
APPENDIX 9

**GVA GRIMLEY LETTER TO SOUTH CAMBRIDGERSHIRE DISTRICT COUNCIL ON THE
NORTHSTOWE PROPOSALS**

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K Miles Esq
South Cambridgeshire District Council
South Cambridgeshire Hall
Cambourne Business Park
Cambourne
Cambridge
CB23 6EA

chris.goddard@gvagrimsley.co.uk
Direct Line 020 7911 2202

Dear Keith

NORTHSTOWE – INITIAL REVIEW OF RETAIL CAPACITY/ IMPACT ISSUES

We are progressing with the retail study, and have commissioned the household interviews and street surveys. In parallel with this project, you requested that we give some initial views on the retail issues raised by the proposed new town centre as part of the new settlement of Northstowe.

As part of this review, we have considered the provisions of the adopted Northstowe Area Action Plan July 2007, and reviewed the supporting statements prepared by English Partnerships/ Gallagher which deal with retail matters; in particular the Northstowe Town Centre and Local Centre Strategy (TCLCS) prepared by Arup and the Northstowe Retail Capacity and Impact Report (RCIR) prepared by DTZ. These describe the intended retail content of the new town centre and local centres, the planned phasing of new housing and retail development, and consider the capacity for and impact of this development on nearby town and district centres.

The TCLCS recites the key provisions of national, regional and local policy guidance. In terms of current national planning policy guidance PPS6, in the case of the creation of a new town centre we would expect consideration of the need for the scale and form of development proposed; the appropriateness of the scale of development, (having regard to the identified need and intended role of the centre within the hierarchy); and consideration of the impact of the new centre on established centres. The principle of the new settlement and creation of a new town centre is established in the recently adopted South Cambridgeshire Core Strategy and Northstowe Area Action Plan.

Focusing on the new town centre, which in our view raises the most significant retail policy issues, the key policy is Policy NS/5/2 which states:

“The town centre will make provision for such a range of shops, services, cultural, leisure, entertainment and community facilities that will serve the needs of Northstowe and the immediately surrounding area without undermining the vitality and viability of nearby village centres and market towns or compete with Cambridge, having regard to the sequential test”.

The policy goes on to state that a town centre strategy for Northstowe will be submitted for approval by the local planning authority as part of the planning application. The policy also makes clear that the detailed location and form of the new town centre will be determined as part of the masterplan to be approved by the local planning authority. At this stage, therefore, our initial comments are based on the issues raised by the need/ impact assessment.

The TCLCS identifies the key components of the new town centre which is intended to comprise 37,500 sqm gross of retail floorspace , comprising 8,500 sqm gross of convenience and 29,000 sqm gross of comparison goods floorspace , together with 12,000 sqm gross of A2-5 and 7,500 sqm gross of D2 floorspace . The proposals also include for local centres, each comprising 3-500 sqm net.

The TCLCS indicates the scale and form of the new town centre has been influenced by a commercial assessment (which we have not seen) and suggests that ultimately the centre will include a large food store and department/ variety store anchors, eventually comprising circa 200 units. The strategy document sets out the overall aspiration for a centre intended to meet the needs of its immediate catchment, and to complement the role of existing village/ market towns and the regional role of Cambridge City Centre. The strategy also sets out the aspiration to create a distinct centre, for example including provision for local independent specialist retailing, as well as everyday shopping needs.

While these aspirations clearly accord with the objectives of Policy NS/5 it is unclear what if any further information is to be provided in terms of the precise retail mix/ identity of key anchor stores and what, if any, planning or other controls are intended to be put in place to regulate the character and composition of the new town centre. Based on current policy guidance there appears to be little policy justification for such restrictions in the case of a new town centre, and as such, notwithstanding the aspirations set out in this strategy, it would be prudent to identify and test a “worst case” scenario based on a clearer understanding of commercial demands and viability considerations.

The other key consideration arising from the analysis is the phasing of the new residential and retail development at Northstowe which has significant implications for the capacity for, and likely impact of the development over the development period comprising 2009 to 2025. For the purposes of our assessment, we have assumed that the rate of construction/ take-up of new dwellings set out in the RCIR is realistic, as is the average household size of 2.51 derived from the Cambridge Econometrics analysis. We note the demographic composition of the new settlement is likely to evolve over time. DTZ assume that the retail expenditure levels of the new population will match those of existing residents, although we consider this aspect of the analysis requires further clarification, particularly based on the anticipated younger population of Northstowe in the early years of the development.

The DTZ study assumes a phased development of the retail floorspace. Adopting what we consider to be broadly realistic net/ gross ratios, DTZ estimate the initial phase of convenience development would comprise circa 2,600 sqm net by 2012/13, increasing to an ultimate total of 5,525 sqm net by 2024/5. Initial phases of comparison shopping floorspace are intended to be relatively modest at 1,875 sqm net at 2012/13, increasing significantly beyond 2018 to a total of 21,750 sqm net by 2024/5, giving a total net sales floorspace for the new town centre of 27,275 sqm net by its projected completion date.

Given the provisions of Policy NS/5, it is relevant to consider the scale and form of retail floorspace proposed at Northstowe relative to the other centres within the existing retail hierarchy. This is identified at Table 4.2 of the DTZ report which indicates that with the exception of Cambridge City Centre, (69,354 sqm net), the centre of Northstowe would comprise substantially more retail floorspace than any other identified town or rural centre within the wider study area. Huntingdon, Ely and St Ives Town Centres are all within the range of 12,300 to 18,300 sqm net retail floorspace. Furthermore, in contrast to the traditional town and local centres which comprise a range of retail provision including a mix of unit sizes and national/ local independent retailers, Northstowe will provide a comprehensively planned, purpose built centre.

Notwithstanding the aspirations for the centre, described in the TCLCS, it has the potential to attract a mix of more highly productive retail floorspace providing additional quantitative and

qualitative advantages, in commercial terms, over the more traditional and in some cases constrained town and district centres. This factor needs to be taken into account when considering the potential catchment area, trade draw assumptions and turnover of the new centre. These matters warrant Sensitivity Testing.

We note the assumptions concerning the potential study area/ catchment area of the centre produced by DTZ, comprising Core, Secondary and Outer East and West zones. Given the scale and potential attraction of the development, we consider it has the potential to serve a potentially wider catchment, particularly if links to the A14 and strategic road network are enhanced. Given the extensive Outer East zone beyond Ely, which is included, and yet is not predicted to form part of the new centre catchment, we consider it has potential to draw additional trade from the north west and west and potentially from further to the south depending on the scale and quality of retail offer and accessibility.

The approach employed by DTZ to assess need/ impact appears to follow a broadly conventional methodology, although inevitably in the case of a new centre the exercise requires a significant level of judgement and is fundamentally dependent on a number of interconnected factors. Specifically the key factors underpinning the DTZ conclusions are the rate of population/ expenditure growth, the phasing and form of retail development and, its trade draw pattern and degree of overlap with neighbouring centres.

We recognise that the creation of a new centre requires development of sufficient “critical mass” in order to attract retailers, and that in this respect, the capacity analysis is to some extent self-fulfilling, i.e. the larger and more attractive the development, the greater its potential to achieve a significant market share within its existing and potential catchment area. We note the suggested DTZ phasing arrangement, but anticipate there may be commercial pressure to achieve a more significant proportion of the total scale of development as a single stage of development in order to attract key retailers.

While this may reinforce the realism of the market share assumptions employed by DTZ the scope to develop a more significant scale of floorspace earlier in the development programme, in advance of forecast population growth, is likely to have significant implications for the impact assessment. Unless undertakings are to be provided through planning or other measures to control the phased release of retail development as indicated by DTZ, we consider the sensitivity of their assumptions to different phasing assumptions, and in particular the assumption that the entire development is built and occupied as a single phase early on in the development programme requires testing.

Turning to matters of detail, we anticipate undertaking a more detailed assessment of the DTZ capacity/impact analysis in parallel with our own independent retail assessment for Cambridge City Council and South Cambridgeshire District Council. This will draw upon a new specially commissioned household survey and our own population and expenditure data. However, we have identified a number of aspects of the DTZ analysis which we consider warrant further clarification.

First, DTZ have undertaken a household survey comprising 1,650 respondents in 11 zones. This appears to represent a robust sample size, but we would welcome clarification on the questions asked and detailed sampling. We note that DTZ have applied manual adjustments to the survey results, presumably on the basis of apparent anomalies in the findings of the survey. It is also unclear how new developments, e.g. The Grand Arcade in Cambridge, and judgements concerning growth in the special forms of trading, e.g., internet retailing have been reflected on individual centres market shares. These areas warrant further clarification.

Second, the DTZ analysis is based on Mapinfo expenditure and growth estimates and makes assumptions about the affluence and spending power of new residents in Northstowe (see above). While Mapinfo is a conventional data source, we note that DTZ’s baseline per capita expenditure estimates of £1,835 per capita for convenience goods and £4,409 per capita for

comparison goods are significantly higher than the Experian per capita expenditure estimates generated for the wider Cambridge study area in our work. These indicate average per capita expenditure estimates of £1,714 for convenience goods and £3,175 for comparison goods. There are also minor discrepancies in the growth rates used. DTZ adopt growth rates of 0.4% and 3.9% for convenience and comparison goods respectively, whereas our Experian figures suggest rates of 0.7% and 3.8% respectively, although these differences are unlikely in themselves to be material.

Third and most significantly, the DTZ “capacity” analysis estimates the market share which will be secured by the new development at different stages in its evolution to generate total potential turnover estimates, against which notional “average” turnover estimates for the new development are then compared in order to generate what DTZ regard as “surplus” capacity for new floorspace, over and above the level currently proposed. For example Table 9 suggests that by 2024 the market share of Northstowe would generate a total convenience goods turnover of £61.9 million against a nominal average turnover of the proposed floorspace of only £43.5 million, indicating a “surplus” of £18 million. The same exercise is undertaken for comparison goods, identifying a total potential turnover of £164.7 million in 2024 and assuming the new development only achieves a turnover of circa £114 million generating an additional residual expenditure of £50.7 million. On this basis DTZ identify a significant surplus capacity over and above the floorspace proposed.

We would question this aspect of the exercise in particular. If it is assumed that the proposed floorspace will achieve a lower turnover than that assessed by DTZ, clearly the market share required to support the level of floorspace proposed and potential impact of the development will be reduced. Conversely, taking the DTZ approach, if it is suggested that “capacity” exists for a much more significant scale of development at Northstowe, the appropriateness of the scale of such development and its impact need further consideration. This issue requires further clarification.

Our own study will examine the potential capacity for convenience and comparison retail for the Cambridge sub-region up to 2021, taking into account the impact of new convenience and comparison floorspace at Northstowe. However, we also consider clarification is required from DTZ on this issue. Our initial review suggests that the scope of the DTZ analysis is appropriate and the methodology and data sources used are all broadly in line with good practice. However, the analysis is heavily dependent on key assumptions about the growth of the local catchment and available expenditure, the scale and tenant mix, the market position of the proposed development and the proposed phasing which, unless controlled by planning or other conditions could lead to materially different outcomes which have not been examined.

I trust these initial comments are of some assistance for your ongoing discussions in respect of Northstowe, but if you require clarification on any matters, or consider it would be useful for us to meet with DTZ to discuss the points raised in more detail, please do not hesitate to contact me.

With best wishes,

Yours sincerely

CHRIS GODDARD
Executive Director
For and On Behalf of GVA Grimley Ltd