

Our ref:

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BY E-MAIL

Dear Richard

Proposed Mixed Use Development, Honiton Road, Exeter

Introduction

Further to your recent instructions, I write to provide advice in relation to the retail and town centre planning policy aspects of an application for outline planning permission on Honiton Road in Exeter. This application seeks outline permission for a mix of land uses within classes A1, A2, A3, A5, D1 and D2 and associated works on land to the north of Honiton Road in the eastern part of the Exeter urban area.

This is the second outline application for retail and leisure development on this site since 2014, with the previous proposal (Reference: 14/1615/01) refused by Exeter City Council ('ECC') in 2014. That proposal was for a very similar form of development and the content of that application, along with ECC's reasons for refusal and the advice provided by Bilfinger GVA, is discussed further later in this letter.

In line with our instructions from ECC, we have carried out a review of the information which has been submitted in support of this outline application, including:

- o The application form;
- o Covering letter, dated 12th June 2015;
- o Planning Statement (prepared by Rocke Associates, dated June 2015);
- o Various proposed site plans and drawings;
- o Retail Assessment (prepared by Mango, dated May 2015); and
- o Design & Access statement (prepared by Fletcher Rae).

For the avoidance of doubt, it should be noted that the majority of proposed site and layout plans, and elevations, have been submitted by the applicant for illustrative purposes only¹ although a site location plan, site parameters plan, site access plan and maximum floorspace and building height parameters are submitted for approval. Further information on these plans and parameters is contained later in this letter.

¹ As confirmed by paragraph 1.5 and Schedule 1.4 of the Planning Statement

The proposal has been considered in the context of the development plan for the area and other material planning policy considerations, such as the National Planning Policy Framework ('NPPF') and the National Planning Practice Guidance ('NPPG').

The Proposed Development

The site subject to this outline application lies to the north of Honiton Road in the eastern part of the Exeter urban area. The site is undeveloped and forms part of a wider area known as Monkerton and Hill Barton.

The site is subject to an outline planning permission, granted in 2012, for mixed-use development including use classes B1, B8, D1, D2, C1, A1, A3, A4 and A5. A reserved matters application pursuant to the approved outline permission, for a hotel and restaurant, was also granted in 2012 and these uses have now been constructed. Whilst the outline permission has now been implemented, condition 3 on the permission requires the submission of reserved matters before the expiration of three years from the date of the permission. That date was 19th June 2015 and therefore the reserved matters for the remainder of the development can no longer be submitted and approved. However, we understand that a subsequent permission for this development has been granted via an application under Section 73. Notwithstanding this position, it is worth highlighting the controls over the approved retail floorspace:

- Condition 17 restricts the pub/restaurant element of the hotel use to no more than 750sq m. The same condition also restricts the total amount of Class A retail floorspace to 1,600sq m, with no more than 900sq m devoted to A1 or A3/4/5 uses.
- Condition 18 restricts the maximum size of Class A units to 750sq m
- Condition 19 prohibits the inclusion of an 'drive-thru' element within the Class A3/4/5 uses.

As noted at the start of this advice letter, the current outline planning application proposes a mixture of Class A1, A2, A3, A5, D1 and D2 uses. All matters of detail, apart from access are reserved for detailed consideration and many of the plans and drawings submitted by the applicant are for illustrative purposes only. However, paragraph 1.3 and schedules 1.1, 1.2 and 1.3 of the Planning Statement confirm that approval is sought for the following:

- Site location plan (PR719_PL01)
- Site parameters plan (PR719_PL07)
- Proposed access plan (2176_PHL_001D)
- The following floorspace and height parameters:
 - A maximum floorspace of 16,933sq m gross external area (or 16,127sq m gross internal area)
 - A maximum building height of 53.4m AOD.
- The following floorspace per use class:
 - A1: 11,102sq m
 - A2: 316sq m
 - A3: 1,509sq m
 - A5: 116sq m
 - D1: 1,138sq m
 - D2: 1,946sq m

Table A below compares the type and scale of the proposed floorspace within the current application and the previous outline application refused in 2014:

Table A: maximum floorspace by land use type with 2014 and 2015 proposals

Use	2014 Application	2015 Application
A1	11,102sq m	11,102sq m
A2	316sq m	316sq m
A3	2,100sq m	1,509sq m
A5	116sq m	116sq m
D1	975sq m	1,138sq m
D2	1,937sq m	1,946sq m
Total	16,288sq m²	16,127sq m

As can be seen from Table A above, the amount of floorspace per land use type is very similar between the previous and current proposals, with the exceptions being a reduction in the amount of A3 space (by around one quarter) and a small increase in the amount of D1 and D2 floorspace.

Within the 2014 proposal, no controls over the proposed retail and leisure floorspace were offered by the applicant. However, Appendix 4 of the Planning Statement submitted in support of the current application does offer a number of controls (via planning condition). These proposed controls are appended to this letter and we make the following observations:

- The net sales area of the proposed Class A1 retail floorspace is equivalent to 70% of the proposed gross floor area³. For modern retail floorspace (particularly comparison goods retailing) located in out of centre locations this is relatively low amount of net sales floorspace. Whilst these gross and net floorspace levels set the parameters for the assessment of this application, these are maximum, not rigid, floorspace levels. As such:
 - they allow for a flexibility in the total amount of net and gross floorspace that can be built at the application site;
 - they allow for flexibility in the balance between net and gross floorspace within the development; and
 - it suggests that, in future, the amount of net sales area in the development could be increased (although that would be subject to the need for a separate approval).
- Despite the contents of paragraphs 1.3 and 1.5 of the Planning Statement, the proposed conditions incorporate reference to plans and drawings that the applicant has not submitted for formal approval. As such, we question whether references to these illustrative plans in conditions 3-8, renders these proposed condition less than precise.
- Notwithstanding our concerns over the references to illustrative plans in conditions 3-8, it should be noted that the unit size controls in condition 8 do not control the number of units in the development and only (potentially) control the maximum unit sizes. As a consequence, it must not be assumed that there will be 16 separate units in the development (as shown on illustrative plan PL02).
- Conditions 4-6 refer to both a series of illustrative plans and include the text “or any alternative configuration of floorspace that may be approved for this part of the development through the reserved matters to be submitted pursuant to this planning permission”. In our opinion, the inclusion of this text suggests that the proposed conditions are not precise.

² it will be noted that the constituent land use parts of the 2014 proposal add up to 16,546sq m GIA although the applicant sought approval for a maximum of 16,288sq m GIA.

³ Excluding the proposed garden centre

- Leaving aside the concerns over the references to the illustrative plans and the references to alternative scenarios, the “anchor unit” in the development can sell clothes and footwear from up to 60% of its net sales area although there is no restriction on the range of goods which the remainder of the floorspace (which will no less than a minimum of 40% of the net sales area) can sell.
- The controls over the sale of clothing and footwear within Units B & C shown on the illustrative layout plans (PL02 and PL03, and which may in any event be subject change) are not very precise. The control is via the word “predominantly”, although this is not defined and is open to different interpretations. In any event, subject to this vague control, the range of goods which could be sold from the remainder of the floorspace is not controlled.
- A similar situation occurs for Unit D where the balance between convenience and comparison goods uses is also controlled by the word “predominantly”. Whilst this will generally mean that a large part of the floorspace in this illustrative unit (which in any event appears to be subject to future changes) should sell convenience/food goods, the remainder of the floorspace is not controlled in the range of comparison goods that it can sell.
- Following the concerns raised in our previous advice regarding the use of the Class D2 floorspace, the applicant intends to restrict this floorspace to a gym only.
- Four Class A3 café/restaurant units are shown on the illustrative layout plans (PL02, PL05 and PL06) with conditions 3(f) and 8 seeking to allow three “freestanding” units and one “in-line” unit (i.e. a unit which is physically connected to the other Class A and D uses). We would recommend that ECC consider whether such an arrangement is precise enough to be enforceable. In any event, it is notable that the ability to provide ‘drive-thru’ facilities within the three “freestanding” units are “optional” which appears to cause a tension with the justification which the applicant is using with regards the sequential and impact tests within its Planning Statement and Retail Assessment.

Planning Policy Context

The planning policy context for the application site and the proposed development was outlined in detail in our previous advice letter and, as a consequence, there is no reason to repeat this information again this letter.

However, since the completion of our previous advice, ECC has published for consultation the Publication version of its Development Delivery Development Plan Document (‘DDDPD’). Proposed Policy DD14 of the DDDPD proposes retail and leisure development and an enhanced bus station as part of a comprehensive mixed use development at the existing Bus and Coach Station area. In addition, the proposals map proposes to allocate the application site on Honiton Road as an ‘employment site’ under Policy DD2. The proposals map indicates a district/local area to the east of Hill Barton Road, to the north-west of the application site. At present, this area does not accommodate a defined centre in the adopted Local Plan and therefore it is reasonable to assume that this allocation is referring to the proposed new centre as set out in the Core Strategy.

Compliance with the Development Plan

The information submitted by the applicant in support of the latest application follows a similar approach to the previous application. In particular, the Planning Statement suggests that:

- The applicant site is the only opportunity to provide a new centre in the Monkerton and Hill Barton strategic allocation;
- The development at the application site can serve both local communities and local businesses;
- The outline permission granted in 2012 cannot be delivered and there has been little developer/occupier interest;
- The size of the current application site is one-third of the size of land allocated for the Pilton Centre elsewhere in the strategic allocation area;
- There are no floorspace limits in the Core Strategy or the masterplan; and
- The distinction between local and district centres is “out of date”.

The Retail Assessment provides a more limited analysis in relation to the development plan allocation although it does repeat the point that there is no longer a distinction, in national policy, between local and district centres.

In our opinion, the information submitted by the applicant in relation to the current applicant does not provide materially different information and/or analysis from the previous proposals and, as a consequence, we continue to repeat our analysis at pages 6-8 of our previous advice letter to ECC. In particular, we consider that the proposed development does not conform to the development plan expectation for a local centre within the Monkerton and Hill Barton area and instead would provide a retail and leisure development which has a catchment which is well beyond that of a local or even district centre.

In relation to the suggestion that references to local and district centres serve no purpose and are out of date, we cannot agree with these views. Whilst the NPPF no longer provides a specific definition for local and district centres, references to both in the ‘town centres’ definition clearly suggests that the NPPF recognises that local and district centres are two separate entities. In addition, the Core Strategy does provide definitions for these centres and this document was found to be sound in the context of the draft NPPF which also did not provide specific national definitions.

On this basis, we cannot agree with the contents of the Planning Statement and the Retail Assessment that that sequential and impact tests are not required. We consider each in turn below.

The Sequential Test

Given that the applicant site is specifically not allocated in the development plan for the proposed development and given our opinion that the content of the proposal does not conform to the requirements of the development plan, we consider that there is a need to consider the compliance of the proposal with the sequential test.

The information submitted by the applicant appears to infer that the area of search for alternative locations should be limited to the eastern side of Exeter given the alleged purpose of the development. We do not agree with this approach as the development, due to its scale, range of land uses and the type of retail goods and services that could be sold, is likely to have a catchment that extends across the whole of Exeter and into the surrounding rural area (in a similar manner to the city centre). As a consequence, we consider that it is entirely appropriate for the search for alternative locations to consider the whole of the Exeter urban area, particularly the city centre, given the role, function and catchment of the proposed development.

The Planning Statement and Retail Assessment both consider the Bus and Coach Station (‘BCS’) site in Exeter city centre which was the sole focus for the sequential site assessment exercise for the previous proposal. Both documents attempt to discount the BCS site on the basis of the following:

- The BCS site is not large enough, which appears to be on the assumption that only 1.4/1.5 hectares of land is available;
- The BCS site is being promoted for a leisure-focused development;
- The need to include a new leisure centre on the BCS site is incompatible with the current proposals at Honiton Road;
- The BCS site cannot accommodate the development proposed at Honiton Road, even taking into account the need for flexibility;
- When considering flexibility, significant reductions in the range and quantum of development will change the intended function of the development away from the need that it is intended to serve;
- Proposed A3 uses will be 'drive-thru' uses, which are incompatible with the BCS redevelopment;
- The BCS site is not available, due to vacation of the bus station not occurring until late 2016 and the need to consolidate a number of freehold and leasehold interests;
- The site is not viable, based on the lack of a planning application for redevelopment and the history of proposals at the BCS site; and
- It is alleged that there is no demand for retail floorspace at the BCS site.

In response to the contents of the Planning Statement and the Retail Assessment we consider that there are a number of points to be made. However, before doing so, it is important to acknowledge that the applicant's assessment of the BCS site was made before the submission of the current outline planning application for the redevelopment BCS site. Whilst the lack of an application was a criticism of the viability and suitability of the BCS site in itself, the content of the application provides additional information which would not have been available to the Honiton Road applicant when completing its sequential site analysis.

The first criticism made is that the BCS site is only 1.4-1.5 hectares in size and it is suggested that this differentiates the BCS from the Honiton Road. This was based on an assessment of the BCS site a few years ago and the new application provides a lot more clarity over the redevelopment area. The current BCS application site extends to 3.3 hectares although this includes property along Sidwell Street which is proposed to remain along with land which is allocated to the new leisure centre and bus station. Based upon the exclusion of these elements, the plan at Appendix 5 to the applicant's Planning Statement suggests an available redevelopment area of 1.54 hectares and this is smaller than the Honiton Road application site area of 3.2 hectares. However, notwithstanding the applicant's slightly different approach to the area covered by the bus station and the leisure centre, the largest contributory factor to these different areas is the inclusion of a large amount of surface car parking and vehicle highway in the Honiton Road proposal.

The Honiton Road proposal needs to provide this level of parking as it lies in an out of centre location unconnected with other retail, leisure and other main town centre uses (including public car parking areas). The BCS redevelopment does not necessarily need to provide a large area of parking as it is well located in the city centre and close to a number of existing large-scale parking facilities. Indeed, this shows the flexibility that can be employed when a development incorporating similar retail and leisure uses is located within or on the edge of Exeter city centre. This is reinforced by the scale of floorspace which is proposed on both sites. The Honiton Road application proposes circa 16,000sq m gross whilst the BCS application proposes circa 17,300sq m gross.

The applicant also dismisses the BCS redevelopment as being a leisure led redevelopment and thus not being able to accommodate the retail and leisure development which is being proposed at Honiton Road. However, examination of the current BCS application reveals that apart from the specific leisure centre and bus station elements, there is not rigid mix of Class A and Class D uses/floorspace. In this way, the BCS and Honiton Road proposals are similar, reflecting the ability for reserved matters applications to be submitted which conform to the detailed commercial requirements of retail and leisure operators. Indeed, it is clear from the parameter plans submitted with the BCS application that the development can accommodate both larger scale retail occupiers along with smaller scale retail units alongside café/restaurant and leisure uses.

In relation to the need for flexibility, whilst the applicant's Retail Assessment correctly acknowledges the need to take this matter into account, there is very little information and analysis to explain the boundaries of flexibility that can be employed in this instance. Given that the scale and format of the Honiton Road proposal is, in our opinion, well beyond what is to be expected of a 'local centre' we do not consider that flexibility is constrained in this respect. In addition, this is very much a speculative development with no specific end-operators and which is submitted in such a form that could lead to a number of different development permutations.

Moreover, the controls over the size of units and the range of goods that could be sold from the Honiton Road development are such that a wide range of retailers could be accommodated and there is no evidence to demonstrate that retailers and service providers who could occupy the Honiton Road development could not also occupy the BCS redevelopment scheme.

In terms of the availability of the BCS site, the criticisms made by the applicant appear to centre upon the existing Stagecoach use and the other freehold/leasehold interests. In relation to the vacation of the site by September 2016, this is now just over one year away and we are aware of plans that Stagecoach has put in place to move its adjacent depot use to another location in Exeter. In addition, it would be very surprising if Henderson and The Crown Estate would have spent time and money progressing their plans for the BCS site without the co-operation of Stagecoach in relation to a replacement bus station use. Similarly, it would also be surprising for The Crown Estate to pursue redevelopment without a strategy for the relocation of their existing tenants on Paris Street. Indeed, apart from Stagecoach and The Crown Estate, the only other landowner whose land will be redeveloped is the City Council. Overall, we consider that the BCS can be classified as available for the purposes of the sequential test.

Finally, there is also a criticism in the text of the Retail Assessment that there is no demand for retail floorspace at the BCS and correspondence from BNP and CSP is proven. However, the BNP/CSP correspondence does not back up the statements made in the Retail Assessment and instead seeks to concentrate upon the retailers who may be interested in taking space in the Honiton Road development and the café/restaurant operators who may be interested in taking space in the BCS redevelopment scheme. In our opinion, the information provided does not prove that the BCS redevelopment project is not viable.

Overall, we do not consider that the information and analysis submitted by the applicant has demonstrated that BCS site is not a suitable and available alternative for the proposed development when sufficient account is taken of the need for flexibility. In particular, the BCS site is being made available for redevelopment and an outline planning application has now been submitted. In addition, the BCS site is able to accommodate the same scale of retail and leisure development as the Honiton Road proposal, including different sizes of retail and leisure units.

Impact

In line with the approach to the sequential test, the location and planning policy status of the application site and proposed development indicates that ECC should assess the impact of the proposed development on the health of nearby defined 'town centres' and also the impact on investment in 'town centres'. We deal with each criterion in turn below.

Impact on 'town centre' vitality and viability

The focus for the applicant's assessment of the impact of the proposed development on the health of nearby town centres is a quantitative assessment of existing convenience and comparison goods shopping patterns along with an assessment of pattern of trade draw to the proposal and the pattern of trade diversion from existing stores and centres. Separate assessments for convenience and comparison goods shopping are provided and we provide our observations on these assessments below:

Underpinning the applicant's latest assessment is a new **survey of household shopping patterns**. The commissioning of a new survey is, in principle, to be welcomed given the concerns that were raised

over the survey used in the previous application. However, in outlining the basis for, and content of, the new survey, the applicant appears to infer that we criticised both the sample size and the geographic coverage of the previous survey. This is not correct, as the concern was directed towards the sample size alone and not the geographic extent of the survey.

Unfortunately, whilst the new survey commissioned by the applicant has increased the survey sample size for each of the individual survey zones, the area covered by the survey has been scaled back to a much smaller area. The previous survey covered the whole of Exeter's urban area and extended to Okehampton and Tavistock in the west, beyond Cullompton to the north, Honiton and Sidmouth in the east and Teignmouth in the south. The new survey does not extend beyond the western edge of Exeter and now stops short of Honiton, Cullompton and Teignmouth. We consider that this is a curious approach given that the applicant is forecasting that 30% of the turnover of the proposed development will be drawn from residents outside of the new survey area and that 20% of the turnover of the city centre, which is a key focus for the impact assessment, will also be drawn from outside of this area.

Indeed, these 'inflow' assumptions are interesting in themselves as:

- Despite the claims that the proposed development is seeking to fulfil which it describes as bring a 'district centre' and the development plan describes as being a 'local centre', 70% of the turnover of the comparison goods element is being drawn from a large area of central and eastern Devon with another 30% from beyond. This reinforces our earlier comment that the proposed development, by the applicant's own admission, is serving a very wide catchment.
- It is interesting to note that, on a proportionate basis, the applicant expects the Honiton Road development to draw a larger proportion of its turnover from a wider area than does the city centre. This illustrates the applicant's intention that the proposed development will compete with the city centre.
- The applicant's approach to the pattern of trade draw appears to contradict the comments of paragraph 7.5 of the Retail Assessment which suggest that large parts of Devon would not expect to look to the proposed development for shopping provision.

A similar pattern appears to emerge for the proposed convenience goods floorspace as, whilst paragraph 7.21 of the Retail Assessment suggests that 75% of the development's convenience goods study area derived turnover will be drawn from Exeter's urban area, this is equivalent to only 50% of the overall convenience goods turnover being drawn from residents of Exeter.

In relation to the turnover of existing floorspace, the applicant's assessment applies the market share data from its new household survey to available convenience and comparison goods expenditure. This pot of available expenditure has been calculated using population and per capita expenditure data sourced from Experian. We have checked this data and it would appear that, whilst the population data appears to be very similar, the applicant's per capita comparison goods expenditure data is different to the data provided to us by Experian. This is a matter upon which further information should be sought from the applicant.

Turning to **the turnover of the proposed development**, the applicant's assessment assigns a convenience goods turnover to indicative Unit D. This is based upon Marks & Spencer Simply Food and extends to 715sq m net. However, it should be noted that the illustrative plan for Unit D shows the unit extending to circa 1,500sq m and thus the applicant's assessment is showing only 50% of this unit being used for net sales which appears to be very low.

With regards to the turnover of the proposed comparison goods floorspace, the applicant's assessment⁴ assumes that 6,502sq m will be devoted to net sales area and the turnover calculations appear to be based upon the illustrative unit layout plan. However, the calculation of the individual unit sizes is not clear.

⁴ Table 5, Appendix 8 of the Retail Assessment

In relation to the turnover of the comparison goods floorspace, the applicant adopts 'low' and 'high' sales density rates and the basis for these are explained in Table 5 (Appendix 8) in the Retail Assessment. In principle, we would recommend using the higher turnover levels in any assessment as it provides a worse-case analysis. In relation to the sales density levels adopted by the applicant, the rates adopted for Next and Primark appear to match data from the 2015 edition of Retail Rankings⁵. However, the density adopted for Sports Direct appears to be too low at £4,075/sq m⁶ whilst there are sports retailers such as JD Sports with higher densities.

In addition, the sales density analysis presented by the applicant is sensitive to the assumptions which are made about the identity of retailer and the size of the unit that they occupy.

In relation to the turnover of the proposal which has been used to estimate its **impact on existing stores and centres**, we have already noted our concern that an assumption has been made that 30% of the comparison goods turnover is assumed to be drawn from outside of the study area. Notwithstanding this concern, it would appear from the applicant's analysis that part of the total comparison goods turnover of the proposal has been excluded from the financial impact analysis. For example, Table 16 (Appendix 8) of the Retail Assessment appears to show that £22.57m has been assessed for the purposes of the trade diversion assessment and this figure matches the 'turnover from study area' figure (which is equivalent to only 70% of total comparison goods turnover) given in Table 5. The figures in Table 16 appear to be carried forward into Table 17 of the applicant's assessment although, when expenditure inflow into the study area is taken into account, Table 17 shows an expenditure diversion of £25.93m. Whilst this would appear to suggest that some additional expenditure diversion will take place from non-study area residents/visitors who already visit stores in Exeter, there is still some £6.3m of comparison goods expenditure missing from the applicant's assessment.

A similar concern is also raised in relation to the convenience goods assessment where the diversion assessment in Table 13 (Appendix 8) of the applicant's Retail Assessment accounts for only £5.69m of the total £6.85m convenience goods turnover of the proposed development (based upon the scenario put forward by the applicant).

In relation to the pattern of trade diversion put forward by the applicant's assessment, Table 13 indicates the following scale of diversion to the proposed convenience goods floorspace:

- £0.13m – M&S, Exeter city centre
- £0.93m – Tesco, Digby
- £0.63m – Waitrose, Heavitree
- £0.05m – M&S Simply Food, Exe Bridges
- £0.1m – Morrisons, Prince Charles Road
- £0.09m – Sainsburys, Alphington Road
- £0.04m – ALDI, Alphington Road
- £1.9m – Sainsburys, Pinhoe
- £0.17m – ALDI, Exhibition Way
- £1.45m – Morrisons, Middlemoor
- £0.02m – Tesco Express, Heavitree
- £0.01m – Co-op, Heavitree
- £0.11m – Tesco, Exmouth
- £0.01m – Tesco Express, Exmouth

As a starting point, it must be acknowledged that the applicant's assessment is based on the assumption that Marks & Spencer will occupy the proposed development and operate a Simply Food store from 715sq m net sales area. Such a scenario is entirely possible under the controls put forward by the applicant, although it is not the only scenario with other types of food retailer being able to occupy the proposed development and in different scales and formats of space. Indeed, occupation of illustrative unit D appears to be contrary to normal commercial practice.

⁵ published by Mintel

⁶ Retail Rankings suggests £5,213/sq m

However, based on Marks & Spencer occupying the store, we find it difficult to agree with some parts of the pattern of diversion out forward by the applicant. For example, it is difficult to see how the ALDI store on Exhibition Way would experience a higher level of diversion from the nearby Marks & Spencer Simply Food at Exe Bridges/St Thomas bearing in mind the latter would be the same type of store as in the proposal. Similarly, a higher amount of diversion is assumed to come from the Tesco store in Exmouth than the M&S at Exe Bridges. In addition, whilst we would agree that a large element of trade will come from the nearby large Waitrose, Morrisons (Middlemoor), Sainsburys (Pinhoe Road) and Tesco (Digby) supermarkets, we consider that the amount of diversion from other Marks & Spencer stores in Exeter has been under-estimated.

Turning to the pattern of comparison goods trade diversion, Table 17 (Appendix 8) indicates that £25.9m of the turnover of the proposed development will come from the following sources:

- o £10.4m – Exeter city centre
- o £0.08m – Heavitree
- o £0.02m – St Thomas
- o £0.04m – Topsham
- o £0.04m – Pinhoe
- o £6.5m – Rydon Lane Retail Park
- o £5.2m – Sowton Retail Park
- o £3.2m – Stone Lane Retail Park
- o £0.4m – Exe Bridges (which is part of St Thomas district centre)
- o £0.05m – B&Q, Alphington Road

In order to understand whether this pattern of diversion (for the reduced amount of expenditure which has been included in the applicant's analysis) is reasonable we have considered the retail uses present in each of the above locations and also the retail offer which has been assumed for the purposes of the applicant's analysis.

As a starting point, it is important to note that the applicant's analysis is not precise over the basis for its analysis. The table after paragraph 3.7 of the Retail Assessment indicates that the anchor unit will be a clothing store with the other two large units selling clothing and sports goods. Paragraph 3.5 of the same document introduces the possibility that the anchor unit may be occupied by Next or TK Maxx/Homesense although there is not further information on the range of comparison goods that will be sold. Indeed, due to the size of the anchor unit there is a possibility that, contrary to the table after paragraph 3.7, this unit may not just sell clothing, footwear and fashion goods. Similar uncertainty can be found in relation to the other two large comparison goods units.

However, it is clear that there is a 'clothing/fashion' theme throughout the applicant's assumptions and this has guided our assessment of the trade diversion analysis. In addition, we have borne in mind that there is further comparison goods floorspace which the applicant has suggested will be occupied by health and beauty, travel goods, phone and cycle goods stores.

Given the retail offer assumed by the applicant's Retail Assessment we would agree in principle that the city centre will be the largest single source of trade diversion. However, based upon the contents of Table 17 of the applicant's assessment the proportion of (partial) turnover is only 42%. Bearing in mind the applicant's assumptions regarding the content of the proposed comparison goods floorspace and the shopping patterns for clothing and fashion goods, we consider that this scale of diversion is likely to be too low.

This is reinforced by the assumption that a large amount of trade will be diverted from retail warehouses in Sowton, Rydon Lane Retail Park and Stone Lane Retail Park although none of these provide a large amount of clothing and fashion retailers. For example, the only clothing store at Rydon Lane is a sports retailer (Sports Direct), the only clothing retailer at Stone Lane is Matalan and the retailers at Sowton include a Matalan clearance store, DIY warehouses, sports goods stores and a Toys R Us store. Despite this tenant mix, the applicant is predicting that around £15m of comparison goods expenditure will be diverted from these locations which is 50% higher than the city centre. In

our view, this is an unreasonable prediction. Indeed, if there is likely to a retail park which will suffer trade diversion it is Exe Bridges which accommodates Next and TK Maxx and which is part of the defined St Thomas district centre.

Indeed, on the issue of Exe Bridges and St Thomas district centre, which is in our opinion the most likely of the retail parks and district centres in Exeter to suffer a trade diversion to the proposal, the applicant's assessment does not provide any health check information nor any information or analysis regarding the linkages and relationship between the retail park and the more 'traditional' parts of the district centre. In our opinion, where there is a link between these different parts of the centre, then diversion from the retail park could have a knock-on impact on the remainder of the centre. This needs to be investigated by the applicant in order that a final view on the significance of the impact of the Honiton Road proposal can be established.

Overall, it is our view that the applicant's impact analysis is incomplete, in terms of the assessment of the financial impact of the proposed development and the assessment of the impact on St Thomas district centre. In addition, there is concern over the decision of the applicant to reduce the size of its study area for the financial impact assessment yet predict that one third of the comparison goods turnover of the proposal will be attracted from outside of this area. Finally, there is also particular concern that, on the proposal's turnover which has been included in the impact assessment, an under-estimate has been made of the diversion from Exeter city centre and St Thomas district centre alongside an over-estimate of the diversion from other out of centre retail warehouses which do not appear to have a particularly strong trading overlap with the type of store that the applicant is assuming will occupy the Honiton Road development.

Impact on Investment

In relation to the applicant's assessment of the impact of the proposed development on 'town centre' investment, the focus falls upon the BCS site. The applicant's Retail Assessment concludes that there will be no adverse impact upon planned investment on the BCS for the following reasons:

- the BCS scheme is a leisure-led scheme with no material overlap with the Honiton Road application;
- there is a condition preventing the Honiton Road scheme providing a cinema, which is a potential element of the BCS redevelopment project;
- there will not a any material overlap in the tenants sought by both proposals and they will provide different formats;
- support can be drawn from the principles and circumstances established as part of the recent Rushden Lakes decision;
- there has not been any planning application for the BCS sites and no operator interest; and
- there is not a viable scheme at the BCS site.

In response to the analysis put forward by the applicant, we would note that there is now an outline planning application for retail and leisure development at the BCS site and the content of this application indicates that wide range retail and leisure uses could be accommodated. Indeed, we consider that, based upon the scale and type of floorspace that can be provided within the BCS scheme, and the lack of any strict controls over the type of convenience and comparison goods retailing (along with café/restaurant provision), there is the potential for a considerable overlap between the tenants which could be accommodated in both schemes. This is reinforced by the nature of both applications and the different permutations of development that could be provided.

In relation to other factors, the NPPG provides guidance as to how to assess the potential impact of proposals on development. It notes that the following should be considered:

- the policy status of the investment (i.e. whether it is outlined in the Development Plan);
- the progress made towards securing the investment (for example if contracts are established);
- the extent to which an application is likely to undermine planned developments or investments based on the effects on current/ forecast turnovers, operator demand and investor confidence.

In relation to the above NPPG factors, it should be noted that the BCS redevelopment is a key part of the city centre and retail development strategy in the development plan and is allocated for the same type of land uses as being provided by the Honiton Road proposal.

In relation to the progress being made, it is clear that one of the land owners, The Crown Estate has been working with development partners, the City Council and Stagecoach in order to bring forward a redevelopment scheme and this has recently culminated in the submission of an outline planning application. There is no suggestion that any on the land owners are not 'on board' with the redevelopment proposals and it is clear that Stagecoach are making plans to reorganise their facilities in the central part of Exeter.

There is also clear concern from the investor in the scheme: The Crown Estate. They have objected to the previous (very similar) application and whilst we are not aware of any further specific objection to the current application, it is clear that their objections continue given their decision to obtain Rule 6 party status for the forthcoming public inquiry later this year.

In relation to turnover levels, a clear conclusion cannot be reached on this element due to a number of concerns with the applicant's financial analysis. However, where there is a significant fall in potential turnover levels, then this could in our opinion be further cause for concern over the potential to invest in a location such as the city centre. In addition, the availability of comparison goods expenditure in the Exeter area will also, in our opinion, provide a guide to the confidence of retailers and developers to invest. At the present time, the City Council, in conjunction with East Devon District Council ('EDDC') is undertaking a retail and leisure study and this will provide a view on the forecast level of available expenditure to support new retail floorspace in the local area. That study is being informed by a new survey of household shopping patterns which is larger in scope than the applicant's survey and is likely to be more representative of the catchment area of comparison goods shopping in Exeter (particularly the city centre). We recommend that the new retail and leisure study and its retail expenditure/floorspace capacity assessment is used to inform the 'impact on investment' test.

Overall, we continue to have a particular concern that the Honiton Road proposal, given its scale and land use offer, is likely to have a significant adverse impact upon the planned/committed investment at the BCS site in Exeter city centre. There is, based upon the available evidence and the nature of the controls offered by the Honiton Road applicant, likely to be significant overlap between the type of retail and leisure uses sought by both developments. This has the potential to cause harm to the ability to deliver the BCS scheme. This scenario has already been acknowledged by the promoters of the BCS scheme who have submitted objections to the Honiton Road proposals and will be presenting evidence on these issues at the public inquiry associated with the (very similar) first Honiton Road proposal later this year.

Conclusions

Paragraph 27 of the NPPF indicates that where an application fails to satisfy the sequential test or is likely to have significant adverse impact on one or more of the impact tests outlined at paragraph 26 of the NPPF, then it should be refused. This approach is supported by the contents of the NPPG which note that "it is for the applicant to demonstrate compliance with the impact test in support of relevant applications" and "it is for the applicant to demonstrate compliance with the sequential test".

In this instance, we consider that the BCS site represents a sequentially preferable alternative site which is available for redevelopment and suitable to accommodate the proposed development when appropriate allowance is made for flexibility in scale and format. As a consequence, we consider that the Honiton Road proposal is contrary to paragraph 24 of the NPPF and Policy CP8 of the Exeter Core Strategy. We also consider that the proposal is likely to lead to a significant adverse impact on investment in Exeter city centre given its impact on the BCS scheme. As a consequence, the proposal is contrary to paragraph 26 of the NPPF and Policy CP8 of the Core Strategy.

In addition, the applicant has, in our opinion, failed to provide sufficient information and analysis to demonstrate compliance with the 'impact of town centre vitality and viability' limb of the NPPF

impact test. This is contrary to the requirements of the NPPG and therefore at the present time we are unable to conclude that the proposal will not have a significant adverse impact upon nearby 'town centres' such as Exeter city centre and St Thomas district centre.

In addition, we also consider that the content of the current application is contrary to the requirements of Policy CP17 of the Core Strategy which promotes a local centre in the Monkerton and Hill Barton strategic area.

I trust that the contents of this advice letter are sufficient for your current purposes. However, if you have any queries, or require additional information and advice, then please do not hesitate to contact me.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M S Morris'.

M S Morris BSc(Hons) DipTP MRTPI
Director – Planning, Development & Regeneration
For and on behalf of GVA Grimley Ltd