) much more difficult. It would also effectively confirm that the Council accepts there is not unacceptable harm from this sort of proposal – again making the creep of similar schemes elsewhere harder to resist.

Summary

From the analysis set out above, the key points include:

- There is a quantitative need for the proposals, having regard in particular to the CBRE analysis.
- There is some qualitative need – but not to the extent suggested by the applicant, and certainly not specific to this location. Furthermore, objectives to promote choice and competition would not be particularly well served by the scheme.
- On the information available the proposal does not meet the requirements of the sequential test. Four sites – the Grosvenor Centre extension, land between Horse Market and Drapery, the former post office at Barrack Road, and the Chronicle & Echo site – would all appear to represent sequentially preferable alternatives.
- There would also be harm to the town centre in the terms established by PPS4. The town centre is not healthy, and the Indigo assessment understates the impact on it. There would be harm to retailer and investor confidence, and to policy strategy and objectives. The question of precedent gives further cause for concern.
- The impact assessment presented by Indigo is incomplete. It fails to address each of the relevant policy criteria. It also does not address the question of cumulative impact.

I trust that the above is of assistance in your consideration of the application, but please do not hesitate to contact me if you have any comments or questions.