



Note of Clarification

Our ref 41056/SMH
Date 15 November 2012
To South Lakeland District Council
From Nathaniel Lichfield & Partners
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**Subject SOUTH LAKELAND RETAIL STUDY UPDATE 2012 - REVISED
RETAIL CAPACITY TABLES (NOVEMBER 2012)**

1.0 Background

1.1 South Lakeland District Council (the Council) published its 2012 Retail Study Update (the Retail Study) in the w/c 5 March 2012.

1.2 The Council requested in October 2012 that NLP update the retail capacity assessment underpinning the Retail Study, as part of background work informing the Examination into the South Lakeland Land Allocations DPD. The Council took the decision to update the Retail Study in light of retail capacity issues gaining prominence in the Examination sessions of w/c 22 October 2012, NLP advice on a corporate revision to convenience and comparison retail growth rates adopted and updated information on existing retail provision. The Council published its updated retail capacity assessment on 15 November 2012.

2.0 Convenience and Comparison Retail Growth Rates

2.1 Appendix 4 to the Retail Study provides a note on the NLP Retail Assessment methodology and its use of data from Experian Business Solutions (Experian). This includes commentary on expenditure projections and includes the justification that:

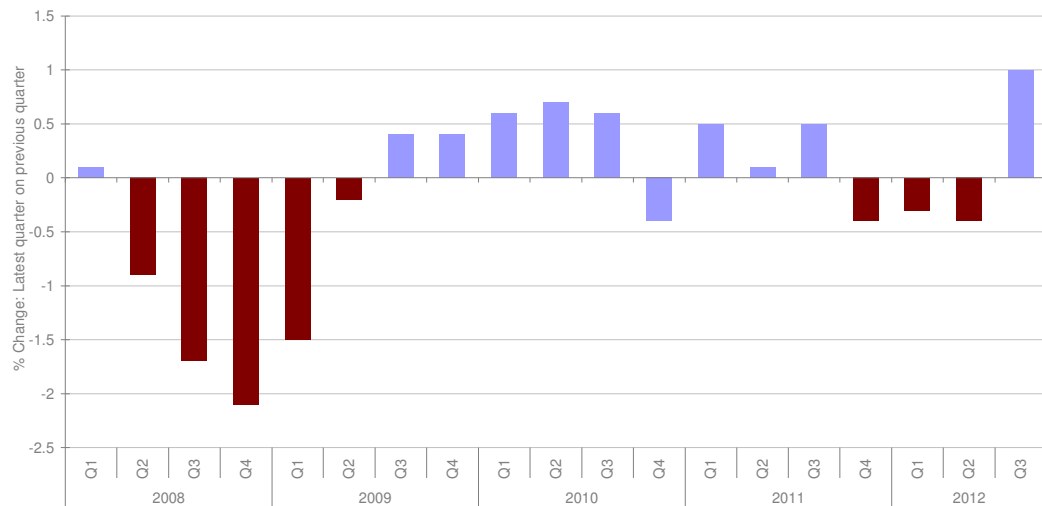
'...Experian's lower EBS forecast rates for 2011 to 2013 reflect the current economic circumstances and provide an appropriate growth rate for the short term. In the longer term it is more difficult to forecast year on year changes in expenditure. Experian's longer term growth forecasts (0.5% and 3%) are relatively cautious based upon past growth rates. The ultra long trend line projection for comparison goods (5.9%) is relatively optimistic. We believe long term growth (after 2013) is likely to fall within this range and therefore we adopt the mid-point growth rate between Experian's lower growth forecast and the higher trend line projections. The mid point annual growth rates adopted after 2013 are 0.55% for convenience goods and 4.45% for comparison goods. In our view these mid point

growth rates provide the most appropriate average growth rate following the economic recovery’.

2.2 The figures referred to in the justification above are taken from Figure 1a of the Experian Retail Planner Briefing Note¹. The Experian longer-term growth forecasts referred to are from Column 5 of Figure 1a.

2.3 The UK economy suffered negative growth in the final quarter of 2011 and returned to recession in the following quarter, with negative growth suffered in the first two quarters of 2012². Figure 1 illustrates.

Figure 1 Recession of the UK Economy: UK GDP growth, quarter on previous quarter



Source: Office for National Statistics, 2012

2.4 The return to recession prompted NLP to adjust its corporate stance on retail expenditure growth rates adopted, from that set out in the justification above (the mid-point growth rate) to Experian longer-term growth forecasts. The longer-term growth forecasts at column 5 of Figure 1a cover the period for 2014-2018. The longer-term growth forecasts for the period 2019-2018 are 0.6% and 3.0% in the convenience and comparison retail sectors respectively, as set out in Column 6 of Figure 1a. The November 2012 update of the Retail Study adopts

¹ Experian Retail Planner Briefing Note 9 September 2011: Figure 1a: UK retail and leisure spend per head 2011-28

² Recession is defined as two consecutive quarters of negative growth

the year-on-year forecast growth rates in columns 2-4 of Figure 1a, and the longer-term forecasts at column 5 (2014-2018) and column 6 (2019-2025). 2025 is the end of the period covered by the Core Strategy.

- 2.5 The Retail Study is informed by Experian data with a 2010 base year, published in October 2011. Retail Planner Briefing Note 9 provides background data, including forecast growth rates, for use with the 2010 data. Experian published in October 2012 its 2011 base year data and an accompanying Retail Planner Briefing Note 10.1. NLP retail assessments from November 2012 onwards adopt the 2011 base year data and year-on-year growth forecasts, for the period to 2014, and longer-term forecasts from Retail Planner Briefing Note 10³. These are 0.6% (2015-2019) and 0.8% (2020-2029) in the convenience retail sector and 2.9% (2015-2029) in the comparison retail sector⁴. It is not statistically robust to use the forecast growth rates from Retail Planner Briefing Note 10.1 with 2010 base year data. The updated retail capacity assessment published by the Council on 15 November 2012 continues to use 2010 base-year data and hence forecast growth rates from Retail Planner Briefing Note 9.
- 2.6 There is little difference in the forecast growth rates published in Retail Planning Briefing Note 9 and Retail Planner Briefing Note 10.1. Retail Planner Briefing Note 10.1 forecasts slower longer term year-on-year growth in the comparison retail sector. The longer term growth rate for the convenience retail sector is slightly more optimistic, but not materially so.

3.0 **Updated Information on Existing Retail Provision**

- 3.1 The Retail Study compares the survey derived turnover⁵ of retail destinations, in both the convenience and comparison retail sector, with expected levels or turnover based upon existing retail provision. For Ulverston, this included a calculation of the expected turnover of Booths (Oubas Hill) using a convenience retail sales area of 972 sq. m and an average convenience retail sales density for Booths commensurate with that adopted by the operator at an Inquiry in Lancaster⁶. The Council understands from Booths that the retail sales area of Oubas Hill store is 1,775 sq. m and that the proportion of the sale area devoted to comparison retail sales fluctuates between 5% and 7%. NLP has adopted the 7% threshold, a convenience retail sales area of 1,651 sq. m and a comparison retail sales areas of 124 sq. m. The convenience retail sales density adopted is unchanged.

³ Except in circumstances where there is a specific reason for not doing so

⁴ Experian Retail Planner Briefing Note 10.1 September 2012: Figure 1a: UK retail and leisure spend per head 2012-2029

⁵ Informed by household shopping survey undertaken in December 2011

⁶ Appeal Ref: APP/A2335/A/11/2155529 – Land to the West of Scotforth Road, Lancaster (Inquiry held between 22 November 2011 and 16 April 2012)