

Ryedale District Council

# SUPPLEMENTARY ADVICE ON CONVENIENCE RETAIL PROVISION



**ROGER TYM & PARTNERS**  
Planners and Development Economists

Final Report

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# 1 INTRODUCTION AND STRUCTURE OF THE REPORT

## Introduction

- 1.1 Roger Tym & Partners undertook the Ryedale Retail Capacity Study (RRCS) in 2005/06, and submitted the final report to Ryedale District Council in May 2006. We subsequently produced an Update to the RRCS, which was submitted to Ryedale District Council in September 2008.
- 1.2 Our 2008 Update of the RRCS included forecasts of floorspace requirements for both the comparison and convenience retail sectors in the period to 2026, and also contained bespoke advice on opportunities for meeting the identified quantitative need. The findings from our RRCS and its subsequent Update form part of the evidence base, which will inform the Council's emerging Core Strategy and Facilitating Development DPD.
- 1.3 In June 2009, Ryedale District Council published a 'Summer Consultation' document, which sought opinion on specific topic areas that the Council considers critical in taking forward the Core Strategy. With regards to retail development, the Summer Consultation document highlighted several issues for deliberation, including the local retail hierarchy, the need for new retail development, and potential locations for future retail growth. The Council anticipates that the consultation exercise, which ended in August 2009, will be followed by publication and submission of the Core Strategy to the Secretary of State in 2010.
- 1.4 Prior to Examination, an Inspector undertook an advisory visit in November 2009 to consider the Council's Core Strategy preparations, and identify any matters and questions that may have arisen that could compromise the Core Strategy's soundness. The Inspector stated in respect of retail development that,
- '...the approach to new retail provision should be supported by relevant retail capacity studies. If additional retail provision is being considered beyond that identified in these studies in furtherance of regeneration objectives, then this will need to be justified in terms of impact on vitality and viability, and consistency with settlement role and function'.*
- 1.5 Although the retail proposals set out in the Summer Consultation document are based upon evidence presented in our RRCS and its Update, the Council has asked us to provide some supplementary advice regarding the need for additional convenience retail provision within the District. In particular, the Council has asked us to consider whether there is a need for an additional supermarket within Malton, and what impact (if any) such development would have upon the vitality and viability of Ryedale's centres. Our advice on these issues is set out in this supplementary report, which can be considered an Addendum to our RRCS Update.

## Structure of the Report

- 1.6 The remainder of our report is structured as follows:
- Section 2 provides a review of recent and emerging changes in national planning policy insofar as it relates to town centres and sustainable economic development.
  - Section 3 sets out our assessment of the quantitative and qualitative need for additional convenience floorspace in the District.
  - Section 4 considers whether an additional supermarket in Malton town centre is likely to have any impact on the vitality and viability of Ryedale's centres.
  - Section 5 outlines our conclusions and recommendations, and presents our assessment of the most suitable locations for accommodating additional convenience retail growth.

## 2 CURRENT AND EMERGING NATIONAL POLICIES FOR TOWN CENTRES AND SUSTAINABLE ECONOMIC DEVELOPMENT

### Introduction

- 2.1 In this section of our report, we set out the requirements of national policy insofar as it relates to: town centres and the location of town centre uses (PPS6); and planning for sustainable economic development (the consultation paper on a new PPS4).

### PPS6 - Planning for Town Centres (March 2005)

- 2.2 The current national policy context, in so far as it relates to town centres and the location of new retail, office and leisure developments, is set, in the main, by PPS6, which is structured under four sections that deal with:

- the Government's objectives;
- the plan-led approach to positive planning for town centres;
- the assessment of proposed developments; and
- measuring and monitoring the vitality and viability of town centres.

#### *The Government's Objectives*

- 2.3 The first paragraph of PPS6 makes it clear that '*sustainable development is the core principle underpinning planning*' and that '*the planning system has a key role in facilitating and promoting sustainable and inclusive patterns of development, including the creation of vital and viable town centres*'. The Government's key objective for town centres, therefore, is to promote their vitality and viability (paragraph 1.3 of PPS6).
- 2.4 The Government's second tier objectives are set out in paragraph 1.4 of PPS6; these can be summarised as:
- enhancing consumer choice;
  - supporting efficient, competitive and innovative retail and leisure sectors and improving their productivity; and
  - improving accessibility to existing and new development by a choice of means of transport.
- 2.5 Paragraph 1.5 then sets out the Government's wider objectives; these can be summarised as:
- the promotion of social inclusion by ensuring access to a range of town centre uses and rectifying deficiencies;
  - the regeneration of deprived areas;
  - the promotion of economic growth;
  - the delivery of more sustainable patterns of development; and

- the promotion of high quality and inclusive design, enhanced public realm and an accessible and safe environment.

2.6 Regional planning bodies (RPBs) and local authorities (LPAs) are required to implement these Government objectives by planning positively for the growth and development of town centres, whilst not restricting competition or innovation (paragraphs 1.6 and 1.7). The main town centre uses to which PPS6 applies are: retail; leisure; offices; and arts, cultural and tourism facilities (paragraph 1.8), with housing said to be *'...an important element in most mixed-use, multi-storey developments'* (paragraph 1.9).

### *Positive Planning for Town Centres - A Plan-led Approach*

2.7 The introduction to Section 2 of PPS6 states that, *'in order to deliver the Government's objective of promoting vital and viable town centres, development should be focused in existing centres in order to strengthen and, where appropriate, regenerate them'*. Thus, RPBs and LPAs are called upon to:

- *'actively promote growth and manage change in town centres'*;
- *'define a network and a hierarchy of centres, each performing their appropriate role to meet the needs of their catchments'; and*
- *'adopt a proactive and plan-led approach to planning for town centres' through regional and local planning'*.

### *Networks and hierarchies*

2.8 Paragraphs 2.9 to 2.11 of PPS6 provide advice in relation to the development of the network and hierarchy of centres, but - in this part of the policy statement - the advice is in relation to both the regional and local levels. Thus, authorities must plan carefully how to distribute any identified growth at both regional and local levels. In defining their spatial objectives, RPBs and LPAs:

*'...should consider whether there is a need to rebalance the network of centres to ensure that it is not overly dominated by the largest centres, that there is a more even distribution of town centre uses, and that people's everyday needs are met at the local level'* (paragraph 2.9).

2.9 In developing the network and hierarchy, RPBs and LPAs are required to consider:

- whether there is a need to avoid over concentration of growth in the higher level centres;
- the need for investment in those centres requiring to be regenerated; and
- the need to address deficiencies in the network (paragraph 2.9).

2.10 Of crucial importance is the PPS6 requirement that *'...any significant change in the role and function of centres, upward or downward, should come through the development plan process, rather than through planning applications'*, with higher order centres dealt with in the RSS and with lower order centres dealt with through other DPDs (paragraph 2.10).



*Promoting growth and managing change*

- 2.11 Paragraphs 2.3 to 2.8 of PPS6 turn to the role of LPAs in promoting growth and managing change in town centres. Paragraph 2.3 states that LPAs should - within the regional planning context - actively plan for growth and the management of change in town centres over the period of their development plan documents by:
- selecting appropriate existing centres to accommodate growth, making the best use of existing land and buildings, but extending the centres where appropriate;
  - managing the role of existing centres through the promotion of specialist activities, or specific types of uses; and
  - planning for new centres of an appropriate scale in areas of significant growth, or where there are deficiencies in the existing network.
- 2.12 Paragraph 2.4 urges that growth should be accommodated, wherever possible, through *'...more efficient use of land and buildings within existing centres'*. Where growth cannot be accommodated within existing centres, paragraph 2.5 advises LPAs to plan for:
- the extension of the primary shopping area, if there is a need for additional retail provision; and, where necessary
  - the extension of the town centre, to accommodate other main town centre uses.

*The role of plans at the local level*

- 2.13 Paragraphs 2.15 to 2.18 of PPS6 deal with the role of the forward planning system at the local level. We note, in particular, the provisions of paragraph 2.15 which require LPAs to adopt a positive and proactive approach to planning for the future of all types of centres within their areas. Thus, in line with the RSS and their community strategies, LPAs should prepare a core strategy DPD which sets out *'...a spatial vision and strategy for the network and hierarchy of centres, including local centres, within their area, setting out how the role of different centres will contribute to the overall spatial vision for their area'*.
- 2.14 Paragraph 2.16 urges LPAs to work with stakeholders and the community so as to:
- assess the need for new floorspace for retail, leisure and other town centre uses, taking account of both quantitative and qualitative considerations;
  - identify deficiencies in existing provision, assess the capacity of existing centres to accommodate new development and identify centres in decline where change needs to be managed;
  - identify the centres where development will be focused, as well as the need for any new centres of local importance;
  - define the extent of the primary shopping area and the town centre on their Proposals Map;
  - identify and allocate sites in accordance with the considerations set out in paragraphs 2.28 to 2.51;
  - review existing land use allocations;

- promote investment in deprived areas by identifying opportunities for growth and improved access;
- set out criteria based policies for assessing proposals on sites not allocated in development plan documents; and
- distinguish between primary and secondary frontages.

#### *Site selection and land assembly*

2.15 Paragraphs 2.28 to 2.52 of PPS6 deal with site selection and land assembly in the forward planning process. Paragraph 2.28 sets out the five key considerations for local authorities when they are selecting sites for development; these are to:

- *'assess the need for development'*;
- *'identify the appropriate scale of development'*;
- *'apply the sequential approach to site selection'*;
- *'assess the impact of development on existing centres'; and*
- *'ensure that locations are accessible and well serviced by a choice of means of transport'*.

2.16 These considerations match the development control tests set out in paragraph 3.4 of PPS6. In applying them in the development plan preparation process, LPAs are required to work closely with retailers, leisure operators, developers, other stakeholders and the wider community and paragraph 2.31 makes it clear that LPAs may need to make choices between competing development pressures in their town centres.

#### *Change of Emphasis in PPS6*

2.17 The provisions of PPS6 reflect the Government's wider emphasis on the need to plan, monitor and manage at both the regional and local planning levels; the key changes in national policy emphasis that arose as a result of its publication, in March 2005, were:

- a requirement for a much more proactive plan-led approach to planning for town centres through regional and local planning;
- much more emphasis on the need to develop a network and hierarchy of centres, at both the regional and local levels; and
- a much greater involvement on the part of the public sector in the management and implementation of changes in town centres and in the monitoring of their vitality and viability.

2.18 Where growth cannot be accommodated within existing centres, LPAs are to plan for the extension of the primary shopping area, if there is a need for retail provision, and for the extension of the town centre as a whole to accommodate other main town centre uses.

2.19 The five key considerations to apply in selecting sites for development - need, scale, the sequential test, impact and accessibility - are similar, whether in forward planning or in development control. However, the publication of PPS6 caused more emphasis to be given to the issue of scale.

## Consultation Paper on a New Planning Policy Statement 4: Planning for Prosperous Communities (May 2009)

- 2.20 In May 2009, the Government published, for consultation, a new PPS4: Planning for Prosperous Communities. The main purpose of the draft PPS4 is to provide a comprehensive, yet streamlined policy framework for planning for sustainable economic development and to *'...underline the need for required planning bodies and local planning authorities, within the context of delivering sustainable economic development, to plan positively and proactively for economic development in their areas.'*
- 2.21 The Consultation Paper is divided into two broad parts - plan-making policies and decision-making policies. First, however, the Paper defines the term 'economic development' to include development within B Use Classes, town centre uses and other development which achieves at least one of the following purposes:
- provides employment opportunities;
  - generates wealth; or
  - produces or generates an economic output or product.
- 2.22 In turn, the Paper confirms that the main uses to which the town centre policies apply are as follows (these being the same town centre uses as those set out in paragraph 1.8 of PPS6):
- retail;
  - leisure, entertainment facilities and more intensive sport and recreation uses;
  - offices; and
  - arts, culture and tourism facilities.
- 2.23 As a final point of introduction, the Consultation Paper identifies the Government's objectives for prosperous communities, which are to:
- achieve sustainable economic growth;
  - raise the productivity growth rate of the UK economy;
  - build prosperous communities;
  - deliver more sustainable patterns of development, and respond to climate change;
  - promote high quality and inclusive design;
  - improve accessibility and reduce the need to travel;
  - promote the vitality and viability of town centres as drivers of regional, sub-regional and local economies; and to
  - provide for social inclusion.

### *Plan-making Policies*

- 2.24 The draft PPS4 sets out 11 policies for guiding the plan-making process and 13 policies to underpin decision-making in the development control context. We focus on the former

given the role of our advice in providing part of the evidence base for the Council's Core Strategy DPD.

- 2.25 Policy EC1 requires RPBs and LPAs to prepare a robust evidence base so as to underpin its development plan policies for supporting sustainable economic development. At the local level, the evidence base must:
- assess the detailed need for employment land;
  - assess the existing and future supply of land available for economic development through land reviews, which should be combined with strategic housing land availability assessments where possible;
  - assess the need for additional floorspace for all main town centre uses;
  - assess the capacity of existing centres to accommodate new development and the scope for extending the primary shopping area or the town centre as a whole, and identify centres in decline where change needs to be managed; and
  - identify deficiencies in provision, particularly for convenience shopping and identify the opportunities for remedying such deficiencies.
- 2.26 Policy EC1.4 deals, specifically, with the need for retail and leisure development. The advice is very similar to that contained in PPS6 and is reflected in the methodology that we used in our RRCS and its Update. Thus, LPAs are required to:
- assess need over the period of the DPD;
  - inform and be informed by regional need assessment; and
  - take account of both quantitative and qualitative considerations, particularly access to services in deprived areas.
- 2.27 In assessing **quantitative** need for retail and leisure uses, authorities must have regard to:
- existing and forecast population levels;
  - forecasts of expenditure for the broad categories of comparison and convenience goods and for main leisure uses; and
  - forecast improvements in the use of floorspace.
- 2.28 In assessing **qualitative** needs for retail and leisure uses, authorities must assess:
- whether there is an appropriate distribution of locations of retail and leisure uses that are accessible for the whole community;
  - whether there is a genuine choice in retail and other services to meet the needs of the whole community; and
  - the extent to which existing shops may be over-trading and the potential benefits of improved competition and retail mix.
- 2.29 Policies EC2 and EC3 deal with planning for prosperous communities and planning for town centres at the regional level, whereas Policies EC4 and EC5 provide equivalent

policy advice at the local level. Thus, Policy EC4.1 - which deals with wider economic development - requires LDFs to:

- positively and proactively encourage sustainable economic growth;
- make full and effective use of the planning tools available to them to simplify the process;
- prioritise the re-use of previously developed land;
- support existing business sectors;
- positively plan for the benefits which can accrue when certain types of businesses locate within proximity of each other;
- facilitate new working practices such as live and work premises and home working;
- ensure that existing site allocations are reviewed and not carried forward without evidence of the need and reasonable prospects of their take up during the plan period;
- encourage new uses for vacant buildings; and
- make the most efficient and effective use of land and buildings.

2.30 Policy EC5 relates, specifically, to the local planning approach to town centres. The first requirement is for authorities to set out in their Core Strategy DPDs a spatial vision and strategy for the management and growth of their centres. In developing the vision in strategy, they should:

- define a network and hierarchy of lower order centres;
- make choices about which centres will accommodate growth and address deficiencies in the network;
- ensure that any significance in role and function of town centres is brought forward through the development plan;
- set out how growth and change will be managed across the network of centres, having regard to the need to promote investment and strength centres in need of regeneration;
- consider the scope for consolidating and strengthening centres in decline and reclassification of centres where a reversal of decline is not possible;
- define the extent of the primary shopping area and the town centre boundary on their Proposals Map;
- consider setting floorspace thresholds for the scale of edge-of-centre and out-of-centre development that should be subject to an impact assessment;
- expand town centres where growth cannot be accommodated, identifying development opportunities to meet the scale and type of need identified and making provision for larger stores in edge-of-centre locations;

- have flexible town centre policies which are able to respond to changing economic circumstances and which recognise that town centre networks and hierarchies will change over time;
  - encourage residential or office developments above ground floor retail and leisure uses;
  - ensure that housing in out-of-centre mixed-use developments is not, in itself, used as a reason to justify additional floorspace for main town centre uses in such locations;
  - identify opportunities within existing centres for sites suitable for development, redevelopment or conversion;
  - use relevant vitality and viability indicators to inform tools such as area action plans, CPOs and so on; and
  - encourage high density development within existing centres.
- 2.31 Most of the 14 matters set out in Policy EC5 are not new and reflect the existing provisions of PPS6. As a consequence, proposed Policy EC5 will have only limited implications for the LDF process. The exceptions which are new are: item vii) relating to floorspace thresholds for impact assessments; and item xi) - relating to housing not being used to justify additional floorspace for town centre uses in out-of-centre locations.
- 2.32 Proposed Policy EC6 gives more emphasis to planning for consumer choice and promoting competitive town centre environments. Thus, local authorities are urged to:
- support the diversification of uses in the town centre as a whole;
  - plan for a strong retail mix;
  - recognise the role of smaller shops in enhancing vibrancy;
  - retain and enhance existing models and, where appropriate, to create new ones;
  - plan for a range of tourism, leisure and cultural facilities which appeal to a wide range of age and social groups; and
  - conserve and enhance the character and diversity of their town centres.
- 2.33 Policy EC7 deals with site selection and land assembly in the development plan process and it applies to all town centre uses. We note, however, that the five key considerations set out in Policy EC7.1 are exactly the same as in paragraph 2.28 of PPS6. Moreover, the other considerations set out in the sixth item of Policy EC7.1 are almost the same as the 'other relevant matters' set out under paragraph 2.51 of PPS6.
- 2.34 The remainder of Policy EC7 provides clarification of the considerations to be taken into account in assessing scale, applying the sequential approach, assessing impact and assessing accessibility. The advice in EC7 in respect of these matters is similar to that contained in PPS6. However, there is an important cross-reference in Policy EC7.4 to the impact considerations set out in decision-making Policy EC20. The latter identifies eight 'key impacts', as follows:
- impact on CO2 emissions and climate change;

- impact on the spatial planning strategy and the role of the centre in the hierarchy of centres;
- impact on public and private investment in centres;
- scale in relation to the size and role of the centre;
- accessibility by a choice of means of transport and impact on demand for car travel;
- impact on town centre turnover, taking account of current and future expenditure capacity;
- impact on town centre vitality and viability, including consumer choice; and
- whether the proposal secures a high quality and inclusive design.

2.35 Policy EC20 also identifies four 'wider impacts' - as set out below - which can be taken into account if the 'key impacts' are not significant, but where the wider impacts are significant (see Policy EC21):

- impact on allocated sites outside town centres;
- impact on social inclusion;
- net employment impact; and
- economic and physical regeneration.

2.36 Policy EC9 relates to rural areas and Policy EC10 requires LPAs to set maximum parking standards for non-residential development. The final plan-making policy in the draft PPS4 is Policy EC11 which requires annual monitoring to keep under review the network and hierarchy of centres, the need for further development and the vitality and viability of town centres.

### *Conclusion in Relation to Draft PPS4*

2.37 Insofar as the retail and leisure sectors are concerned, we consider that the draft PPS4 of May 2009 brings little change compared to the proposed changes to PPS6, published in July 2008. The draft PPS4 maintains and reinforces the Government's 'town centre first' approach and there is no wholesale re-drawing of policy and no radical change in direction.

2.38 Indeed, the draft PPS4 maintains many of the objectives already long established by PPS1 and PPS6 and there is little change in terms of the requirements for the evidence base in the forward planning process. Thus, although draft PPS4 proposed the removal of the needs test in the development control process, and its replacement with a wider impact test, we consider it has limited implications for the purposes of formulating the retail and leisure aspect of Core Strategy DPDs.

## **Summary of Current and Emerging National Retail Policy Requirements**

2.39 In summary, our review shows that the key requirements of national policy (current and emerging) - insofar as they relate to planning for retail provision - are as follows:

- One of the key Government objectives is to enhance consumer choice, and this is given even more emphasis in the consultation draft of PPS4, than in PPS6. Draft PPS4 explains that local authorities must assess whether there is a genuine choice in retail and other services to meet the needs of the local community, and also notes that authorities should plan for a *'strong retail mix'*.
- Both PPS6 and draft PPS4 encourage local planning authorities to take a proactive approach to promoting growth and managing change within town centres. Draft PPS4 suggests that Core Strategies should consider expanding town centres where growth cannot be accommodated, and should identify development opportunities, although any extension should be *'carefully integrated with the existing centre both in terms of design and to allow easy pedestrian access'*.
- PPS6 and draft PPS4 both emphasise the importance of promoting and protecting the vitality and viability of town centres, as drivers of regional, sub-regional and local economies.
- In a change from existing national policy, draft PPS4 recommends that the definition of 'economic development' should include retail uses, recognising the role of retail development in job creation and economic output. Related to this, PPS4 introduces a wider assessment of 'impact', which includes consideration of economic and social effects.



## 3 THE NEED FOR ADDITIONAL CONVENIENCE RETAIL FLOORSPACE

### Introduction

- 3.1 In the 'Summer Consultation' on the Core Strategy, the Council identifies Malton as the largest retail centre in the District, and one which requires additional retail provision to enhance its role, particularly in the context of forecast population growth. In particular, the consultation document suggests (page 36) that:

*'The current food retail offer tends toward the lower end of the market. There should be an additional mid-high quality supermarket to balance the current offer, and make effective use of the proposed convenience capacity to 2026. This will assist in retaining indigenous custom, reducing leakage to other centres such as Monks Cross and Scarborough.'*

- 3.2 The proposal for an additional supermarket in Malton town centre is supported by evidence presented in the 'Strategy for Malton Town Centre', which was completed in January 2009 by WSP Group (WSP) and Atisreal, on behalf of the Council and Yorkshire Forward. The strategy explains that:

*'[Malton] lacks a mid to high quality supermarket offer such as Marks & Spencer's Simply Food, Waitrose or Sainsbury's. The need for a mid to high quality supermarket is essential to balance the current range of supermarket offer, as well as encouraging the more affluent shopper into Malton. We believe that the introduction of a mid to high quality supermarket tenant would, in addition to other physical improvements and strengthening of the retail offer, help to retain expenditure within the OCA and attract new shoppers to Malton. The additional footfall generated by a mid to high quality supermarket would support and complement independent retailers through linked shopping trips.'*

- 3.3 In this Section of our report, we consider whether there is a quantitative and qualitative need for such a 'mid to high quality' supermarket in Malton town centre.

### Quantitative Need

#### *RRCS Update (2008)*

- 3.4 Our RRCS and its subsequent Update were both informed by a telephone survey<sup>1</sup> of 644 households resident in six survey zones, which covered a geographic area that is slightly wider than Ryedale's administrative boundary. For ease of reference, the catchment area

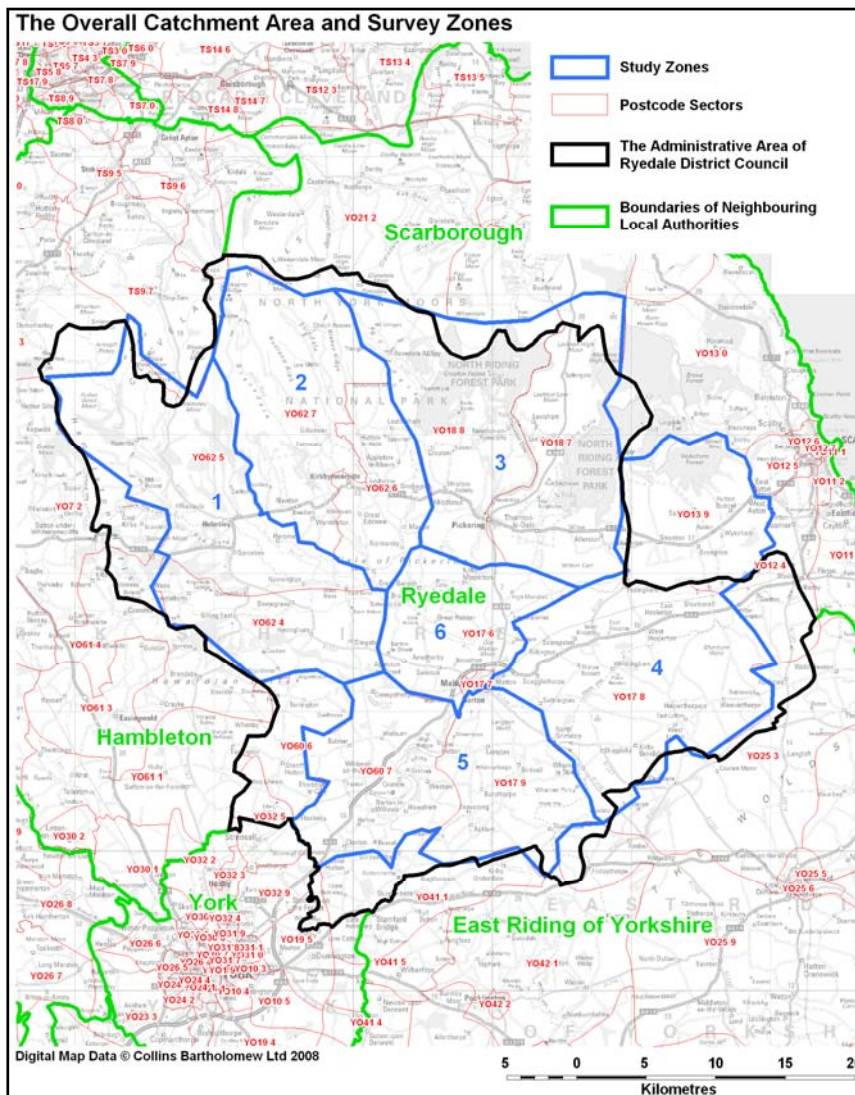
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<sup>1</sup> The telephone household survey was undertaken by NEMS Market Research in May/June 2005. However, in the absence of any major retail developments either within or outside of the Ryedale OCA with the potential to materially alter shopping patterns, we assume the market shares of Ryedale's centres and stores are the same in 2008 as they were in 2005.

plan is reproduced below as Figure 3.1; the overall catchment area ('OCA'), and six expenditure zones, are outlined in blue.

- 3.5 Our 2006 RRCS projected floorspace requirements for both the comparison (non-food) and convenience (food) retail sectors in the period to 2015. As part of our Update of the RRCS, we rolled forward the capacity forecasts to 2026 (and analysed retail capacity at the forecast years of 2013, 2021 and 2026).

**Table 3.1 Ryedale's Overall Catchment Area**



- 3.6 In terms of the convenience sector, our household survey found that the aggregate convenience sector retention rate for the OCA as a whole, of 62.7 per cent, is relatively low. In our RRCS Update, we therefore considered two scenarios for establishing convenience retail need in the District in the period up to 2026; the first scenario is based on the maintenance of a static convenience rate of retention (at 62.7 per cent), and the second scenario considers the effect of increasing the retention rate from 62.7 per cent to 80.0 per cent over the study period.
- 3.7 Table 3.1 below summarises the convenience sector floorspace capacity arising under the two expenditure retention scenarios. Table 3.1 shows that for the OCA as a whole,

the quantitative need in the first five-year period (up to 2013) ranges from 330 sq.m net under the static retention rate scenario, to 927 sq.m net under the rising retention rate scenario, which would be sufficient to support only one small supermarket/basket grocery store.

- 3.8 However, over the medium-term (up to 2021) there is capacity for between 1,046 sq.m net and 2,698 sq.m net, and over the longer period (to 2026) there is capacity in Ryedale for between 1,546 sq.m net (static retention rate) and 3,375 sq.m net (rising retention rate). We concluded in our RRCS Update that given the current low rate of convenience expenditure retention in the District, the Council ought to adopt the capacity figures arising under the rising retention rate scenario as its policy aspiration.
- 3.9 Our overall conclusion in relation to quantitative need in the convenience sector was that the capacity arising under the rising retention rate scenario and over the longer timeframe would *'be sufficient to support one large supermarket development, or a couple of medium-sized schemes'*. The evidence presented in our RRCS Update, therefore, indicates that there is sufficient convenience expenditure capacity to support a new supermarket in Malton town centre in the medium to long-term.

**Table 3.1 Quantitative Need in the Convenience Goods Sector (in sq.m)**

	Static Retention	Increase in Retention
<b>2008-13</b>	330 (net)	927 (net)
	507 (gross)	1,426 (gross)
<b>2008-21</b>	1,046 (net)	2,698 (net)
	1,610 (gross)	4,150 (gross)
<b>2008-26</b>	1,546 (net)	3,375 (net)
	2,379 (gross)	5,192 (gross)

### *Recent Retail Commitments*

- 3.10 However, retail capacity is not a 'static' measure, and the situation has moved on since we completed our RRCS Update in September 2008. Specifically, planning permission has been granted for two foodstore schemes in Ryedale, which will now 'claim' a portion of the capacity that we identified.
- 3.11 In November 2009, planning permission was granted for a 720 sq.m net extension to the existing Morrisons store at Castlegate, Malton (reference: 08/01144/MFUL), as well as for a 1,063 sq.m net Lidl supermarket at Welham Road, Norton (reference: 08/01096/MFUL). Furthermore, a planning application for an Aldi store at Welham Road, Norton (reference: 09/00282/MOUT) is currently pending determination, and an application for a Lidl supermarket at Southgate, Pickering (reference: 08/00551/MFUL) was refused permission in March 2009, but is currently being considered at appeal. However, it is only the first two applications, which have been granted full planning consent, which can be considered as retail commitments at this stage.

- 3.12 It should be noted that when we derived the retail capacity figures for Ryedale (shown in Table 3.1 above), we applied a convenience sales density of £10,000 per sq.m to the surplus expenditure capacity, to calculate floorspace capacity. However, we expect that the two recent retail commitments in the District will achieve sales densities significantly below the £10,000 per sq.m that we used in our capacity model. Indeed, deep discount supermarkets such as Lidl typically achieve convenience sales densities of around £3,000 per sq.m, and supermarket extensions generally achieve sales densities which are around 50 per cent of the company average.
- 3.13 For these reasons, it is not appropriate to simply deduct the quantum of floorspace permitted by the recent retail commitments from the capacity identified in Table 3.1. A more robust method of updating the retail capacity model is to deduct the expected turnover of the retail commitments from the surplus expenditure capacity identified, and then convert this to a new floorspace requirement.
- 3.14 Using this methodology, we have updated the convenience retail capacity figures presented in our RRCS Update, and the revised capacity figures are summarised in Table 3.2 below. Spreadsheet A in Appendix 1 sets out our full capacity workings, and updates Spreadsheet 12b of our RRCS Update. Our revised convenience capacity assessment takes account of the two new retail commitments, but all other data inputs and assumptions remain unchanged from our RRCS Update. It should be noted that we have only updated the capacity figures arising under the 'rising retention' scenario because, for the reasons provided above, we consider that this scenario should form the basis of the retail capacity figures that are incorporated into the Council's Core Strategy.

**Table 3.2 Updated Quantitative Need in the Convenience Goods Sector (Rising Retention Scenario)**

	2008 - 2013	2008 - 2021	2008 - 2026
Residual Expenditure Capacity Identified in RRCS Update 2008	£9.3m	£27.5m	£34.8m
Turnover of new Retail Commitments (Lidl, Norton + Morrisons extension)	£5.1m	£5.4m	£5.8m
New Residual Expenditure Capacity	£4.2m	£22.2m	£29.1m
Floorspace Requirement (sq.m net)	417 sq.m	2,164 sq.m	2,801 sq.m
Floorspace Requirement (sq.m gross)	641 sq.m	3,329 sq.m	4,309 sq.m

- 3.15 Our updated convenience capacity assessment shows that under a rising retention rate scenario, after allowance has been made for the two new retail commitments in Malton/Norton, there is limited retail capacity in the first five year period (for just 417 sq.m net floorspace) based on an assumed sales density of £10,000 per sq.m. However, over the longer term periods to 2021 and 2026, there is a quantitative need for around 2,200 sq.m to 2,800 sq.m of convenience sales area floorspace, respectively. This equates to one large new supermarket in the District. Alternatively, the residual expenditure capacity in the period to 2026 could potentially support one additional discount foodstore (with a

turnover of around £2.5m), and one reasonably sized supermarket (with a convenience turnover of around £26m).

- 3.16 We have assessed capacity within five-year time intervals, in line with the guidance set out in PPS6. However, these time periods do not need to be rigidly adhered to, and it may be possible for an applicant to demonstrate that a retail scheme is acceptable in the short-term (subject to the usual development control tests). In practice, however, given the timescales involved in acquiring a site for a supermarket, submitting a planning application, and securing all the relevant permissions, it is not likely that such a development could take place until the end of the first five-year period anyway.

### Qualitative Need

- 3.17 Paragraphs 2.35 to 2.37 of PPS6 provide advice on the considerations LPAs should take into account in assessing qualitative needs in their development plan documents. Paragraph 2.35 states that the key consideration for an LPA is to provide for consumer choice, by ensuring that:

- i) an appropriate distribution of locations is achieved, subject to the sequential approach; and that
- ii) provision is made for a range of sites for shopping, leisure and local services so as to allow for genuine choice and meet the needs of the whole community, particularly in deprived areas.

- 3.18 The consultation on draft PPS4 contains no specific reference to 'qualitative need'. However, draft Policy EC6 encourages local planning authorities to proactively plan for consumer choice and promote competitive town centre environments - for example, by '*supporting the diversification of uses in the town centre as a whole*', and '*planning for a strong retail mix so that the range and quality of the comparison and convenience retail offer meets the requirements of the local catchment area*'. Thus, although the term 'qualitative need' is not specifically used in emerging national retail planning policy, it is evident that issues relating to consumer choice and addressing gaps in retail provision are still significant.

- 3.19 As part of our RRCS Update, we undertook a 'health check' of Malton town centre. We found that in July 2008 Malton town centre contained 21 convenience outlets, equating to 9.7 per cent of the total units in the centre, which is slightly above the UK average of 9.1 per cent. In total, the 21 convenience outlets provide around 10,100 sq.m gross floorspace, which represents 26.7 per cent of all retail/service floorspace available in the town centre (and is again above the UK average of 16.7 per cent). We thus concluded in our RRCS Update that Malton town centre has, '*a reasonably sized convenience sector*', as it provides a range of food and grocery outlets, including a 3,500 sq.m Morrisons supermarket, a Netto store, a Jacksons grocery (which is now occupied by a small Sainsbury's outlet), as well as five bakeries, two butchers, four greengrocers/fishmongers, an off licence and two newsagents.

- 3.20 However, although Malton benefits from reasonably good representation from convenience retailers, it is notable that the majority of the retailers operate towards the

low or discount end of the market. The situation will even become more skewed following the grant of planning permission for a discount supermarket (Lidl) in nearby Norton. In our RRCS Update, we therefore concluded that, '*there is scope to diversify the convenience offer, through provision of a higher-order supermarket or foodstore*'.

- 3.21 We consider that this recommendation is still relevant for Malton, and note that the lack of a higher-order foodstore is a key deficiency in the town centre's offer, particularly given the relatively affluent socio-economic profile of the town's catchment area. Although a small Sainsbury's store has opened in the town centre (in the former Jacksons unit), this store is not large enough to address the qualitative need for a higher quality foodstore, offering a full range of food and grocery products.
- 3.22 Indeed, as we explain above, the telephone household survey which underpinned our RRCS shows that Ryedale currently retains only 63 per cent of available convenience expenditure, which is a relatively low level of retention (albeit we acknowledge that the retention rate is likely to improve following implementation of the Morrisons and Lidl commitments). Convenience retail needs should be met on as localised a basis as possible, and residents should not have to travel long distances to access their desired food and grocery store. In our RRCS Update we therefore recommended that it should be the policy aspiration of the District Council to increase the convenience sector retention rate from the current level of 63 per cent.
- 3.23 The most effective way to clawback expenditure that currently leaks beyond the OCA is to encourage new retail development, and to secure representation from operators that are currently not located within the District. In the case of Ryedale, and Malton in particular, it is the mid to higher-order convenience retailers that are currently missing from the local retail offer, and for which there is a qualitative need. Indeed, the telephone household survey found that in 2005, 3.3 per cent of residents' expenditure currently flows to the Sainsbury's store at Monks Cross in York, and 1.5 per cent flows to the Sainsbury's store in Scarborough. By providing a higher-order supermarket in Malton - such as a Sainsbury's, Waitrose, Marks & Spencer Simply Food or other similar high-order operators - it will help to reduce this expenditure leakage and encourage more local food shopping trips.
- 3.24 It is also notable that although there is a reasonable range of small-scale food and grocery stores in Ryedale, there is only one medium-sized supermarket providing over 1,500 sq.m net convenience floorspace, namely the Morrisons store. As a consequence, the telephone household survey results show that 30 per cent of all convenience expenditure available within the Ryedale OCA is spent at one store; the Morrisons supermarket in Malton. We consider, therefore, that there is a qualitative need for a second medium/large-sized supermarket in Ryedale, to inject some competition into the local convenience sector and thereby enhance consumer choice.

### **Our Conclusions in Relation to the Need for Additional Convenience Floorspace**

- 3.25 We have updated the retail capacity assessment that we undertook for our RRCS Update, to take account of two recent commitments for foodstore schemes in Malton/Norton. Our

updated assessment shows that there is still sufficient capacity for a 2,164 sq.m net (3,329 sq.m gross) supermarket in the period to 2021, or a 2,801 sq.m net (4,309 sq.m gross) supermarket in the longer-term period to 2026. We therefore conclude that there is a quantitative need for an additional supermarket in the medium to long -term. Indeed, over the long-term, there is potentially sufficient surplus expenditure to support one additional discount foodstore (with a turnover of around £2.5m), and one reasonably sized supermarket (with a convenience turnover of around £26m).

- 3.26 Allied to this, we have identified a qualitative need for a mid to high-order foodstore in Ryedale (and in Malton in particular). We consider that it should be a policy aspiration of the Council to increase the convenience sector retention rate from the currently relatively low level of 63 per cent, and that the most appropriate way to clawback leakage is to secure representation from a new, higher-order operator, of which there is a deficiency in the local retail market. Provision of such a store will help to create a strong, balanced and more competitive convenience retail offer in Malton/Ryedale, which will better meet the needs of the relatively affluent local catchment. If expenditure leakage is to be reduced, it is important that these local needs are addressed, and we therefore recommend that the quantitative and qualitative need for a new supermarket is met over the short to medium term rather than the longer term, if possible.





## 4 THE IMPACT OF ADDITIONAL CONVENIENCE FLOORSPACE ON RYEDALE'S CENTRES

### Introduction

- 4.1 In this Section, we consider whether the provision of an additional supermarket in Malton town centre - for which we have demonstrated in Section 3 that there is a quantitative and qualitative need - will have any impact on the vitality and viability of Ryedale's main centres, namely Malton/Norton, Pickering, Helmsley and Kirkbymoorside. For the purposes of this broad assessment, we assume that the supermarket will have a convenience turnover of around £25m (and will be of an appropriate scale to Malton), and that it will be located within the town centre, within easy walking distance of the primary shopping area.

### Trade Diversion

- 4.2 Although we consider that there is likely to be sufficient convenience expenditure capacity to support an additional supermarket in the District (which is derived from growth in per capita expenditure, population growth, and the clawback of expenditure that currently leaks outside the OCA), it does not automatically follow that there will be no adverse impacts on existing traders. Indeed, it is inevitable that a new supermarket will cause some degree of trade diversion from existing centres and foodstores within Ryedale.
- 4.3 We expect that a new supermarket will primarily compete with similar-sized, large format foodstores, such as the existing Morrisons store in Malton, as well as other supermarkets located outside the OCA (such as the Asda Wal-Mart and Sainsbury's store at Monks Cross in York, the Tesco Extra store at the Clifton Moor Centre, and the Sainsbury's and Tesco supermarkets in Scarborough).
- 4.4 Trade diversion from the Morrisons store in Malton will be of particular concern to the Council, because Morrisons is located within the town centre and currently acts as a main town centre anchor. However, whilst any trade impact on the Morrisons store will of course be unwelcome, we consider that the store currently performs strongly and should be able to withstand a moderate level of trade diversion<sup>2</sup>. Indeed, the Retail and Planning Statement (prepared by Peacock & Smith), which accompanied the recent application for an extension to Morrisons, states that the existing store is '*very popular with customers*' and is '*one of the best performing Morrisons within the region*'. We do not consider, therefore, that competition from an additional supermarket in Malton is likely to

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<sup>2</sup> We consider that the Morrisons store should have a 'benchmark' turnover of £19.1m (based on an assumption that the store currently has 1,500 sq.m net convenience floorspace, and using a company average convenience sales density of £12,746 per sq.m). However, our RRCS Update shows that Morrisons currently achieves a turnover of £21.93m from residents of the OCA. The store would therefore appear to be over-trading by around £2.8m. A suggestion of over-trading is also presented in the Retail and Supporting Statement which accompanied the recent application to extend the Morrisons store, because Peacock & Smith explains that the store suffers from congestion at peak times. If the store is 'over-trading', it is clearly trading well and is well-placed to withstand the impact of some additional competition.

- significantly threaten the viability of the existing Morrisons store. Indeed, the planned extension to Morrisons, which has been granted planning permission, will help to deliver improvements to the existing store and should help to counter-balance any negative impacts.
- 4.5 If the proposed supermarket is occupied by a mid to high-end operator, we would also expect some trade diversion from the existing Sainsbury's store in Malton town centre, due to close similarities in the nature of the offer. However, we note that the existing Sainsbury's store is very small in size and primarily provides a 'top-up' food and grocery function, which is distinct from a full-range supermarket. Whilst it is not known at this stage which higher-order supermarket operator might establish itself in Malton, we note that Sainsbury's does have a requirement for a larger store in Malton. If Sainsbury's was to operate the proposed supermarket, we would assume that in these circumstances the existing store would close.
- 4.6 Some degree of trade diversion may also be expected from the Netto store in Malton/Norton and the proposed Lidl store at Welham Road (which has planning permission, but has not yet been built). Although the nature of the offer in these 'deep discount' stores would be quite different to a mid to high-end supermarket operator, the proposed supermarket is still likely to offer a 'value' range of products, and some overlap is inevitable. However, the Netto and Lidl stores are (or will be) situated in out-of-centre locations, and so do not benefit from the policy protection of PPS6.
- 4.7 There is also likely to be some diversion of trade from the only other supermarket in the District; the Co-op store in Pickering. However, given the distance between Pickering and Malton (about 10 miles, or a 15 minute drive), we would not expect a significant degree of diversion from stores in Pickering, and we expect that residents of Pickering will continue to undertake the majority of their top-up food and grocery shopping locally.
- 4.8 Finally, we note that there may be a limited level of trade diversion from the independent food and grocery shops located in Malton/Norton. As we explain in Section 3, at the time of our last visit to Malton, the town centre benefitted from five bakeries, two butchers, four greengrocers/fishmongers, an off licence and two newsagents. Whilst there may have been some changes in representation since our survey of shops in 2008, we understand that Malton still benefits from a strong independent retail sector and these shops typically provide a specialist offer, which often cannot be found to the same degree in supermarkets. For example, two of the bakeries sell specialist confectionary and one of the groceries sells health food.
- 4.9 These independent shops have continued to attract trade despite competition from the existing Morrisons supermarket, as well as supermarkets located beyond the OCA, and we would not expect a new supermarket in Malton to have a major detrimental impact on custom. Although there may be a small degree of diversion, we consider that these shops will continue to provide a valuable role, serving local top-up shopping needs and meeting residents' requirements for specialist food products. Similarly, we do not consider that the proposed new supermarket will impact upon the top-role of independent shops located in other centres in Ryedale, such as Pickering, Helmsley and Kirkbymoorside.

- 4.10 In summary, we can only make a broad judgement about the likely impact of a new supermarket in Malton at this stage, when the exact location, size of store and operator are unknown. Nevertheless, in principle, we consider that although a new supermarket is likely to cause some degree of trade diversion, the impact is unlikely to reach an unacceptable level. Certainly, we do not consider that the impact will be of a scale that would undermine the vitality and viability of any of the District's centres, including Malton. We expect that the main trade diversion will be from the existing Morrisons store in Malton, which is the only large-format supermarket within the District. However, we consider that this store, which has permission to extend, is strong enough to withstand some diversion of trade, and Ryedale in general will benefit from the introduction of more competition in the local food and grocery sector.

### Other Impacts/Effects

- 4.11 As we explain in Section 2, the consultation draft of PPS4 proposes the introduction of a wider assessment of 'impact', the key feature of which is its broader focus on economic, social and environmental impacts, as well as strategic planning impacts, in all instances taking account of both positive and negative effects. Although the proposed supermarket may cause some trade diversion, as discussed above, it is also likely to have a range of positive impacts, or benefits, which we now turn to consider in more detail.

#### *Clawback of Expenditure Leakage*

- 4.12 Only 63 per cent of expenditure available on convenience shopping is currently retained within the OCA, whilst 37 per cent of expenditure (which equates to £27.7m) leaks to supermarkets and centres located outside Ryedale. Provision of a new supermarket in Malton will help to clawback some of the expenditure that currently leaks outside the District, which will be beneficial for the local economy.

#### *Spin-off Benefits for Existing Town Centre Retailers*

- 4.13 Allied to the above, the resultant change in local shopping patterns is likely to provide some spin-off benefits for local comparison retailers and service providers. If a new supermarket is developed in Malton, residents will have less need to visit other centres and stores located outside the District. Residents' patronage of other retail/service outlets in Malton could therefore increase, if residents undertake 'linked' trips, associated with the new supermarket. The new supermarket, if developed, is also likely to attract custom from beyond Malton, as it will be the only high-order supermarket in the District, which will help to extend Malton's catchment area and increase footfall in the centre.
- 4.14 In the 'Strategy for Malton Town Centre', WSP and Atisreal similarly highlight the potential spin-off benefits that a new supermarket could have for Malton town centre as a whole, stating that, '*the additional footfall generated by a mid to high quality supermarket would support and complement independent retailers through linked shopping trips*'. The Strategy further explains that a new supermarket will help to increase 'dwell' times within Malton town centre, which will also bring positive benefits for Malton's other retail and service outlets.

- 4.15 A high quality supermarket could even act as a second anchor in Malton town centre, and could help to generate interest from similar quality, non-food retailers. Attracting new non-food retailers into Malton town centre is important if the substantial leakage of non-food expenditure outside the OCA is to be addressed. Indeed, as we explain in our RRCS Update, Malton town centre is currently not performing to its full potential, and a key deficiency in the comparison retail offer is the lack of breadth and depth in the clothing sub-sector, with only a small number of units and limited range of middle-order operators. In our RRCS Update, we recommended that there is a clear qualitative need for an enhancement of the town centre's comparison retail offer, if Malton's position in the sub-regional hierarchy is to be maintained or improved. Development of a new mid/high quality supermarket in Malton could help to improve investor confidence in the town centre, and attract complementary non-food retail development.
- 4.16 Finally, by way of evidence of the likely 'spin off' benefits of a new supermarket, WSP and Atisreal present a series of case studies where the introduction of a new supermarket (in towns similar to Malton) has bolstered the local independent retail provision, rather than undermined it. There is no need to repeat the contents of the case studies here; the evidence is clearly set out in Appendix A of the 'Strategy for Malton Town Centre'.
- 4.17 It should be noted, however, that in order to derive the spin-off benefits described both above and in WSP and Atisreal's case studies, the proposed supermarket must be located within easy walking distance of Malton's primary shopping area, to ensure that the new development functions as part of the town centre and encourages linked trips with existing facilities.

#### *Impact on Spatial Planning Strategy*

- 4.18 In our assessment, the provision of a mid to high-quality supermarket would not threaten or undermine any strategies that are in place for Malton town centre; other centres in Ryedale; or, indeed, any centres located beyond the District.
- 4.19 Conversely, development of a mid to high-quality supermarket in Malton will help to realise one of the key recommendations of the 'Strategy for Malton Town Centre', which was commissioned by the Council and Yorkshire Forward. The Strategy identifies four key sites in Malton (Livestock market area, Market Place, Wentworth Street Car Park and Wheelgate), which together present significant opportunities to improve the retail health, culture/leisure activity provision and public realm of the town centre. The Strategy clearly states that, '*a mid to high quality supermarket is essential*' and that, '*the supermarket should be supplemented by new retail premises in the town centre that meet the requirements of high street retailers*'.

#### *Consumer Choice*

- 4.20 As we discuss in Section 3, although there is a reasonable range of small-scale food and grocery stores in Ryedale, there is only one medium-sized supermarket providing over 1,500 sq.m net convenience floorspace, and that is the Morrisons store (which is over-trading, as we explain in footnote 2 above). We consider, therefore, that there is a need for a second medium/large-sized supermarket in Ryedale, to inject an element of competition into the local convenience sector.

- 4.21 Furthermore, we note that the majority of the existing convenience retailers tend to operate towards the low or discount end of the market. We consider that the lack of a higher-order foodstore is a key deficiency in the District's offer, particularly given the relatively affluent socio-economic profile of the town's catchment area. Provision of a mid to high-end supermarket will help to create a strong, balanced and more competitive convenience retail offer in Malton/Ryedale, which will widen consumer choice and better serve the needs of the local catchment.

### *Job Creation*

- 4.22 The economic importance of the retail sector is recognised by the consultation draft of PPS4, which proposes the inclusion of 'town centre uses' within the definition of 'economic development', explaining that these uses can provide employment opportunities, generate wealth and/or generate an economic output. As such, draft Policy EC20 - which relates to the impact assessment of planning applications for town centre uses - notes that local planning authorities should assess, *'the impact on local employment, particularly whether it will create new jobs and lead to a net increase in employment'*.
- 4.23 Development of a new supermarket will certainly generate new employment opportunities within the District, which is in line with the Government's objectives to achieve sustainable economic growth, promote investment, provide job opportunities for all, and improve the economic performance of local areas.
- 4.24 It is not possible to know exactly how many jobs a new supermarket development will generate until the exact size and type of store is known. However, a broad indication is provided by English Partnership's 'Employment Densities: A Full Guide' (July 2001), which estimates that a food superstore is likely to generate 1 workspace (or job) for every 19 sq.m of net internal floorspace. Thus, a foodstore with a net internal area of around 3,000 sq.m, could potentially generate in the region of 158 jobs. This basic assessment does not take into account the fact that not all of the jobs created will be full-time, and there will be some displacement in the local employment market. Nevertheless, any job creation and investment at this sort of scale will clearly be beneficial to the local economy.

### *Regeneration*

- 4.25 Development of a new supermarket is likely to involve major redevelopment of a site in or around Malton town centre. Depending on which site is selected, redevelopment could potentially have the benefit of bringing under-used land back into valuable economic use.

## **Our Conclusions in Relation to the Impact of Additional Convenience Floorspace**

- 4.26 In this Section, we have carefully considered whether the provision of an additional supermarket in Malton town centre will have any impact on the vitality and viability of Ryedale's main centres, namely Malton/Norton, Pickering, Helmsley and Kirkbymoorside.
- 4.27 In summary, we consider that although a new supermarket is likely to cause some degree of trade diversion, the impact is unlikely to reach an unacceptable level. Certainly, we do not consider that the impact will be of a level that would undermine the vitality and viability

of any of the District's centres. We expect that the main trade diversion will be from the existing Morrisons store in Malton, which is the only large-format supermarket within the District. However, we consider that this store, which has permission to extend, is strong enough to withstand some diversion of trade, and Ryedale in general will benefit from the introduction of more competition in the local food and grocery sector.

- 4.28 We have also identified several positive benefits associated with the proposed supermarket development, and note that the consultation draft on PPS4 states that LPAs should '*consider any positive and negative impacts*' of proposals. As such, we note that development of a new mid to high-quality supermarket in Malton would: help to clawback convenience expenditure that currently leaks beyond the OCA; generate 'spin-off' benefits for other town centre traders, by attracting additional footfall and encouraging linked trips; help to realise delivery of the 'Strategy for Malton Town Centre; improve consumer choice and introduce more competition into the local convenience sector; generate new jobs and investment in the local economy; and could potentially secure the regeneration of under-used land.
- 4.29 These positive impacts are quite wide-ranging and significant, and we suggest that - when considered together - these benefits outweigh any negative impact deriving from trade diversion. On balance, we thus consider that a new mid to high-end supermarket in Malton would strengthen the local retail offer and bolster the local economy in general.

## 5 CONCLUSIONS AND RECOMMENDATIONS

### Introduction

- 5.1 The purpose of this report is to provide the Council with supplementary advice regarding the need for additional convenience retail provision within the District. In particular, the Council asked us to consider whether there is a need for an additional supermarket within Malton, and what impact (if any) such development would have upon the vitality and viability of Ryedale's centres. We understand that the Council will use this advice, in conjunction with the evidence provided in our RRCS and its subsequent Update, to inform preparation of its Core Strategy and Facilitating Development DPD.
- 5.2 In order to assist the District Council with this task, we pull together, below, the principal findings from our supplementary advice. Our advice focuses on Malton town centre as the location for the new supermarket, in line with the proposals set out in the 'Summer Consultation' document on the Core Strategy. However, as a final assessment at the end of this Section, we consider whether Malton is the most appropriate location in the District for a new supermarket development, and if so, whereabouts in Malton a new store could best be located.

### Quantitative and Qualitative Need

- 5.3 We have updated the retail capacity assessment that we undertook for our RRCS Update, to take account of two recent commitments for foodstore schemes in Malton/Norton. Our updated assessment shows that there is still sufficient capacity for a 2,164 sq.m net (3,329 sq.m gross) supermarket in the period to 2021, or a 2,801 sq.m net (4,309 sq.m gross) supermarket in the longer-term period to 2026. We therefore conclude that there is a quantitative need for an additional supermarket in the medium to long-term. Indeed, over the long-term, there is potentially sufficient surplus expenditure to support one additional discount foodstore (with a turnover of around £2.5m), and one reasonably sized supermarket (with a convenience turnover of around £26m).
- 5.4 Allied to this, we have identified a qualitative need for a mid to high-order foodstore in Ryedale (and in Malton in particular). We consider that it should be a policy aspiration of the Council to improve the convenience sector retention rate from the currently relatively low level of 63 per cent, and that the most appropriate way to clawback leakage is to secure representation from a new, higher-order operator, of which there is a deficiency in the local retail offer. Provision of such a store will help to create a strong, balanced and more competitive convenience retail offer in Malton/Ryedale, which will better meet the needs of the relatively affluent local catchment. If expenditure leakage is to be reduced, it is important that these local needs are addressed, and we therefore recommend that the quantitative and qualitative need for a new supermarket is met over the short to medium term rather than the longer term, if possible.

## Impact

- 5.5 We consider that although a new supermarket is likely to cause some degree of trade diversion, the impact is unlikely to reach an unacceptable level. Certainly, we do not consider that the impact will be of a level that would undermine the vitality and viability of any of the District's centres. We expect that the main trade diversion will be from the existing Morrisons store in Malton, which is the only large-format supermarket within the District. However, we consider that this store, which has permission to extend, is strong enough to withstand some diversion of trade, and Ryedale in general will benefit from the introduction of more competition in the local food and grocery sector.
- 5.6 We have also identified several positive benefits associated with a new supermarket development, and note that the consultation draft on PPS4 states that LPAs should '*consider any positive and negative impacts*' of proposals. As such, we note that development of a new mid to high-quality supermarket in Malton would: help to clawback convenience expenditure that currently leaks beyond the OCA; generate 'spin-off' benefits for other town centre traders, by attracting additional footfall and encouraging linked trips; help to realise delivery of the 'Strategy for Malton Town Centre'; improve consumer choice and introduce more competition into the local convenience sector; generate new jobs and investment in the local economy; and could potentially secure the regeneration of under-used land.
- 5.7 These positive impacts are quite wide-ranging and significant, and we suggest that - when considered together - these benefits outweigh any negative impact deriving from trade diversion. On balance, we thus consider that a new supermarket in Malton would strengthen the local retail offer and bolster the local economy in general.

## Location of the New Supermarket

- 5.8 The 'Summer Consultation' on the Core Strategy sets out a series of issues relating to Malton town centre, which the Council believes need to be tackled to strengthen Malton as a retail centre. The fourth issue raised in the draft Core Strategy relates to convenience shopping and states,
- 'The current food retail offer tends towards the lower end of the market. There should be an additional mid-high quality supermarket to balance the current offer, and make effective use of the proposed convenience capacity to 2026. This will assist in retaining indigenous custom, reducing leakage to other centres such as Monks Cross and Scarborough.'*
- 5.9 As we have discussed above, we consider that there is a quantitative and qualitative need for an additional supermarket in Ryedale, and we consider that the impact of such a development will not undermine the vitality and viability of any of the District's centres. We also agree with the draft Core Strategy that the most appropriate location for a new supermarket is within walking distance of Malton town centre.
- 5.10 In our updated quantitative need assessment in Section 3, we identified capacity for around 2,200 sq.m net convenience floorspace in the period 2008 to 2021. The best way for Ryedale to achieve an increase in its convenience market share and clawback



expenditure leakage is to secure a mid to high quality supermarket development of sufficient scale and critical mass (i.e. the majority of the capacity identified should be focused in one main foodstore development, rather than distributing the capacity more thinly across a greater number of stores/centres). Accordingly, Malton is the only centre within the District which is suitable to accommodate this scale of development, which would be in line with the existing role and function of the settlement. Conversely, a supermarket of this size would be out-of-scale in Ryedale's smaller market towns, such as Pickering, Helmsley and Kirkbymoorside.

- 5.11 It is also notable that Malton has the most physical capacity to accommodate new development, and there are areas of underused land adjoining the town centre. Indeed, we assessed several potential redevelopment opportunities in detail as part of our RRCS Update. Malton also benefits from a reasonable level of operator interest, and WSP and Atisreal have even identified a requirement from Sainsbury's for a larger store in Malton. As part of our RRCS, we contacted numerous retail operators to establish demand across the District, but identified limited operator interest in Ryedale's smaller centres. A large supermarket scheme in Pickering, Helmsley or Kirkbymoorside is, therefore, unlikely to be deliverable. Finally, we note that Malton is an easily accessible, central location for many residents of the study area, and therefore represents an appropriate location for further convenience retail provision.
- 5.12 Within Malton, any new supermarket must be located within easy walking distance of the primary shopping area, in order to encourage 'linked trips' and ensure that existing traders benefit from the increased footfall associated with the development. We recognise, however, that development opportunities within the town centre are somewhat constrained by its conservation area designation, the presence of listed buildings, and the location of the River Derwent and railway lines just to the south of the centre. We consider, therefore, that the most suitable location for new retail development is towards the north of Malton town centre, where there are some areas of under-used land. Furthermore, we note that sites located towards the north have the potential to form natural extensions to the town centre, by forging linkages with the market place, which is the prime shopping area at the heart of Malton town centre.



## APPENDIX 1

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### Updated Quantitative Need Assessment for Convenience Goods (Rising Retention Rate Scenario)



Spreadsheet A - Summary of Capacity for Convenience Goods: Scenario 2 (Rising Retention Rate: from 62.7% to 80.0%)

	2008	2013	2021	2026	2008-13	2013-21	2021-26	2008-2021	2008-2026
					Change	Change	Change	Change	Change
<b>Study area expenditure retention<sup>(1)</sup></b>									
A. Total study area expenditure (£m)	74.3	81.8	97.3	108.4	7.5	15.5	11.1	23.0	34.1
B. Current retention level of centres within the study area (%)	62.7%	70.0%	80.0%	80.0%					
C. Retained expenditure (£m) (=A*B)	46.6	57.3	77.9	86.7	10.7	20.6	8.8	31.3	40.1
<b>Turnover of stores<sup>(2)</sup></b>									
D. Turnover of stores/centres, derived from study area (£m)	46.6	48.0	50.3	51.9					
E. Improvement in sales densities of stores/centres (£m)					1.4	2.4	1.5	3.8	5.3
<b>Commitments<sup>(3)</sup></b>									
Morrisons extension, Castlegate, Malton		2.6	2.7	2.9					
Lidl, Welham Road, Norton	-	2.5	2.6	2.8					
F. Turnover from commitments (£m)	0.0	5.1	5.4	5.8	5.1	0.3	0.4	5.4	5.8
<b>G. Residual expenditure (£m)<sup>(4)</sup> (=C-E-F)</b>					<b>4.2</b>	<b>18.0</b>	<b>6.9</b>	<b>22.2</b>	<b>29.1</b>
<b>Comparison assessment<sup>(5)</sup></b>									
Assumed sales density (£/sq.m)					10,000	10,304	10,809		
H. Floorspace requirement (net sq.m)					417	1,747	637	2,164	2,801
I. Floorspace requirement (gross sq.m)					641	2,688	980	3,329	4,309

**NOTES:**

(1) Study area expenditure retention - this is the product of the current market share of the study area stores/centres (the cumulative share of the stores/centres within the study area) and the total study area expenditure. The market share increases for each of the forecast years.

(2) Turnover of stores - this is the turnover of stores that is derived from study area expenditure only. We have forecast this turnover to increase by 0.6% per annum to account for sales density growth (which is also included as a separate row).

(3) Commitments - this is the turnover of commitments for new floorspace in the study area, which are also assumed to increase by 0.6% per annum to account for sales density growth.

(4) Residual expenditure - the product of the total available expenditure minus the deductions for the existing centres turnover and commitments.

(5) Convenience assessment: this is the conversion of the residual expenditure into a floorspace requirement using a sales density estimate of £10,000/sq.m in 2008, which is forecast to increase at a rate of 0.6% p.a. until 2026. 65% net to gross ratio assumed.

All monetary values are held constant at 2005 prices.

