

**REPRESENTATIONS ON BEHALF OF  
GILBERT, GILKES & GORDON  
AND ASSOCIATED LANDOWNERS  
RELATING TO  
SOUTH LAKELAND DISTRICT COUNCIL'S  
PREFERRED OPTION IN  
CANAL HEAD AREA ACTION PLAN**

**SIGNET PLANNING**

The Hamlet  
Hornbeam Park  
Harrogate  
HG2 8RE

Telephone: 01423 878550  
Facsimile: 01423 815599  
E-mail: [chadwicks@signetplanning.com](mailto:chadwicks@signetplanning.com)  
Website: [www.signetplanning.com](http://www.signetplanning.com)

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## **SECTION 1: INTRODUCTION**

1.1 These representations are submitted on behalf of Gilbert Gilkes and Gordon and its associated land owners in the northern part of the Canal Head area. The representations are a specific response to the Council's preferred option for the development of the Canal Head Area in its proposed Area Action Plan, which is being considered at its cabinet meeting in December. The representations should be seen in the context of the documentation that Gilkes' team submitted to the Council on 12 August 2009 and were concerned with the northern part of the AAP area. The proposals put forward do not affect the preferred option for the southern part of the area. There were two documents submitted in August – the first being a representations document and the second being a vision statement outlining the company's proposals for the masterplan for the northern part of the Canal Head area.

1.2 Gilkes' advisory team comprises:

- Signet Planning Limited
- +3 Architecture
- Mouchel Consulting
- AA Projects
- GVA Grimley

1.3 These representations are concentrated on three particular aspects following meetings with Council officers and their advisors, Arups.

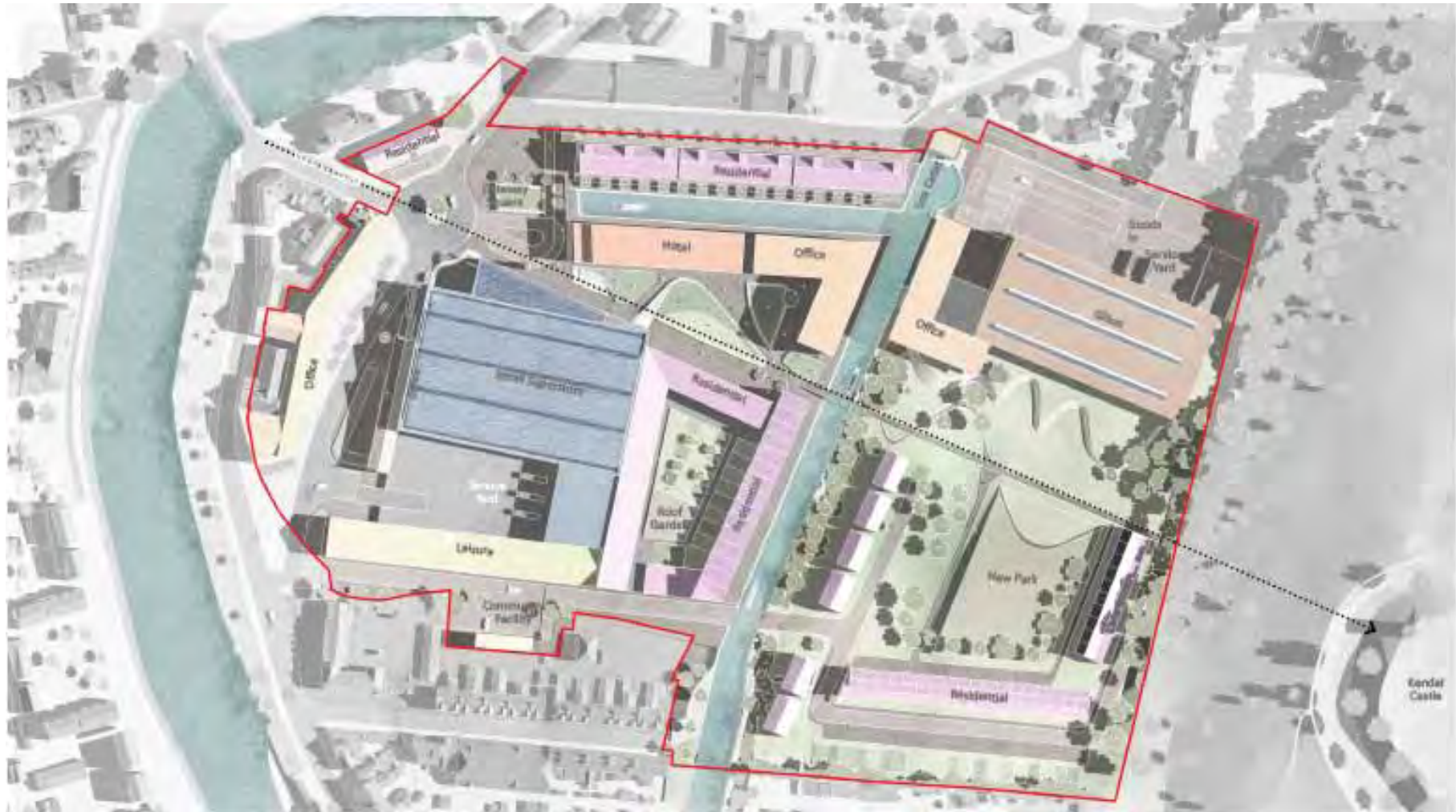
- a. General comments on the viability of the Council's currently preferred option as recommended by Messrs Arup in their April 2008 report. In the context of the viability of the Gilkes' masterplan scheme being regarded as deliverable (see August document), it is important for the Council to be aware of concerns that Gilkes have about the viability and deliverability of the Council's preferred option. Therefore, Section 2 of this document sets out the comments on the viability and deliverability of the preferred AAP option.

- b. Since the August document, the proposals of the Gilkes' masterplan for the northern part of the Canal Head area have evolved. There has been a continuous process of re-evaluation of key land uses and viability issues. The updated masterplan and its current intentions are set out in Section 3 of this document.
- c. Whilst the representations document submitted in August set out comprehensively the planning policy justification for the Gilkes' scheme, additional information came to light as part of the planning appeal into the Shap Road/Rugby Club site that is relevant for Gilkes' team to comment on. In particular, the issue of the retail justification for a new convenience goods store within the Canal Head North area is recognised as necessary (as an edge of centre site in PPS6 terms). Whilst this document is not regarded as an appropriate vehicle to set out a full retail assessment of that element of the Gilkes' scheme, initial comments on the likely appropriateness in policy terms of part of the site being developed for retail purposes (a convenience goods store) may be helpful for the Council's cabinet meeting.

1.4 At the outset, it is emphasised that the current masterplan which Gilkes' team (via +3 Architects) has prepared for development on the northern part of the Canal Head area (see overleaf) should be regarded as a more preferable and deliverable option than the Council's April 2008 option.

1.5 The elements of the Gilkes' scheme within the Canal Head North area can be summarised as follows:

- a. The relocation of the existing Gilkes' factory and its replacement with a new 6,250 sq.m. office and factory headquarters development which will enable the company to retain its presence in Kendal.
- b. A new canal head and canal on the route shown on the masterplan basically following its original route.



- c. The provision of a 6,900 sq.m. (gross), 5,500 sq.m. (net) convenience goods store at the centre of the site, together with a lower level car parking accommodating approximately 550 spaces for the store; other uses within Canal Head North and serving the town centre.
  - d. A mixed-use office and residential scheme alongside the canal and canal head. This could yield circa 200 dwellings and 10,000 sq.m. of offices, commercial space.
  - e. The introduction of an hotel within the Canal Head area.
  - f. The provision of a new public open space with additional residential uses on the eastern side of the canal.
- 1.6 These elements and the philosophy behind them are described in more detail in Section 3; however, it is important for the comparison exercise between the Council's preferred option for the broad details of Gilkes' scheme to be known.
- 1.7 Prior to looking at these points, it should be re-emphasised that the reason why Gilkes has taken the lead in promoting the regeneration of Canal Head North is purely to secure itself on a viable basis new premises in Kendal. The company, despite the economic downturn, continues to successfully manufacture and sell its products (notably turbines for hydro-electric power plants) around the world. It employs 150 people. This year, it recruited 22 new staff, amongst them apprentices and graduate engineers. Its ability to invest in the future is effectively curtailed by the size and condition of its existing premises and it needs to relocate in the short term. It has exhausted all other reasonable options for a site to relocate to. The Council should be in no doubt as to Gilkes' motivation, which is entirely in accordance with Council objectives to maintain and enhance manufacturing and 'green industry' in South Lakeland.

## **SECTION 2: COMMENTS ON DELIVERABILITY OF CURRENT AREA ACTION PLAN PREFERRED OPTION**

- 2.1 In the representations Gilkes submitted, both in May 2008 and August 2008, it was stated that the mixed-use scheme that is currently the Council's preferred option for the Canal Head area (including the Canal Head North part) would be unlikely to be viable because the value of uses being proposed would not generate the costs both to relocate Gilkes and provide significant infrastructure gains, such as the new canal and highway links, etc. The opportunity has now been taken via Gilkes' appointment of GVA Grimley and AA Projects to carry out a more detailed appraisal of the viability of the Council's preferred option for Canal Head. An appraisal has been done of the general assumptions in the Arup document (produced in April 2008 which are assumed were worked on in late 2007) and these have been applied to the Canal Head North part of the site with which Gilkes and its associated landowners are concerned.
- 2.2 It is not the intention of these representations to submit a detailed point-by-point rebuttal of Arup's approach to the assessment of the viability of the option, as it is recognised that evaluating regeneration proposals with any precision is not an exact science. However, there are a number of key factors which are considered to have changed considerably since the Arup's assessment and other inputs within the viability that can be questioned to the point where it can be concluded with a degree of certainty that the preferred option in today's economic background would not be achievable even with a degree of grant funding.
- 2.3 As indicated in the introduction to these representations, Gilkes has appointed GVA Grimley and AA Projects to advise on the economic and viability issues that relate to the Canal Head North proposals.
- 2.4 It is recognised that the development which was assessed by Arup relates to a wider area than those being put forward by Gilkes. However, there are a number of assumptions and changes in circumstances that can be commented on in terms of their applicability now to an overall viability assessment of the regeneration scheme in the northern part of Canal Head. Whilst Grimleys have a number of criticisms of

the Arup approach, it is recognised at the outset that there have been significant changes in the economic circumstances since Arup did its appraisal and Grimleys would wish to acknowledge that the principal factors which would lead them to conclude that the Council's preferred option is now not viable, arises from economic changes rather than any specific errors in the assumptions that Arup made in 2007.

- 2.5 It is also important to note that one of the main development elements of the Council's preferred option is residential apartments. This element could no longer be regarded as a marketable proposition because of significant adjustments in the way the market approaches apartment led schemes within town and city centres. The Council's preferred option has a high proportion of apartments within it (some 335 units out of 377). In 2007, there was every reason to suggest that this particular part of the residential market would yield positive benefits in marketability and value terms. However, the market for such apartments has now collapsed. Grimleys' experience of advising on housing schemes and developers nationally is that there is a major reluctance to invest in such schemes and such reluctance also applies to lending institutions' willingness to get involved in this sector at this time. As this element underpinned the Council's preferred option, it must therefore be concluded that the preferred option should be reconsidered on this basis.
- 2.6 Having said that, there are a number of other key elements that Grimleys would wish to draw to the Council's attention, all of which should regrettably lead to the conclusion being reached that the preferred option would no longer be viable or economic to pursue in the foreseeable future.
- 2.7 The first element is simply the reduction in the values for residential property, notwithstanding the comments about the apartment led scheme above. Statistics which are compiled by Grimleys, including their 2009 Outlook for the UK Housing Market, show that the value of residential land and property over the last 12 months has declined by between 15% and 20%. When these figures are inputted into the assumptions in the Arup valuation, it is clear that they would result in a substantial reduction in development value, even if the apartments on the scheme were regarded as being marketable. The reduction in residential value should result in a new approach being taken to how the residential elements of the scheme should be approached and planned. This contrasts with the Gilkes' proposals (which it is

accepted are coming forward on the basis of up-to-date market knowledge) concentrate on providing houses rather than apartments. These would be more marketable in the foreseeable future and therefore the value generated would be real rather than theoretical.

- 2.8 The next element which would also cause concern is how Arup has approached the issue of what floor space areas to use for the purposes of calculating costs and then value. It is normally the case that costs are inputted on a gross floor space basis and value on a net lettable basis. Clarification is being sought from Arup to the approach it has taken but it appears to Grimleys that a gross approach may have been adopted to both elements, which would mean that the value of the commercial floor space could have been over estimated. A more conventional valuation approach to net out the commercial floor space would again result in a reduction in value. As far as costs are concerned, whilst every assessment of cost is different, Grimleys would generally agree with Arup's estimate of cost per square metre construction for residential and office development, although it would be possible in Grimleys' view to reduce these costs if margins require.
- 2.9 It is also the case that the values being generated would not be able to fund the relocation of Gilkes' factory so the company could not entertain agreeing to make its land available to implement the Council's preferred option.
- 2.10 In overall terms, the main reason why the Council's preferred option scheme would not be viable is because of the approximate 20% reduction in residential values. Given this is combined with the doubts about proceeding with an apartment based residential element, it is unfortunately the case that the regeneration option that the Council currently prefers would simply not be viable. It would also not be possible to substitute the residential floor space (or a major element of it) for commercial. The market for new offices and workspaces within Kendal could not easily accommodate a massive injection of major new floor space within the town centre. The element that is currently proposed in the Gilkes' scheme could be some 10,000 sq.m. (120,000 sq.ft), which is considered to be the maximum the market could reasonably sustain. The element of the hotel (which is included in both the Council's and Gilkes' proposals) is neutral in terms of contribution to cost and value.

- 2.11 The overwhelming conclusion that must be reached therefore is that for reasons mainly outside Arup's control, the economics of the Council's preferred option simply do not add up to it being a viable scheme. The market has in effect collapsed for one of the principal inputs within the scheme (apartments) and the values of the residential element in itself have also significantly reduced. It may also be the case that the contribution in terms of value of the commercial elements may have been over-estimated.
- 2.12 The second major conclusion that can be made is that in order to make the regeneration proposal come to fruition (and to provide for the infrastructure costs, which are within both the Arup proposal and the Gilkes' proposal – to a lesser extent), a food-based retail element needs to be introduced. This adds significant net value to the scheme, which can cross subsidise some of the infrastructure elements. It is also the case that the residential components of the scheme must be reassessed and the type of residential accommodation put forward on the Gilkes' masterplan responds to current market needs, rather than for apartments. In this way, the residential element could also provide a positive enhancement to value.
- 2.13 Whilst the Arup valuation in 2007/2008 followed a methodology that Grimleys would not necessarily recommend, it is not the function of these representations to make a detailed point-by-point criticism of the inputs and methodology. The important thing is whether in today's market the conclusions of the Arup appraisal can be relied upon for the Council to be assured that its preferred option is viable. Unfortunately, the significant changes in the market and in the economy mean that there is only one conclusion that can be made and that is the preferred option is neither viable nor economic and would not be relied upon by the development industry to attract investment in the Canal Head scheme in Kendal.
- 2.14 The emerging Gilkes' scheme however has the prospect of achieving viability through the introduction of a major element which generates significant value (ie, food retailing) as well as introducing the type of housing which also can generate value in the current market. It should be pointed out that even to achieve viability for a retail led scheme, further discussions will be necessary with the Council in terms of issues such as whether it will be viable to provide levels of affordable housing to meet policy objectives. However, for the purposes of the Council's meeting of December

2009, it is concluded that unfortunately its currently preferred option has no reasonable prospect of coming forward in economic terms.

## **SECTION 3      UPDATE ON GILKES' PROPOSED MASTERPLAN FOR CANAL HEAD NORTH AREA**

### **Masterplan Update**

- 3.1      The Canal Head masterplan has been significantly developed since the formal issue of the Canal Head Vision Statement (and supporting Representations) on 12 August 2009. All aspects of the masterplan have been reviewed, tested and developed within the context of the strong vision and objectives contained in the Vision Statement.
- 3.2      The previous spatial masterplan has evolved into a more detailed masterplan which is illustrated on the accompanying drawing and impressions. The over-arching masterplan framework has also developed with particular reference to the following areas of the design:
- Quantum and mix of uses;
  - Canal and canal-side spaces;
  - Movement Framework (for pedestrians, cars and service vehicles);
  - Parking and servicing;
  - Key Character areas;
  - Bulk and massing;
  - Levels and topography; and
  - Phasing

The latest masterplan is shown at page 3.

- 3.3      All of the above information has been presented to officers of SLDC (on 23 October 2009) but for the purposes of this report, we have only illustrated the information relating to the overall masterplan and a selection of the framework concepts as described above. The remainder of information is available on request.

## Response to AAP Objectives

- 3.4 We have reiterated below how the proposed masterplan responds to the objectives set out in the Kendal Canal Head Area Action Plan (AAP). The previous Vision Statement and Representations documents outlined how the proposed Canal Head masterplan met many of these objectives but for additional clarity, we have set out below the relevant extracts from the Kendal Canal Head Area Action Plan (AAP), Preferred Options Report (Final – April 2008) alongside excerpts from our own Vision Statement document to highlight this issue.
- 3.5 The paragraphs of *italic text* are the relevant extracts from the SLDC Area Action Plan. The **bold text** areas are the excerpts from the Gilkes Vision Statement document.

### *Vision and Objectives for Kendal Canal Head*

#### *3.2 Vision*

*The Preferred Vision for Canal Head is:*

*'A vibrant destination unique to Kendal. A fusion of business, residential, specialist retail, food and drink and leisure and recreational uses, at the heart of which is the historic terminus of the Northern Reaches of the Lancaster Canal. A well integrated part of Kendal where heritage embraces sustainable development, contributing significantly to the future development of the Town.'*

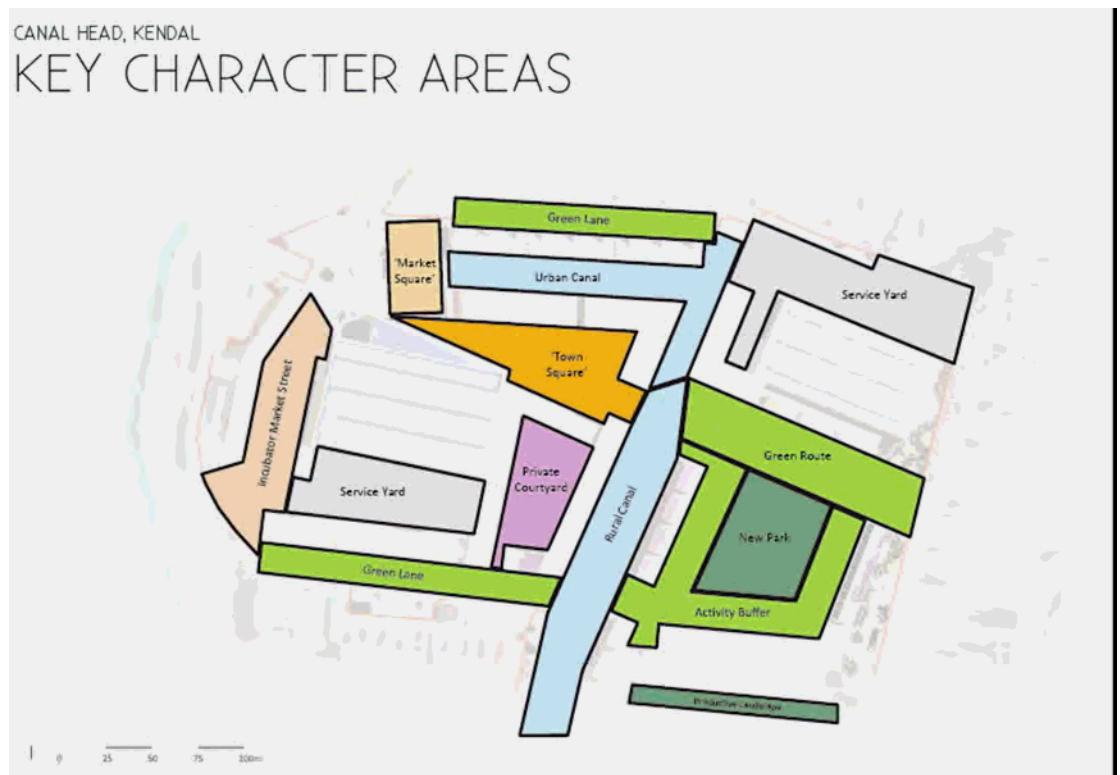
*The Area Action Plan delivers a high quality spatial development and regeneration framework to deliver the vision. It enables sustainable economic growth and environmental enhancement. It ensures both linkage and complementary development to the Town Centre, K Village and the Cultural Quarter.*

#### **Canal Head Masterplan Response;**

**Our vision for Canal Head is taken directly from the emerging SLDC Area Action Plan proposals. We believe that the spatial masterplan illustrated in this document reflects many of the objectives and**

aspirations contained within the SLDC Preferred Option and that in this respect the vision is truly shared amongst the key stakeholders.

The overall objective is to make Canal Head a unique and distinctive place within Kendal whilst at the same time ensuring that the development becomes an integrated new area that strengthens and enriches the existing town centre. The Canal Head will offer high quality working, living, leisure and retail opportunities for both existing and new communities. The development will create significant enterprise opportunities and job creation within the local and regional marketplace. In so doing it will add to the ongoing economic regeneration of the wider South Lakeland Area and make a significant contribution to the local and regional economy



### 3.3 Objectives

*The preferred strategic objectives for the future development of Kendal Canal Head build upon this vision, and have also been amended in light of comments made through consultation on the Issues and Options Report:*

*A. To improve opportunity and choice in the local housing market by housing type and tenure.*

**Canal Head will deliver an appropriate mix of uses that include (much needed) employment, housing, retail and leisure;**

- 3.6 Following recent meetings with SLDC the quantum of housing within the masterplan has been increased and the balance of accommodation is now targeted towards the provision of family housing (as opposed to the apartment market). In keeping with the Council's preferred option (identified in the AAP), additional housing has been provided within Zone D where 'pebbles' of semi-detached housing capitalise on the canal side location and a ribbon of terraced housing helps to define the proposed new public open space. Within this new composition, the existing allotments are re-positioned as a buffer between the rear of the existing terraced housing on Sunnyside Parr Street and the proposed new terraced accommodation. Access to this new area of housing will be via a dedicated new bridge off Aynam Road running parallel and to the north of Queen Katherine Street.

*B. To protect the existing, and provide a high quality natural and built local environment, including open spaces and public realm.*

**Canal Head is all about re-connecting Kendal with its heritage and natural resources. The site has a rich history and heritage with a particularly strong connection with the Lancaster Canal and the associated engineering and manufacturing industries that evolved alongside it.**

#### **Places for People**

**Canal Head will be a place for people. Lots of different places for lots of different people. Distinctive, varied, well-used and well-loved places. Opportunities for meeting people, eating in the square, dipping your toe in the water, enjoying the views or just watching the world go by. Somewhere memorable.**

- **Landscape with character and purpose;**

- **Places with a strong identity;**
- **A variety of scale, size and uses;**
- **Diversity of treatments, finishes and materials;**
- **A combination of natural and man-made places;**
- **Imaginative use of topography;**
- **Animation of the river; and**
- **Places to live, work, play, shop, eat, relax and have fun.**

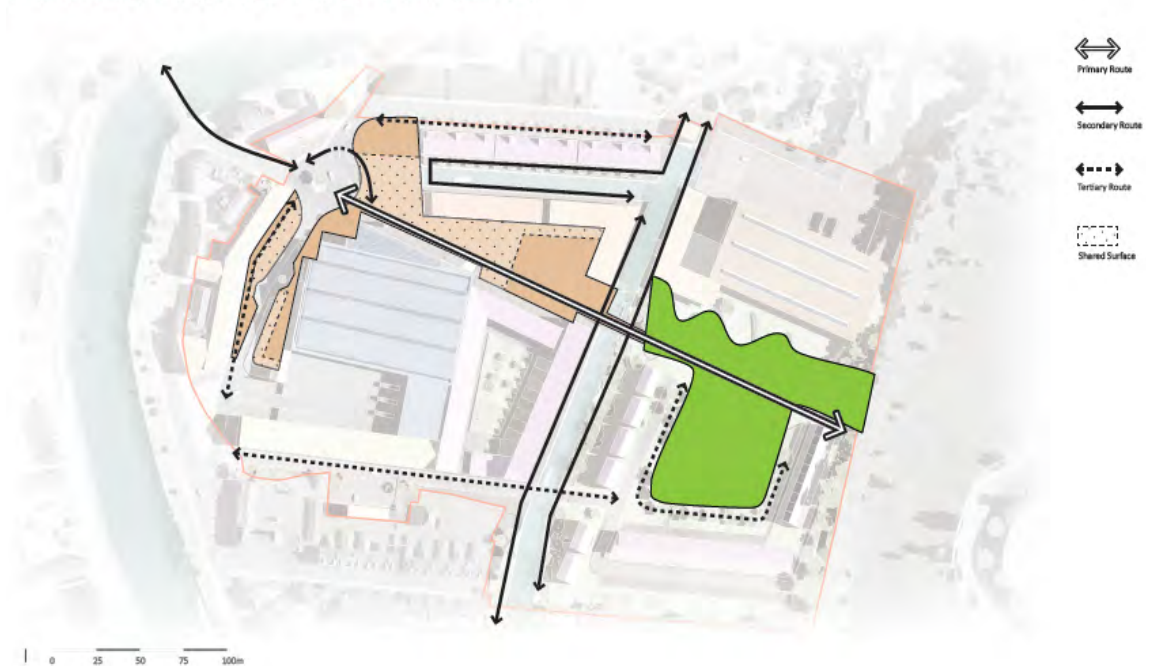
*C. To achieve greater integration with the town as a whole and key facilities such as public transport, shops, community facilities and employment opportunities, particularly those in adjoining areas.*

#### **Well Connected**

**Canal Head will be well-connected; a development that is physically, visually and metaphorically knitted into the fabric of the town to create a unified whole. Safe and legible, it will be easy to get around by foot, bicycle, public transport and the car – and in that order.**

- **Knitting into the existing urban fabric;**
- **Enhancing existing links and creating new, strategic ones;**
- **Reflecting the rich history and heritage of the site and wider area;**
- **Capturing and creating views and vistas; and**
- **Acting as a catalyst for the further restoration of the Northern Reaches of the Lancaster Canal.**

## PEDESTRIAN MOVEMENT



- 3.7 As part of the ongoing development of the masterplan we have identified the potential for a significant new vehicular bridge crossing over the River Kent. The proposed bridge will connect New Road (approximately along the line of the existing slipway) and Bridge Lane. The need and justification for this new crossing is currently being assessed by Gilkes traffic consultants the findings of which will be presented in due course.

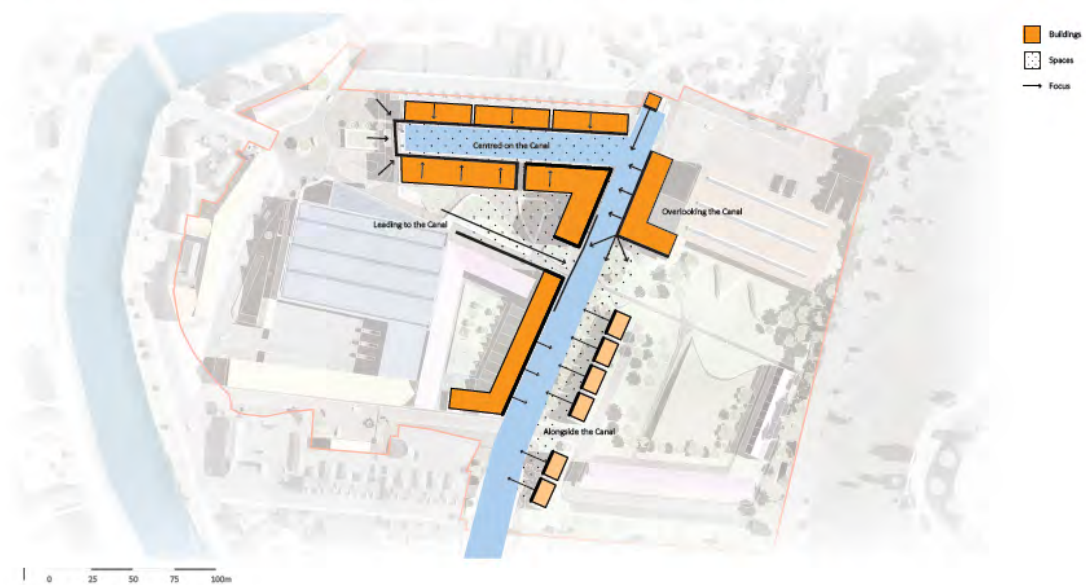
*D. To encourage the provision of high quality local shops and community facilities that complement and reinforce but do not compete with the town centre.*

**The Canal Head will offer high quality working, living, leisure and retail opportunities for both existing and new communities. The development will create significant enterprise opportunities and job creation within the local and regional marketplace. In so doing it will add to the ongoing economic regeneration of the wider South Lakeland Area and make a significant contribution to the local and regional economy.**



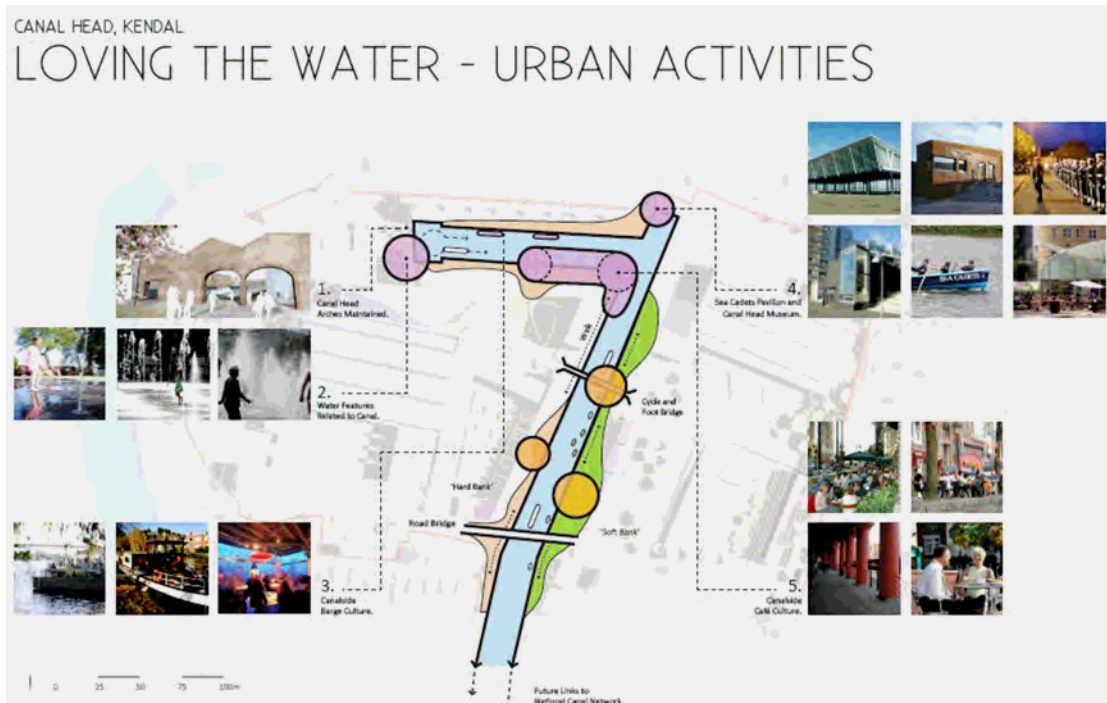


## LOVING THE WATER - CANAL FOCUSED



- 3.8 The reinstated canal plays a pivotal role in the Council's preferred option and this is reflected in the Canal Head masterplan and illustrated in the Gilkes Vision Statement. The attitudes and approaches to the canal and associated canal side spaces have been developed significantly over the past few months (as illustrated on the attached drawings and images). More consideration has been given to the practical requirements of the canal in respect of following its original line and providing the facilities to enhance the way in which the canal might be used. To this end the proposals now include a winding adjacent to the original arches, a slipway at the canal head and two new bridges that connect the western and eastern zones of the masterplan across the canal.
- 3.9 The attached diagrams and images also begin to describe the variety of activities that will animate the canal and canal side. These activities have been subdivided into two broad categories (urban and rural) which characterise both their location within the masterplan and the types of uses, activities and architecture that might be found within them. Opportunities range from canal-side bars and restaurants through to the imaginative re-use of canal boats and the creation of waterside spaces that allow for leisure and recreation activities (all of which have been successfully achieved in other canal-based regeneration projects around the UK). The aim is to exploit the full

potential of the canal both as a high quality setting for new development but also as an amenity and destination in itself. These concepts will continue to be developed in collaboration with the Council and all interested stakeholders over the coming weeks.



*G. To provide opportunities for an appropriate range of high quality employment opportunities within the site, including professional and technical occupations, whilst respecting the ongoing requirement of existing industrial and commercial activity in and around the site.*

- **Deliver an appropriate mix of uses that include (much needed) employment, housing, retail and leisure;**
- **Create a unique, 'renewables' quarter which is integrated with the existing built form and character of the town;**
- **Provide a focal point for 'knowledge' industries.**

*H. To protect and enhance historic buildings in the study area and the Conservation Areas.*

## **Revealing History**

**Canal Head is all about re-connecting Kendal with its heritage and natural resources. Peeling back the layers of history to restore the built environment and enhance civic pride. Capitalising on the reinstatement of the Lancaster Canal with a wide range of uses and activities that make Canal Head a destination in its own right.**

- **Retaining and enhancing selected pieces of architectural heritage;**
- **Restoring part of the Lancaster Canal and associated canal basin;**
- **Reflecting the historic grain and uses in the masterplan;**
- **Creating a new physical and visual connection between the town and Kendal Castle; and**
- **Retaining Gilkes and making them a key component in the masterplan.**

*I. To maximise the opportunity to develop brownfield land and to ensure that new development meets wider planning and regeneration objectives.*

**The regeneration of Canal Head presents a unique opportunity to redevelop an under-utilised area of the town; a development that reflects the unique grain and character of Kendal.**

*J. To provide an appropriate level of car parking to serve the development.*

## **Feet First**

**The Canal Head masterplan recognises the need to accommodate vehicles and car parking but not at the expense of place-making or the pedestrian. The development will provide the car parking required to make it operate successfully but in locations and structures that are economically sustainable and minimise their impact.**

- **Getting the priorities right – pedestrians, cyclists, public transport and cars;**
- **Minimising the impact of car parking;**
- **A variety of parking and access solutions;**
- **Actively promoting sustainable transport strategies;**
- **Use existing topography to ‘hide’ car parking;**
- **Accommodate the vehicular needs of canal users; and**
- **Locate other uses to screen car park structure.**

*K. To consider the value of the proposed development in terms of its potential to be a potential source of private sector investment to fund the restoration of the Northern Reaches of the Lancaster Canal.*

*L. To consider the location of existing utilities infrastructure in the future redevelopment and regeneration of Canal Head and to ensure that the potential costs of relocating infrastructure are considered when assessing the viability of Area Action Plan options.*

*M. To respect the environmental constraints to development and seek to mitigate impacts where appropriate.*

### **Sustainable Regeneration**

**Sustainable communities need sustainable economies. Regeneration is integral to sustainable development. Regeneration also relies on partnership: usually with local and central government partnering the private sector. Successful partnerships are rewarding; they are also often complex and demanding.**

**Canal Head will be an exemplar for sustainability in conception, design, delivery and operation. It will help to build a sustainable future for Kendal, attracting ‘green’ industries to the region and acting as a hub for like-minded businesses and individuals. It will help to establish a sustainable community in which people can live, work, learn and relax within the confines of a single development.**

- **Working together to deliver the vision; a true partnership;**
- **Recognising that regeneration means change;**
- **Developing a reputation for innovation and excellence;**
- **A development that incorporates and expresses environmental strategies; and**
- **Promoting well-being through activities, events and the environment.**

## **SECTION 4: UPDATE ON PLANNING POLICY MATTERS AND RETAIL ISSUES**

- 4.1 The representations document of August 2008 assessed the mixed-use proposals of the Gilkes' masterplan against the policy background at national, regional and local level. It identified the objectives for regeneration in national and regional policy with which the Gilkes' scheme complies. It also looked at the objectives for the Area Action Plan as a whole and, as set out in the masterplan section above, demonstrated how the majority of these objectives could be provided with a retail led mixed scheme on the site.
- 4.2 Objective K of the AAP (see Section 3) seeks to consider the value of potential development to provide a source of investment towards the Canal Head. Simply put, the current mix of the AAP preferred option would not generate sufficient value to make the Canal Head a realistic proposition and that a higher value site, ie, convenience goods retail, would result in a greater chance of this objective being achieved.
- 4.3 One of the principal planning policy issues identified in the August 2008 representations related to the inclusion of the convenience goods store on the site as the principal economic driver funding the regeneration proposals as a whole. This was done in the context of the planning inquiry into the appeal for a convenience goods store on the Shap Road/Rugby Club site. The case that was put forward in the August 2008 representations included a section related to the Gilkes' case in support of the Council why the Shap Road appeal should be dismissed, primarily because the Gilkes' site was an edge of centre site, which was preferable in retail terms to the Shap Road site. This is relevant to the tests to be applied for appropriate retail sites in current Central Government guidance in PPS6.
- 4.4 It is important that the Council Cabinet be aware (as officers will doubtless confirm) that Government guidance in relation to the judgement on retail schemes is changing and will shortly be the subject of a new PPS4. This will in effect take away the 'need' test for retail proposals and the test will instead be concentrated more on matters of impact and sequential test rather than quantitative need. This would

place more weight in the context of Gilkes' proposals on the benefits that retail development would bring to this site and the wider area, notably the ability to assist in funding the mixed-use scheme; the regeneration on Canal Head North and the relocation of Gilkes. In addition, the provision of a new convenience store would make Kendal town centre more attractive and provide the opportunity for linked trips from Canal Head North to the defined primary shopping area within the town centre.

4.5 Notwithstanding these comments and the reduced weight to be given to matters of retail need, the Council's position at the Shap Road inquiry on the issue was noted by Gilkes and its consultants. In essence, the Council's position was that officers doubted whether sufficient quantitative need existed for a new convenience store to serve Kendal (the Shap Road proposal was slightly less than that proposed on the Gilkes' site) and that even if a need was considered to exist, there were sequentially preferable sites to Shap Road on which to provide it.

4.6 Gilkes' view of the matter of need is that, as time progresses, less weight should be placed on the consideration of whether or not a need exists for this amount of floor space and more weight should be given to the benefits that the retail proposals will bring in terms of regeneration. Thus, whether or not the Council considers that there is a need for the additional retail floor space becomes less important. However, notwithstanding these comments, Gilkes' advisors have considered the matter of need in the context of the South Lakeland Retail Capacity Study and the evidence that the Council's consultants gave to the Shap Road inquiry. It is recognised that in the context of a planning application for the Gilkes' proposals for Canal Head North, under current Government policy there would be a requirement to prepare a need assessment. That assessment is not the function of these representations, however, from work that has already been carried out, our initial comments on the matter of retail need can be summarised as follows:

- a. The South Lakeland Retail Capacity Study in October 2007 identified a level of residual expenditure to support new convenience goods floor space of about £28 million by 2015. This was regarded as insufficient to support any more than about 2,600 sq.m. net sales area which will be less than that proposed on the Gilkes' site. However, several of the larger food stores within the Kendal area are significantly 'over trading', which means that there would be scope for

additional floor space over and above that identified in the 2007 capacity study which theoretically would be needed to fulfil retail needs up to 2015 and beyond. The quantification of this overtrading factor would need to be discussed with the Council but it would mean that the 'deficit' of need compared to the proposed floor space on the Gilkes' site would not be substantial.

- b. The Council's strategy for retail development moving on from the 2007 study was to generally concentrate any requirements for new convenience goods floor space outside Kendal (ie, in more local centres such as Milnthorpe). It is considered that this strategy should be reviewed as there would be benefit in concentrating this floor space serving Kendal particularly where it results in regeneration. It would reinforce Kendal's role as the main retail centre in the area.
- c. The Council's concern over the issue of accommodating additional convenience goods floor space in Kendal is also based around the need to protect the town centre. The assumption there is that any non-town centre development would have an impact on Kendal town centre to its detriment. However, in the case of the Canal Head North site, it is within easy walking distance of the town centre and the potential linkages available (together with a proposed new car park that can serve the town centre) are such that there is a high probability that any new convenience store on the Gilkes' site would encourage linked trips between it and the rest of the town centre. Thus, the retail proposal on the Gilkes' site would actually enhance the town centre and would be a logical extension to it, rather than compete with it as other sites such as Shap Road (and also the cricket club site) would do.
- d. Assuming a high proportion of linked trips would mean that the impact on the town centre (which is the more relevant test, given the direction in which Government policy is moving) would be acceptable and that the benefits of regeneration would not be at the expense of the vitality and viability of the town centre.

4.7 In sequential terms, the Council has agreed, in its evidence to the Shap Road inquiry, that the Gilkes' site is edge of centre as it is within 300 metres' walk from

the edge of the primary shopping area. Thus, aside from issues of need and assuming there are no suitable sites within the primary retail area that can accommodate the scale of retail need proposed on the Gilkes site, this site is the most preferred sequentially to accommodate new retail development. This is distinct from the fact that PPS6 identifies that where there are significant regeneration benefits, these could be seen to override the considerations of need identified in PPS6. This is confirmed in a recent appeal decision (2 June 2008) where the Inspector in his report into a new food store development suggests **“retail expenditure forecasting is far from an exact science and small variations in some of the assumptions can have major ramifications for the overall results”**. PPS6 does not say that the whole or any defined part of the store’s turnover should be met by quantitative need. Thus, on its own, the deficit in terms of a quantitative requirement need would not be a bar to development and as PPS6 suggests, qualitative need can be looked at to provide additional justification.

4.8 This approach is reinforced by the consultation draft of PPS4: Planning for Prosperous Economies, which will replace PPS6. Whilst this, as set out above, eliminates the requirement to demonstrate need and introduces a wider range of factors to take account of, including retail diversity, consumer spending, loss of trade, impact on town centre investment, the scope for regeneration and job creation, it also brings in a greater emphasis on economic, social and environmental considerations. These are precisely the conditions that are reflected in the AAP objectives.

4.9 Therefore, a convenience goods store in Canal Head North could be secured in the interests of regeneration and wider community benefits provided the level of impact is not of a scale as to undermine the vitality and viability of Kendal town centre. The conclusions of Gilkes’ consultants’ initial assessment of these matters is that the proposed development would not undermine the town centre and thus its provision would accord with the emerging Government policy. Therefore, there is unlikely to be a policy based reason for the Council to resist convenience based retail development on the Gilkes’ site in Canal Head North.

## **SECTION 5: SUGGESTED COURSE OF ACTION AVAILABLE TO SOUTH LAKELAND DISTRICT COUNCIL CONCERNING PROGRESSING THE AAP**

- 5.1 As will be seen from these representations, the proposals for Canal Head North promoted by Gilkes and its associated landowners are moving forward. The August 2008 document was submitted to inform the Council on the position on the site in the context of both the Area Action Plan but more particularly because of the need to ensure in the interests of regeneration that the Shap Road proposals were not granted planning permission on appeal. That decision is pending and clearly all parties need to await the results of that appeal before deciding how to move forward with the Area Action Plan.
- 5.2 Despite the outstanding nature of the appeal decision, Gilkes and its consultants are progressing and, for the purposes of the Council's December cabinet meeting, wish to provide more information on the issues of why the Council's currently preferred option is unlikely to be viable or deliverable. It is also helpful to update the Council on Gilkes' current masterplan proposals for Canal Head North with particular regard to the greater emphasis on the uses of the canal and the retail policy issues.
- 5.3 As the Gilkes' proposals are moving forward and because of the uncertainty of the Shap Road situation, it is requested that the December Cabinet meeting considers the following options:
- a. Do not confirm the currently preferred option for the Canal Head AAP in the April 2008 document.
  - b. Consider the suitability of the Gilkes' option for the northern part of the Canal Head Area and substituting that for the April 2008 plan.
  - c. Consider whether there is an alternative to the AAP to enable the Gilkes' proposals to be considered by the Council and consultees in the short term. Discussions with officers are underway with regard to the making of a planning application. However, Gilkes would welcome a decision in principle relating to

the Council's approach in policy terms to its emerging masterplan before details are finalised.

- 5.4 It is though requested that the Council does not proceed to adopt its preferred option currently for the AAP and looks to investigate further the potential to deliver the Gilkes' plan for the northern part of the Canal Head area.