

APPENDIX B

SUPPORTING STATEMENT TO OUR REPRESENTATIONS IN RELATION TO SOUTH WILTSHIRE CORE STRATEGY – SUBMISSION DRAFT (JULY 2009)

SUMMARY OF REPRESENTATIONS

The Retail Evidence Base

9. The Retail and Leisure Needs Study undertaken by GVA Grimley (2006), the central evidence base document used to inform the emerging LDF with respect to retail matters, is neither robust nor credible with regard to both research and fact finding. The Core Strategy is not therefore justified and is fundamentally unsound.
10. Our analysis identifies a wide variety of flaws in the approach and assumptions used to inform the Study's findings on retail capacity. It also found some fundamental errors. We have focused in particular on issues relating to convenience goods, but the basis of many of our findings can also be applied to the comparison goods sector.
11. The Study uses a household survey with 975 respondents spread over a very wide area (extending well beyond the catchment area of retail outlets serving Salisbury and other settlements within the Council's administrative area). The population of that extensive area exceeds 550,000. In terms of convenience shopping expenditure, GVA Grimley estimate the area generates £890.68m at 2006. GVA Grimley estimate spending to shops and stores in the whole district (a more realistic catchment for that role) to be £159.786m representing expenditure from only 18% of the much larger study area. The survey population that is, therefore, relevant to this spending is less than 20% of all respondents, i.e. less than 200 (rather than 975). With such a small sample, adverse issues relating to the statistical significance of how results are used, become inevitable.
12. Not only is the data therefore coarse, but it is used prescriptively with little understanding of how this distorts findings. For example, only 25 respondents from the entire 975 surveyed use the Sainsbury's in Salisbury.¹ These 25 respondents are spread over five (out of a total of 11 zones). Two respondents in zone 9 (which had a population of 25,243 at 2006) out of a total of 77 surveyed, used the Salisbury Sainsbury. These two respondents are then used to predict how the zone's 25,243 population will behave relating to food shopping. The GVA Grimley model therefore attributes 2/77ths of this population's main food, convenience goods expenditure as going to Sainsbury's in Salisbury; ie. 75% (representing spending at main food stores) of 0.02597 x £108.863m, or £2.12m pa. If three, rather than two respondents, had said they used Sainsbury's, it would have been estimated to trade at £1.06m (at 2006) more each year. One person's response equating to the destination of

¹ Because of the extensive survey area, a greater number of respondents use Sainsbury's stores in Ferndown (near Bournemouth) (33) and Frome (27).

over £1m of available main food expenditure is clearly unacceptable as the basis for projecting retail capacity. Such a small sample should not be relied on. It is statistically wholly unreliable.

13. The survey uses a rigid basis for defining shopping behaviour. The shop where most of a household's main food shopping is undertaken is attributed 75% of total average available convenience goods expenditure (with 25% going to the most frequently used small scale or top-up store). However, this fails to assess behaviour in market towns and rural areas, where the store "*most used*" is often used in conjunction with less frequent trips to a much larger store in surrounding larger towns. It is likely that such behaviour occurs in the context of Amesbury area residents, who will less frequently use the larger stores in Salisbury. Indeed, this would explain the otherwise surprisingly high level of trading found by the survey at the new (but quite modest) Coop store at Amesbury. Paragraph 8.21 of the GVA Grimley study explains "*Our figures suggest the store has a sales density of £12,819m² net, significantly higher than the estimated company average of £5,239m² net*". Trading at 2.45 times a company average is very exceptional indeed. Operating at this level would be extremely challenging and confirms how use of a statistically unreliable sample can, without proper scrutiny, generate such abnormalities.
14. There are also methodological limitations arising from the GVA Grimley Study. It applies a constant market share approach and thus does not seek to address leakage out of the area, some of which ought to be retained if government policy objectives for more self sufficient communities are to be met. The Executive Summary does, however, concede that, "*If new development proposals come forward above these levels, the issue of claw back (ie. increasing market share) would need to be taken into consideration*". In making this statement, GVA Grimley are referring to proposals coming forward above the level of retail need set out in their capacity projections. They therefore implicitly accept that further floorspace (additional to that generated by growth and addressing overtrading) might be justified. However, their Study provides no estimate of the extent of convenience goods leakage and whether it might be desirable (in policy terms) to retain a proportion of it. This is a fundamental failing of their methodology. As well as not being robust or credible in terms of an evidence base, such an approach is wholly inconsistent with the approach in national policy (in PPS1, PPS6, PPS12 and PPG13) to plan positively for the development of more sustainable communities. It must be noted that the Core Strategy itself fails to understand the restricted basis of the Study's retail capacity figures that are reproduced at its paragraph 6.24. At paragraph 6.6, the Core Strategy explains that the proposed new retail area will "*attract further visitors to the city centre*". On that basis, the survey area penetration rate would increase resulting in capacity, or need, for a greater quantum of new floorspace compared with that set out in the tables at paragraph 6.24.
15. The Study takes no account of the financial contribution from tourism on local retail businesses. Whilst it explains the importance of visitors and tourists to Salisbury and its local economy, never is their spending

quantified.² We would expect to be able to add up to around 10% to total available convenience goods expenditure to account for this in such a location. In addition, there is expenditure from local businesses on convenience goods in local shops, supermarkets and superstores that should also have been accounted for.

16. There are also mistakes that have consequences. For example, in projecting convenience goods capacity from 2011 onwards for Amesbury, “sales from committed floorspace” has to be added to “sales from existing floorspace” before their sum is deducted from “residents spending” to arrive at “residual spending to support new shops” (Table 20, Appendix 6). Table 17 identifies that there were two relevant commitments at 2006. Tesco’s then proposed extension at Southampton Road, Salisbury and the Coop’s net increase in floorspace at Amesbury. Only the latter is relevant to projecting capacity for Amesbury. Tesco’s extension at Salisbury is shown to accommodate £10.570m of expenditure and the net additional space to Amesbury’s Coop, £1.949m (ie. a total of £12.519m at 2006 which is projected forward subject to a “productivity factor” so that at 2011, it is £13.027m).³ GVA Grimley then apply the total to both the Salisbury and Amesbury projections. It hits the capacity for Amesbury most and creates a negative for “residual spending” of minus £1.307m which translates to a negative capacity for -131m² of new floorspace. The correct (in terms of arithmetic) residential spending to support new floorspace should read +£5.878m, which would support (on the (seemingly inappropriate) basis of stores in Amesbury trading at £10,000m²) 588m² of additional floorspace at 2011.⁴ Whilst the August 2009 revision of the Retail Topic Paper (8) indicates that this has been rectified, the issue remains that the Core Strategy was drafted with this error.

17. There is inappropriate presentation too. The statistical workings in Appendix 6 consider capacity projections for the District as a whole and then for “Salisbury Urban Area” based upon expenditure flows to town centre shops and separately to out of centre stores and separately again for Amesbury. The requirement for Salisbury’s Urban Area is derived almost entirely from the acknowledged overtrading of the Waitrose and, in particular, the Tesco superstore. Yet in presenting the Salisbury results the report’s Executive Summary promotes the capacity as for “Salisbury City Centre” (Tables 1 and 2 of Executive Summary). This reclassification of quantitative need applying to the whole urban area and a part of its rural catchment to the City Centre, is wholly inappropriate and incompatible with the approach set out at 3.10 of PPS6 which makes clear that capacity projections relate to the whole catchment area. The Core Strategy has adopted this inappropriate classification in the tables at paragraph 6.24.

² However, the Core Strategy explains that total direct spending from visitors was over £146m at 2003.

³ The factor used is 0.8% pa. Since GVA Grimley have projected expenditure growth at 0.7% pa (paragraph 8.10), the factor would, if applied to all floorspace, wipe out any requirement for additional provision arriving from such growth. There is no explanation as to why such a factor is applied.

⁴ There is little, if any, justification for applying a turnover intensity of £10,000m² when the company average turnover of all existing convenience goods shops in the town is only £4,224m² (Table 14).

18. Indeed, putting aside the flaws of the household survey and its prescriptive application to generate total expenditure flows, the Study shows that City Centre food stores are under performing and the two out of centre stores are substantially over performing. The Salisbury capacity projections for 2011 onwards are lower than necessary to address the overtrading since GVA Grimley assume that overtrading can be accommodated in undertrading floorspace and only when all floorspace is trading at company average can new floorspace be permitted. This is wholly inappropriate as it works, almost perpetually, to prolong the life of under performing, poorer quality floorspace. It is also protectionist and thus anti-competitive and contrary to government planning policy in PPS6.
19. We are therefore satisfied that there are substantial deficiencies in the GVA Grimley work and that the preparation of a more robust study would be likely to demonstrate a substantial capacity for further convenience goods floorspace to serve Salisbury in its roles as a Strategically Significant City. Because the initial survey work is so deficient, it is not appropriate to try and correct other, later failings in the Study itself.
20. There are clearly substantial deficiencies in the Study, such that it cannot be considered to be either robust or credible to appropriately justify the Core Strategy, the key, retail-led Strategic Site that is identified together with the implications that then arise for the accommodation of other retail needs. There is no certainty that the most appropriate strategy is being promoted. The Core Strategy is therefore unsound.

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