Town and Country Planning Act 1990 (As Amended) Section 78

Appellant's Proof of Evidence in respect of Retail Planning Matters

Prepared by

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Appeal by Dudsbury Homes (Southern Ltd)

Land to the South of Ringwood Road, Alderholt, Dorset, SP6 3DF

May 2024

Planning Inspectorate Ref:

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1.0 Personal Background of Witness

1.1 My name is Duncan Alexander McCallum. I am a Chartered Town Planner and Chartered Member of the Royal Town Planning Institute. I hold a degree of Bachelor of Arts in Sociology from the University of Sheffield and an MPhil in Urban Design and Regional Planning from Edinburgh University.

1.2 I have held posts with Rotherham Borough Council, West Sussex County Council, Donaldsons and DPDS. I have been a member of the RTPI since about 1980.

1.3 I am a Project Director with DPDS, working from its Swindon office, and advise a range of clients from both the public and private sectors. I am engaged in projects nationwide and have experience in town planning in many fields. I worked for West Sussex County Council on population and household forecasts and retail planning policy in the 1980s. Since the early 1990s I have tended to concentrate on retail projects. At Donaldsons, I worked on large shopping centre redevelopments in town centres and prepared retail impact assessments for, amongst others, Victoria Square in Belfast, Highcross in Leicester, and retail warehousing proposals in Tunbridge Wells. I also worked closely with property valuers in advising local authorities on their land holdings, town centre redevelopments and on out of centre proposals.

1.4 At DPDS I have worked for both public and private sector clients. I carried out retail and town centre studies for local authorities including the Cheltenham, Gloucester and Tewkesbury, South Worcestershire, Arun District and Portsmouth City studies and provided evidence for the development plan Examinations. I have carried out well over 100 assessments of retail impact studies submitted by applicants including for factory outlet centres, warehouse club proposals, major retail park proposals, including at Cribbs Causeway, as well as for numerous foodstore proposals. I have also advised on the retail requirements for major housing and commercial developments. I have prepared retail impact assessments for private sector clients and objected on their behalf to out of centre retail proposals.

1.5 The evidence which I have prepared and provide for this appeal in this proof of evidence, is true and has been prepared and is given in accordance with the guidance of my professional institution and I confirm that the opinions expressed are my true and professional opinions.

2.0 My Instructions

2.1 I was first instructed on this project at the beginning of August 2023 to try to resolve reason for refusal 5, that is that the proposal contained main town uses and that no sequential test or retail impact assessments had been submitted. I contacted the case officer with the aim of resolving the reason for refusal before the appeal was submitted. I then prepared a scoping report for the proposed study which was sent to the Council on 29 August 2023. In reply, the case officer noted that, without any planning condition, the proposal could contain up to 14,000 sq m of town centre uses (including the business park) and that a condition that restricted floorspace to that assessed would be needed. The case officer also advised that public houses were *sui generis* and fell outside the description of the development. It was indicated that the assessment should consider the impact on Verwood and Fordingbridge and that the sequential test should also cover these towns. Further, more detailed, advice could not be given.

2.2 I sent a draft condition to the Case Officer on 2 October 2023. This was:

No uses in the following uses in the Use Classes Order 1987 as amended and the following sui generis uses

Class E(a) Display or retail sale of goods other than hot food

Class E(b) Sale of food and drink for consumption (mostly) on the premises

Class E(e) Provision of medical or health services (except the use of premises attached to the residence of the consultant or practitioner)

Class E (f) Creche, day nursery or day centre (not including a residential use)

public houses, wine bars, or drinking establishments

hot food takeaways (for the sale of hot food where consumption of that food is mostly undertaken off the premises

shall take place in the permitted development except within the village centre without the written consent of the local planning authority.

The Village Centre will not exceed the following floorspace limits

Total 4000 sq m

Of which no more than

> *1700 sq m gross shall be used for retail uses (comparison and convenience goods sales and retail services)*
>
> *1000 sq m Food and Drink (including Class E(b) Public Houses, and hot food takeways)*

No unit for retail, office or food and drink use within the village centre should be greater than 500 sq m.

Reason To define the village centre and to ensure that the proposal of the village centre is within the assessed limits.

2.3 The LPA responded that the proposed condition would allow for office and indoor leisure uses within the proposed employment area, but other than that "*the condition seems like it makes sense in terms of setting out some parameters for your assessment and the details could be worked through at a later time as suggested"*. It is, however, quite clear that the condition was to define the village centre in more detail and did not refer to the employment area. This was because the reason for refusal was specifically targeted at the village centre - as is clear by the floorspace totals quoted in it.

2.4 The remainder of the response was concerned with how the sequential test should be carried out. It also noted that the appellant could request the Inspector to include pubs and hot food takeaways in the description of development. It was noted the LPA would not object to the inclusion of the pub because there were numerous references to one in the supporting material, but it was unable to give immediate answer on hot food takeaways *"as this wasn't referenced and it could have impacts – especially if there is scope for 1000 sqm of takeaways."*

2.5 I prepared the impact assessment on this basis. The impact assessment included an assessment of the likely impact of hot food takeaways and pubs and restaurants (food and beverage impacts). The Retail Impact and Sequential Test Assessment, now generally referred to as the RISTA CDA74), was submitted as part of the appeal documentation registered on 1 February 2024.

2.6 I was then involved in the preparation of the Appellant's Statement of Case and consideration of the Council's. The Council's case indicated that it considers that the RISTA does not demonstrate full compliance with sequential and impacts tests and as such the Council will make a case that the Appeal should be dismissed on those grounds. It also stated that a formal response to the submitted assessment would be provided to the Appellant and a topic specific SOCG would be prepared. The formal response was sent to me on 11 April 2024. I prepared a draft topic specific

SOCG which I sent to the Council on 25 April 2024. The proposal for a Retail SOCG has been superseded by the Case Management Conference on 2 May 2024 and the direction to produce a Topic Paper.

2.7 I understand from the notes of CMC that there is now no dispute between the Council and the Appellant regarding the impact on existing centres (or the sequential test), but the Council may wish to make a case about the impact on the existing food shop in Alderholt. Third parties, particularly Alderholt Parish Council, may also wish to address the effect of the proposal on local facilities and services. The Inspector has requested a topic paper on the content and location of the local centre and any retail impact.

2.8 My evidence will therefore address the matter of the likely impact on the Co-op store in Alderholt, the likely contents of the proposed local centre, the nature of local centres more generally and their locational requirements in modern housing developments. However, the location within the proposed development itself is more a matter of masterplanning and is addressed in the evidence of Gary Worsfold.

2.9 In this proof I will: -

- briefly describe the nature of retailing/Class E uses in Alderholt and surrounding area

- set out the retail and other Class E proposals for the scheme.
    i. Quantum
    ii. Location
    iii. Likely format
    iv. Benefits of provision (i.e. containment/sustainability)
    v. Controls on scale and format (legal/planning input).

- summarise the assessment of the village centre in the RISTA.

- examine Lambert Smith Hampton's (LSH's) (CD?) assessment with regarding the impact on the existing store in the village.

- set out the reason for refusal and my response to it.

- present a summary and conclusions to be read as my summary proof.

3.0 Existing Provision in Alderholt and the Surrounding Area

3.1 Alderholt is a settlement of about 3200 people (2021 Census) and 1300 households. The draft Neighbourhood Plan May 2024 (CD?) para 4.2.1 lists local services and community facilities as including the Village Hall, the Churchill Arms, the Co-op Foodstore, a First School and pre-school nursery, and sport and recreation facilities including a MUGA, outdoor gym and a Sports Social Club. The text goes on to note that the village lacks some local services, such as a library, hairdresser and pharmacy and that the Doctor's practice no longer operates its branch surgery. The draft Plan notes (in para 4.2.2) that local residents' priorities regarding improved services were better bus services, a wider range of local shops, health care, a GP surgery in the village and improved footpaths and traffic management.

3.2 The village lacks a centre where activities are concentrated and people can meet and socialise in public space. This is recognised in the draft Neighbourhood Plan. The centres of traditional English villages are marked by a parish church, a pub and, formerly, in larger villages, a shop. In contrast, the parish church for Alderholt is some 800m to the west of Churchill Arms which is itself 280m from the foodstore. In my view, both the lack of a centre and the lack of services results from the history of piecemeal development since the 1970s. The emphasis on food retailing for much of this time was on the development of large foodstores and local centres were hard to finance and unpopular with housebuilders. The individual developments in Alderholt were never large enough to support the necessary investment.

3.3 I do not believe that the proposals for a village High Street promoted in Policy 8 of the draft Neighbourhood Plan (CD?) would succeed. First, there has been no real planning policy impediment to commercial development in the past, but no such development has taken place. This indicates that there has been no demand for such premises. Without a substantial increase in local population and expenditure, this is unlikely to change. The buildings along the High Street are in residential use and there are no suitable sites which could accommodate commercial development with the necessary car parking. The site suggested for this development in the Neighbourhood Plan Map 10 and Policy 13) is at the extreme end of the village, too small to create any footfall and too close to the Co-op to attract a foodstore. Any commercial development resulting from Policy 8 would be strung out along the road and would not create enough footfall to support significant retail/service development or a village centre but would lead to more single purpose journeys by car. In short, I do not think that Policy 8 will lead to better service provision or create any sort of village centre.

3.4 The Co-op foodstore has an off-street car park with 30 spaces and off-road servicing. It has a sales floorspace of no more than 280 sq m because it has unrestricted Sunday opening. It offers the general range of convenience goods for day-to-day shopping with the greater emphasis on fresh food and groceries typical of Co-op outlets. The Post Office is within the store.

3.5 I consider that this is a very limited provision for a village of over 3000 people and the lack of other retail services, hot food takeaways and health care provision (e.g. pharmacy, optician and doctor's practice) is notable. It is clear that residents' needs are not being met within the village and they have to travel to nearby towns for most of their retail and service needs.

Fordingbridge

3.6 Fordingbridge is a small, historic town some 2 miles (3.5km) north-east of Alderholt. Its population is about 6,000. There are 9 convenience goods shops in the town centre including a medium sized Co-op and a Tesco Express. There are 24 comparison goods shops including a hardware store, a couple of ladies clothing shops, interior décor shops and several gift shops. There are 6 pubs/restaurants and two takeaways in the town centre, as well as a range of retail services including hairdressers, estate agents and opticians. There is a post office, library, museum, a small cinema (The Regal) and a small hospital.

3.7 There is a centrally located car park with about 300 long and short stay spaces with direct access to the Co-op store and the library. There are public toilets and electrical vehicle charging points there.

3.8 The town centre environment is attractive and well maintained with many historic buildings and the medieval bridge.

3.9 Overall, I consider the town has a good range of shops, community services and pubs for local residents and that it is a prosperous town supported by an affluent catchment area and a significant element of visitor spending.

Verwood

3.10 Verwood is small town some 6 miles (9 km) to the southwest of Alderholt. It has a population of about 14,000. In 2021 there were 43 outlets with 19 comparison shops, 22 service outlets and 2 convenience outlets in the town centre (Tesco Express and an independent butchers). The main convenience shopping is carried out in the out of centre Co-op, Morrison and Lidl stores. The Lidl opened in Dec 2021.

3.11 The centre has grown up as several shopping parades with accommodation above and this gives the centre a rather fragmented form. However, the environment is pleasant with generous open space and is well kept. There is free parking close to the main concentration of shops. There is a rather limited food and beverage offer in the centre, with two coffee shops, two takeaways, one Italian restaurant and one wine bar. There are no pubs in the town centre. There was one vacant shop unit at the time of my visit and an internet search indicates another. I assess the town as healthy.

Other Centres

3.12 There is a wider range of shopping available about 7 miles away in Ringwood including Sainsbury and Waitrose food stores. Higher order shopping is available in Salisbury (about 15 miles from Alderholt, Bournemouth (about 16 miles away) and Southampton (about 25 miles away).

4.0 The Proposed Village Centre

4.1 The application is in outline with only access to be determined at this stage. The description of development on the application form refers to "*village centre with associated retail, commercial, community and health facilities".* Illustrative material showed a village centre set out around a square either side of the internal spine and access road through the estate. In my experience such a location is important for successful local centres because retailers look for pass-by trade from cars and public transport as well as the residents from the development. Without good accessibility and pass-by trade there is a likely to be a lack of the commercial interest that is required for a successful centre in the long term. I have in my work on retail impact visited many local centres where these attributes are absent, for instance those built in the centre of housing estates during the 1960s and 1970s. Many of these are now run down, with high levels of vacancy and poor maintenance.

Proposed Uses

4.2 The illustrative plans, drawings and schedule (Appendix DM1) show a number of individual buildings in the centre. Commercial and community buildings mentioned are :-

- Coffee shop
- 6 Retail/Shops
- Dentist
- Village store
- Community building + Youth Centre
- Public House/Restaurant
- Doctor's surgery
- Pharmacy
- Opticians
- Business Enterprise + Business Hub
- Estates Office
- Offices/Retail

4.3 The accommodation schedule indicates a total floorspace of 4,000sqm, broken down as follows.

1,258sq m retail including the pharmacy

673sq m food and beverage

316sq m community hall/sports

724sq m medical and

1,026sq m offices

4.4 Main town centre uses comprise 2,958 sq m out of the 4000 sq m. In para 2.4 LSH states that up to 3273 sq m might be main town centre uses. The difference arises from the community hall/sports provision which LSH suggested should be regarded as a main town centre use on the basis that it is leisure provision. The Appellant's agent has advised that the community building is intended for use by the community for various classes, meetings and functions but will be designed so that it can accommodate a badminton court and indoor bowls. It is of no consequence, however, because floorspace is below the threshold to require impact assessment. The threshold for impact assessments in Policy KS7 is specific to retail development and the proposal is well below the national threshold of 2,500 sq m.

4.5 The Council has accepted that a pub is clearly indicated in the proposals and in my view is an accepted, and important, part of local centres. The Council reserved its position on hot food takeaways. In my view, these are an important part of any local centre and provide a much used and valued service. From a commercial point of view, they are an important element of the demand for shop units.

4.6 The description of development on the application form describes a "village *centre with associated retail, commercial, community and health facilities".* There is no reference to Class E uses. The term used in the accommodation schedule which was supplied to the Council at its request (App DM1) does not refer to Class E (a) 1 use. In the property world, and in common parlance, the terms retail (and shop) unit are not used with reference to the Use Classes Order or Class E(a) and do not exclude hot food takeaway uses.

4.7 I can see no planning purpose in excluding hot food takeaways from the local centre. Hot food takeaways can harm residential amenities through problems of odour, litter, and noise and disturbance in the evening, or where they lead to antisocial behaviour. An undue concentration of them in an area may have adverse effects and local planning authorities can adopt policies to restrict their number. None of this would apply in this case. Moreover, such impacts could be addressed at the reserved matters stage and through the imposition of appropriate planning conditions.

4.8 I conclude with regard to the hot food takeaway issue,

- that takeaways in local centres provide an important service;
- that the Council is wrong to interpret the description of development as excluding hot food takeaways; and
- that there would not be any valid planning objections to hot food takeaways in the centre except possibly in relation to detailed design matters which are not relevant to an outline application.

Health and Community Uses

4.9 In responding to my first draft of a statement of common ground the Council disagreed that policy LN7 of the Core Strategy (CDD 1)) was relevant. This policy encourages the provision of facilities and services to the existing and future population. Alderholt is included in the list of settlements where these facilities should be provided. LN7 is consistent with paragraph 88(d) of the NPPF which seeks to retain and develop accessible local services and community facilities, paragraph 97(a) which encourages decision makers to plan positively for the provision of community facilities, and the social objective of sustainable development in paragraph 8(b) which refers to the provision of accessible services to support communities' health, social and cultural well-being.

4.10 Although the RISTA (CDA 74) concentrated on the retail and food and beverage proposals, the centre has a much wider purpose. The proposal for the centre includes a community hall, a health centre and dental practice and provides the opportunity for a pharmacy in the village. In addition, there is provision for offices in the centre. As well as comprising what would formerly have been A2 uses, the offices would provide accommodation to small local businesses and a business hub to help small businesses. By providing for these activities in one place, they generate the activity and footfall which creates vitality and commercial viability. In terms of social objectives, the centre provides a public space where residents will meet and get to know each other. This is lacking in the existing village. It would give a sense of place and community. In any assessment of the village centre, these social benefits should be given significant weight.

The Size of the Centre

4.11 In its response to the RISTA, LSH (CD?) commented that the proposal may be too large to be a considered as a local centre. Local centres are generally defined by function and usually as meeting day to day shopping and retail service needs of residents. The condition which I put forward was designed to limit the size of units and ensure a mix of uses which limit the centre's attractiveness to shoppers for higher order goods and I believe that it would achieve this aim.

4.12 I assessed the size of centre against the retail expenditure that residents would generate (RISTA paras 3.18 to 3.20). This shows that the turnover of the village centre is likely to be about £8.74m when the residential development is completed, whereas the expenditure of residents of the new development is likely to be about £42.09m (RISTA Table 1- CDA 74). The village centre would accommodate about 20% of the additional expenditure.

4.13 RISTA Table 2 shows that the retail and food and beverage expenditure in the existing village is likely to be in the region of £34.58m. The only local facilities in the village to accommodate this expenditure is the Co-op foodstore and the Churchill Arms. Based on company average turnover the Co-op could accommodate about £2.3m convenience goods turnover, but the turnover capacity of individual pubs cannot be estimated with any reliability at all. The Co-op, on this benchmark estimate, has an estimated market share of about 25.6% (£2.31m /£8.97m) of the available convenience goods expenditure. This is approximately the same as the proportion of convenience goods expenditure usually attributed to top up shopping in retail impact studies and lends weight to the estimate. Overall, the total turnover of centre (convenience and comparison goods + food and drink) is estimated at about £8.34m. The combined expenditure of residents of the existing the village and the new development is about £76.7m indicating a market share of about 11% (RISTA paras 3.18 - 3.20 – CDA 74). I conclude that the village centre proposal is about the right size for this rural service centre.

4.14 These figures are taken from Tables 1 and 2 of the RISTA and their full derivation is given in Tables 3 and 4. I have used the unrounded figures to make them easier to identify but they should not be used with undue precision. Like any forecasts, particularly economic forecasts, there is considerable uncertainty about them, but the broad picture is clear. I conclude that the proposed village centre is of an appropriate size to meet the likely demands of the existing village and proposed housing development for its day-to-day shopping needs. It might be desirable in planning terms to encourage greater self-containment but there has to a balance between that planning aim and the fact that people will always use higher order centres and the internet for much of their shopping.

4.15 In its response document, LSH paras 2.17 and 2.18 (CD?) sets aside this numerical analysis, and questions whether the village centre should be considered as a local centre. It states that the RISTA failed to compare the provision proposed with the provision in other Rural Service Centres and higher order centres.

4.16 However, a comparison with other rural service centres does not indicate what the level of provision should be. The Plan gives no indication, beyond recognising the need for improvement. Policies PC5 and LN7 seek to improve the provision in rural service centres and there is no upper limit to their size given.

4.17 The population of the Rural Service Centres varies considerably, as shown by the 2021 Census results below :-

Alderholt	3196
Cranborne	579
Sixpenny Handley	649
Sturminster Marshall	1507
Three Legged Cross	1127

4.18 From these figures it is clear that Alderholt is already the biggest Rural Service Centre by some margin, yet it demonstrably lacks services and facilities. These figures are for the built-up area as far as Census geography allows, but do not represent the catchment areas in these centres. That raises another problem, how to define the rural service centre catchment areas. The figures do, however, suggest that a larger local centre might be appropriate in Alderholt and that a *"one size fits all"* approach to the definition of local rural service centres would be inappropriate.

4.19 RISTA paras 3.18 - 3.20 (CDA 74) demonstrates that the centre is of appropriate scale for the village and there is no reason to set aside the quantitative analysis in favour of comparisons with other centres which may or may not be well served and which vary considerably in size/population and circumstances.

The Viability of the Village Centre Proposal

4.20 The viability of the centre has been questioned by the Council and the Appellant will be submitting viability evidence. I am not a valuer but have advised Councils and Developers on local centres. I have, for instance, advised South Gloucestershire Council on the provision of local centres in the major residential developments in the North Bristol Fringe over many years and have assessed many applications for local centres. I have also discussed possible sites with retailers/developers including the Midcounties Co-op. The Co-ops are major takers of convenience stores in new housing developments, and I can give as examples, a new Co-op store of 275sq m in a development of about 500 houses in Thornbury, a market town of some 15,000 people in the north Bristol Green Belt, and a convenience store in a district centre in a new neighbourhood in Carterton, Oxon.

4.21 There has generally been commercial interest in convenience stores and in small parades in recent years. The decision to open a shop in a new housing area will of course depend on several factors including the size of the neighbourhood, the level of pass-by trade and competition in the area. The number of houses proposed in this application is more than enough to create interest, the pass-by traffic is likely to be significant and the competition is limited. In addition, the level of other activities such as the offices and health centre would generate additional footfall in the centre. Finally, the level of retail and service provision for the existing population is low and provides a substantial opportunity of additional business. I think that there would be good commercial interest in the village centre.

4.22 I would make a further point about viability. Whilst viability can be tested at a point in time, build costs, interest rates and the commercial returns forecast and sought are always changing and the scheme changes according to occupier interest and requirements and in response to changing cost estimates and returns. An assessment of the viability of a scheme planned for say five years in advance is essentially a forecast, which to some extent or other, is likely to prove wrong. No retail scheme will go ahead without evidence of commercial demand and occupiers become more committed as the scheme becomes more certain. In my experience the design of a centre is a process of feedback and adjustment that becomes more certain as the scheme progresses and occupiers more committed. This requires a degree of flexibility to respond to the developing commercial demand and changing commercial pressures.

4.23 The condition which I suggested was designed to accommodate this flexibility. If the outline permission is not flexible enough to accommodate this process, there may be an impediment to the delivery of the local centre. Generally local planning authorities wish to encourage the provision of local centres in major housing developments and are prepared to grant planning permission for local centres in outline terms and without tying down floorspace, in particular, uses too exactly. If the final proposal is radically different from the illustrative material, or is clearly not a village or local centre, then it would not comply with the outline permission and could be refused.

4.24 I conclude that it is not generally necessary to specify the elements of a local centre in the level of detail suggested by the Council.

5.0 Retail and Leisure Impact

5.1 I understand from the CMC notes that there is no dispute between the Council and Appellant in respect of the impact on existing centres. The impact on existing centres must, overall, be positive because the expenditure generated by new residents will be far more than the turnover of the village centre. For easy reference, the figures in the RISTA are

	Village Centre Turnover	New Residents' Expenditure 2040
Convenience Goods	£3.17m	£11.00m
Comparison Goods	£2.54m	£23.69m
Food and Beverage	£3.03m	£7.44m
Total	**£8.74m**	**£42.09m**

5.2 Although the precise figures may vary, there is no doubt the expenditure generated will far exceed the turnover of the village centre and much of this will be spent in existing towns. This is a further benefit of the appeal proposal.

5.3 Not all the benefits would accrue to the nearest centres. Much of the comparison goods expenditure would be spent in the higher order centres (Salisbury, Bournemouth and Southampton), the out of centre retail parks in those towns, and on the internet. Convenience spending would benefit the main foodstores most. In Verwood, these are out of centre. The "excess" Food and Beverage expenditure would be much more dispersed. In preparing the RISTA, I made substantial allowances for expenditure to flow out of the system, but overall, the impact on Verwood and Fordingbridge were assessed as positive in the completed development.

5.4 I did identify minor negative impacts on Fordingbridge in 2030. This was the result of the programming of the development and the way that the turnover of the centre was estimated. To limit the time when new residents are without local provision, the village centre is programmed to come forward at a fairly early stage of the development and before the population has built up. However, because the turnover is generally estimated in retail impact work from the likely sales per sq m, it is in effect assumed that the centre operates at full speed from the start whereas in practice the turnover is likely to build up more slowly as the resident population increases. I do not think that the short-term negative impact in Fordingbridge, if it did occur, would be significant.

5.5 The finding of a positive impact on existing centres is significant because it affects what is required from any planning condition. Where a condition is required to limit negative impacts, strict floorspace limits and restrictions which limit changes of use may be justified. Where the impact of the development on existing centres is positive, such conditions would be unnecessarily restrictive. In this case I believe that the condition is only required to define what is meant by the village centre and ensure the development reflects that, rather than to address negative impacts on existing centres.

The Impact on the Co-op in Alderholt

5.6 As explained in the RISTA (CDA 74), I expect there to be a significant adverse impact on the Co-op in the short term. This raises three questions –

Would it close?
What would the consequences be if it did close?
Would this conflict with policy and if so, what weight should be given to that conflict?

5.7 The possible impact identified in the RISTA (Table 13 c) is as follows

2030	2032	2035	2040
-36%	-24%	-5%	+9%

The impact in 2030 is high because the village centre has been assumed to be operating at full turnover, but the new housing is phased more slowly and the available expenditure is not at full strength. As the housing is built out, the additional local population and expenditure increases, the Co-op benefits from this and the impact reduces. By 2035 the impact is forecast to be insignificant and by 2040 it would benefit from the additional local expenditure.

Would the Alderholt Co-op close?

5.8 I consider that, although the closure of the store cannot be ruled out, the risk is limited. First, as described in para 5.4 above, it is assumed that the village centre would trade at its full level from the outset whereas in practice the turnover would take time to build up to that level and the available expenditure would be building up as it did so. The village centre would not have a first call on the expenditure and the available expenditure for day-to-day expenditure in Alderholt is likely to be split much more evenly between the two foodstores.

5.9 Second, foodstores can and do survive large trade diversions. I have over the years discussed with food retailers how they respond to large-scale losses of trade, most recently with the Midcounties Co-op on a proposal in Oxfordshire. Where a substantial loss of turnover is experienced, stock replacement costs are automatically reduced if it is being sold in smaller quantities. Retailers will also reduce labour costs. They can also reduce wastage by reducing the range of goods, particularly perishable items and in extreme cases may be able to renegotiate their rent. However, there is no doubt that margins are squeezed and profitability reduced.

5.10 But even where this leads to losses, this does not necessarily lead to closure of the store. Where retailers are tied into leases and assignment at similar levels to their rent is unlikely or not possible, it is often better to continue to trade at a loss than to pay rent on a property with no returns from it whatsoever. Independent retailers are unlikely to be able to carry losses for long, but store closures are rare amongst the larger multiple retailers. Stores within such portfolios will be operating at very different levels of profitability according to local circumstances.

5.11 Store closures usually stem from strategic corporate decisions affecting a number of stores. It is important to note that performance against the company average or benchmarks are not generally used for such decision making on individual stores – the variation of performance within any retail group is too large to make this sensible. It is also difficult to assess the full contribution that individual stores make to a company when matters like bulk purchasing, brand image and market share are taken into account. Loss making stores tend to become vulnerable when corporate performance is under pressure.

5.12 Another factor which can come into play is the need for substantial investment in maintenance and refurbishment of a store which cannot be delayed and this can bring a decision to a head – is it better to invest or close the outlet? The decision will depend on whether the investment is likely to achieve sufficient returns over the next few years to be justified. The Alderholt Co-op appears to be in a good state of repair with no obvious need for substantial investment. The prospect of long-term population growth in the village also militates against closure. I conclude that the closure of the store is unlikely but cannot be ruled out because of factors which I am not aware of.

What would the consequences be if it did close?

5.13 The village centre would almost certainly contain an alternative foodstore, and if it did not, there would be no risk of the existing Co-op's closure. The centre would provide a much wider range of retail and other commercial services than the Co-op store alone and is likely to accommodate a hairdresser, hot food takeaways and some comparison goods shops. It is clear that the retail and retail services available in the settlement would be much enhanced.

5.14 In addition, the centre would include community and health facilities which are not available in the settlement at present. This offers considerable social and sustainability benefits by reducing the need to travel outside of the village for what are frequently used, and usually locally available, goods and services. All told, these are significant benefits which must, rationally, be considered to outweigh the retention of the existing shop unless the existing shop has very clear locational/sustainability advantages.

5.15 This matter is being considered more fully by other witnesses, but in advance of seeing this, I think that this is unlikely. First the Co-op is not well located in relation to the existing settlement, being at the western edge of settlement. Second the sustainability advantages of fewer trips to neighbouring towns seem likely to outweigh any additional trip length for food shopping within Alderholt even taking account of any improvements to transport modal choice.

Would closure conflict with policy and if so, what weight should be given to that conflict?

5.16 The policies in question are PC5 of the Core Strategy (CDD 1) and P15 of the emerging Neighbourhood Plan (CD?). Policy PC5 is a policy which supports planning applications which propose improvements to the provision of shops which provide for people's day to day needs, leisure uses including public houses and facilities for local communities. The second part of the policy is concerned with retaining existing facilities in rural areas. It requires a demonstration that

"there is insufficient demand and it is not feasible and viable to support their continued existence and the loss would not result in a substantial decline in the range and quality of services for local people".

Policy 15 of the draft Neighbourhood Plan (CD?) is a safeguarding policy which protects identified facilities unless they would be replaced by alternative provision of equal or greater benefit to the local community.

5.17 The proposal clearly accords with the first part of policy PC5. Regarding the second part and policy 15 of the draft neighbourhood plan , the CMC notes indicate that the Council may make a case about the impact on a shop in Alderholt. LSH (CD?) para 3.3 appears to argue that all three criterial should be met. I do not think that this interpretation can be right. It would lead to the absurd situation whereby an application for development which would provide improved facilities would be refused, contrary to the aim of the policy, because of its impact on what is, in terms of the policy, a less desirable shop. Even if I am wrong about the policy's interpretation, the perversity of the outcome in this instance would merit according to it little weight.

5.18 In paras 3.3 and 3.4, LSH (CD?) suggests that competition as the reason for the loss of the existing shop would not meet the exceptions criteria in the policy and that protecting existing provision could take precedence over the provision of better facilities in the interests of sustainability. There is nothing in Policy PC5 to indicate this. The relevant exception to the loss of facilities in PC5 is whether there would be a substantial decline in the range and quality of services for local people. It is clear that there would not, and I conclude that the development complies with both limbs of Policy PC5.

5.19 The sustainability credentials of the existing vis-à-vis the proposed provision may be relevant to the overall decision but are not part of policy PC5. Furthermore, in considering the question, it is not simply the sustainability within the village that is relevant - as indicated above, the provision of a wider range of facilities and services has considerable sustainability merits in itself and must also be taken into account.

5.20 I conclude that the proposal would not have a significant adverse impact on any centre and would not lead to a reduction in the retail provision in the village. The proposal would enhance the range and quality of services available to residents, complies with Policy PC5, the relevant policy for considering retail and service provision in the Core Strategy (CDD 1).

6.0 Reason for Refusal 5

6.1 The reason for refusal addressed in this evidence is based on the failure to submit a sequential test or retail impact assessment. This has now been rectified and it has been demonstrated that the sequential test cannot apply in Alderholt because there is no defined town centre there (LSH par 4.3 – CD?) and that the effect on existing centres would be positive. The Council accepts that the sequential test is met and that the impact on existing centres would not be significantly adverse. Both the reason for refusal and the matters of substance behind it have, subject to an appropriate condition, been resolved.

7.0 Conclusions and Summary

7.1 My evidence addresses the fifth reason for refusal and the substantive matters which lie behind it. The reason for refusal states

"The proposal includes uses defined in Annex 2 of the NPPF as 'main town centre uses' expected to total 2,958sqm and include 1,259sqm of retail. The application is not accompanied by a sequential test or retail impact assessment, contrary to Policy KS7 of the Christchurch and East Dorset Local Plan: Part 1, 2014, and to paragraphs 87 and 90 of the NPPF".

7.2 I was instructed to prepare a retail impact and sequential test assessment after the application was refused and the RISTA (CDA 74) was submitted with the appeal. The Council agrees with the conclusions of the RISTA that there would be no significant adverse impact on existing centres and that the sequential test cannot be applied to Alderholt because it does not have a defined town centre. The Council is concerned, however, with the impact on the existing food shop in Alderholt and the implications of this for sustainability. My evidence addresses the likely impact on this shop and the need for travel out of the village for day-to-day shopping and local services, but the sustainability implications of the proposed location of the village centre are matters considered by the Appellant's transport and master planning witnesses.

7.2 I have examined the existing shopping and service provision in Alderholt and conclude it has a very limited provision for a village of over 3000 people and the lack of retail services, hot food takeaways and health care provision (e.g. pharmacy, optician and doctor's practice) is very notable. It is clear that residents' needs are not being met within the village and they have to travel to nearby towns for most of their day-to-day retail and service needs. I also concluded that village lacks a clear centre.

7.3 The proposed village centre would provide a mix of retail and service uses, some offices, both for visiting members of the public and for small local businesses. It would also provide a health centre, a community hall, pub and public space. The aim is to provide a local focus for existing and future residents and to reduce the need to travel outside the village for many everyday needs.

7.4 I have carried out a quantitative analysis of the village centre in relation to the available expenditure and conclude that it is of an appropriate size. It is large enough to act as a focus and to attract commercial investment without being over ambitious.

7.5 Based on experience elsewhere, I consider the village centre proposal together with the residential development is likely to attract commercial interest in both development and operational phases.

7.6 The overall proposal would generate much more expenditure than the village centre is likely to attract and the overall impact on existing centres would be positive.

7.7 The village centre would divert a substantial proportion of its trade from the Alderholt Co-op. However, I do not believe that the Co-op's closure is likely. Retailers can, and do, absorb considerable trade diversion and multiple retailers' decisions to close stores are usually made at a strategic level in the context of overall company performance. Where there is a risk of individual shop closure is when large-scale investment has to be made. There is no sign of such a need at the shop and in the longer term the effect of population growth would be a positive factor in any decision.

7.8 I do not believe that Core Strategy policy PC5 (CDD 1) provides policy protection for individual shops from competition. It would apply where for instance a shop, or a pub, would be closed to enable an alternative use (usually residential) but not where the facility is subject to new competition from a wider range or quality of provision. That approach would lead to an absurd situation where planning permission is refused for a development which would improve facilities based on the possible loss of, what is in planning policy terms, less desirable facilities. Even if I am wrong about the policy interpretation, I consider that the balance should lie in favour of the village centre proposal because of the substantial benefits it would bring.

7.9 I conclude the objection raised in reason for refusal 5 have been satisfactorily resolved and that the village centre should be regarded as a positive in the overall planning balance.

Appendix DM 1 Schedule of Accommodation - Village Centre

Local Centre - Accommodation Schedule

Unit no.	Unit Type	Commercial Area (sqm)
1	Retail	109
2	Retail	72
3	Retail	72
4	Retail	72
5	Dentist	167
6	Retail	334
7	Retail	164
8	Community Building	316
10	Public House/Restaurant	673
11	Doctor's Surgery	557
12	Pharmacy	190
13	Business Hub-touchdown space	163
14	Estate Office	98
15	Office	318
16	Office	172
17	Retail	246
18	Office	275
Total		4000

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