

# **Specification for Retail Assessments**

**Colchester Borough Council**

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## 1. Introduction

- 1.1 The National Planning Policy Framework (hereafter the 'Framework') sets out two key tests – the sequential test and the impact test – relevant to decision taking on applications for main town centre uses, including retail development.
- 1.2 Paragraph 27 of the Framework makes clear that where an application fails to satisfy the sequential test or the impact test, it should be refused.
- 1.3 Experience has shown that applicants undertake their sequential assessments on widely differing bases. These are often too inflexible in relation to the scale and format of development for which sequentially preferable sites are examined. As a result, applicants are often asked to undertake further work on the sequential approach, such as considering additional sites, or undertaking the assessment on the basis of greater flexibility. This delays consideration of the application, which can slow down sustainable economic development.
- 1.4 Experience of reviewing large numbers of impact assessments has shown that these also vary widely in how they are undertaken, the degree of detail provided, the accuracy of the data used, and the reliability of the assumptions made. This makes it difficult for local planning authorities to assess the reliability of the conclusions on consumer expenditure capacity and trade diversion. In cases where a local planning authority is considering applications for potentially competing retail developments at the same time, it makes it very difficult to compare the impacts between them.
- 1.5 The national Planning Practice Guidance (hereafter the 'Guidance'), specifically the '*Ensuring the vitality of town centres*' section, sets out guidance on when and how the sequential test and the impact test should be applied. However, it does not provide a specification for retail assessments accompanying planning applications. Although of general assistance to applicants and local planning authorities, it does not fully overcome the difficulties experienced by local planning authorities outlined above.
- 1.6 Colchester Borough Council has therefore decided that a Specification for Retail Assessments is needed. This is not intended to replace or supplant the national Guidance. Rather, its purpose is to provide further detail within the broad framework set out in the Guidance, of how such retail assessments are to be undertaken in the Borough; so as to improve the realism of sequential assessments and the reliability of impact assessments. It is also to facilitate comparison between any concurrent applications for potentially competing retail developments.
- 1.7 Applicants will be required to submit Specification-compliant retail assessments where applicable under the terms of the Framework. This requirement includes new foodstores and retail warehouses, extensions to existing foodstores and retail warehouses (whether by internal alterations or external construction), and relaxations of restrictive conditions on existing retail floorspace. It does not apply to changes of use of, or alterations to individual shops below the threshold size in any town, district or local centre in the Borough.
- 1.8 Section 2 below sets out the Council's requirements for sequential assessments; and Section 3 is the Specification for retail impact assessments. In each case, the Council's objective is to improve the reliability of the evidence submitted by applicants; and therefore the quality of its decision taking and the speed with which applications can be determined and permission granted for sustainable development. It is also to provide a standardised basis for comparing any potentially competing retail developments.

## 2. Application of the Sequential Test

- 2.1 Paragraph 24 of the Framework requires local planning authorities *‘to apply a sequential test to planning applications for main town centre uses that are not in an existing centre and are not in accordance with an up-to-date Local Plan.’* Paragraph 24 also sets out what the policy means in terms of the ‘town centres first’ approach. Applications for planning permission for such developments (which includes retail development) will therefore be subject to such a sequential test, and should be accompanied by objective evidence that they are appropriately located in the light of this test.
- 2.2 The Guidance states that it is for applicants to demonstrate compliance with the sequential test, while failure to undertake a sequential assessment could in itself constitute a reason for refusing planning permission. As required by the Guidance, the Council will (where appropriate) support applicants in undertaking the sequential test in terms of determining the potential suitability of alternative sites and sharing any relevant information.
- 2.3 The Guidance, at paragraph 010, provides a checklist of the considerations that should be taken into account in determining whether the proposals comply with the sequential test:
- *‘with due regard to the requirement to demonstrate flexibility, has the suitability of more central sites to accommodate the proposal been considered? Where the proposal would be located in an edge of centre or out of centre location, preference should be given to accessible sites that are well connected to the town centre. Any associated reasoning should be set out clearly.*
  - *is there scope for flexibility in the format and/or scale of the proposal? It is not necessary to demonstrate that a potential town centre or edge of centre site can accommodate precisely the scale and form of development being proposed, but rather to consider what contribution more central sites are able to make individually to accommodate the proposal.*
  - *if there are no suitable sequentially preferable locations, the sequential test is passed.’*
- 2.4 The Council will therefore require such flexibility by applicants in formulating their development proposals, preparatory to undertaking their sequential assessments (and their retail impact assessment as required). Accordingly, applicants should recognise that development proposals, if accommodated in town centre locations, for example, would not require any or as much car parking given the availability of town centre car parks and the relative accessibility by public transport.
- 2.5 The Council will expect applicants to consider disaggregation when applying flexibility. Applicants should clearly demonstrate why disaggregating, or dividing, their development proposals into constituent parts is not a realistic proposition.

***Realistic flexibility in terms of scale and format will be required for development proposals, and in sequential assessments.***

- 2.6 Applicants will also be expected to have regard to objective evidence of expenditure capacity for new retail development (such as in the 'Retail and Town Centre Study 2016', updated as necessary), when formulating their development proposals preparatory to undertaking their sequential assessments. However applicants should recognise that capacity forecasts of this nature are less certain the further ahead the forecasting date; and it will be unreasonable to treat expenditure capacity identified at the end of the plan period as justification for major new retail development earlier in the plan period (when sufficient expenditure capacity may not exist).
- 2.7 Having appropriate regard for such objective evidence will help to avoid: time and resources being wasted on excessively large proposals; proposals that will alter or undermine the Borough's network and hierarchy of centres defined in the [emerging] Local Plan (refer to Policy SG5: Centre Hierarchy and Policy SG6: Town Centre Uses); and/or any which duplicate allocations or proposals supported by the Council at priority sites in accordance with the [emerging] Local Plan (refer to Policy TC3: Town Centre Allocations).
- 2.8 Applicants will be required to undertake their sequential assessments in the local context of the adopted and emerging development plans. Thus full account should be taken of any allocations or proposals supported by the Council for new sustainable retail development opportunities in and on the edge of existing centres, in accordance with development plans.
- 2.9 Developers are therefore strongly recommended to discuss the scale and format of their development proposals, and agree with the Council potential sequentially preferable sites for consideration in their assessments, as part of pre-application discussions, and before they have taken firm decisions on scale and format.

***Sequential assessments should recognise and take account of development plan strategies and priority sites for new retail development; which will be preferred over proposed developments which are not in accordance with development plans, and which could put development plan strategies at risk.***

## 3. Preparation of Retail Impact Assessments

3.1 The second key test set out in the Framework for main town centre uses (including retail development) relates to impact. Paragraph 26 of the Framework requires applications for planning permission for retail developments of greater than a locally set threshold floorspace (or 2,500 sq m in default of such a threshold), which are not in town centres and not in accordance with an up-to-date development plan, to be subject to an impact assessment.

***Applications for new retail development above the threshold size in the Borough (refer to Appendix A) will not be formally validated unless they are accompanied by an impact assessment.***

3.2 The tests in paragraph 26 are:

- *‘the impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal; and*
- *‘the impact of the proposal on town centre vitality and viability, including local consumer choice and trade in the town centre and wider area, up to five years from the time the application is made. For major schemes where the full impact will not be realised in five years, the impact should also be assessed up to ten years from the time the application is made.’*

3.3 Before impact on existing centres and out-of-centre stores can be reliably assessed in terms of trade diversion, it is necessary to estimate actual sales in existing centres and stores by means of an expenditure capacity calculation (building on the baseline analysis in the ‘Retail and Town Centre Study 2016’, updated as necessary). This is because it is not reliable to forecast impacts on estimated sales based on ‘benchmark’ sales densities in existing stores and centres.

3.4 The Guidance, at paragraph 017, advocates a step-by-step approach to applying the impact test. This Specification adopts the same broad approach, but indicates in more detail how Colchester Borough Council expects applicants to apply it in preparing their retail impact assessments. Each step is discussed below, and a summary of the Council’s requirements for each is set out in bold italics.

### **Step 1: Define assessment area and determine assessment time frame**

3.5 The area covered by the assessment will vary according to the scale and location of the proposed retail development. However, the catchment area identified for the analysis should not be based on drive time isochrones alone or other arbitrary definition. Use of existing household interview survey data on actual shopping patterns is greatly to be preferred. The most recent such household interview survey, covering the whole of the catchment area of the Borough’s existing centres, is that undertaken in September and October 2016 for the ‘Retail and Town Centre Study 2016’. The household interview survey results in Appendix A of the ‘Retail and Town Centre Study 2016’ should be consulted and used to help identify a realistic catchment area of the proposed development. It should be wide enough to cover the whole of the area from which the proposed development would be likely to attract all but insignificant expenditure; however, it should not be so wide that available expenditure is over-stated (thereby under-estimating the forecast impacts on existing centres). The catchment area should, if necessary, be modified to include the catchment areas of all centres which would be likely to suffer a significant impact. This is to enable the assessment to include estimates of actual current sales and forecasts of future sales in each centre likely to be affected by the proposed development, preparatory to the trade diversion assessment; rather than basing the trade diversion calculation on notional ‘benchmark’ sales in existing centres.

***The catchment area of a proposed development is to be defined mainly by reference to existing household interview survey data on actual shopping patterns wherever possible, and is to include the catchment areas of all centres likely to suffer significant impacts.***

- 3.6 The base year for forecasting should normally be the year preceding that in which the retail assessment is prepared (although the current year could be more realistic for assessments prepared towards the end of a year). A realistic assessment of the likely date of opening of the proposed development should be made and the reasons for this date clearly set out. Expenditure capacity and impact assessments should then be undertaken at a 'design year' which accords with the definition in paragraph 017 of the Guidance; that typically being the second full calendar year of trading after opening of each phase of a new retail development. The Council will take no account of forecasts of expenditure capacity and impact for dates beyond this design year unless it can be demonstrated that the scheme is likely to take longer to become established.

***The base year for the analysis should normally be the year preceding that in which the retail assessment is prepared, or the current year for assessments prepared late in the year.***

***Retail sales and impact forecasts are to be provided for a design year which is typically the second full calendar year of trading after opening of the proposed new retail development.***

## **Step 2: Analysis of consumer demand**

- 3.7 It is important that realistic estimates of current and future population of the defined catchment area are used. In the first instance, population estimates for the catchment area should be obtained from Pitney Bowes or Experian. These should then be checked against the most up-to-date Local Plan population forecasts, taking account of recent actual housebuilding rates, and realistic housebuilding rates over the short term to the design year. Where possible, estimates of current population and forecasts of future population in the defined catchment area should be checked with the Council as part of pre-application correspondence.

***Population estimates and forecasts for the catchment area should take account of national and local economic circumstance, and be agreed with the Council before the application is submitted.***

- 3.8 Quantitative expenditure capacity and impact forecasting should distinguish between convenience and comparison goods; and should be on a goods basis, not a business basis. The most recently available local per capita expenditure estimates of convenience and comparison goods expenditure specific to the catchment area should be obtained from Pitney Bowes or Experian. These should be projected forward using the most recently published growth forecasts by the data supplier for the period up to the design year.

- 3.9 All expenditure and sales figures are to be in 2014 prices (for consistency with the 'Retail and Town Centre Study 2016'). Where it is necessary to convert from a different price basis, the price conversion indices set out in the most up-to-date 'Retail Expenditure Guide', published annually by Pitney Bowes, or equivalent indices published by Experian, should be used.

***Expenditure forecasts are to be on a goods basis, distinguishing between convenience and comparison goods. All retail expenditure and sales figures are to be in 2014 prices, and should be agreed with the Council before the application is submitted.***

3.10 Expenditure on Special Forms of Trading (SFT) is to be deducted from per capita catchment area expenditure. SFT includes internet shopping, vending machines, mail order, party plan retailing, and temporary market stalls, and is therefore expenditure which is not available to retail shops (although some internet shopping and mail order sales is attributable to retail shops, e.g. internet food sales from some superstores).

3.11 The Council wish to see realistic deductions for expenditure via SFT by all applicants (such as those used in the 'Retail and Town Centre Study 2016', updated as necessary). Use of standard deductions will also assist comparison between any potentially competing applications.

***Standard deductions from per capita expenditure to allow for SFT should be made and agreed with the Council before the application is submitted.***

3.12 Depending upon the nature of the proposed development and the extent of the defined catchment area, it may be necessary to make allowances for inflows and outflows of expenditure from this catchment area. Evidence for the assumptions about such inflows and outflows should be provided. The best evidence will be household interview survey data on actual shopping patterns.

***Assumptions about inflows and outflows of expenditure from the catchment area, and the proportion of the proposed development's sales which would be attracted from the catchment area, should be supported by evidence derived from household interview survey data on actual shopping patterns, wherever possible.***

### **Step 3: Assess existing retail supply and market shares**

3.13 Estimates of existing retail floorspace in the catchment area should be based on the most up-to-date information from the data sources identified in the table below.

Category	Data Source
Foodstores	Institute of Grocery Distribution for net retail sales areas and/or Experian Goad gross floorspace converted to net retail sales areas (applying appropriate net to gross ratios <sup>1</sup> ) and/or Valuation Office Agency Rating List; supplemented by Council data from planning applications in the case of more recently developed or extended stores. All mezzanine floors are to be included. Verdict Research Limited for company average allocations of space between convenience and comparison goods; modified as necessary for individual stores by consultants' on-site surveys.
Retail Warehouses	Experian Goad, Trevor Wood Associates and/or Valuation Office Agency Rating List; supplemented by Council data from planning applications in the case of more recently developed or extended stores. Where published data is not available, consultants' own surveys based on OS map measurements. All mezzanine floors are to be included. Net to gross ratios to be 80-90% unless otherwise indicated for individual stores (in particular DIY goods stores) by site survey or other data.
Town, District and Local Centres	Experian Goad, taking account of upper trading floors, and applying an average net to gross ratio of 85%. Where Experian Goad data is not available (i.e. in the case of smaller centres), consultants' own surveys based on OS map measurements.
Committed Developments	Council data from planning applications.

***Up-to-date data on existing and committed shop floorspace should be obtained from the data sources indicated above.***

- 3.14 Household interview surveys are the most cost-effective method of obtaining information on actual shopping patterns, from which market shares of catchment area expenditure attracted by existing centres and stores can be derived. However, they are only a reliable source of such information if they are undertaken in a technically sound manner. The Council will expect reliable household interview survey data to be used to support assumptions about shopping patterns and market shares. This could include the household interview survey data used for the 'Retail and Town Centre Study 2016', updated as necessary.

***Assessments of shopping patterns in the Borough should be based on household interview surveys, and all household interview surveys should conform to the following quality standards:***

1. The total survey sample of interviews should be divided between the zones comprising the catchment area approximately in proportion to the population of each zone. This is to avoid

<sup>1</sup> These will differ by operator, scale and format. Typically, the average net to gross ratio should not be less than 70% for food superstores; while 80-90% would be more appropriate for smaller format stores.

the need for excessive weighting of the results for individual zones when calculating the total responses for the catchment area as a whole. However, there should be a minimum of 100 interviews in any one zone. This is to ensure acceptable confidence limits for the results from each zone.

2. Within each zone, the interviews for the zone should be distributed approximately in proportion to the spatial distribution of the population of the zone, so as to avoid the risk of a disproportionate number of interviews being undertaken in any part of the zone.
3. Recent experience has shown that the results of household interview surveys undertaken by telephone can now be heavily biased towards the older age groups and retired people. This is because younger people are increasingly dispensing with land-line telephones in favour of mobile telephones, or are increasingly unavailable for or unwilling to respond to such surveys; while financial constraints on younger people setting up their own home often mean that households are becoming older. Market research companies which undertake such surveys can advise on techniques for minimising such bias in the sample; for example, use of mixed samples of land-line and mobile telephone subscribers.
4. For convenience goods shopping, surveys should ask a question about households' shopping locations for main food shopping, and a question about locations for top-up food and other convenience goods shopping.
5. For comparison goods shopping, surveys must ask carefully worded questions about households' shopping habits for each main sub-category of comparison goods which are closely matched to the international standard COICOP definitions of comparison goods expenditure, as in the retail expenditure estimates provided by Pitney Bowes and Experian. Thus it will not be adequate for surveys to ask broadly worded questions about shopping habits for non-specific goods, e.g. 'Christmas and anniversary goods'. Experience has shown that there can be substantially different shopping patterns between different goods categories. A good example is chemists' goods, medical and beauty products; which have one of the most localised shopping patterns and which account for a substantial proportion of comparison goods expenditure. Questions on households' shopping habits for the following 8 sub-categories of comparison goods, as used in the 'Retail and Town Centre Study 2016', are preferred:
  - Clothing and footwear;
  - Furniture, carpets and other floor-coverings;
  - Household textiles;
  - Domestic electrical and other appliances;
  - Audio-visual equipment, televisions, computers, photographic and optical equipment;
  - DIY goods, decorating supplies and garden products;
  - Chemists goods, medical and beauty products; and
  - Other goods such as china, glassware and household utensils, books, DVDs, jewellery, leisure and recreational goods.

- 3.15 The survey results are normally used to calculate market shares of convenience and comparison goods expenditure attracted from the catchment area by existing centres and stores, as in the 'Retail and Town Centre Study 2016'. When using the results in this way:
- For convenience goods, the results of the main food shopping and top-up shopping questions should be weighted 70:30 respectively, when combining them into market shares for all convenience goods. The top-up shopping market shares should be calculated from the total samples, not from the reduced samples excluding those respondents who do not do top-up shopping (because the 70:30 weighting already makes adequate allowance for some respondents not doing top-up shopping).
  - For comparison goods, the results for each sub-category of goods should be weighted according to catchment area expenditure on each sub-category, when combining them into market shares for all comparison goods (as in Appendix E of the 'Retail and Town Centre Study 2016', for example).

#### **Steps 4 & 5: Compare existing retail supply with demand and assessing future capacity**

- 3.16 In order to assess potential surplus expenditure capacity to support new retail floorspace, it will be necessary to apply 'benchmark' company average sales densities to those stores for which such information is available. This is mainly foodstores and retail warehouses. For foodstores, separate assessment of sales based on 'benchmark' sales densities should be made for the convenience and comparison goods floorspace in the stores. For each, the appropriate sales density should be used; e.g. to assess 'benchmark' sales for convenience goods, apply the 'benchmark' convenience goods sales density to the convenience goods net sales area, and similarly for comparison goods. Hybrid calculations which apply the combined convenience and comparison goods sales density (i.e. the business based sales density) to the convenience goods floorspace alone, for example, will not be accepted by the Council. Detailed data on company average sales proportions for convenience and comparison goods, and company average space allocations for each goods category, is available from Verdict Research Limited, and can be used to derive separate sales densities for the convenience and comparison goods floorspace in foodstores. For comparison goods retail warehouses, data on company average sales densities is available from 'UK Retail Rankings' by Mintel.
- 3.17 In the case of town centres, estimates of actual base year sales will be necessary. These should be derived from reliable household interview survey data on actual shopping patterns, wherever possible.
- 'Benchmark' company average sales densities for foodstores should distinguish between convenience and comparison goods sales densities and floorspace. Estimates of actual base year sales in town, district and local centres should be based on household interview survey data on actual shopping patterns wherever possible. These should be agreed with the Council before the application is submitted.***
- 3.18 It will be necessary to allocate a proportion of the forecast growth in expenditure to existing floorspace. This should be done by making realistic assessments of the likely re-occupation of existing retail floorspace which is vacant at the base year; and by applying floorspace efficiency factors to existing floorspace. For convenience goods, it is unlikely that there will be significant increases in trading efficiency of existing floorspace over the short period covered by most applicants' retail assessments. It will therefore not be necessary to apply floorspace efficiency factors to convenience goods floorspace. For comparison goods, whilst the potential for increases in sales densities may vary from centre to centre, to enable comparisons to be made between any

potentially competing development proposals, a standard floorspace efficiency factor of 2.5% per annum should be applied from the base year to the design year. This should be applied to all comparison goods floorspace in the Borough, including that in foodstores, retail warehouses and town centres.

***Before allocating growth in expenditure to proposed new floorspace, account should be taken of the likely re-occupation by the design year of existing vacant floorspace. A floorspace efficiency factor of 2.5% per annum should be applied to all existing comparison goods floorspace, from the base year to the design year, in order to help support the vitality and viability of the town centres. No floorspace efficiency factor is necessary for convenience goods floorspace.***

- 3.19 At the design year, it may be realistic to allow some changes in the base year pattern of market shares which was indicated by the results of the household interview survey. This is because a new retail development will attract shoppers and expenditure, which would otherwise have gone to existing stores and centres. It is these market share changes which result in trade diversion from and impacts upon existing stores and centres.

***All assumed market share changes should be clearly set out, transparent, and fully justified.***

### **Step 6: Examine ‘no development’ scenario**

- 3.20 Realistic forecasts should be made of sales in existing stores and centres at the design year, if the proposed development does not occur. These will then form the sales levels on which impacts of the proposed development can be calculated. Account should also be taken of likely sales in committed retail developments, as having the first call upon ‘surplus’ expenditure (after realistic take-up of vacant floorspace and growth in efficiency of existing floorspace). This will form the basis for assessment of cumulative impact of the committed and proposed developments.
- 3.21 When assessing likely sales in committed new retail floorspace, ‘benchmark’ company average sales densities (distinguishing between convenience and comparison goods sales densities and floorspace as above) should be used for proposed foodstores, and for comparison goods retail warehouses. For committed floorspace in town, district and local centres, sales densities appropriate to the scale, role and function of each centre should be used, guided by the estimated sales density of the existing floorspace.
- 3.22 For committed extensions to existing foodstores, the ‘benchmark’ company average sales densities should be used (distinguishing between convenience and comparison goods sales densities and floorspace as above). Whilst addition of comparison goods floorspace to an existing superstore can lower its business-based sales density (because comparison goods floorspace trades at a lower sales density than convenience goods floorspace), this does not mean that such additional comparison goods floorspace itself trades at less than the comparison goods ‘benchmark’ sales density. The Council will therefore not accept forecasts based on the assumption that extension floorspace will trade at less than the respective goods-based ‘benchmark’ company average levels.

***Sales in existing and committed retail floorspace at the design year should be estimated, as the basis for assessing individual and cumulative impacts. All committed new retail floorspace, including foodstore extensions, should be assessed as trading at goods-based ‘benchmark’ company average levels (with allowances for comparison goods floorspace efficiency increases between the base and design years).***

## Steps 7 & 8: Assess turnover, trade draw and impacts

- 3.23 Applicants should identify the operator(s) of the proposed development where possible to help provide a realistic estimate of scheme turnover and patterns of trade draw. As with committed new retail floorspace, sales in the proposed development should be based on 'benchmark' company average sales densities (distinguishing between convenience and comparison goods sales densities and floorspace as above). Again, this includes proposed extensions to existing foodstores, which should be assessed as trading at the 'benchmark' company average levels (with allowances for comparison goods floorspace efficiency increases between the base and design years). The Council will not accept forecasts based on the assumption that extension floorspace will trade at less than the goods-based 'benchmark' company average levels.
- 3.24 Where it is not possible to identify named operators (for example in instances where the scheme is speculative) the use of average sales densities should be realistic, having regard to the scale and format of retail development, and be fully justified by applicants.
- 3.25 Trade draw to the proposed development should be assessed by reference to the base year pattern of market shares of existing stores and centres, indicated by the household interview survey data; and (as the Guidance advocates) make use of information from comparable development proposals where possible. It will be preferable to use a modelled approach, which starts from the base year pattern of market shares of convenience and comparison goods expenditure attracted by existing stores and centres, and then indicates clearly and transparently how this pattern will be likely to change in the design year as a result of, first the committed developments, and second (and cumulatively) the proposed development. This will then show the pattern of market shares expected to be attracted by the committed and proposed developments, the resulting expenditure flows to each, and their expected sales in the design year. The resulting trade diversion and retail impacts should then be calculated by comparing design year sales in the existing stores and centres in the absence of the committed and proposed developments, with the reduced sales which will occur as a result of the committed and proposed developments.
- 3.26 Realistic assessments must be made, and it will not be sufficient merely to allocate the great majority of the impact onto out-of-centre stores (which are afforded no protection by the Framework), if that is not a realistic change to the base year pattern of market shares. New retail development tends to compete with 'like-for-like' facilities operating in the same catchment area. As the Guidance, at paragraph 017, sets out:

*'As a guiding principle impact should be assessed on a like-for-like basis in respect of that particular sector (e.g. it may not be appropriate to compare the impact of an out of centre DIY store with small scale town-centre stores as they would normally not compete directly). Retail uses tend to compete with their most comparable competitive facilities.'*

***Proposed developments should be assessed as trading at goods-based 'benchmark' company average levels where possible (with allowances for comparison goods floorspace efficiency increases between the base and design years), including foodstore extensions, or using realistic average sales densities for the scale and format proposed. The Council will not accept forecasts based on the assumption that extension floorspace will trade at less than the goods-based 'benchmark' company average levels.***

***Realistic assessments of changes in market shares, expenditure flows and sales due to the committed and proposed developments should be made. These should be clearly indicated and transparent. Impacts on in-centre trade/turnover and on trade in the wider area should be calculated from the differences in design year sales with and without the committed and proposed developments; and the impacts expressed incrementally and cumulatively.***

### Step 9: Consider the consequences of the forecast impacts

- 3.27 Up-to-date 'healthchecks' of the existing centres likely to be affected by proposed developments should be undertaken, preparatory to assessing the likely consequences of the forecast levels of impact. Where possible, the 'healthchecks' should be based on the latest such analysis undertaken by or for the Council (including the 'Retail and Town Centre Study 2016', updated as necessary). Realism should be applied in drawing conclusions about the commercial 'health' of any centre, and its ability to withstand forecast impacts, much of which may well fall on its 'anchor' store or stores.
- 3.28 In assessing the current vitality and viability of centres, and the consequences and significance of forecast impacts, regard should be had to the principles set out in paragraph 005 of the Guidance. This should include assessing the consequences for the policies and developments set out in adopted and emerging development plans. In particular, careful consideration should be given to impacts on and potential risks to any proposals supported by the Council (or adjoining local authorities), such as at priority sites in and/or on the edge of the Borough's existing centres in accordance with the [emerging] Local Plan (refer to Policy TC3: Town Centre Allocations).
- 3.29 Applicants should therefore assess the consequences of the forecast impacts in the light of local circumstances, to determine where in fact 'significant adverse impact' under the terms of the Framework occurs. The Council will not accept a simple calculation of base year sales relative to design year sales in existing centres as satisfactory evidence that a significant adverse impact is unlikely to occur.

***Up-to-date and commercially realistic 'healthchecks' of centres likely to be affected by proposed developments should be undertaken. The effects on development plan strategies to bring forward new retail developments should be considered in a commercially realistic way.***

- 3.30 Applicants will further be required to consider, as part of their retail assessments, the likely effect of the proposed development on the Borough's centre hierarchy as defined in the [emerging] Local Plan (refer to Policy SG5: Centre Hierarchy and Policy SG6: Town Centre Uses).
- 3.31 Colchester Borough Council's strategy for new retail development, as set out in the [emerging] Local Plan, is focused on ensuring the vitality and viability of the Borough's existing centres by managing growth and protecting the Borough's network and hierarchy of centres, including the primacy of Colchester Town Centre at the apex of this centre hierarchy.
- 3.32 The guiding principle, therefore, is that proposals for new retail development (either individually or cumulatively with other committed developments) should not alter or undermine the Borough's network and hierarchy of centres. Applications for retail development that would change the defined role and function of any existing centre will not be supported by the Council.

***Proposed developments should not alter or undermine the Borough's network and hierarchy of centres, or change the role and function of any existing centre.***

## Appendix A

### *Thresholds for Retail Impact Assessments in the Borough*

Centre	Floorspace (sq. m gross)		
	Comparison Retail	Convenience Retail	Leisure Services
Colchester Town Centre	2,500	1,500	1,500
Tiptree, Wivenhoe and West Mersea District Centres	1,000	1,000	500
Tollgate District Centre (applies also for proposals within the District Centre)	2,500	1,500	1,500
Turner Rise, Highwoods and Peartree Road District Centres	1,500	1,500	1,000