
Report to: Planning Committee

Date of Meeting: 6th June 2012

Subject: Sefton Retail Strategy Review 2012

Report of: Jane Gowing - Head of Planning Services

Wards Affected: All

Is this a Key Decision? Yes/No

Is it included in the Forward Plan?

Yes/No

Exempt/Confidential

No

Purpose/Summary

To advise Members on the findings of a recently completed Retail Strategy Review 2012 for Sefton.

Recommendation(s)

It is recommended that Planning Committee:

- (i) notes this report; and
- (ii) endorses the study findings

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Jobs and Prosperity		√	
3	Environmental Sustainability		√	
4	Health and Well-Being		√	
5	Children and Young People		√	
6	Creating Safe Communities		√	
7	Creating Inclusive Communities		√	
8	Improving the Quality of Council Services and Strengthening Local Democracy		√	

Reasons for the Recommendation:

To primarily inform Planning Committee of the study findings.

What will it cost and how will it be financed?

(A) Revenue Costs

Nil

(B) Capital Costs

Nil

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal		
Human Resources		
Equality		
1.	No Equality Implication	<input checked="" type="checkbox"/>
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

None.

What consultations have taken place on the proposals and when?

The Head of Corporate Finance and ICT Strategy (FD1542/12) has been consulted and has no comments to make on this report as the report is for information only and there are no associated financial implications.

Head of Corporate Legal Services (LD876) have been consulted and has no comments to make on this report.

Are there any other options available for consideration?

No. The undertaking of this study or a similar study is necessary to comply with the requirements of national planning guidance as reflected, at the time, in PPS4: Planning for Sustainable Growth and subsequently reaffirmed in recently published National Planning Policy Framework (NPPF) and subsequently described as the 'Framework'. This study will form part of the evidence base to inform the emerging Local Plan and inform decisions on retail planning applications.

Implementation Date for the Decision

Following the approval of this report.

Contact Officer: Alan Young

Tel: 0151 934 3551

Email: [alan.young@sefton.gov.uk/](mailto:alan.young@sefton.gov.uk)

Background Papers:

None

Sefton Retail Strategy Review 2012

1. Background

- 1.1 Members of Planning Committee may recall receiving a report on '*Commissioning a New Retail Strategy Review for Sefton*' on 11th April 2011. The report was noted and the commissioning of the study was agreed, as was the recommendation to receive '*a further report towards the end of the calendar year on the key findings of the Retail Strategy Review for Sefton*'. The new Retail Strategy Review ('RSR 2012') for Sefton was commissioned following this report and has now been received – although its completion was unfortunately delayed.
- 1.2 Members will be aware that the need to undertake a new RSR was becoming increasingly urgent given that the last full survey based RSR was undertaken in 2005 and only partially (but not survey based) updated in 2009. In the intervening period significant changes have taken place in the patterns of retail activity in Sefton and in the wider sub-region, including the development of Liverpool One and other retail developments in Sefton, including the new Asda store in Bootle and the new Tesco store on the former Lanstar site in Litherland. Also retail expenditure forecasts will have changed over time and these need to be reflected in any revised retail capacity estimates.
- 1.3 WYG, the Council's retained retail consultants, are clear that despite the publication of the Framework during the preparation of the RSR 2012, the main objectives and spirit of former Planning Policy Statement 4 remain in place in the Framework. The new policy framework seeks to ensure positive planning policies, which promote competitive town centre environments at the heart of communities. Therefore the methodology adopted for the purposes of the RSR is still robust and follows the guidance within Practice Guidance to Planning Policy Statement (PPS) 4 - guidance which remains in place until further review.
- 1.4 The study will provide important evidence to assist in the production of the Council's Local Plan (formerly LDF Core Strategy) and to assist in evaluating retail-planning applications received in future.
- 1.5 A copy of the RSR 2012 can be viewed on the Council website at:
www.sefton.gov.uk/planningstudies

2. Key Components of the RSR 2012

- 2.1 The key components of the RSR 2012 can be summarised as follows:
- (i) a full retail strategy review update (including a 1,000-householder telephone survey)
 - (ii) new health checks for Bootle and Southport
 - (iii) a full district, local centres and shopping parades study

2.2 Each of these components will now be summarised in turn.

3. Key Findings of the Study

(i) Full Retail Strategy Review Update

3.1 As part of the evidence gathering process to inform the study, WYG commissioned a specialist survey based bureau to undertake a telephone survey of 1000 households within the defined study area in July 2011. This was drawn to include all of Sefton but also extended to include parts of adjoining Liverpool City, West Lancashire and Knowsley Councils' administrative areas to reflect the retail catchment of Sefton. The defined catchment was then broken down into eight survey zones to allow trends to be assessed at the local level. The zones cover Bootle (Zone B), Crosby (Zone C), Formby (Zone F), Kirkby and North Knowsley (Zone K), North Liverpool (Zone NL), Maghull and Aintree (Zone M), Ormskirk and West Lancashire (Zone O) and Southport (Zone S). The catchment and subdivision are the same as was used in both 2001 and 2005 to allow comparable analysis over time.

3.2 The household survey asked questions about such matters as: retail expenditure by type (including internet purchases) and location; frequency of visits to centres; incidence of linked trips; means of accessing town centres and the use of other town centre facilities. The results of the household survey are used to calculate, among other things, the expenditure claimed for each of the existing retail facilities in the Study Area. The above noted, because some of the questions have changed slightly since the 2005 questionnaire survey in relation to the 'non-bulky' goods comparison goods element of the study, comparison over time is more problematic.

3.3 Some key findings are as summarised as below:

(i) Shopping Patterns

Main food shopping patterns

3.4 Between 2001 and 2011 main food shopping destinations (i.e. to convenience stores) have maintained a relatively stable market share. Taking Sefton's catchment as a whole, it is apparent that the market share was 64% in 2001, 65% in 2005 and 66% in 2011, a rise of two percentage points, as shown below.

	Southport	Formby	Crosby	Bootle	Maghull	North Liverpool	Kirkby and North Knowsley	Ormskirk	Total
2001	97%	99%	95%	83%	87%	19%	33%	61%	64%
2005	99%	98%	94%	84%	87%	22%	39%	53%	65%
2011	98%	98%	94%	86%	81%	28%	30%	45%	66%

- 3.5 Furthermore, the market shares in Zone S (Southport), Zone B (Bootle) have increased, with the market shares in Zone F (Formby), Zone C (Crosby) and Zone M (Maghull) declining. Similarly, the attractiveness for main food shopping in Sefton has remained relatively strong for those zones outside the Borough and especially from Zone NL (North Liverpool), where it has increased from 19% to 28% over the period 2001 to 2011, reflecting the significant improvements in main food shopping facilities in Bootle, including the new Asda and Tesco food stores at Bootle and Litherland respectively. In contrast, Zone O (Ormskirk) has experienced a marked decline from 61% in 2001 to 45% in 2011 and, although still significant, the decline is principally a consequence of the improvements in food shopping facilities in Ormskirk and Burscough.

Top-up Food Shopping Patterns

- 3.6 With regard to 'top-up shopping' (i.e. purchases between main food trips) the study has found that over 76% of people confirmed that they did visit convenience facilities between their main food shopping trips which has reduced slightly from 81% in 2005. In terms of top-up shopping trips it appears that the overall market share achieved in Sefton has remained stable at 61% of top-up shopping trips retained in Sefton, which is comparable with that achieved in 2005 although an increase from 55% in 2001.

Non-food (Non Bulky) Shopping

- 3.7 This category covers comparison goods expenditure on clothes, shoes, small household items, toys/recreation, chemist etc. It must be noted that the survey technique applied in successive studies was slightly different (i.e. chemists goods not previously included but added now) so direct comparison cannot be made. The above noted, despite the different approaches adopted in measuring non-food (non bulky) shopping, the market share of expenditure in main town centres, as opposed to out-of-centre, has remained stable at 36% since 2001, although out-of-centre expenditure has increased from 4% in 2005 to 17% in 2011, connected to improvements in the share of out-of-centre facilities over this time.

Non-food (Bulky) Shopping

- 3.8 Taking non-food bulky goods as electrical, furniture and DIY goods, an assessment of market share has been undertaken by zone and by North and South Sefton. Unfortunately, as this analysis was not undertaken in 2001 or 2005, no comparative time series data is available.

- across Sefton's catchment, the overall market share for bulky goods facilities in Sefton was 68%, with over two thirds of that expenditure undertaken out-of-centre and almost one third from town centres, illustrating the strength of retail parks for bulky goods trips in the Borough.

- in terms of sub-areas of the Borough, the survey results show that North Sefton retains 27% of bulky goods trips with an almost equal split between in-centre (13%) and out-of-centre (14%). The results show that Zone S (Southport) has the highest market share at 86% with Zone F (Formby) achieving the next highest market share of 69%.

- in terms of South Sefton, the survey results show that 41% of bulky goods trips are retained by South Sefton, with 20% of those in-centre and 80% out-of-centre, reflecting the significant improvements in local bulky goods stores, both in and out-of-centre, in recent years.

(iii) Retail Capacity and the Role of Sefton's Town Centres

- 3.9 WYG have undertaken quantitative modelling to inform the capacity assessment for both convenience and comparison good retailing in accordance with the advice set out in PPS4 (see paragraph 1.4), looking at existing and forecast population levels, forecast expenditure levels for specific classes of goods using the most recently published data. This is a widely accepted source of expenditure and population data (and regularly used in retail studies of this type), and forecast improvements in retail sales density. In this regard, WYG have compared the capacity assessment with convenience/comparison goods provision for each retail operator in Sefton.
- 3.10 For each retail destination, the survey-derived turnover is compared with the 'benchmark' turnover (i.e. the turnover that a store would be expected to attract based on company average trading levels). The excess provided by the former over the latter provides a first indication of the need for more retail floorspace, subject to an assessment of unbuilt retail commitments and assumptions about the assumed improvement in the efficiency of existing retail floorspace. However, as a cautionary note, WYG point out that expenditure forecasts in the longer term (i.e. beyond 10 years) should be treated with caution given the inherent uncertainties in predicting how the economy will perform over time.

North Sefton – convenience requirements

- 3.11 Taking account of expected increases in convenience retail expenditure, existing store overtrading at specific stores (including Aldi at Meols Cop by +500%, the Tesco Express at Liverpool Road which overtrades by 230% and the Co-operative foodstore at Marshside Road which overtrades by 300%), retail floorspace commitments and the improved efficiency of retail floorspace, the study finds that there is still a significant residual expenditure available to support additional food retail provision in North Sefton.
- 3.12 On this basis WYG identify a residual expenditure of £43.8m identified at 2011, increasing to £51.6m at 2016, which is sufficient to support the convenience goods element of an additional large sized food superstore of approximately 4,000 sq m net in North Sefton over this period. Given that the majority of this need is experienced at facilities in Zone S (Southport), WYG consider that it may be sensible to identify an additional site in and around the Southport area to address this overtrading. However, it is also evident that there is overtrading in Formby, so there would be an opportunity, in the future, for the range and scale of floorspace to be enhanced in this location, although because the need is more limited it could occur as a result of a store extension to one of the main food stores or through the provision of smaller more localised convenience goods facilities.

South Sefton – convenience requirements

- 3.13 In looking at South Sefton the survey work indicates that a number of stores are performing particularly strongly (including the Tesco Metro at the Strand Centre overtrading by 289%; the Sainsbury at Crosby and the Tesco Express at Crosby Road North both overtrading by 225%; the Morrison's at Maghull overtrading by 242%; the Aldi at Park Lane West, Netherton, overtrading by 538% and the Asda at Aintree overtrading by 152%).
- 3.14 Comparing expected benchmark turnover of convenience stores in total with survey-derived turnover suggests that convenience goods floorspace is overtrading by some £71.8 m. The vast majority of this overtrading occurs in Zone M (Maghull) with £44.6m, Zone B (Bootle) with £13.5m and Zone C (Crosby) with £13.8m. However, it must be noted that in the case of the Asda at Aintree a significant proportion of the store's trade is currently coming from Zone K (Kirkby). Once the new Tesco Extra in Kirkby is opened, it is expected that the level of overtrading and therefore any 'need' would be addressed.
- 3.15 The above noted, WYG are aware of Sainsbury's aspirations to develop a store in Crosby which in their view *'is clearly needed to overcome the significant overtrading at the existing store and enhance provision locally in Crosby.'* This store would help meet a significant part of the need identified in south Sefton. Therefore although there appears to be significant need in south Sefton, when allowance is made for the new Tesco Extra store at Kirkby and the proposed new store at Crosby, it is likely the majority of this need will be accounted for. Notwithstanding this, WYG find that *'There will still be sufficient expenditure to support improvements in centres such as Maghull'* although *'we do not anticipate that this will be of the same scale as the potential stores in Kirkby and Crosby'*.

Capacity for future comparison goods floorspace

- 3.16 Taking account of the limited increase in forecasted comparison goods expenditure and projected stability in the study area population over time, as well as allowances for the growth in special forms of trading (e.g. internet sales, mail order, vending machines and other non store sales), WYG conclude that there will be no growth in out of centre comparison goods (bulky and non-bulky) in Sefton up to 2016. However, the identified expenditure growth increases to £34.7m by 2021, £98.9m by 2026 and £270m by 2031.
- 3.17 Linked to this, WYG have looked at existing comparison floorspace commitments (most relating to existing mezzanines in retail parks which have still to be implemented) and estimate that this will have a turnover of £34.2 m at 2011 (if built) growing to £35.8m by 2016. Such commitments extinguish any need for additional comparison floorspace in the period up to 2021. Post 2021 WYG have converted these turnover figures to floorspace requirements for between 8,500 sq m (net) and 14,200 m (net) by 2026 and an additional 31,800 sq m (net) to 53,000 sq m (net) by 2031.

North Sefton – comparison requirements

- 3.18 Looking at North Sefton specifically, based on current market share, and a 10% inflow for Southport town centre (in accordance with previous assumptions), WYG's assessment indicates a surplus capacity after taking account of

commitments, equivalent to a modest requirement of between 500 sq m and 900 sq m (net) of new comparison floorspace up to 2021, increasing to between 17,200 sq m and 28,700 sq m net by 2031. This is a dramatic decline from the 2009 study reflecting the anticipated reduction in forecast expenditure consequent on the economic downturn.

South Sefton – comparison requirements

- 3.19 Looking at South Sefton, WYG's assessment indicates that the anticipated surplus capacity after taking account of commitments, will lead to no residual capacity at 2021, £20.2m by 2026 which will rise to £101.8m by 2031. All this is based on current market share remaining unchanged.

(ii) Key findings of new health checks for Bootle and Southport

- 3.20 WYG has also undertaken vitality and viability health checks for Southport and Bootle, in accordance with Government planning advice to a July 2011 base date, as an update to similar studies undertaken in 2001, 2005 and 2009. The full details of these health checks are set out in the RSR report. However, some of the key findings are summarised below:

(i) Southport Town Centre

- 3.21 The key findings of the health check for Southport may be summarised as below:

- 6.6% of all units in Southport are in use for the sale of convenience goods compared to the national average of 8.4%. In terms of floorspace, the figure for Southport is 10.5% compared to the national average of 14.3%.
- 36.2% of all outlets in Southport are in use for the sale of comparison goods compared to the national average of 33.5%. In terms of floorspace, the figure for Southport is 37% compared to the national figure of 37.0%.
- Southport contains thirteen of the 'Top Twenty Retailers' as ranked by Focus.
- Southport's retail ranking based on retailer demand (as recorded by Venuescore 2011) has fallen by 37 places, from a peak of 44th in 2005 to 81st in 2011.
- In terms of retailer demand (Focus Report 2011) Southport's retail ranking has gradually declined from a peak of 96th in 1998 to 194th in 2007, although the ranking has improved to 126th in 2010
- At July 2011 there were 102 vacant units in Southport comprising 21,620 sq m. This represents 13.4% of all outlets and 13.6% of floorspace and compares with national figures of 11.8% and 9.8% respectively.
- Zone A (prime area) rents have decreased between June 2003 to June 2009, from £915 sq m in 2003 to £753 sq m in June 2009, amounting to a fall of 17%.

- Commercial yields were 6.25% in October 2000, falling to 7% in October 2002 before rising to 6.25% in July 2007. Since then retail yields have increased suggesting a slight decrease in investor confidence reflecting the wider economic downturn affecting most town centres in the UK.

ii) Bootle Town Centre

3.22 The key findings of the health check for Bootle may be summarised as below:

- 10% of all units in Bootle are in use for the sale of convenience goods compared to the national average of 8.4%. In terms of floorspace, the figure for Bootle is 14.3% compared to the national average of 14.3%.
- 35.7% of all outlets in Bootle are in use for the sale of comparison goods compared to the national average of 33.5%. In terms of floorspace, the figure for Bootle is 41.7% compared to the national figure of 37%.
- Bootle contains seven of the 'Top Twenty Retailers' as ranked by as ranked by Focus.
- Bootle's retail ranking based on retailer demand (as recorded by Venuescore 2011) has fallen by 13 places from 247th in 2005 to 260th in 2011.
- In terms of retailer demand (Focus Report 2010) Bootle's retail ranking has gradually declined from 296th in 1997 to 697th in 2010.
- At July 2011 there were 40 vacant units in Bootle comprising 5,250 sq m. this represents 19% of all outlets and 11.0% of floorspace and compares with national figures of 11.8% and 9.8% respectively.
- Zone A (prime area) rents have fallen from £700 sq m in 2003 to £646 sq m in June 2009, amounting to a fall of 7.7%.
- Retail yields have increased from 9% in April 1995 to 7.25% in July 2007 suggesting an increased investor confidence in Bootle.

(iii) a full district, local centres and shopping parades study

3.23 In addition to the above WYG have also undertaken a review of each of the 11 district and local centres (comprising Waterloo, Formby, Crosby, Maghull, Ainsdale, Birkdale, Churchtown, Netherton, Old Roan, Seaforth and Shakespeare Street) and 94 shopping parades in the Borough. This work has assessed the health of all these centres drawing on information gathered from site visits and supplemented by desk-based research. This updates part of the study and expands on a similar study (albeit with less identified shopping parades) undertaken in 2004.

- 3.24 The 11 district and local centres are dispersed throughout the Borough and vary both in terms of the number of units that are accommodated and their current strength. WYG's site visits identified that many of the centres are performing well and perform a key role in serving the local populations, whilst continuing to complement the established town centres of Southport and Bootle. That noted WYG highlight that three centres; Seaforth, Shakespeare Street and Waterloo, are showing some signs of vulnerability and particularly Seaforth.
- 3.25 Full assessments of each of the district, local centres and shopping parades are set out in 'Sefton District Centres, Local Centres and Shopping Parades Study' Final Report which can be inspected on the Sefton website indicated under paragraph 1.5 above.

4. Head of Planning Services' Comments

- 4.1 The availability of the Sefton RSR Update 2012, health checks for Bootle and Southport and District, Local Centres and Shopping Parades Study are timely and one of a number of important evidence gathering studies which have/are being prepared and will be used to inform Sefton's emerging Local Plan. The studies will also be used to inform advice on individual retail planning proposals and planning applications submitted to the Council. This is therefore an important piece of work that will help inform future decision-making.
- 4.2 What is apparent is that the retail sector has been significantly detrimentally affected by the economic climate and there is considerable uncertainty about the strength and durability of future growth. This has been compounded by the significant reduction in government spending due to the austerity measures and increasing unemployment figures. These factors are impacting on consumer confidence and economic growth and, as a consequence of this, are leading to reduced current and forecast retail expenditure levels. Not surprisingly, it is leading to significant changes in the way retail centres and retailers are functioning and the challenges presented by these changes will need careful planning to mitigate any detrimental effects. In this regard, Sefton faces the same problems that many other local authorities face to varying degrees across the country.
- 4.3 It is within the above context that the latest forecasts of the retail expenditure in the UK have been prepared. It is therefore not surprising that forecast growth rates for both convenience and comparison goods expenditure have been significantly scaled back in recent years, a trend firmly reinforced by the latest round of retail expenditure forecasts. Whilst it is difficult to forecast the future with any degree of certainty, what is very clear is that the pattern of retail expenditure growth over the next ten years will be much more modest than has occurred in last decade.
- 4.4 Importantly, the RSR Update 2012 indicates that there will be a need to identify additional convenience floorspace of approximately 4,000 sq m net in North Sefton in the period to 2016. In South Sefton WYG note that although on the face of it there appears to be significant need in South Sefton, when allowance is made for the new Tesco Extra store at Kirkby and the proposed new store at Crosby, it

is likely the majority of this need will be accounted for. Notwithstanding this, WYG note that there will still be sufficient expenditure to support improvements in centres such as Maghull. If the new Sainsbury's store at Crosby is not delivered it will likely add to the pressure to find alternative convenience floorspace provision elsewhere in South Sefton.

- 4.5 With regard to additional comparison goods expenditure, WYG note that as far as North Sefton is concerned there is now likely to be only a modest requirement of between 500 sq m and 900 sq m (net) of new comparison floorspace up to 2021, increasing to between 17,200 sq m and 28,700 sq m net by 2031. This has significantly reduced from the 2009 estimate of 22,885 sq m (net) required over the period to 2021 and in large part reflects the economic downturn and reduced comparison expenditure as a consequence of this. With regard to South Sefton, WYG's assessment indicates that the anticipated surplus capacity after taking account of commitments, will lead to no residual capacity need at 2021.
- 4.6 In terms of the health checks for Southport and Bootle, these provide a timely update of the previous similar studies undertaken in 2001, 2005 and 2009. They demonstrate the 'credit crunch' is having a continuing impact on Southport and Bootle, as it is doing on all retail centres across the country. In general terms, both centres seem to have weathered the impact of the recent economic downturn reasonably well and, in general, no worse than other similar centres. However, there is no room for complacency as the economic future is uncertain and competition from other retail centres and out-of-centre retail developments remain. The need for continuing investment and the enhancement of Southport and Bootle's respective retail offers is therefore essential if their vitality and viability are to be protected and enhanced and their position in the retail is not to deteriorate further.
- 4.7 In terms of work on shopping parades the studies show the parades continue to provide the important day-to-day retail and service facilities for local residents. Whilst the health check indicators identified that the majority of the parades are performing well, there is still a significant proportion of parades that are vulnerable and performing poorly. This will be a key planning challenge as we move forward with the Local Plan.