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## **Assessment of Retail Planning Policy**

Planning Application for Class A1 & A3 Retail and Associated Development at the Existing B&Q Warehouse, Avocet Road, Exeter

March 2019

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# 1. Introduction

- 1.1 This advice report has been prepared by GVA for Exeter City Council ('ECC') in relation to the retail and town centre planning policy aspects of an outline planning application by British Land Retail Warehouses Ltd ('the applicant') to redevelop the existing B&Q Warehouse store at Avocet Road for Class A1 and Class A3 retail floorspace and associated development.
- 1.2 A description of the proposed development can be found in Section 2 of this advice report.
- 1.3 This planning application, hereafter referred to as 'the B&Q application', is one of a number of planning applications for retail development on the eastern side of the Exeter urban area. GVA has recently provided advice<sup>1</sup> on retail planning policy issues to ECC in relation to the Moor Exchange proposal on Honiton Road, a proposed retail and leisure development at Middlemoor, the construction of a non-food retail unit within the existing car park at the Tesco Extra store on Russell Way and the redevelopment of part of the existing WPD depot.
- 1.4 In a similar manner to our written advice on these proposals, this advice deals with the B&Q application alone and separate advice on cumulative impact matters will be provided to ECC in order that consideration can be given to the impact on defined town centres in the event that ECC wishes to consider whether to grant planning permission for one than one of these retail development proposals.
- 1.5 Given the location, planning policy status and scale of the proposed retail floorspace, this advice report considers the relationship of the proposal against the sequential and impact planning policy tests. Similar issues were raised in relation to our advice on the above proposals and therefore elements of that previous advice contain relevant background and contextual information for this application at the B&Q store. Therefore, in the interests of brevity, we will refer to the content of that previous advice where necessary. Moreover, whilst the B&Q application needs to be determined on its own merits, it is nevertheless useful to refer back to the Secretary of State's 2016 decision on the Moor Exchange proposal on Honiton Road as it can provide useful information on sequential test and retail impact issues.
- 1.6 The main focus for our assessment of this proposal has been a review of the contents of a Planning & Retail Assessment ('PRA') prepared by Quod and dated June 2018. During the course of preparing this advice, Quod has provided further detail on the range of controls proposed by the applicant over the proposed retail floorspace<sup>2</sup>.
- 1.7 From the outset it should be noted that since the completion of the PRA the updated version of the National Planning Policy Framework ('NPPF') was published by the Ministry of Housing, Communities and Local Government in July 2018. The new NPPF will now be a material consideration for ECC when determining these retail development proposals. Our advice on the WPD proposals has summarised the salient content of the new NPPF, insofar as retail and town centre planning policy issues are concerned.
- 1.8 The remainder of this advice report is structured in the following manner:

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<sup>1</sup> In a report to ECC dated May 2018

<sup>2</sup> In an email dated 25<sup>th</sup> February 2019

- Section 2 outlines the content of this planning application.
- In section 3 we consider the key retail and town centre planning policy issues, including the sequential and impact tests.
- Section 4 provides a summary of our assessment and our advice to ECC.

## 2. The Proposed Development and the Salient Planning History of the Application Site

2.1 This application (ECC reference: 18/0983/OUT) is submitted in outline, with all matters reserved except for access, with the following description of development:

*“Outline planning permission for a retail park (Class A1) along with complementary café/restaurants (Class A3) including means of access (all other matters reserved)”.*

2.2 Section 3 of the PRA indicates that approval is being sought by the applicant for the following plans and development parameters:

- The site location plan
- The proposed access plan
- The development parameters plan
- A maximum of 17,000sq m of gross external floorspace and 14,865sq m gross internal floorspace.
- Maximum ground floor Class A1 floorspace of 8,175sq m gross and 5,899sq m gross at mezzanine level.
- A maximum of 790sq m gross Class A3 restaurant and café floorspace.

2.3 In addition to the matters sought for approval, Section 9 of the PRA indicates that the applicant is willing to accept controls over the future use of the retail floorspace, including:

- A limit on the maximum gross floorspace in the development
- No more than 1,394sq m to be used for the sale of convenience goods
- A maximum of 8 separate units
- A minimum unit size of 550sq m (GIA)
- Maximum of three units to have a gross area of between 550sq m and 650sq m
- No less than two units to have a floorspace exceeding 929sq m GIA
- For a period of three years from the grant of permission, no retailer trading in Exeter city centre’s primary shopping area shall occupy the proposed development.
- *“For a period of three years from the grant of consent, retailers who are not represented within Exeter City Council’s Primary Shopping Area (as defined by the development plan) shall not occupy floorspace within the development hereby permitted without the prior written approval of local planning authority, Where there is interest from a retailer who is not currently represented in Exeter robust justification will be required to support why that retailer’s business model could not be located within any of Exeter’s defined town centres should a suitable site be available”.*

- 2.4 Paragraph 9.3 of the PRA indicates that these proposed conditions are not exhaustive. During the course of our assessment of the retail and town centre planning policy issues associated with this application, the applicant (via Quod) has provided further information on the suggested controls over the proposed floorspace and these are attached at Appendix II.
- 2.5 Apart from reference to the area which can be used for convenience goods sales, there is no a suggested control over the total net sales area for the Class A1 retail floorspace. Such a control is likely to be necessary in order to control the development, should it be approved by ECC.
- 2.6 Nevertheless, the additional information submitted in February 2019 is helpful regarding the queries in relation to the suggested original and subsequent controls over the range of comparison goods to be sold from the proposal. We will address this supplementary information later in this advice report.
- 2.7 Returning to the submitted application, an illustrative masterplan has also been submitted with the application, although approval for this plan is not sought. The indicative layout is shown in Figure 2.1 below.

Figure 2.1: illustrative site layout



- 2.8 The arrangement shown above, including the number and size of units, is clearly only one of a number of permutations, which is reinforced by the wide range of goods which can be sold from the Class A1 retail floorspace. This is clearly unsurprising given the outline nature of the application but the proposed controls can assist with the determination of this application. It is on this basis that we proceed with our advice on retail planning policy issues associated with this retail planning policy issues in relation to this particular planning application.
- 2.9 It should also be noted that this is the second planning application in recent year for the redevelopment of the B&Q site. The applications are very similar and it will be noted that the previous application (ECC reference 15/1065/01) was withdrawn prior to its determination by ECC. Within both applications, the applicant suggests that there is a fall back situation in relation to the existing B&Q unit as it has an open A1 non-food planning permission. We have previously advised ECC on the relevance of this alleged fall back and we do not consider that the latest application provides any new or alternative information to suggest that our previous advice should be amended.

### 3. The Key Retail Planning Issues

- 3.1 As outlined in the introductory section of this advice, the location and scale of the proposed retail development indicates that consideration should be given to the relationship of the proposal with the sequential and impact tests. We outline our review of each test in turn below.

#### The Sequential Test

- 3.2 The distance between the application site in the nearest defined 'town centres' in ECC's formal centre hierarchy in its development plan means that the site should be classified as an out-of-centre location. Therefore, consideration should be given to whether there are any sequentially preferable in-centre, edge-of-centre, or more accessible and better connected<sup>3</sup> out-of-centre sites or premises which can provide suitable and available alternatives for the proposed development (taking into account the need to demonstrate flexibility).
- 3.3 It has been established by ECC over recent years, and acknowledged by Quod in the PRA, that the only sequentially preferable redevelopment site which has the potential to accommodate large scale retail and leisure development is the Bus and Coach Station ('BCS') site in Exeter city centre. This was the focus for the Inspector's and Secretary of State's examination of the sequential test for the original Moor Exchange public inquiry in late 2015 (and the Secretary of State's decision in 2016) and has remained our focus for the more recent assessment of the new Moor Exchange proposal and also the Middlemoor proposal.
- 3.4 It is well known that the original Moor Exchange proposal was dismissed by the Secretary of State on the basis that the BCS site was a suitable and available alternative. Our May 2018 advice on the more recent Moor Exchange proposal revisits the previous analysis and examines whether matters have materially changed. Our advice concludes that:

*"We consider that the focus for the sequential test remains on the BCS site and our re-assessment of its suitability and availability finds a number of factors have not materially changed since the 2015 public inquiry and the June 2016 Secretary of State decision.*

*These include the development plan strategy towards the site and the physical condition of the site. However, there have been some material changes including the abandonment of the redevelopment scheme promoted by the Crown Estate which is related to changes in market conditions. In addition, as a consequence of the abandonment of the redevelopment scheme (based upon the outline planning permission) ECC will now assess its options with regards to the BCS site going forward and there is a possibility for a change in approach for the land use mix. As a consequence, we consider that it reasonable to remain of the view that the majority of the BCS site considered as part of the previous proposal remains available but there is now much less certainty over it being a suitable alternative for the Moor Exchange proposals.*

*Also relevant to the issue of suitability is the content of the current scheme. In overall terms, the current scheme is smaller than the scheme refused in 2016, with a similar amount of Class A1 retail floorspace. That change does not suggest that the current scheme cannot be physically accommodated on the BCS site. However, the applicant has contemplated that the current scheme could include a reasonably large foodstore, which is shown on the indicative illustrative masterplan. However, the provision of this floorspace is not guaranteed by the proposed floorspace control offered by the applicant. This suggests no real difference from the previous scheme. However, should a large format foodstore become a formal and guaranteed part of the current scheme, we consider that it could not be accommodated on the BCS site thus potentially removing any potential concern that the BCS site was still a suitable alternative".*

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<sup>3</sup> In relation to defined 'town centres'

3.5 Whilst it is important to note that the Moor Exchange and B&Q proposals are not identical, there are a number of conclusions from our recent Moor Exchange advice which are equally relevant to the B&Q analysis. These are:

- These are a number of matters which have remained the same since the 2016 Secretary of State, which include: the development plan strategy for the BCS site, the physical condition of the site and its general availability.
- There has also been the abandonment of the Crown Estate proposals and the decision by ECC to assess its options for the site going forwards and a possible change in approach in the land use mix.
- Overall, the BCS remains an available alternative but there is now much less certainty over it being a suitable alternative for a large scale retail development proposal.

3.6 In terms of the differences between the schemes, it should be noted that the B&Q proposal is of a similar size to the Moor Exchange proposals and therefore, in line with the comments made in paragraph 4.33 of our Moor Exchange advice, this would suggest that the B&Q proposal can be physically accommodated on the BCS site.

3.7 The analysis presented by Quod in the PRA acknowledges the content of the Moor Exchange appeal decision but does not explain the flexibility associated with the outline planning application proposal at the B&Q site. Indeed, despite the Moor Exchange and B&Q proposals being similar in nature, paragraph 5.34 of the PRA suggests that “if the application proposal is to be located on the BCS site, it could not accommodate the scale and nature of floorspace proposed at the application site or meet the same need that the proposed [sic] is intended to serve”. In our view, there is nothing in the B&Q proposal which can distinguish it from the Moor Exchange scheme and there is nothing to distinguish the schemes in terms of the ‘needs’ that they could both meet (particularly given the outline and highly flexible nature of the schemes).

3.8 As a consequence of the above, the potential suitability and availability of the BCS site as an alternative to the B&Q site will ultimately depend upon ECC’s next steps in terms of bringing the site back for redevelopment following the abandonment of the Crown Estate proposal.

### **Impact**

3.9 Given the location of the application site and the scale of the proposed retail floorspace, there is also a need to consider whether the proposal is likely to have a significant adverse impact upon the health of, or investment within, defined ‘town centres’ in the local area.

3.10 In relation to the ‘impact on investment’ test, there is no evidence / analysis to suggest that the B&Q proposal is likely to have a significant adverse impact upon investment on the BCS site. Indeed, even when there was a ‘live’ redevelopment scheme at the BCS site, the Secretary of State concluded that the prospect of a significant adverse impact from the 2015 Moor Exchange proposal was not likely. Given that the Crown Estate scheme, which was the focus for the previous assessment, has now been abandoned, we consider that it would be unreasonable to suggest that the risk of a likely significant adverse impact remains.

- 3.11 In relation to the 'impact of town centre health' test we have examined the applicant's financial impact analysis, undertaken our own analysis, and also considered the wider effect of the B&Q proposal.
- 3.12 The applicant's forecast turnover of the proposal is shown in Table 1 in Document 7 of the PRA. It is based upon the identification of particular retailers for each of the seven Class A1 retail units (including Next at Home, Marks & Spencer Simply Food, Homesense, Boots, New Look, Sports Direct and H&M). This is a common approach in retail assessments and matches the approach previously undertaken by GVA in our assessment of the Moor Exchange proposals. The sales densities adopted by Quod range from £2,500/sq m to £10,154/sq m for the comparison goods floorspace and £11,328/sq m for the convenience goods floorspace.
- 3.13 However, it must be acknowledged that the forecast turnover may be different if alternative retailers were to occupy the completed development. In order to test such a potential alternative, Quod also test an alternative financial impact scenario whereby all the comparison goods floorspace trades at £5,000/sq m.
- 3.14 The applicant's analysis predicts the following levels of trade diversion in relation to convenience and comparison goods expenditure:
- Comparison goods diversion:
    - Exeter city centre - £38.4m
    - Heavitree - £0.1m
    - Pinhoe - £0.1m
    - St Thomas - £0.9m
    - Topsham - £0.3m
    - Rydon Lane - £0.4m
    - Alphington - £0.4m
    - Marsh Barton - £1.5m
    - Sowton - £1.5m
    - Outside of Exeter - £7.1m
  - Convenience goods diversion:
    - City centre - £1.8m
    - St Thomas £0.5m
    - Topsham - £0.1m
    - ALDI, Alphington - £0.3m
    - ALDI, Pinhoe - £0.1m
    - Lidl Burnthouse Lane - £0.1m
    - Lidl, Powlesland - £0.1m
    - Morrisons - £1.2m

- o Sainsburys, Alphington - £1.4m
  - o Sainsburys, Pinhoe - £1.4m
  - o Tesco Extra, Russell Way - £1.1m
  - o Waitrose, Heavitree - £0.9m
  - o Other out of centre stores - £0.1m
  - o Outside of Exeter - £2.0m
- 3.15 The applicant's comparison goods assessment is forecasting that 74% of the proposal's turnover will be diverted from Exeter city centre. This comprises the largest single element of diversion by some margin and recognises the importance and popularity of the city centre for comparison goods shopping. Whilst our own assessment suggests that a slightly higher amount of diversion – circa 79% - the difference is not substantial and we generally agree with the applicant's comparison goods analysis in relation to the city centre. We do not, however, agree with Quod that some £7.1m of comparison goods expenditure will be diverted from outside of Exeter and consider that the difference here will be made up by a slightly higher level of diversion from the city centre and out of centre retail parks in the city.
- 3.16 In relation to the applicant's forecast pattern of diversion for convenience goods we consider that Table 4 in Document 7 of the PRA provides a reasonable assessment, with is more dispersed than the comparison goods assessment and reflects the likely main sources of competition for the proposed convenience goods floorspace. The pattern of diversion would appear to have been influenced by Marks & Spencer as the intended occupier for the convenience goods floorspace in the proposal and a higher level of diversion from more local stores may have been expected if the occupier was, say, ALDI or Lidl. However, as established through our assessment of the other retail development proposals in the local area, which include provision for a modest amount of convenience goods floorspace, even an alternative pattern of trade diversion is unlikely to lead to harmful impacts upon the financial performance of defined 'town centres' across Exeter.
- 3.17 Overall, the applicant's comparison goods diversion forecasts suggest a 3.0% cumulative impact upon the city centre's convenience goods sector and a 4.4% impact upon the city centre's comparison goods turnover. These are slightly higher than comparison goods impacts forecast in relation to the other current/recent retail development proposals on the eastern side of the Exeter urban area (including the 2015/2016 Moor Exchange appeal proposal), however they are not significantly higher.
- 3.18 In relation to the 2015/2016 Moor Exchange appeal proposal, it was not ECC's case at the December 2015 public inquiry that this level of direct financial impact would lead to a significant adverse impact upon the health of the city centre. As a consequence, we do not consider there is evidence to suggest that a different conclusion could be reached in relation to the B&Q outline planning application (when existing commitments are taken into account). Indeed, as advised by the NPPG, the positive and negative effects should be considered alongside other material considerations in the overall planning balance. In relation to the impact of the proposal on the health of the city centre, we consider that the following should be taken into account:

- The direct financial impact of the proposal on the city centre's convenience and comparison goods sectors does not suggest a likely significant adverse impact but should be considered as a minor adverse impact.
- The proposal will provide a rival shopping destination for the city centre, as also observed in relation to the Moor Exchange and WPD proposals, as it could provide an opportunity for an additional store for existing city centre retailers. Clearly, the proposal is not of a similar scale to the city centre but could lead to a reduced need to visit the city centre for some convenience and comparison goods shopping trips. This should also be considered as a minor adverse impact associated with the proposal.
- The applicant's proposed controls over the range of retail goods to be sold from the proposed development do little to alter our opinion that this proposal will provide a rival shopping destination to the city centre. Whilst it is possible, but by no means certain, that 10% of the proposed floorspace could be used in association with convenience goods sales, the range of restricted comparison goods listed in proposed condition (1)(a)(ii) covers only one quarter of the total proposed floorspace. In any event, the range of restricted goods in (1)(a)(ii) covers almost all comparison goods with the only main category of goods omitted being clothing, footwear and fashion items. As a consequence, whilst on its own we do not consider it likely that the B&Q proposal will have a significant adverse impact upon the vitality and viability of Exeter city centre, the lack of any serious controls over the sale of comparison goods means that the B&Q proposal is likely to have the largest individual impact of any of the current proposals currently being considered by ECC.
- Based upon the format and scale of floorspace being proposed, there is also the potential for retailer relocations from the city centre to the B&Q site. The number of relocations which could take place is, of course, limited by the scale of the proposal<sup>4</sup>, and the strength of the city centre as a trading destination may also dampen the possibility of closures. However, it is nevertheless a potential characteristic of the proposal which should be taken into account. To try and counter this potential, the applicant has offered an obligation which would force any retailer within any of the defined 'town centres' across the city, who wished to open a store in the B&Q development, to keep open their existing city centre store for at least five years. This matches the obligations being offered by some of the other current retail proposals in the city (such as the WPD development) and is essential only a short term mitigation measure.

3.19 Like the Moor Exchange and other current retail proposals, there is also a need to consider the impact on the health of St Thomas district centre. The applicant's analysis predicts a 2.8% impact upon the centre's convenience goods sector and a 10% impact upon its comparison goods sector. We consider that there are no apparent material differences between the circumstances surrounding the district centre between the time of the Moor Exchange appeal in 2015/2016 and the present time and it is likely that the B&Q proposal will have a similar impact upon the district centre as the 2015/2016 Moor Exchange scheme.

3.20 As a consequence, and in the interests of consistency in decision making, there is no reason for ECC to change its approach in relation to St Thomas district centre.

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<sup>4</sup> Up to 8 separate units

3.21 However, we do consider that the current proposal will, like the other current applications (such as Moor Exchange and WPD), have an adverse impact upon the health of the district centre in the following ways:

- Direct loss of trade. We predict that the centre will lose around 10% of its comparison goods annual turnover and 3% of its convenience goods turnover. A clear contribution to this forecast is the overlap between the style of retail units (and goods sold) between the B&Q proposal and Exe Bridges element of the district centre. There is the possibility that the household survey being used for our impact assessment may have under-estimated parts of the district centre's turnover, and thus the actual proportionate impacts may be lower, although we still consider that the centre will experience a material loss of turnover.
- Potential loss of existing occupiers. Whilst the main part of the centre is unlikely to experience retailer relocations, Exe Bridges is more susceptible. Boots, Next, TK Maxx and Marks & Spencer all have the potential to relocate and have been associated with the nearby Moor Exchange scheme. Indeed, the PRA indicates that Boots, M&S and Next are sought by the applicant for the B&Q proposal. As noted in relation to the most recent Moor Exchange proposal, there are varying degrees of possibility that the B&Q proposal could result in store closures in the longer term (beyond the five year 'keep open' obligation being proposed by the applicant).
- Overall impact on the health of the district centre. The overall focus for the impact upon St Thomas district centre is on Exe Bridges which forms part of the defined centre. We consider that Exe Bridge will be the focus for the trade loss from the centre and also in relation to the possibility of store closures. Information on how this may affect the rest of the centre is not available as we do not know the propensity for linked trips between the two parts (which is similar to the situation experienced in 2015/2016) and therefore we do not have information to demonstrate that the scale of impact on Exe Bridge retail park is likely to have a significant adverse impact upon the district centre as a whole.

## 4. Summary and Conclusions

4.1 This advice report has been prepared by GVA for Exeter City Council in relation to the retail and town centre planning policy aspects of an outline planning application by British Land Retail Warehouses Ltd to redevelop the existing B&Q Warehouse store at Avocet Road for Class A1 and Class A3 retail floorspace and associated development.

4.2 Given that this application has been submitted in outline, there is the potential for a number of contrasting scenarios in terms of how the proposed retail floorspace may be provided across the site and the applicant has proposed a series of controls over the proposed floorspace:

- A total maximum gross floorspace of 14,076sq m.
- No more than 1,394sq m to be used for the sale of convenience goods.
- At least 3,800 square metres of the gross retail floorspace shall only be permitted to sell the following comparison goods:
  - DIY and gardening goods
  - Kitchens and bathrooms
  - Carpets and floor coverings
  - Lighting products
  - Household furniture, furnishings and textiles
  - Office furniture and supplies
  - Household goods and kitchenware
  - Electrical goods
  - Motor vehicle related goods
  - Marine accessories and chandlery
  - Camping and associated leisure goods
  - Pets and pet related goods
  - Hobbies, craft and toys
  - Sports and outdoor leisure pursuits clothing, footwear and equipment
  - Toiletries (but only where sold as ancillary goods and not exceeding a maximum of 50 square metres in total)
- A maximum of 8 retail units
- A minimum ground floor area for all units of 550sq m
- A maximum of 3 units shall have a gross ground floor area between 550sq m-650sq m
- No less than 2 retail units to have a gross ground floor area exceed 929sq m.
- A maximum of 790sq m to be used for Class A3 uses.

- Further to any approval of reserved matters to the planning permission, there shall be no subsequent subdivision of units without the prior approval of the local planning authority.
- There is a proposed commitment from the applicant to ensure that there will be no occupation by any retailer(s) with any defined 'town centre' across the city unless they commit to remain in that particular centre for at least 5 years post occupation.

4.3 It should be noted that this application is one of a number of other current applications for retail development on the eastern side of the Exeter urban area. For the avoidance of doubt, this advice report deals with the B&Q application only and separate advice will be provided by GVA to ECC in relation to the other proposals and cumulative impact issues. That said, this advice report does make reference to our recent advice on the Moor Exchange, WPD and Middlemoor proposals given that all these retail proposals share a number of common issues.

#### **The sequential test**

4.4 The distance between the application site in the nearest defined 'town centres' in ECC's formal centre hierarchy in its development plan means that the site should be classified as an out-of-centre location. Therefore, consideration should be given to whether there are any sequentially preferable in-centre, edge-of-centre, or more accessible and better connected<sup>5</sup> out-of-centre sites or premises which can provide suitable and available alternatives for the proposed development (taking into account the need to demonstrate flexibility).

4.5 It has been established by ECC over recent years that the only sequentially preferable redevelopment site which has the potential to accommodate large scale retail and leisure development is the Bus and Coach Station ('BCS') site in Exeter city centre. This was the focus for the Inspector's and Secretary of State's examination of the sequential test for the original Moor Exchange public inquiry in late 2015 (and the Secretary of State's decision in 2016) and has remained our focus for the more recent assessment of the new Moor Exchange proposal and also the current WPD and Middlemoor proposals. We have re-assessed the BCS site in terms of its suitability and availability to accommodate the B&Q proposal, as we have also done for the Moor Exchange, WPD and Middlemoor proposals, and our assessment finds a number of factors have not materially changed since the 2015 public inquiry and the June 2016 Secretary of State decision.

4.6 These include the development plan strategy towards the site and the physical condition of the site. However, there have been some material changes including the abandonment of the redevelopment scheme promoted by the Crown Estate which is related to changes in market conditions. In addition, as a consequence of the abandonment of the redevelopment scheme (based upon the outline planning permission) ECC will now assess its options with regards to the BCS site going forward and there is a possibility for a change in approach for the land use mix. As a consequence, we consider that it reasonable to remain of the view that the majority of the BCS site considered as part of the previous proposal remains available but there is now much less certainty over it being a suitable alternative for large scale retail development proposals such as the current proposal at the B&Q site.

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<sup>5</sup> In relation to defined 'town centres'

4.7 Also relevant to the issue of suitability is the content of the B&Q scheme. The applicant has proposed that up to 1,394sq m can be used in association with convenience goods sales. This suggests no real difference from the content of the 2015/2016 Moor Exchange proposals which were considered to fail the sequential test.

### **Impact**

4.8 Given the location of the application site and the scale of the proposed retail floorspace, there is also a need to consider whether the proposal is likely to have a significant adverse impact upon the health of, or investment within, defined 'town centres' in the local area.

4.9 In relation to the 'impact on investment' test, there is no evidence / analysis to suggest that the B&Q proposal is likely to have a significant adverse impact upon investment on the BCS site. Indeed, even when there was a 'live' redevelopment scheme at the BCS site, the Secretary of State concluded that the prospect of a significant adverse impact from the 2015 Moor Exchange proposal was not likely. Given that the Crown Estate scheme, which was the focus for the previous assessment, has now been abandoned, we consider that it would be unreasonable to suggest that the risk of a likely significant adverse impact remains.

4.10 In relation to the 'impact of town centre health' test we have examined the applicant's financial impact analysis, undertaken our own analysis, and also considered the wider effect of the B&Q proposal. Our own financial impact analysis is contained at Appendix I to this advice report and Table 2a outlines the following convenience goods expenditure/turnover impacts:

- A 1.3% impact on the convenience goods sector in the city centre (rising to 2.2% when commitments are taken into account);
- A 1.7% impact upon foodstores in Heavitree district centre (rising to 3.6% when commitments are taken into account; and
- A 2% impact upon foodstores at St Thomas district centre (influenced primarily by the impact on the M&S Foodhall) (rising to 2.6% when commitments are taken into account).

4.11 The comparison goods diversion forecasts are shown in Table 3a and suggest a 3.8% impact upon the city centre's comparison goods turnover (based upon a diversion of £13.83m) and a 14% impact upon St Thomas district centre (influenced primarily by the impact upon stores in the Exe Bridges part of the district centre. The cumulative impact upon the city centre's comparison goods section is slightly higher at 4.9%.

4.12 In relation to the city centre, we consider that the likely impacts associated with the comparison goods floorspace element of the B&Q proposal will be the highest of all the current out of centre retail proposals in the city, although the convenience goods impacts may be slightly lower than the WPD and Moor Exchange schemes. Overall, the B&Q scheme is likely to have the highest impacts on town centre health, due to the scale of retail floorspace and the general lack of controls over the range of comparison goods to be sold, although we do not consider that, on its own, the B&Q scheme is likely to have a significant adverse impact upon the city centre. This is of course a negative aspect of the proposal and, as advised by the NPPG, the positive and negative effects should be considered alongside other material considerations in the overall

planning balance. In relation to the impact of the proposal on the health of the city centre, we consider that the following should be taken into account:

- The direct financial impact of the proposal on the city centre's convenience and comparison goods sectors does not suggest a likely significant adverse impact but should be considered as a minor adverse impact.
- The proposal will provide a rival shopping destination for the city centre, as also observed in relation to the Moor Exchange proposals, as it could provide an opportunity for an additional store for existing city centre retailers. Clearly, the proposal is not of a similar scale to the city centre but could lead to a reduced need to visit the city centre for some convenience and comparison goods shopping trips. This should also be considered as a minor adverse impact associated with the proposal.
- Finally, we cannot rule out the potential for retailer relocations from the city centre to the B&Q site. The number of relocations which could take place is, of course, limited by the scale of the proposal, and the strength of the city centre as a trading destination may also dampen the possibility of closures. However, it is nevertheless a potential characteristic of the proposal which should be taken into account. To try and counter this potential, the applicant has offered an obligation which would force any existing retailer in any defined centre across the city, who wished to open a store in the B&Q development, to keep open their existing 'town centre' store for at least five years. This would provide only short term mitigation and, in the longer term, there would be the potential for retailer relocations from existing 'town centres', particularly the city centre and St Thomas district centre, to the proposed development.

4.13 Like the Moor Exchange and other current retail proposals, there is also a need to consider the impact on the health of St Thomas district centre. On this issue, we consider that there are no apparent material differences between the circumstances surrounding the district centre between the time of the Moor Exchange appeal in 2015/2016 and the present time. As a consequence, and in the interests of consistency in decision making, there is no reason for ECC to change its approach in relation to St Thomas district centre. However, we do consider that the B&Q proposal will, like other current proposals, have an adverse impact upon the health of the district centre in the following ways:

- Direct loss of trade. We predict that the centre will lose around 14% of its comparison goods annual turnover and 2% of its convenience goods turnover. A clear contribution to this forecast is the overlap between the style of retail units (and goods sold) between the B&Q scheme and Exe Bridges element of the district centre. There is the possibility that the household survey being used for our impact assessment may have under-estimated parts of the district centre's turnover, and thus the actual proportionate impacts may be lower, although we still consider that the centre will experience a material loss of turnover.
- Potential loss of existing occupiers. Whilst the main part of the centre is unlikely to experience retailer relocations, Exe Bridges is more susceptible. Boots, Next, TK Maxx and Marks & Spencer all have the potential to relocate and have been associated with the nearby Moor Exchange scheme. Indeed, a number of these are named in the retail impact assessment for the B&Q proposal. As noted in relation to the most recent Moor Exchange proposal, there are varying degrees of possibility that Moor Exchange could result in store closures in the short term, following the expiry leases and at lease breaks.

- Overall impact on the health of the district centre. The overall focus for the impact upon St Thomas district centre is on Exe Bridges which forms part of the defined centre. We consider that Exe Bridge will be the focus for the trade loss from the centre and also in relation to the possibility of store closures. Information on how this may affect the rest of the centre is not available as we do not know the propensity for linked trips between the two parts (which is similar to the situation experienced in 2015/2016) and therefore we do not have information to demonstrate that the scale of impact on Exe Bridge retail park is likely to have a significant adverse impact upon the district centre as a whole.

# Appendix I

## Impact Assessment

**TABLE 1a: INDICATE TURNOVER OF B&Q PROPOSAL**

	NET SALES AREA (sq m)	COMPARISON FLOORSPACE	CONVENIENCE FLOORSPACE	COMPARISON SALES DENSITY (£/sq m)	CONVENIENCE SALES DENSITY (£/sq m)	COMPARISON GOODS TURNOVER (£m)	CONVENIENCE GOODS TURNOVER (£m)
<b>Total</b>						<b>£40.9</b>	<b>£11.1</b>

**Notes:**

Turnover taken from applicant's impact assessment.

TABLE 2a: CONVENIENCE GOODS IMPACT OF B&Q, 2021

STORE / CENTRE	PRE-IMPACT 2021 TURNOVER (£m)	DIVERSION TO COMMITMENTS (£m)	RESIDUAL TURNOVER (£m)	IMPACT OF COMMITMENTS (%)	DIVERSION TO B&Q (£m)	RESIDUAL TURNOVER (£m)	SOLUS IMPACT (%)	CUMULATIVE IMPACT (%)
<b>Exeter City Centre</b>								
Marks & Spencer, High Street, Exeter	£7.3	£0.1	£7.3	-0.7%	£0.33	£6.9	-4.6%	-5.2%
Sainsbury's, Guildhall Shopping Centre	£20.5	£0.1	£20.4	-0.5%	£0.22	£20.2	-1.1%	-1.6%
Other - Exeter City Centre	£33.8	£0.4	£33.4	-1.2%	£0.22	£33.1	-0.7%	-1.8%
Sub-total	£61.6	£0.6	£61.1	-0.9%	£0.8	£60.3	-1.3%	-2.2%
<b>Heavitree district centre</b>	£2.6	£0.1	£2.5	-1.9%	£0.04	£2.5	-1.7%	-3.6%
<b>St Thomas district centre</b>								
Co-op, Cowick Street, Exeter	£5.6	£0.1	£5.5	-0.9%	£0.00	£5.5	0.0%	-0.9%
M&S Simply Food, Albany Road, Exeter	£3.1	£0.0	£3.1	0.0%	£0.33	£2.7	-10.8%	-10.8%
Tesco Express, Cowick Street, Exeter	£6.5	£0.1	£6.4	-0.8%	£0.00	£6.4	0.0%	-0.8%
St Thomas District Centre	£1.2	£0.0	£1.2	0.0%	£0.00	£1.2	0.0%	0.0%
Sub-total	£16.4	£0.1	£16.3	-0.6%	£0.3	£15.9	-2.0%	-2.6%
<b>Topsham district centre</b>								
Co-op, Fore Street, Topsham	£2.7	£0.4	£2.3	-14.9%	£0.00	£2.3	0.0%	-14.9%
Topsham District Centre	£2.0	£0.3	£1.8	-12.5%	£0.00	£1.8	0.0%	-12.5%
Sub-total	£4.7	£0.7	£4.0	-13.8%	£0.0	£4.0	0.0%	-13.8%
<b>Sidwell Street / Blackboy Road</b>	£0.7	£0.0	£0.7	0.0%	£0.00	£0.7	0.0%	0.0%
<b>Mount Pleasant</b>	£0.0	£0.0	£0.0	0.0%	£0.00	£0.0	0.0%	0.0%
<b>Magdalen Road</b>	£0.3	£0.0	£0.3	0.0%	£0.00	£0.3	0.0%	0.0%
<b>Countess Wear (Topsham Road)</b>	£0.3	£0.0	£0.3	0.0%	£0.00	£0.3	0.0%	0.0%
<b>Countess Wear (Glass House Lane)</b>	£0.6	£0.0	£0.6	0.0%	£0.00	£0.6	0.0%	0.0%
<b>Beacon Lane</b>	£0.3	£0.0	£0.3	0.0%	£0.00	£0.3	0.0%	0.0%
<b>Polsloe Bridge</b>	£0.3	£0.0	£0.3	0.0%	£0.00	£0.3	0.0%	0.0%
<b>Pinhoe</b>	£1.4	£0.0	£1.4	0.0%	£0.00	£1.4	0.0%	0.0%
<b>Whipton</b>	£1.9	£0.0	£1.9	0.0%	£0.00	£1.9	0.0%	0.0%
<b>Exwick Road / Winchester Avenue</b>	£0.2	£0.0	£0.2	0.0%	£0.00	£0.2	0.0%	0.0%
<b>Isleworth Road</b>	£0.0	£0.0	£0.0	0.0%	£0.00	£0.0	0.0%	0.0%
<b>Exeter out-of-centre stores</b>								
Aldi, Alphington Road, Exeter	£30.0	£1.2	£28.8	-4.0%	£0.44	£28.4	-1.5%	-5.5%
Aldi, Exhibition Way, Pinhoe	£20.9	£0.6	£20.3	-2.9%	£1.00	£19.3	-4.9%	-7.7%
Aldi, Topsham	£6.8	£0.0	£6.8	0.0%	£0.17	£6.6	-2.4%	-2.4%
Lidl, Burnthouse Lane, Exeter	£11.6	£1.3	£10.8	-6.9%	£0.67	£10.2	-6.1%	-12.6%
Lidl, Powlesland Road, Exeter	£8.5	£0.8	£7.7	-9.1%	£0.11	£7.6	-1.4%	-10.4%
Morrisons, Prince Charles Road, Exeter	£31.8	£0.7	£31.1	-2.1%	£1.00	£30.1	-3.2%	-5.3%
Sainsbury's, Alphington Road, Exeter	£40.5	£0.9	£39.6	-2.2%	£0.61	£39.0	-1.5%	-3.7%
Sainsbury's, Pinhoe	£47.3	£0.4	£46.9	-0.8%	£2.52	£44.4	-5.4%	-6.2%
Tesco Extra, Russell Way	£40.9	£2.6	£38.2	-6.4%	£2.05	£36.2	-5.4%	-11.4%
Waitrose, Gladstone Road, Exeter	£23.1	£0.4	£22.7	-1.7%	£1.22	£21.5	-5.4%	-7.0%
Iceland, Alphington Road, Exeter	£2.3	£0.0	£2.3	0.0%	£0.00	£2.3	0.0%	0.0%
Other	£3.6	£0.1	£3.5	-1.4%	£0.04	£3.5	-1.3%	-2.7%
<b>Other</b>	£1,054.0	£0.0	£1,054.0		£0.11			

Notes:

Pre-impact 2021 turnover taken from EWED study.

TABLE 3a: COMPARISON GOODS IMPACT OF B&Q, 2021

STORE / CENTRE	PRE-IMPACT 2021 TURNOVER (£m)	DIVERSION TO COMMITMENTS (£m)	RESIDUAL TURNOVER (£m)	IMPACT OF COMMITMENTS (%)	DIVERSION TO B&Q (£m)	RESIDUAL TURNOVER (£m)	SOLUS IMPACT (%)	CUMULATIVE IMPACT (%)
Exeter City Centre	£865.2	£9.7	£855.5	-1.1%	£32.31	£823.18	-3.8%	-4.9%
Heavitree district centre	£5.3	£0.0	£5.3	0.0%	£0.00	£5.28	0.0%	0.0%
St Thomas district centre	£8.7	£0.0	£8.7	0.0%	£1.23	£7.45	-14.1%	-14.1%
Topsham district centre	£6.8	£0.0	£6.8	0.0%	£0.00	£6.79	0.0%	0.0%
Sidwell Street / Blackboy Road	£2.4	£0.0	£2.4	0.0%	£0.00	£2.40	0.0%	0.0%
Mount Pleasant	£3.4	£0.0	£3.4	0.0%	£0.00	£3.40	0.0%	0.0%
Magdalen Road	£0.3	£0.0	£0.3	0.0%	£0.00	£0.31	0.0%	0.0%
Countess Wear (Topsham Road)	£0.8	£0.0	£0.8	0.0%	£0.00	£0.76	0.0%	0.0%
Beacon Lane	£0.2	£0.0	£0.2	0.0%	£0.00	£0.17	0.0%	0.0%
Polsloe Bridge	£0.1	£0.0	£0.1	0.0%	£0.00	£0.07	0.0%	0.0%
Pinhoe	£12.0	£0.0	£12.0	0.0%	£0.00	£12.03	0.0%	0.0%
Whipton	£3.4	£0.0	£3.4	0.0%	£0.00	£3.41	0.0%	0.0%
Exwick Road / Winchester Avenue	£0.3	£0.0	£0.3	0.0%	£0.00	£0.31	0.0%	0.0%
Isleworth Road	£0.0	£0.0	£0.0	0.0%	£0.00	£0.00	0.0%	0.0%
Rydon Lane	£27.3	£1.0	£26.3	-3.5%	£1.64	£24.69	-6.2%	-9.5%
Alphington	£12.7	£0.7	£12.0	-5.4%	£1.64	£10.37	-13.6%	-18.3%
Marsh Barton	£49.4	£4.0	£45.4	-8.2%	£0.00	£45.35	0.0%	-8.2%
Sowton	£72.6	£4.4	£68.1	-6.1%	£2.05	£66.09	-3.0%	-8.9%
Other	£7.1	£0.0	£7.1	0.0%	£0.00	£7.06	0.0%	0.0%
Ikea	£48.0	£0.1	£48.0	0.0%	£0.82	£47.18	-1.7%	-1.7%
Other	£1,109.9	£29.9	£1,080.0	-2.7%	£1.23	£1,078.77	-0.1%	-2.8%

Notes:

Pre-impact 2021 turnover taken from EWEEED study.

## Appendix II

Suggested controls over the  
proposed retail floorspace

**From:** [Adrian Fox](#)  
**To:** [Morris, Matthew \(Avison Young - UK\)](#)  
**Subject:** RE: Exeter  
**Date:** 25 February 2019 09:33:41

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Hi Matt,

Please see below suggested conditions. However, happy to discuss any proposed changes in wording.

Kind regards,

Adrian

### **Suggested Conditions**

1. *The total gross floor area of the development hereby permitted shall comprise a maximum gross floor area of 14,866 sq m (including mezzanine floors) limited as follows:*

- a. *Gross retail floorspace of retail (Class A1) shall not exceed 14,076 square metres, of which:*
  - i. *no more than 1,394 square metres hereby permitted shall be for the sale of convenience goods; and*
  - ii. *at least 3,800 square metres of the gross retail floorspace shall only be permitted to sell the following comparison goods:*
    - *DIY and gardening goods*
    - *Kitchens and bathrooms*
    - *Carpets and floor coverings*
    - *Lighting products*
    - *Household furniture, furnishings and textiles*
    - *Office furniture and supplies*
    - *Household goods and kitchenware*
    - *Electrical goods*
    - *Motor vehicle related goods*
    - *Marine accessories and chandlery*
    - *Camping and associated leisure goods*
    - *Pets and pet related goods*
    - *Hobbies, craft and toys*
    - *Sports and outdoor leisure pursuits clothing, footwear and equipment*
    - *Toiletries (but only where sold as ancillary goods and not exceeding a maximum of 50 square metres in total)*
- b. *A maximum of 8no. separate retail units*
- c. *No Class retail units shall have a ground floor gross internal area of less than 550 square metres*
- d. *A maximum of 3no. shall have a gross internal ground floor area of between 550 and 650 square metres*
- e. *No less than 2no. retail units shall have a gross internal ground floor area exceeding 929 square metres*
- f. *A maximum of 790 square metres hereby permitted will be for Class A3 use*

2. *Unless otherwise agreed in writing by the Local Planning Authority, none of the approved A1 retail floorspace shall be occupied by any retailer who at the date of occupation, or within a period of 12 months immediately prior to occupation, occupies A1 retail floorspace within the City Centre or any of the District or Local Centres as defined on the Exeter Local Plan First Review Proposals Map, or any subsequent development plan document defining the city, district and local centre hierarchy, unless a scheme which commits the retailer to retaining their presence as a retailer within that Centre, for a minimum period of 5 years following the date of their occupation of A1 retail floorspace within the development, or until such time as they cease to occupy A1 retail floorspace within the development, whichever is sooner, has been submitted to and approved in writing by the Local Planning Authority. The scheme(s) shall be carried out as approved.*

3. *Further to any approval of reserved matters pursuant to this planning permission, there shall be no subsequent sub-division of units without the prior approval in writing of the Local Planning Authority.*

**Adrian Fox**  
**Associate**