



# Technical Advice Note: Retail Impact Assessments

Reference Number: DRAFT

# **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 Structure Plan. 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 2500m<sup>2</sup> 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 2500m<sup>2</sup> 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 Structure Plan (2009)**

The current Aberdeen City and Shire Structure Plan (2009) 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 be one of the top 25 retail areas in the UK by 2030.

### **Aberdeen Local Development Plan (2012)**

The following policies within the Aberdeen Local Development Plan (LDP) (2012) give detailed expression of the structure plan to guide retail development to the most appropriate locations.

- Policy C1 – City Centre Development – Regional Centre
- Policy C2 – City Centre Business Zone and Union Street
- Policy RT1 – Sequential Approach and Retail Impact
- Policy RT2 – Out of Centre Proposals
- Policy RT5 – Retail Development Serving New Development Areas

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) and evidence that there will be 'no significant adverse effect on the vitality and viability of any retail location listed in Supplementary Guidance: Hierarchy of Retail Centres' for smaller developments.

### **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. Paragraph 81 of SPP details accessibility requirements for new retail developments.

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:

"The sequential approach should be used when selecting locations for all retail and commercial leisure uses unless the development plan identifies an exception. It should also apply to proposals to expand or change the use of existing developments where proposals are of a scale or form sufficient to change their role and function. "

The sequential approach requires that locations are considered in the following order: town centre, 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 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 Business Zone (CCBZ)**

The area containing the highest concentration of shopping floorspace in the City Centre. The boundary can be found in the LDP Proposals Map.

### **Town Centres, District Centres and Neighbourhood Centres**

Other centres within the hierarchy of centres. Town Centres support all retail developments where the market area is the town or area but isn't citywide or regional. District Centres are groups of shops outwith the city centre, usually containing at least one food supermarket or superstore and non-retail services. Neighbourhood Centres also provide local retail provision, primarily of a convenience and retail nature. A list of defined Town Centres, District Centres and Neighbourhood Centres within Aberdeen is provided in the Hierarchy of Centres Supplementary Guidance (SG).

### **Retail Parks**

A grouping of three or more retail warehouses with associated car parking. Retail Parks within Aberdeen are also defined in the Hierarchy of Centres SG.

### **Retail Warehouses**

Single storey "warehouse" stores with or without limited mezzanine floor space selling bulky, non-food goods, with a minimum of 1,000 square metres of floorspace, occupying a warehouse type building and having on-site car-parking facilities. Such formats may not be suited to a retail centre location.

### **Out of Centre**

A location clearly separate from a defined centre, but not necessarily outside the urban area.

### **Out of Town**

A location which comprises development on a green-field site, or on land not clearly within the current urban boundary.

### **Shopping Centre**

A group of retail outlets designed and built as a unified whole under one roof. There will be at least one store, usually a superstore, together with a mixture of food and non-food shops, and supported by car-parking facilities.

**Superstore**

Generally single level, self-service stores, offering a wide range of food and non-food merchandise, with at least 2,500 square metres net sales area and supported by car parking.

**Supermarket**

A single level, self-service stores selling mainly food with a trading floorspace of less than 2500 square meters but more than 500 square metres. Such “basket stores” are eminently suited to a town centre location.