



Technical Advice Note: Retail Impact Assessments

A GUIDE FOR RETAIL IMPACT ASSESSMENTS

INTRODUCTION

This Technical Advice Note (TAN) has been prepared to assist applicants seeking planning permission for large retail proposals that wish to, or are required to produce a Retail Impact Assessment (RIA). This TAN also provides guidance to applicants on the expectations of Aberdeen City Council (ACC) and sets out the basis upon which assessment will be considered.

A RIA will not, under any circumstances, be the sole basis upon which an application will be determined. The policies contained within the Local Development Plan (LDP) establish issues which will be considered and identify criteria, which will need to be met. Applicants are strongly recommended to refer to these policies and enter into discussions with Planning Officers from ACC for advice as early in the development process as possible.

The guidance contained in this note has no statutory force and in no way overcomes the provisions of the Development Plan nor the rights and responsibilities of ACC determining the application nor those of the applicant. Nevertheless, it reflects Scottish Planning Policy (SPP) and LDP policy on retailing by establishing a positive approach to ensure a balance is drawn between the introduction of large retail units and the maintenance of existing centres.

What is a Retail Impact Assessment (RIA)?

A RIA is a means of establishing the potential commercial impact of a proposed new retail development on existing and committed (i.e. not yet built but have planning permission) retail developments. The main reason for the preparation of a RIA is to provide relevant information to assist in the determination of an application for planning permission for major retail development. It is also used for assessing the significance of the impact on the current and future vitality and viability of the surrounding centres.

RIA is only an aid to decision making. All retail applications should be consistent with the policies contained within the Aberdeen LDP and Aberdeen City and Shire Strategic Development Plan (SDP). In order to determine major retail applications additional information will be required, both qualitative and quantitative, including information on the design and built form of the proposed development, the level of car parking, the provision of infrastructure, etc.

When is a Retail Impact Assessment Necessary?

Generally a RIA is necessary when a proposed development is of a scale sufficient to be likely to have a significant impact on the trade of existing or committed retail centres and the surrounding area. A RIA will normally be required for any retail development which is individually or cumulatively over 2500m² in gross retail floorspace and located outwith a designated centre. However, larger retail developments within designated centres may also require a RIA.

Proposals which are individually or cumulatively below 2500m² but may have a significant impact on local centres may also be asked to undertake an RIA. For smaller individual shops where it is unnecessary to undertake a RIA, a statement of retail impact may be required.

A statement of retail impact should briefly outline the potential impacts the proposed development may have on vitality and viability of nearby centres.

DEVELOPMENT PLAN POLICIES

Aberdeen City and Shire Strategic Development Plan (2014)

The current Aberdeen City and Shire Strategic Development Plan highlights the importance of a strong service sector, particularly in retail. This can be supported by prioritising Aberdeen city centre as well as other existing centres within the City to improve the regional shopping facilities and promote vitality and viability. The Plan also sets a target for Aberdeen to remain one of the top 20 retail areas in the UK to 2035.

Aberdeen Local Development Plan (2017)

The following policies within the Aberdeen Local Development Plan (LDP) give detailed expression of the strategic development plan to guide retail development to the most appropriate locations.

- Policy NC1 – City Centre Development – Regional Centre
- Policy NC2 – City Centre Retail Core and Union Street
- Policy NC3 – West End Shops and Cafes
- Policy NC4 – Sequential Approach and Impact
- Policy NC5 – Out of Centre Proposals
- Policy NC6 – Town, District, Neighbourhood and Commercial Centres
- Policy NC7 – Local Shop Units
- Policy NC8 – Retail Development Serving New Development Areas
- Policy NC9 – Beach and Leisure

The Aberdeen LDP sets out a hierarchy of centres and the role of each centre. Applicants are required to demonstrate a sequential approach to the site selection of the given development.

The LDP also takes into consideration the impact a retail development can have on vitality and viability of existing centres and the need for assessment of retail impact to determine this. The plan asks for a formal retail impact assessment for large retail developments (developments over 2,500 sqm gross floorspace). In all cases, proposals shall not detract significantly from the vitality or viability of any centre listed in the Supplementary Guidance: Hierarchy of Centres.

Other Policy Considerations and Determination of Applications

In addition to the specific policies relating to retailing within the LDP, retailing proposals will be required to accord with other more general policies such as those relating to accessibility and design. Even if a proposal is deemed to be acceptable in terms of its retail impacts it could be refused because of poor design or non-compliance with other policies in the plan.

Other factors, which will be considered in assessing an application, include demonstration of a strategic need, the provision of competition and choice to consumers, impact on existing shops in nearby town, district and neighbourhood centres, road safety and the ability of the centre to accommodate additional variety of retail offer.

RETAIL IMPACT METHODOLOGY

The Sequential Approach

Applicants for major retailing proposals are required to show that they have complied with the sequential approach for site selection and that they will not have an adverse impact on the vitality and viability of existing retail centres. SPP states:

“Development plans should adopt a sequential town centre first approach when planning for uses which generate significant footfall, including retail and commercial leisure uses, offices, community and cultural facilities and, where appropriate, other public buildings such as libraries, and education and healthcare facilities.”

The sequential approach requires that locations are considered in the following order: town centres (including city centres and local centres), edge of town centre, other commercial centres identified in the development plan and out-of-centre locations that are, or can be, made easily accessible by a choice of transport modes.

Applicants should be able to demonstrate that all potential town centre options have been thoroughly assessed before less central sites are considered for development. The onus of proof that more central sites have been assessed rests with the applicant.

The sequential approach applies equally to proposals for extending existing edge of centre and out of centre development that creates additional floorspace. These will be treated as if they were new development and on the basis of the trade of the store extension.

What should be included in a Retail Impact Assessment?

ACC will encourage the following stages to be undertaken by the applicant when producing a RIA. This methodology has been taken from the Scottish Government research 'Town Centre and Retailing Methodologies' (2007). ACC are aware that some applicants may have their own set methodology and are willing to discuss this prior to the submission of the RIA.

Stage 1 – Scoping and determining deficiency and capacity for new development

Applicants for retail planning applications are encouraged to scope the development proposal and potential retail impact in advance of the preparation of the RIA. This will include agreement with ACC as to whether the proposed development warrants a full RIA or whether a shorter, more indicative assessment, in the form of a retail statement, is appropriate. It is also an opportunity to agree a range of issues in advance of preparing the RIA.

In assessing need it is necessary to examine the nature and quality of existing shopping provision; are there qualitative deficiencies in types of provision, by sector or geographically? Is there evidence that existing shops are not meeting available demand? Is there a leakage of trade from the catchment area? Evidence of need does not automatically justify approval of an application for retail development (nor result in refusal should there be no "need") but may be a material consideration in determining the significance of any impacts.

Stage 2 - Surveys

Encouragement is given to the use of household surveys, in particular where:

- Development proposals are for large and/or complex retail developments.
- Where there is no up-to-date existing household expenditure information.
- Where there is significant uncertainty about the catchment area or trading characteristics of the proposed development

The use of up-to-date survey information on a range of issues will increase the accuracy and reliability of RIA results.

Stage 3 - Identification of the Catchment Area

The identification of the catchment area, and the proportion of trade drawn from this area, is an important stage in the RIA and it will directly affect the assessment of trade diversion from competing centres and retail impact.

If the proposal is to be situated outwith a centre or at an edge of centre site, the applicant must consider the likely catchment of the proposal with reference to travel distances determined from survey of comparable facilities elsewhere in the North East, in addition to determining the catchments of the adjacent centres. The catchment area needs to be sufficiently wide enough to ensure that the influence of the proposal can be assessed.

Stage 4 - Identification of Existing Estimates of Population and Available Expenditure

This is required to understand existing trading conditions.

Stage 5 - Identification of Future Estimates of Population and Available Expenditure

In stages 4 and 5 estimates of existing and future population in catchment areas should be based, in the first instance, on information provided through planning authorities. In the absence of this information it can be provided from other sources, notably through the General Register Office (Scotland) or from the Census. The most practical sources for estimates of available expenditure per capita are commercial data providers.

Stage 6 - Existing Floorspace and Turnover

The identification of existing floorspace and its turnover is central to the assessment of retail impact. Household surveys, if well designed, should be used to provide estimates of the turnover of existing floorspace. For small developments, or where centres are large compared to proposed developments and/or existing centres are not considered to be unduly sensitive to impact, the use of estimates based on averages may be appropriate.

Stage 7 - Turnover of Proposed Development

This will be an important factor in determining the calculation of retail impact. The estimate of the turnover of the proposed development should utilise a range of techniques including reference to market share within the catchment, average turnover levels and comparable developments elsewhere (the latter particularly for new forms of development). For small scale developments the use of national average figures combined with sensitivity tests may be appropriate.

Stage 8 - Trade Draw

Trade draw identifies the origin (for example where they live) of those who spend money in the proposed development. It is a useful concept for assisting with other stages of the RIA including the estimate of proposed development turnover and estimation of trade diversion. For small or straightforward development proposals trade draw does not require to be undertaken explicitly as part of the RIA.

Stage 9 - Trade Diversion

Trade diversion is distinct from trade draw and identifies the source of turnover of the proposed development from existing shops and centres. The research concludes that at this stage RIA can become highly subjective and there is no doubt that this stage is fundamental to the calculation of retail impact. Trade diversion assumptions will, therefore, need to be fully and carefully justified.

Factors that should be considered for assessing trade diversion include:

- Characteristics of the competing shopping locations based on those which are most likely to be in competition with the development including similarity of retail offer.
- Scale of centres (in particular turnover in relevant goods categories).
- Intervening distance.
- Existing shopping patterns.
- Shoppers' travel habits and patterns.
- The relative attractiveness of centres.

Stage 10 - Calculation of Impact

The actual calculation of retail impact is based on the deduction of the trade diversion identified (from Stage 9) from the turnover of centres in the test year (from Stage 6). As well as identifying the absolute loss of trade from a centre there are a number of additional ways in which this impact figure can be measured including:

- Percentage loss of trade.
- Residual turnover.
- Impact on market share of centres.

Stage 11 – Qualitative Assessment

It should be stated in the RIA the amount of floorspace that will be dedicated to both convenience and comparison goods. If the retailer is known, the RIA should describe the type of goods that the retail development will sell in terms of convenience and comparison goods. Qualitative improvements such as, customer, operational and external facilities should also be stated.

Stage 12 - The Condition of Centres: Health Check Information

Information on vitality and viability indicators of existing centres should be provided to support the analysis of the significance of retail impact. Indicators that ACC encourage applicants to use are:

- Pedestrian count,
- Prime rental values,
- Retailer representation and intentions,
- Space in use for different town centre functions and how it has changed,
- Retailer representation and intentions (national multiples and independents),
- Commercial yield,
- Vacancy rates,
- Physical structure of the centre, including opportunities and constraints, and its accessibility,
- Environmental quality and amenity,
- Periodic surveys of consumers, and
- Crime and safety levels.

Stage 13 - Significance of Impact

The research recommends that RIAs should include an interpretation of the significance of the impact arising from a proposed development. This should include reference to vitality and viability indicators of centres (from Stage 12) and address a range of issues that could result from the impact of the proposed development on the centre.

The role of cumulative RIA

Cumulative RIA (i.e. assessing the combined effects of more than one retail development proposal on a centre or centres) will be appropriate in certain situations including:

- When more than one proposal is applying for planning permission (and there is the possibility that more than one could gain consent).
- Where recent consents have been granted and schemes have not yet reached their test year.
- Where there have been significant changes over a recent time period and the town centre(s) are still adjusting to impacts.

Data availability

In order to address difficulties regarding the availability and quality of data the research recommends the adoption of the following:

- Agreement at scoping as to appropriate information sources, including potential alternatives.
- Clear statement of information sources and assumptions underpinning data so that these can be reviewed.

Definitions

City Centre Retail Core / Regional Centre: The area containing the highest concentration of shopping floorspace in the city centre. The boundary can be found in the LDP Proposals Map.

Commercial Centre: A grouping of three or more retail warehouses with associated car parking.

Comparison Goods: non-food items including clothing, footwear, household goods, furniture and electrical goods which purchasers compare on the basis of price and quality before buying.

Convenience Goods: goods bought for consumption on a regular basis (e.g. food, drink, newspapers etc.)

District Centre: a group of shops outwith the city centre, usually containing a supermarket or superstore and non-retail services. These may take a variety of forms.

Edge-of-Centre: A location within easy walking distance of one of the retail locations named in the Hierarchy of Retail Centres Supplementary Guidance under the headings regional centre, town centres, district centres, neighbourhood centres and commercial centres, and providing parking facilities that serve the retail location as well as the development, thus enabling one trip to serve several purposes. In defining edge-of-centre, regard shall be had to the following:

- an easy walking distance to the principal retail frontage of the retail location (reflecting poor weather and shoppers encumbered with shopping etc);
- the presence of intervening barriers to pedestrian movement, including the need to cross roads, the presence of over- or underpasses and significant gradients;
- whether a site is intervisible with part of the principal retail frontage of the retail location; and
- the extent of intervening non-retail uses between the site and the retail location.

In the special case of the Retail Core, “edge-of-centre” means any part of the city centre (as defined on the Proposals Map) outwith the Retail Core.

Gross Floor Area (GFA): the floor area based on the overall dimensions of the building (s).

Neighbourhood Centres: Provide local retail provision, primarily of a convenience and local retail nature. These serve a local catchment area.

Out of Centre: A location that is neither within nor on the edge of any of the retail centres listed in the Hierarchy of Centres Supplementary Guidance.

Retail Warehouses: Large single level stores specializing in the sale of household goods (such as carpets, furniture and electrical goods), clothing, leisure goods and bulky DIY items, catering mainly for car-borne customers and often in out-of-centre locations.

Supermarkets

Single level self-service stores selling mainly food with a trading floorspace of between 500 and 2500 square metres (under 1500 square metres for all supermarkets) with dedicated car parks.

Superstores

Usually single level self-service stores selling mainly food or food and non-food goods, usually with at least 2500 square metres trading floorspace and with dedicated car parking.

Town Centres: Support all retail, commercial, leisure and other significant footfall generating serving the town or area but isn't serving a citywide or regional market.