



SPECIFICATION for Retail Assessments in Adur

for

Adur District Council

125 Old Broad Street
London EC2N 2BQ

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1. Introduction

- 1.1 National planning policy for all forms of development, including retail development, is set out in the National Planning Policy Framework (NPPF). Paragraph 24 of the NPPF requires local planning authorities *‘to apply a sequential test to planning applications for main town centre uses that are not in an existing centre and are not in accordance with an up-to-date Local Plan.’* Paragraph 24 also sets what the policy means in terms of ‘town centres first’. Applications for planning permission for such developments (which includes retail development) will therefore be subject to such a sequential test, and should be accompanied by objective evidence that they are appropriately located in the light of this test.
- 1.2 Paragraph 26 of the NPPF requires applications for planning permission for retail developments of greater than a locally set threshold floorspace (or in default of such a threshold, 2,500 sq m), which are not in town centres and not in accordance with an up-to-date development plan, to be subject to an impact assessment. The tests in paragraph 26 are:
- *‘the impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal; and*
 - *the impact of the proposal on town centre vitality and viability, including local consumer choice and trade in the town centre and wider area, up to five years from the time the application is made. For major schemes where the full impact will not be realised in five years, the impact should also be assessed up to ten years from the time the application is made.’*
- 1.3 This impact test can only be properly applied by forecasting sales in existing centres and non-central stores, as a precursor to assessing quantitative impacts of proposed developments on existing shopping facilities in terms of trade diversion. Applicants for planning permission for new retail development in Adur which is not in an existing centre or in accordance with up-to-date development plan policies, are therefore required to submit evidence of retail impacts as above, in the context of future consumer expenditure capacity in the catchment area and sales in existing centres.
- 1.4 Paragraph 27 of the NPPF makes clear that the sequential test and the impact test are ‘gateway’ tests, and that if an application fails either or both, it should be refused. Applications for new retail development in Adur will therefore not be formally registered unless they are accompanied by sequential and impact assessments.
- 1.5 Experience of reviewing large numbers of retail assessments submitted by applicants for planning permission for new retail developments has shown that these vary widely in how they are undertaken, the degree of detail provided, the accuracy of the data used, and the

reliability of the assumptions made. This makes it difficult for local planning authorities to assess the reliability of the conclusions on consumer expenditure capacity and trade diversion. In cases where a local planning authority is considering potentially competing retail applications at the same time, it makes it very difficult to compare the impacts between them.

- 1.6 Experience has also shown that applicants undertake their sequential approach assessments on widely differing bases. These often do not take proper account of the potential to disaggregate parts of the proposed development; or are too inflexible in relation to the scale and format of development for which sequentially preferable sites are examined. As a result, applicants are often asked to undertake further work on the sequential approach, such as considering additional sites, or undertaking the assessment on the basis of greater flexibility of scale, format or location. This delays consideration of the application, which can slow down sustainable economic development.
- 1.7 Adur District Council's emerging Local Plan strategy for new retail development is focused on protecting and enhancing the existing town centres in the district through the designation of primary and secondary frontages and the provision of new retail development and other town centre uses, where this would contribute to the vitality and viability of the centres.
- 1.8 The PPS4 guidance, 'Planning for Town Centres – Practice Guidance on need, impact and the sequential approach' (hereinafter referred to as the 'Guidance') has not yet been revoked by the NPPF or replaced with new guidance, and remains extant. That document is intended *'to help those involved in preparing or reviewing need, impact assessments and sequential site assessments, and to help the interpretation of town centre policies set out in the PPS'*. It states that it is not intended to be prescriptive or stifle innovation. As a result, whilst it discusses issues and approaches, and provides examples, it does not provide a specification for retail assessments accompanying planning applications. Although of general assistance to applicants and local planning authorities, it does not fully overcome the difficulties experienced by local planning authorities outlined above.
- 1.9 Adur District Council has therefore decided that a Specification for Retail Assessments in the district is needed. This is not intended to replace or supplant the Guidance. Rather, its purpose is to provide further detail within the broad framework set out in the Guidance, of how such local assessments are to be undertaken in Adur; so as to improve the reliability of retail impact assessments, and the realism of sequential approach assessments in the area. It is also to facilitate comparison between any concurrent applications for potentially competing retail developments, in the specific local circumstances of Shoreham.
- 1.10 Adur DC has not adopted a local size threshold for retail assessments, and therefore the default NPPF threshold of 2,500 sq m floorspace applies (which the Council interprets to mean gross retail floorspace as defined in Appendix A of the Guidance). However, it may sometimes be relevant to consider the impact of proposals below this threshold, for example if they are large compared with a nearby town centre, or likely to have a disproportionate effect

or '*tip the balance*' of a vulnerable centre (Guidance paragraph 7.5). Early discussion with the Council is therefore recommended, particularly if the scheme is over 1,000 sq m gross retail floorspace.

- 1.11 Applicants will be required to submit retail assessments which comply with this Specification. They may in addition submit additional forecasts on other bases if they wish. However, the Council's primary review of each assessment will be based on the Specification, which will also be used when comparing any potentially competing retail developments.
- 1.12 DTZ was therefore instructed by Adur District Council to prepare such a Specification, in close consultation with the Council. Section 2 of this report sets out the Council's requirements in terms of the Specification for retail impact forecasts; and Section 3 sets out requirements for sequential approach assessments. In each case, the Council's objective is to improve the reliability of the evidence submitted by applicants; and therefore the quality of its decision taking and the speed with which applications can be determined and permission granted for sustainable development. It is also to provide a standardised basis for comparing any potentially competing retail developments.
- 1.13 The Specification set out in this report applies to all applications for retail development in Adur, which is not in a town centre, and not in accordance with an up-to-date development plan. This includes new foodstores and retail warehouses, extensions to existing foodstores and retail warehouses (whether by internal alterations or external construction), and relaxations of restrictive conditions on existing retail floorspace. It does not apply to changes of use of, or alterations to individual shops in any town, district or local centre in the district.

2. Application of the Sequential Test

- 2.1 The NPPF requires local planning authorities to apply a sequential test to planning applications for main town centre uses that are not in an existing centre and are not in accordance with an up-to-date Local Plan. In order to apply this test to such developments, the Council requires applicants to submit a sequential assessment. The Guidance (and case law) indicates that this requires applicants to take a flexible approach to scale and format of the proposed development, the amount of car parking provided, and possible disaggregation of elements of the development to separate locations, taking account of the particular circumstances of nearby town centres. The Council will therefore require such flexibility by applicants in formulating their development proposals, preparatory to undertaking their sequential assessments.
- 2.2 Applicants will also be expected to have regard to objective evidence of expenditure capacity for new retail development (such as in the Adur District Council Retail Study Update (2009) (ADCRSU) and Shoreham Harbour Retail Capacity and Impact Implications Study (2009) (SHRCIS), updated as necessary), when formulating their development proposals preparatory to undertaking their sequential assessments. This will help to avoid time and resources being wasted on excessively large proposals, or any which duplicate proposals already being brought forward by the Council and its partners in accordance with the emerging Local Plan.
- 2.3 Applicants will be required to undertake their sequential approach assessments in the local context of the adopted and emerging development plans. Thus full account should be taken of any proposals by the Council and its appointed partners to bring forward new sustainable retail development opportunities in and on the edge of existing centres, in accordance with development plans. The Council will expect such opportunities to be implemented, before any competing proposals which are not in accordance with the development plan are permitted.
- 2.4 Developers are therefore strongly recommended to discuss the scale and format of their development proposals, and agree with the Council potential sequentially preferable sites for consideration in their assessments, as part of pre-application discussions.

Sequential assessments should recognise and take account of development plan strategies for new retail development; which will be preferred over proposed developments which are not in accordance with development plans, and which could put development plan strategies at risk. Realistic flexibility of scale, format, car parking and disaggregation will be required for development proposals, and in sequential assessments.

3. Preparation of Retail Impact Forecasts

- 3.1 The Guidance advises that '*Impact assessments build on the same baseline analysis described in Appendix B*' ['Quantifying Retail Need'] (Appendix D, paragraph D1). Before impact on existing centres and out-of-centre stores can be reliably assessed therefore, it is necessary to estimate actual sales in existing centres and stores, by means of an expenditure capacity calculation. This is because it is not sufficient to forecast impacts on estimated sales based on 'benchmark' sales densities in existing stores and centres.
- 3.2 Appendix B of the Guidance advocates a step-by-step approach to estimating current and future sales in existing centres and stores, and Appendix D suggests a similar approach to forecasting retail impact. This Specification adopts the same broad approach, but indicates in more detail how Adur District Council expects applicants to apply it in preparing their retail assessments. Each step is discussed below, and a summary of the Council's requirements for each is set out in bold italics. Steps 1 to 5 below are based on Steps 1 to 5 in Appendix B of the Guidance, and Steps 6 to 9 below are based on Steps 2 to 5 in Appendix D of the Guidance. In this Specification, the two processes of forecasting capacity and impact have been combined into a single process in this way, because the NPPF paragraph 26 simply refers to taking account of '*trade in the town centre and wider area*' in assessing retail impact.

Step 1: Define assessment area and determine assessment time frame

- 3.3 The area covered by the assessment will vary according to the scale and location of the proposed retail development. However, the catchment area identified for the analysis should not be based on drive time isochrones alone or other arbitrary definition. Use of existing household interview survey data on actual shopping patterns is greatly to be preferred. The most recent such household interview survey, covering the whole of the catchment area of the town centres in Adur, is that undertaken in February 2009 for the Adur District Council Retail Study Update, July 2009 (ADCRSU). The results were also used for the Shoreham Harbour Regeneration – Retail Capacity and Impact Implications Study, August 2009 (SHRCIS). The results in Appendix 3 of the ADCRSU should be consulted and used to help identify a realistic catchment area of the proposed development. It should be wide enough to cover the whole of the area from which the proposed development would be likely to attract all but insignificant expenditure. This area should if necessary be modified to include the catchment areas of all centres which would be likely to suffer a significant impact. This is to enable the assessment to include estimates of actual current sales and forecasts of future sales in each centre likely to be affected by the proposed development, preparatory to the trade diversion assessment; rather than basing the trade diversion calculation on notional 'benchmark' sales in existing centres.

The catchment area of a proposed development is to be defined mainly by reference to existing household interview survey data on actual shopping patterns wherever possible, and is to include the catchment areas of all centres likely to suffer significant impacts.

- 3.4 The base year for forecasting should normally be the year preceding that in which the retail assessment is prepared (although for assessments prepared towards the end of a year, the current year could be more realistic). A realistic assessment of the likely date of opening of the proposed development should be made and the reasons for this date clearly set out. Expenditure capacity and impact assessments should then be undertaken at a 'design year' which accords with the definition in Appendix A of the Guidance. The Council will take no account of forecasts of expenditure capacity and impact for dates beyond this design year (since the NPPF refers to 'up to five years' – our emphasis, not 'five years').

The base year for the analysis should normally be the year preceding that in which the retail assessment is prepared, or the current year for assessments prepared late in the year.

Retail sales and impact forecasts are to be provided for a design year which is the second full calendar year of trading after opening of the proposed new retail development.

Step 2: Analysis of consumer demand

- 3.5 It is important that realistic estimates of current and future population of the defined catchment area are used. In the first instance, population estimates for the catchment area should be obtained from Pitney Bowes or Experian. These should then be checked against the most up-to-date Local Plan population forecasts, taking account of recent actual housebuilding rates, and realistic housebuilding rates over the short term to the design year. Where possible, estimates of current population and forecasts of future population in the defined catchment area should be checked with the Council as part of pre-application correspondence.

Population estimates and forecasts for the catchment area should take account of national and local economic circumstance, and be checked with the Council before the application is submitted.

- 3.6 Quantitative expenditure capacity and impact forecasting should distinguish between convenience and comparison goods, as defined in Appendix A of the Guidance; and should be on a goods basis, not a business basis. The most recently available local per capita expenditure estimates of convenience and comparison goods expenditure specific to the catchment area should be obtained from Pitney Bowes or Experian. These should be projected forward using the most recently published growth forecasts by the data supplier for the period up to the design year. Forecasts based on applying ultra-long, long, medium or

short-term trend-based growth to the per capita expenditure figures supplied by Pitney Bowes or Experian will not be accepted by the Council, if these do not take proper account of the recent recession and the below-trend growth expected in the next few years.

- 3.7 All expenditure and sales figures are to be in 2008 prices. Where it is necessary to convert from a different price basis, the price conversion indices set out in ‘Retail Expenditure Guide Spending Update’, November 2011, published by Pitney Bowes, or equivalent indices published by Experian, should be used.

Expenditure forecasts are to be on a goods basis, distinguishing between convenience and comparison goods. Growth projections are to take account of the recent recession and the below-trend growth in expenditure expected in the next few years. All retail expenditure and sales figures are to be in 2008 prices.

- 3.8 Expenditure on Special Forms of Trading (SFT) is to be deducted from per capita catchment area expenditure. SFT includes internet shopping, vending machines, mail order, party plan retailing, and temporary market stalls, and is therefore expenditure which is not available to retail shops (although some internet shopping and mail order sales is attributable to retail shops, e.g. internet food sales from some superstores). Information published by Verdict Research Limited shows that internet shopping in particular has been increasing at very rapid rates in the last few years; and Verdict predicts that high levels of growth will continue over the period likely to be covered by most applicants’ retail assessments.

- 3.9 The Council wishes to see realistic deductions for expenditure via SFT by all applicants. Use of standard deductions will also assist comparison between any potentially competing applications. Deductions from per capita expenditure should therefore be made as follows:

Year	Convenience Goods	Comparison Goods
2011	4.5%	12.5%
2012	4.7%	13.0%
2013	4.9%	13.5%
2014	5.1%	14.0%
2015	5.3%	14.5%
2016	5.5%	15.0%
2017	5.6%	15.4%
2018	5.7%	15.8%

Standard deductions from per capita expenditure to allow for SFT should be made as indicated above.

- 3.10 Depending upon the nature of the proposed development and the extent of the defined catchment area, it may be necessary to make allowances for inflows and outflows of expenditure from this catchment area. Evidence for the assumptions about such inflows and

outflows should be provided. The best evidence will be household interview survey data on actual shopping patterns.

Assumptions about inflows and outflows of expenditure from the catchment area, and the proportion of the proposed development's sales which would be attracted from the catchment area, should be supported by evidence derived from household interview survey data on actual shopping patterns, wherever possible.

Step 3: Assess existing retail supply and market shares

- 3.11 Estimates of existing retail floorspace in the catchment area should be based on the most up-to-date information from the following data sources:

Category	Data Source
Foodstores	Institute of Grocery Distribution for net retail sales areas; supplemented by Adur District Council data from planning applications in the case of more recently developed or extended stores. All mezzanine floors are to be included. Verdict Research Limited for company average allocations of space between convenience and comparison goods; modified as necessary for individual stores by consultants' on-site surveys.
Retail Warehouses	Experian and/or Valuation Office Agency Rating List; supplemented by Adur District Council data from planning applications in the case of more recently developed or extended stores. Where Experian or Rating List data is not available, consultants' own surveys based on OS map measurements. All mezzanine floors are to be included. Net to gross ratios to be 85% unless otherwise indicated for individual stores (in particular DIY goods stores) by site survey or other data.
Town, District and Local Centres	Experian, taking account of upper trading floors, and applying an average net to gross ratio of 75%.
Committed Developments	Adur District Council data from planning applications.

Up-to-date data on existing and committed shop floorspace should be obtained from the data sources indicated above.

- 3.12 The Guidance advises that household interview surveys are the most cost-effective method of obtaining information on actual shopping patterns, from which market shares of catchment area expenditure attracted by existing centres and stores can be derived. However, they are only a reliable source of such information if they are undertaken in a technically sound manner. The Council will expect reliable household interview survey data to be used to support assumptions about shopping patterns and market shares.

Assessments of shopping patterns in Adur should be based on household interview surveys, and all household interview surveys in Adur should conform to the following quality standards:

1. The total survey sample of interviews should be divided between the zones comprising the catchment area approximately in proportion to the population of each zone. This is to avoid the need for excessive weighting of the results for individual zones when calculating the total responses for the catchment area as a whole. However, there should be a minimum of 100 interviews in any one zone. This is to ensure acceptable confidence limits for the results from each zone.
2. Within each zone, the interviews for the zone should be distributed approximately in proportion to the spatial distribution of the population of the zone, so as to avoid the risk of a disproportionate number of interviews being undertaken in any part of the zone.
3. Recent experience has shown that the results of household interview surveys undertaken by telephone can now be heavily biased towards the older age groups and retired people. This is because younger people are increasingly dispensing with land-line telephones in favour of mobile telephones, or are increasingly unavailable for or unwilling to respond to such surveys. To minimise such bias, **age-related quota sampling** should now be used, which sets interview quotas for each age group which are representative of the age distribution of the population of the catchment area as a whole. Market research companies which undertake such surveys can advise on techniques for age-related quota sampling, for example use of mixed samples of land-line and mobile telephone subscribers.
4. For convenience goods shopping, surveys should ask a question about households' shopping locations for main food shopping, and a question about locations for top-up food and other convenience goods shopping.
5. For comparison goods shopping, surveys must ask carefully worded questions about households' shopping habits for each main sub-category of comparison goods which are closely matched to the international standard COICOP definitions of comparison goods expenditure, as in the retail expenditure estimates provided by Pitney Bowes and Experian. Thus it will not be adequate for surveys to ask broadly worded questions about shopping habits for non-specific goods, e.g. 'Christmas and anniversary goods'.

Experience has shown that there can be substantially different shopping patterns between different goods categories. A good example is chemists' goods, medical and beauty products; which have one of the most localised shopping patterns and which account for a substantial proportion of comparison goods expenditure. Questions on households' shopping habits for the following 8 sub-categories of comparison goods, as used in the ADCRSU, are preferred:

- Clothing and footwear
- Furniture, carpets and other floor-coverings
- Household textiles
- Domestic electrical and other appliances
- Audio-visual equipment, televisions, computers, photographic and optical equipment
- DIY goods, decorating supplies and garden products
- Chemists goods, medical and beauty products
- Other goods such as china, glassware and household utensils, books, DVDs, jewellery, leisure and recreational goods.

3.13 The survey results are normally used to calculate market shares of convenience and comparison goods expenditure attracted from the catchment area by existing centres and stores, as in the ADCRSU. When using the results in this way:

- For convenience goods, the results of the main food shopping and top-up shopping questions should be weighted 75:25 respectively, when combining them into market shares for all convenience goods. The top-up shopping market shares should be calculated from the total samples, not from the reduced samples excluding those respondents who do not do top-up shopping (because the 75:25 weighting already makes adequate allowance for some respondents not doing top-up shopping).
- For comparison goods, the results for each sub-category of goods should be weighted according to catchment area expenditure on each sub-category, when combining them into market shares for all comparison goods (as in Appendix 4 of the ADCRSU, for example).

Steps 4 & 5: Compare existing retail supply with demand and assessing future capacity

3.14 In order to assess potential surplus expenditure capacity to support new retail floorspace, it will be necessary to apply 'benchmark' company average sales densities to those stores for which such information is available. This is mainly foodstores and retail warehouses. For foodstores, separate assessment of sales based on 'benchmark' sales densities should be made for the convenience and comparison goods floorspace in the stores. For each, the

appropriate sales density should be used; e.g. to assess 'benchmark' sales for convenience goods, apply the 'benchmark' convenience goods sales density to the convenience goods net sales area, and similarly for comparison goods. Hybrid calculations which apply the combined convenience and comparison goods sales density (i.e. the business based sales density) to the convenience goods floorspace alone, for example, will not be accepted by the Council. Detailed data on company average sales proportions for convenience and comparison goods, and company average space allocations for each goods category, is available from Verdict Research Limited, and can be used to derive separate sales densities for the convenience and comparison goods floorspace in foodstores. For comparison goods retail warehouses, data on company average sales densities is available from 'UK Retail Rankings' by Mintel.

- 3.15 In the case of town centres, estimates of actual base year sales will be necessary, as discussed in the Guidance. These should be derived from reliable household interview survey data on actual shopping patterns, wherever possible, as indicated in the Guidance at paragraph B35 of Appendix B.

'Benchmark' company average sales densities for foodstores should distinguish between convenience and comparison goods sales densities and floorspace. Estimates of actual base year sales in town, district and local centres should be based on household interview survey data on actual shopping patterns wherever possible.

- 3.16 It will be necessary to allocate a proportion of the forecast growth in expenditure to existing floorspace. This should be done by making realistic assessments of the likely re-occupation of existing retail floorspace which is vacant at the base year; and by applying floorspace efficiency factors to existing floorspace, as defined in Appendix A of the Guidance. For convenience goods, it is unlikely that there will be significant increases in trading efficiency of existing floorspace over the short period covered by most applicants' retail assessments. It will therefore not be necessary to apply floorspace efficiency factors to convenience goods floorspace. For comparison goods, whilst the potential for increases in sales densities may vary from centre to centre, to enable comparisons to be made between any potentially competing development proposals, a standard floorspace efficiency factor of 1.5% per annum should be applied from the base year to the design year. This should be applied to all comparison goods floorspace, including that in foodstores, retail warehouses and town centres.

Before allocating growth in expenditure to proposed new floorspace, account should be taken of the likely re-occupation by the design year of existing vacant floorspace. A floorspace efficiency factor of 1.5% per annum should be applied to all existing comparison goods floorspace, from the base year to the design year. No floorspace efficiency factor is necessary for convenience goods floorspace.

- 3.17 At the design year, it may be realistic to allow some changes in the base year pattern of market shares which was indicated by the results of the household interview survey. This is

because a new retail development will attract shoppers and expenditure, which would otherwise have gone to existing stores and centres. It is these market share changes which result in trade diversion from and impacts upon existing stores and centres.

All assumed market share changes should be clearly set out, transparent, and fully justified.

Step 6: Examine ‘no development’ scenario

- 3.18 Realistic forecasts should be made of sales in existing stores and centres at the design year, if the proposed development does not occur. These will then form the sales levels on which impacts of the proposed development can be calculated. Account should also be taken of likely sales in committed retail developments, as having the first call upon ‘surplus’ expenditure (after realistic take-up of vacant floorspace and growth in efficiency of existing floorspace). This will form the basis for assessment of cumulative impact of the committed and proposed developments.
- 3.19 When assessing likely sales in committed new retail floorspace, ‘benchmark’ company average sales densities (distinguishing between convenience and comparison goods sales densities and floorspace as above) should be used for proposed foodstores, and for comparison goods retail warehouses. For committed floorspace in town, district and local centres, sales densities appropriate to the scale, role and function of each centre should be used, guided by the estimated sales density of the existing floorspace.
- 3.20 For committed extensions to existing foodstores, the ‘benchmark’ company average sales densities should be used (distinguishing between convenience and comparison goods sales densities and floorspace as above). Whilst addition of comparison goods floorspace to an existing superstores can lower the business-based sales density of a superstore (because comparison goods floorspace trades at a lower sales density than convenience goods floorspace), this does not mean that such comparison goods floorspace trades at less than the comparison goods ‘benchmark’ sales density. The Council will therefore not accept forecasts based on the assumption that extension floorspace will trade at less than the respective goods-based ‘benchmark’ company average levels.

Sales in existing and committed retail floorspace at the design year should be estimated, as the basis for assessing individual and cumulative impacts. All committed new retail floorspace, including foodstore extensions, should be assessed as trading at goods-based ‘benchmark’ company average levels (with allowances for comparison goods floorspace efficiency increases between the base and design years).

Steps 7 & 8: Assess turnover, trade draw and impacts

- 3.21 As with committed new retail floorspace, sales in the proposed development should be based on 'benchmark' company average sales densities (distinguishing between convenience and comparison goods sales densities and floorspace as above). Again, this includes proposed extensions to existing foodstores, which should be assessed as trading at the 'benchmark' company average levels (with allowances for comparison goods floorspace efficiency increases between the base and design years). The Council will not accept forecasts based on the assumption that extension floorspace will trade at less than the goods-based 'benchmark' company average levels.
- 3.22 Trade draw to the proposed development should be assessed by reference to the base year pattern of market shares of existing stores and centres, indicated by the household interview survey data. It will be preferable to use a modelled approach, which starts from the base year pattern of market shares of convenience and comparison goods expenditure attracted by existing stores and centres, and then indicates clearly and transparently how this pattern will be likely to change in the design year as a result of, first the committed developments, and second (and cumulatively) the proposed development (see paragraphs D27 to D29 in Appendix D of the Guidance). This will then show the pattern of market shares expected to be attracted by the committed and proposed developments, the resulting expenditure flows to each, and their expected sales in the design year. The resulting trade diversion and retail impacts should then be calculated by comparing design year sales in the existing stores and centres in the absence of the committed and proposed developments, with the reduced sales which will occur as a result of the committed and proposed developments.
- 3.23 Realistic assessments must be made, and it will not be sufficient merely to allocate the great majority of the impact onto out-of-centre stores, if that is not a realistic change to the base year pattern of market shares. Evidence shows that the rise of food superstores in the past has been accompanied by decline in every other category of food and convenience goods retailing; so it is not correct to assume that food superstores and superstore extensions only compete with other superstores. The evidence shows that they also compete with town, district and local centres; particularly for comparison goods sales, where the market is much more fragmented and less concentrated than for convenience goods.

Proposed developments should be assessed as trading at goods-based 'benchmark' company average levels (with allowances for comparison goods floorspace efficiency increases between the base and design years), including foodstore extensions.

Realistic assessments of changes in market shares, expenditure flows and sales due to the committed and proposed developments should be made. These should be clearly indicated and transparent. Impacts on in-centre trade/turnover and on trade in the wider area should be calculated from the differences in design year sales with and without the committed and proposed developments; and the impacts expressed incrementally and cumulatively.

Step 9: Consider the consequences of the forecast impacts

- 3.24 Up-to-date 'healthchecks' of the existing town centres likely to be affected by proposed developments should be undertaken, preparatory to assessing the likely consequences of the forecast levels of impact. Where possible, such 'healthchecks' should be based on the latest such analysis undertaken by or for the Council, updated as necessary, particularly with reference to trends in shop vacancy (which lag the market to a lesser degree than some of the other indicators). Realism should be applied in drawing conclusions about the commercial 'health' of any centre, and its ability to withstand forecast impacts, much of which may well fall on its 'anchor' store or stores.
- 3.25 In assessing the consequences and significance of forecast impacts, regard should be had to the principles set out in the Guidance. This includes assessing the consequences for the policies and developments set out in adopted and emerging development plan policies. In particular, careful consideration should be given to impacts on and potential risks to any new developments which the Council or adjoining local authorities propose to bring forward, such as new retail developments in or on the edge of existing centres.

Up-to-date and commercially realistic 'healthchecks' of centres likely to be affected by proposed developments should be undertaken. The effects on development plan strategies to bring forward new retail developments should be considered in a commercially realistic way.