

Delegated or Committee Planning Application Report and Report of handling as required by Schedule 2 of the Town and Country Planning (Development Management Procedure) (Scotland) Regulations 2008 relative to applications for Planning Permission or Planning Permission in Principle

Reference No: 10/00222/PPP

Planning Hierarchy: Major

Applicant: CWP Property Development and Investment

Proposal: Erection of Class 1 foodstore with associated development to include car parking, access road, road bridge, petrol filling station and engineering works.

Site Address: 361 Argyll Street, Dunoon.

DECISION ROUTE

(i) Local Government Scotland Act 1973

(A) THE APPLICATION

(i) Development Requiring Express Planning Permission

- Erection of Class 1 foodstore (3,716 sqm / 40,000sqft gross retail floorspace);
- Formation of car parking (238 spaces);
- Formation of access road and road bridge;
- Erection of petrol filling station;
- Ground engineering works to re-grade site;
- Timber crib retention along banks of Milton Burn.

(ii) Other specified operations

- Connection to public sewer and public water supply
 - Demolition of existing Garden Centre and associated storage and commercial buildings.
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(B) RECOMMENDATION:

It is recommended that:

- (a) a discretionary local hearing be held, and
 - (b) planning permission be refused for the reasons set out below (in section R).
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(C) HISTORY:

92/0498/DET001 Change of use and alterations to form garden centre granted 1992;
93/00297/DET Extend retail premises, erect unit & relocate petrol station granted 1993;

94/00385/DET Erection of garage forecourt shop (amended proposals) granted 1994;

05/02264/DET Erection of 2 warehouse storage buildings (Class 6) granted on 27th July 2006. The proposal was never implemented;

07/02189/COU Use of land for the siting of storage containers (retrospective) granted 3 June 2008 and implemented.

09/00003/PAN Proposal of Application Notice for erection of a Class 1 foodstore and associated development to include car parking, access road, road bridges, petrol filling station and engineering works by CWP Property Development and Investment

07/01903/DET Detailed planning application by Kier Homes for a 74 house development on PDA 2/5. This application is currently being considered awaiting additional supporting information.

(D) CONSULTATIONS:

Area Roads Manager (response dated 16th September 2010): No objections subject to conditions and advisory notes. Roads Construction Consent, Road Bond and Road Opening Permit all required. For full details refer to report below.

Public Protection (response dated 25th October 2010): Recommend conditions in respect of contamination of site, noise from development, dust, lighting and operational hours.

Scottish Environment Protection Agency (responses dated 19th March, 14th April 2010): Original objection removed due to submission of revised flood risk information. No objections in principle subject to conditions regarding land raising, site levels and flood management measures including finished floor levels. Advisory notes.

Scottish Water (response dated 25th February 2009): No objections in principle. Due to size of development Scottish Water will have to assess impact on existing infrastructure. Potential capacity issues. Advisory comments.

Flood Alleviation Manager (response dated 31st March and 18th August 2010) :Confirm that proposals in Flood Risk Assessment are acceptable on the understanding that the 'Summary and Conclusions' are implemented and that allowances for freeboard and volumes of surface water discharge to Milton Burn are agreed with the Flooding Authority.

Additional technical comments on Drainage Overview to be incorporated into proposals.

Scottish Natural Heritage (responses dated 29th October 2009, 12th May 2010, and 23rd August 2010): Recommend that a repeat survey be carried out for bats, otters, red squirrel, water vole and breeding birds. In terms of Sea Trout, SNH have forwarded details to Argyll District Salmon Fishery Board.

On the basis of an updated Ecology Report, SNH now satisfied with the conclusions and mitigation measures for otters and breeding birds.

Local Biodiversity Officer (response dated 13th May 2010, 23rd August 2010, and 11th October 2010): Reserve judgement initially. Comments regarding bat and otter surveys and recommend that red squirrel and woodland birds are monitored. Comments regarding Sea Trout and bridge construction in terms of contamination. Recommend that a detailed landscaping plan to include species of biodiversity interest be submitted for the car park and the area around the proposed supermarket.

On the basis of the updated Ecology Report, now satisfied with conclusions but would like to see bat boxes placed on retained trees near where felling has take place.

Argyll District Salmon Fishery Board (response dated 27th November 2009): Original comments lodged as part of the Pre Application Consultation process. Comments regarding CAR regulations and mitigation requirements for trout and eels that are present in the Milton Burn that flows from Loch Loskin.

West of Scotland Archaeology Service (response dated 11th March 2010): Comment that the site lies within an area of some archaeological sensitivity based on the presence of recorded sites and finds from various periods. Recommend that a site evaluation be carried out prior to taking a decision. Alternatively a suspensive condition is recommended to establish that a programme of archaeological works be agreed and implemented.

Dunoon Community Council (response received 12th March 2010): Object on the basis of traffic congestion in the area, sightlines, noise and light pollution and flooding.

(E) PUBLICITY:

The application was advertised under Regulation 20(1) Advert Statement (publication date 5th August 2010, expiry date 27th August 2010).

(F) REPRESENTATIONS:

Representations: Around 1100 representations have been received with 30 letters/emails of objection and 1070 letters/emails of support. Refer to Appendix for full list of representations.

Supporters

The persons who have written letters of support (1070) are listed in an appendix to this report. The majority of these letters of support take the format of a standard petition letter. Canvassing by Walkers Garden Centre has resulted in a petition with 850 names, and a doorstep campaign by a local business owner has resulted in petition letters totalling approximately 160 names. The grounds of support are summarised as follows:

- The new supermarket will improve the quality of food retail provision in the area;
- The new supermarket will improve choice and bring lower prices for shoppers;
- The new supermarket will provide new job opportunities (standard petition letter.)
- It will save time and money travelling out of Dunoon;
- Proposal will increase the number of people shopping in Dunoon;
- Existing supermarkets are too small and constricted by lack of space;
- Primary opposition appears to be local traders in Argyll Street;
- Many people in Dunoon and Cowal regularly travel across the water for shopping – significant economic gain if this spending could be kept in Dunoon;
- Wish to see large modern supermarket with plenty of choice and toilets;
- Desire to do a single shopping in one store than driving from one supermarket to another;
- Being able to shop, get petrol, coffee and the toilet in one place would be a bonus;

It should be noted that a letter from Kier Homes (dated 15th December 2010) confirms that Kier's contract with the landowners allows for the development of the site as part of a mixed-use development to include a foodstore development as proposed. On this

basis, Kier Homes wish to confirm that approval of the proposed foodstore development would not impeded the construction of housing on the remaining part of the site and would potentially rationalise infrastructure provision. In this context. Kier Homes remain committed to the delivery of housing at Dunloskin.

Objectors

Those who have raised objections (30) are listed in an appendix to this report. These include objections from the existing supermarkets, the owners of the Gasworks site and many of the town centre retailers.

- The proposal in an out of centre location will promote unsustainable shopping patterns and will not support Dunoon Town Centre;
- the former Dunoon Gasworks site is in a sequentially preferable location and available for medium scale retail development and therefore the proposal is contrary to PROP SET2 of the Structure Plan and policy LP RET1 of the adopted Argyll and Bute Local Plan;
- the proposal will prejudice the delivery of housing allocations PDA 2/5 and 2/6; the retail impact assessment underestimates the net floorspace and company average of Morrisons and underestimates the turnover of the existing Co-op store that is considerably higher than the figures suggested;
- also feel that company average turnover applied to other convenience floorspace in the catchment are overly conservative;
- do not feel that future projected population growth should be used in the estimation of retail capacity;
- the turnover of the proposed store has been underestimated and the turnover ratios used are much lower than the company average figures for the main foodstores in the UK;
- no justification to support the position that the proposed store would trade at a level significantly below company average levels;
- Surplus of convenience expenditure in the catchment area is not sufficient to support a store of the scale proposed without having a significant adverse impact upon Dunoon Town Centre;
- Maximum trade leakage lower than forecasted based on existing convenience expenditure;
- Proposal would be contrary to SPP8 in that the development would have a detrimental impact on the vitality and viability of Dunoon Town Centre;
- Proposed development is a departure from the Local Plan
- Dunoon currently has two supermarkets, both of which have the potential for expansion;
- Introducing a third supermarket located so far out of town will have result in a drastic decline in footfall in the town centre (town centre shops will see a decrease in turnover of 9.4%).
- Findings in the Retail Impact Study are misleading and biased.
- An independent Retail Impact Study should be carried out to gain an accurate assessment of the impact the development would have on town centre retailers;
- Experience shows that out of town centres have a detrimental impact on traditional town centres;
- The proposal could lead to the closure of one of the existing supermarkets;
- Closure of retail outlets in Dunoon Town Centre will have a detrimental effect on the number of day visitors visiting Dunoon;
- Current economic climate already affecting Dunoon Town Centre in terms of closed shops and struggling businesses;
- Any employment created would be short lived with cumulative impact of closed shops and loss of jobs from existing supermarkets;

- The present regeneration of Dunoon Town Centre would be seriously undermined by an out of town development;
- Morrisons provide a facility for linked trips where its proximity within the town centre allows shoppers to purchase goods from a range of town centre shops from a central parking facility;
- Alternative land uses should be promoted through the local plan process;
- Catchment area cannot sustain three supermarkets and town centre shops;
- Large retailers compete against every type of business trading in the area;
- Contradictions and misleading information in the Planning and Retail Statement;
- Applicant has acknowledged that the store is out of centre and that there will be significant trade diversion from Dunoon town centre;
- Visitors come to Dunoon want to wander the shops in the town centre, not to visit another supermarket;
- Object to the desecration of large areas of natural landscape;
- "The Health of the High Street" by the British Shops and Stores Association stresses the importance of a health High Street and there is a move nationally to revitalise and promote our town centres;
- Suggested similar examples e.g. Huntly are actually experiencing serious problems with an edge of town supermarket competing with town businesses and in breach of convenience only planning conditions;
- Proposed development will exacerbate existing traffic congestion problems;
- Dunoon need improved leisure and social facilities, not another supermarket;
- New junction will cause traffic flow problems especially at peak times;
- Surrounding uses requiring a quick exit i.e. Fire Station, Emergency Ambulance and Hospital;
- Bridges across the Milton Burn are a potential for flooding;

The owners of the Gasworks site (National Grid Property) have confirmed (letter dated 28th February 2011) that their site is available for redevelopment for an appropriate use on vacant land that is sequentially preferable to the CWP proposal. NGP also confirm that they are actively considering submitting a Proposal of Application Notice (PAN) with the intention of submitting a retail planning application in due course.

NGP state that the gasworks site has been remediated in readiness for beneficial reuse and feasibility works undertaken shows that the site could easily accommodate a standard retail foodstore extending in the region of 3,000sqm (32,000sqft) gross.

Contrary to CWP's assertions, NGP do not consider that either the linear shape of the gasworks site or the existence of a watercourse represent insurmountable constraints to redeveloping the site for retail use.

NGP have submitted details from a range of retail schemes that CWP have been involved with where a site of the size of the gasworks site would be attractive to modern food store operators.

In terms of suggestions that the site is at risk of flooding, appropriate mitigation measures can be accommodated which would protect proposed development at the site whilst not increasing the risk of flooding elsewhere.

The Co-operative Group (represented by GL Hearn) in their letter dated 24th February 2011 state that the revised retail statement continues to rely upon data sourced from the National Survey of Local Shopping Patterns (NSLSP) patterns to support the views on the turnover of existing retail floorspace and the leakage of trade stores outwith the catchment area. It is suggested that the NSLSPIS not sufficiently robust to be applied at a local level and is not an appropriate tool for estimating the turnover of existing retail floorspace. A well designed household survey is considered to provide more accurate information such as: - specific stores used by main food shoppers, reason for visiting certain stores, how they travel, whether they are undertaking linked trips and how much they spend in each store. These views are supported by the Scottish Government's 2007 research paper on retail planning which establishes that only well designed

household surveys can be used to provide estimates of the turnover of existing floorspace and even then, that household surveys cannot provide 100% accurate information on expenditure flows and turnover rates.

It is concluded that there is no justification for a large out-of-centre foodstore and the scale is likely to have a significant adverse impact on the vitality and viability of the existing shopping facilities in Dunoon town centre. Despite revising their Retail Impact Analysis, the applicants have not offered any meaningful justification to support their view that the proposed store will trade below company average levels and will have a limited impact on Dunoon town centre.

(G) SUPPORTING INFORMATION

Has the application been the subject of:

- (i) Environmental Statement:** No
- (ii) An appropriate assessment under the Conservation (Natural Habitats) Regulations 1994:** No
- (iii) A design or design/access statement:** Yes.

Revised Design and Access Statement (December 2010) states that *the topography of the site has dictated the orientation and location of the building. Existing and proposed screening in addition to excavation and use of a curved roof will all help to integrate the building into the landscape. While buildings are indicative at this stage, careful use of materials for the foodstore building and petrol filling station will reduce any perceived bulk. The organisation of the car park into rows makes navigating in and out of the store easy for vehicles and customers. The extruded entrance lobby can be clearly identified giving legibility to the scheme. The statement concludes that the proposed development aims to achieve the qualities of successful, places as highlighted by PAN67: to be welcoming, adaptable, easy to get to and move around, safe and pleasant, resource efficient and distinctive.*

- (iv) A report on the impact of the proposed development e.g. Retail impact, transport impact, noise impact, flood risk, drainage impact etc:** Yes

'Planning and Retail Statement' (Revised) dated January 2011 by James Barr;
Concludes that the proposed development:-

- *is acceptable in the context of National, Strategic and Local planning policy;*
- *is consistent with the aims and objectives of the PDA allocation as it seeks to assist in the delivery of housing units;*
- *can be considered consistent with policy PROP SET 2 and Policy LP RET1 of the Local Plan;*
- *meets the sequential approach as there are no suitable sites or vacant premises located within or adjacent to the town centre and the site is an out of centre site that is easily accessible by a choice of modes of transport, particularly walking;*
- *will meet both a quantitative and qualitative deficiency within catchment and town;*
- *will improve customer choice where retail provision is limited for main food shopping;*
- *is easily accessible by pedestrians and public transport;*

- will not have a significant adverse impact on Dunoon Town Centre; and,
- will provide additional employment opportunities in the local area.

'Transport Assessment' dated February 2010 by Savell Bird & Axon;
The Transport Assessment confirms that the local road network will continue to operate within capacity with the addition of traffic associated with the proposed development. The proposal includes a number of features to improve accessibility e.g. footway along the southern side of the supermarket access road, replacement footway along Argyll Street frontage, provision of cycle stands and retention and relocation of two bus stops on Argyll Street. A Travel Plan will also require to be developed and agreed with the Council.

The 'Design and Access Statement' (revised December 2010) states that the building and external works aim to be welcoming, flexible inclusive and convenient for all regardless of age or disability. A continuous pedestrian route will be provided from Argyll Street into the site and along the frontage without ramps or stairs. Cycle stands, accessible parking spaces and parent and child parking spaces are all proposed.

'Flood Risk Assessment' dated 21st January 2010 by Kaya Consulting Ltd.;
This assessment considered flood risk from the Milton Burn, from three unnamed tributary watercourses and from surface water run-off generated from outwith the site. The areas proposed for the superstore and petrol filling station are outwith the predicted functional floodplain. However, a number of minor drainage issues can be addressed satisfactorily during the detailed design stage. The eventual bridge design can also be modelled to avoid flood risk to others.

'Site Flooding/Sustainable Drainage Overview Study Rev A' by Scott Bennett Associates dated August 2010;
This report incorporates the findings of the Kaya Flood Risk Assessment and contains proposals for flood risk, SUDS measures including surface water storage attenuation below the car park, swales, filter strips and porous paving. The report concludes that based on the strategy and surface water management proposed, there would be no significant flood risk to either the development or to adjacent properties.

'Ecology Report Rev 03' dated July 2010 by CB Consulting and Wild Surveys.
The report confirms no statutory designated sites or non-designated sites within or adjacent to the site. Desk and field studies identify otter activity, bats, water voles and breeding birds and appropriate mitigation measures are proposed to avoid or minimise impacts.

'Consultation Report Stage II' dated 1st October 2010 by James Harbison & Co;
While not a formal requirement, this document demonstrates the commitment to engage with the communities of Dunoon and Cowal. Further consultations show a cumulative support for the proposals and as at 1st October 2010 1750 names have been gathered from a wide spectrum of the Dunoon and Cowal community based on returns received from public exhibition, Dunoon and Cowal Business Association, Community Council Debate, Senior Citizens' Group. Local survey, Walker's customer petition plus website support and Facebook support.

(H) PLANNING OBLIGATIONS

- (i) **Is a Section 75 agreement required:** No. Application is recommended for refusal.
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- (I) **Has a Direction been issued by Scottish Ministers in terms of Regulation 30, 31 or 32:** No
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- (J) **Section 25 of the Act; Development Plan and any other material considerations over and above those listed above which have been taken into account in the assessment of the application**

- (i) **List of all Development Plan Policy considerations taken into account in assessment of the application.**

'Argyll and Bute Structure Plan' (2002)

STRAT SI 1 - Sustainable Development;
STRAT DC1 - Development Within the Settlements;
STRAT DC7 – Nature Conservation and Development Control;
STRAT HO1 – Housing – Development Control Policy;
STRAT DC8 – Landscape and Development Control;
STRAT DC9 – Historic Environment and Development Control;
STRAT FW2 – Development Impact on Woodland;
STRAT DC10 – Flooding and Land Erosion;
PROP SET2 – Town Centres and Retailing;
PROP TRANS1 - Development Control, Transport and Access.

'Argyll and Bute Local Plan' (2009)

The application site is located within the extended settlement boundary of Dunoon and partly within PDA 2/5 where the following policies are applicable:

LP ENV1 Development Impact on the General Environment;
LP ENV6 Development Impact on Habitats and Species;
LP ENV7 Development Impact on Trees/Woodland;
LP ENV17 Development Impact on Sites of Archaeological Importance;
LP ENV19 Development Setting, Layout and Design (*including Appendix A Sustainable Siting and Design Principles*) and Sustainable Design Guidance;
LP HOU1 General Housing Development;
LP HOU2 Provision of Housing to meet Local Needs including Affordable Housing Provision;
LP HOU4 Housing Green Space;
LP BAD1 Bad Neighbour Development;
LP RET 1 Retail Development in the Towns – The Sequential Approach;
LP SERV1 Private Sewage Treatment Plants and Wastewater Systems;
LP SERV2 Incorporation of Natural Features/Sustainable Drainage Systems (SuDS);
LP SERV3 Drainage Impact Assessment (DIA);
LP SERV7 Contaminated Land;
LP SERV8 Flooding and Land Erosion;
LP TRAN1 Public Access and Rights of Way;
LP TRAN2 Development and Public Transport Accessibility;
LP TRAN3 Special Needs Access Provision;
LP TRAN4 New and Existing, Public Roads and Private Access Regimes;
LP TRAN5 Off site Highway Improvements;
LP TRAN6 Vehicle Parking Provision;

(ii) List of all other material planning considerations taken into account in the assessment of the application, having due regard to Annex A of Circular 4/2009.

- Scottish Planning Policy (February 2010), paras. 52-65
 - Planning Advice Note 2/2010 – ‘Affordable Housing’;
 - Planning Advice Note 52 – ‘Planning in Small Towns’;
 - Planning Advice Note 59 – ‘Improving Town Centres’;
 - Planning Advice Note 67 – ‘Housing Quality’;
 - Planning Advice Note 68 – ‘Design Statements’;
 - ‘A Policy Statement for Scotland - Designing Places’;
 - Consultee Responses;
 - Third Party Representation;
 - Scottish Government - Town Centre and Retailing Methodologies: Final Report (2007);
 - EKOS (Economic and Social Development) – Dunoon Locality Socio-Economic Baseline Report.
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(K) Is the proposal a Schedule 2 Development not requiring an Environmental Impact Assessment: Yes

As an urban development project exceeding 0.5 hectares in size, the proposal would represent Schedule 2 development under the Regulations. In determining whether the proposal represents EIA development, the Council has considered the selection criteria set out in Schedule 3 of the Regulations. With regard to the characteristics of the development and the environmental sensitivity of the location, it is noted that part of the site is occupied by commercial buildings and the western half of the site allocated in the Argyll and Bute Local Plan for housing development with an application currently being processed. For these reasons, it is considered that the proposed development does not require an EIA.

(L) Has the application been the subject of statutory pre-application consultation (PAC): Yes

‘Pre-application Consultation Report’ dated 27th January 2010 by James Harbison & Co; The Pre-application Consultation (PAC) Report confirmed that a public exhibition was held in Queens Hall on 16/17 October 2009 where approximately 400 people visited and filled out questionnaires. Despite 74% doing their main food shopping in Dunoon, 61% felt that a new supermarket is needed in Dunoon and 70% supported the proposal for a new supermarket on the proposed Argyll Street site. Findings demonstrate a significant leakage of food shoppers who choose to undertake their main weekly shop outside Dunoon and research indicates that the market share to town centre food retailers (excluding Morrisons and the Co-op) is 7%.

(M) Has a sustainability check list been submitted: Yes - received 11th May 2010.

(N) Does the Council have an interest in the site: No

(O) Requirement for a hearing (PAN41 or other): Yes

The proposal represents a departure from the Development Plan and is recommended for refusal. In view of the complexity of the proposal, its potential impacts on the landscape and environment of a wider area, and the volume of representations by consultees, affected local businesses and individuals, it is recommended that a discretionary local hearing be held before finally determining the application.

(P) Assessment and summary of determining issues and material considerations

The proposed retail development is located on the north western outskirts of Dunoon, and includes part of a Potential Development Area (PDA 2/5) at Dunloskin Farm identified in the Argyll and Bute Local Plan as suitable for medium density housing (including 25% affordable) development. The site is outwith the identified town centre which is identified as the preferred location for new retail investment. It is also outwith the defined edge of town centre location, which in the absence of suitable town centre sites, is the sequentially preferred location for retail development.

The applicant suggests that there is currently significant trade diversion (or leakage) out of the Dunoon catchment area due to existing choice and quality of main convenience shopping within Dunoon. The applicant feels that a large foodstore at the edge of the Dunoon settlement will arrest that trade diversion offering competition, choice, lower prices and new jobs to Dunoon.

The application site lies within the main town settlement of Dunoon but outwith Dunoon Town Centre and the Edge of Centre zone as identified in the Argyll and Bute Local Plan (August 2009). The proposal is therefore considered as an 'out-of-town' location.

In line with Scottish Planning Policy and the Argyll and Bute Structure Plan policy Prop Set 2, the Argyll and Bute Local Plan establishes a presumption in favour of retail development within town centres, and adopts a sequential approach to retail development outwith town centres, firstly to sites within identified edge of town centre locations, and then to other sites which are accessible or can be made accessible by a choice of means of transport (see policy LP RET 1) elsewhere within the town. The policy requires that in any of these cases that there is no significant detrimental impact on the vitality or viability of existing town centres, and the proposal is consistent with the other structure and local plan policies. The policy allows for a retail impact assessment to be requested to demonstrate the anticipated impact of the proposal on the town centre.

The applicants have therefore submitted a Planning and Retail assessment which seeks to address the policy issues in relation to both the sequential test issue and the retail impact on the town centre. The applicants suggest that the only available alternative site is the former Dunoon Gasworks site on Argyll Street/Hamilton Street, but this site has been discounted due to its size and configuration.

The proposal is also regarded by the applicants as a method to facilitate a residential development in the rear part of Potential Development Area 2/5 Dunloskin Farm, which is currently the subject of an application for 74 houses for the entire site by Kier Homes. The current application must therefore also be assessed on its impact on this potential housing site with almost half of the PDA site proposed for the foodstore and associated buildings and land.

The proposed foodstore would be more than double the size of the existing Morrisons Store and have a petrol filling station and large car park adjacent. The applicants feel that the proposal will keep the trade diversion within Dunoon that would significantly

reduce the number of trips made for main food shopping and keep this lost expenditure within Dunoon.

Around 1100 representations have been received with 30 letters of objection and 1070 letters in support of the application, as detailed in appendices. Many of these indications of support take the form of a petition. Objections have been received from many town centre traders including the two existing supermarkets and the owners of the former Gasworks site who have confirmed that they wish to develop their site for supermarket usage.

The proposal is considered to be contrary to the settlement strategy for Dunoon with policies to support the town centre function as the focus for retailing. It is also considered that the scale and location of the proposed development would have a significant detrimental impact on the viability and vitality of Dunoon Town Centre and other retail outlets. It is considered that the protection of Dunoon Town Centre and its established retailing outlets as a retailing centre and tourist centre outweigh any drawback of perceived leakage to areas outwith the catchment.

Given all of the above, the application is considered to be contrary to policies contained in National Planning Policy Guidance, the Argyll and Bute Structure Plan and the Argyll and Bute Local Plan and does not justify the grant of planning permission.

(Q) Is the proposal consistent with the Development Plan: No

(R) Reasons why Planning Permission in Principle should be refused

1. The proposed development would undermine the settlement strategy that supports Dunoon Town Centre and its edge of centre locations as preferred locations for retail purposes. The proposal to site a major foodstore in an 'out-of-town' location could have the potential to undermine and potentially harm the character and status of Dunoon Town Centre as an established traditional town centre location and function. Accordingly, the proposed development would be contrary to Policy STRAT SI 1, STRAT DC1, PROP SET 2, PROP SET3 and PROP SET4 of the Argyll and Bute Structure Plan (November 2002), and to policies LP ENV1, ENV19 and P/PDA 1 of the Argyll and Bute Local Plan (August 2009).
2. The proposal is considered to be contrary to the policy LP RET 1 of the Argyll and Bute Local Plan (August 2009). The proposed foodstore is outwith Dunoon Town Centre, an alternative sequentially better site is available within the edge of town centre, and there is a significant detrimental impact on the vitality and viability of the town centre and other retail outlets, The proposal is not consistent with Development Plan Policy, as the sequential test has not been satisfied, and that it would be possible to provide a smaller store, more appropriate to the catchment area's available expenditure either within the defined town centre, or edge of town centre areas.

Accordingly, the proposed development would be contrary to Scottish Planning Policy (February 2010, paras. 52-65), to PROP SET 2 of the Argyll and Bute Structure Plan (November 2002), and to policy LP RET 1 of the Argyll and Bute Local Plan (August 2009).

3. The proposed foodstore and car parking area is located partly within Potential Development Area (PDA 2/5) identified in the Argyll and Bute Local Plan (August 2009) for housing, and consequently it is therefore not consistent with the other local plan policies relating to development of PDAs and to housing.

Notwithstanding the above conflict with retail policy, an application with an indicative layout for 74 houses had been submitted, the proposed layout submitted shows 42 houses on the rear part of the site, a loss of 32 units. This is a considerable reduction and a clear conflict with the local plan policy for the development of PDAs. Policy LP HOU 2 on affordable housing would also apply to this PDA in its entirety. The layout for the development of the site for housing shows 74 houses, the affordable housing policy requires 19 of these to be affordable, and the proposal would result in the loss of 8 of these.

Accordingly, the proposed development would be contrary to Policy STRAT SI 1, STRAT DC1, PROP SET 2, PROP SET3 and PROP SET4 of the Argyll and Bute Structure Plan (November 2002), and to policies LP ENV1, ENV19, HOU1, HOU2 and P/PDA 1 of the Argyll and Bute Local Plan (August 2009).

4. The development proposes a major foodstore on the upper (west) part of the site adjacent to Dunoon Cemetery and adjacent to an area of woodland that is considered to be a key landscape feature. The siting of the building in this upper and highly prominent part of the site would require ground engineering (and retaining features) to re-grade the slopes to accommodate the large commercial building. The commercial building itself would be located in a dominant position at the back of the site and lacks any traditional design features. The indicative curved metal clad roof and bland elevational treatment are typical of a unit within a retail park and do not benefit the semi-rural nature of the application site. The provision of a large car park area in front of the superstore presents an equally bland and urbanised design feature that does not integrate well within the immediate surroundings. Furthermore, the proposed development would diminish the environmental quality of any housing development in the remaining part of Potential Development Area (PDA 2/5) identified in the Argyll and Bute Local Plan.

Accordingly, the proposed development would be contrary to Policies STRAT SI 1, STRAT DC1, of the Argyll and Bute Structure Plan (November 2002), and to policies LP ENV1, ENV19 (*including Appendix A Sustainable Siting and Design Principles*) and Sustainable Design Guidance) and HOU1 of the Argyll and Bute Local Plan (August 2009).

(S) Reasoned justification for a departure from the provisions of the Development Plan

No, the application is recommended for refusal.

(T) Need for notification to Scottish Ministers or Historic Scotland: No.

Author of Report: Brian Close

Date: 4th March 2011

Reviewing Officer: David Eaglesham

Date: 4th March 2011

**Angus Gilmour
Head of Planning**

APPENDIX A – RELATIVE TO APPLICATION NUMBER: 10/00222/PPP

PLANNING LAND USE AND POLICY ASSESSMENT

A. Settlement Strategy

The application site lies within the Main Town settlement of Dunoon, as defined in the Argyll and Bute Local Plan. In the Argyll and Bute Structure Plan, policy STRAT DC 1 supports development that serves a wide community of interest including 'large scale' development on appropriate infill, rounding-off and re-development sites. Developments which do not accord with this policy are those which are essentially incompatible with the close configuration of land uses found in settlement e.g. development which results in excessively high development densities, settlement cramming or inappropriate rounding-off on the edge of settlements.

Schedule R1 of Policy LP RET 1 of the Argyll and Bute Local Plan defines 'large scale' retail development as being in excess of 1000sqm gross floor space (the proposal is for 3,716 sqm gross). Dunoon already has two large scale retail foodstores located in the Main Town Centre and Edge of Town Centre. In addition, Structure Plan Policy PROP SET 3 promotes the use of Brownfield sites over Greenfield sites in the interests of sustainable development.

PROP SET 2 of the Argyll and Bute Structure Plan seeks to sustain the viability and vitality of town centres where a sequential approach to retail development will be adopted. Policy LP RET 1 of the Argyll and Bute Local Plan states a presumption in favour of retail development (Use Classes 1, 2 and 3) provided it is within a defined town centre or where the developer demonstrates that no suitable sites within defined town centres are available, on the edge of a defined town centre. Where the developer demonstrates that no suitable sites are available within defined town centres, or on the edge of defined town centres, elsewhere in the town in a location that is or can be made accessible by a choice of means of transport and that there would be no significant detrimental impact on the vitality or viability of existing town centres and the proposal is consistent with other Structure and Local Plan policies.

In terms of the retailing policies above, the proposed large scale retail foodstore is at the edge of the settlement of Dunoon but outwith the preferred Main Town Centre and Edge of Centre zones.

The application site includes the eastern half of Potential Development Area 2/5 '*Dunloskin*' that is identified in the Argyll and Bute Local Plan for medium density housing with 25% affordability. An application (ref. 07/01903/DET) for 74 dwellinghouses is currently being considered for PDA 2/5 which proposes an alternative river crossing across the Milton Burn north of Walker's Garden Centre.

It is considered that in land use terms, the location of a third supermarket within Dunoon to serve the convenience shopping needs throughout the Cowal catchment is inconsistent with the Settlement Strategy set out in the Development Plan. The location of a large foodstore at the edge of the settlement has the potential to compete with Dunoon Town Centre and Edge of Centre zone to the detriment of the town centre function. The choice of this particular location at the edge of the settlement is assessed below in terms of the 'sequential approach' to retail development set out in the Scottish Planning Policy (SPP).

Additionally, the proposal would have a significant impact on PDA 2/5 that has been allocated for housing purposes to meet housing provision under PROP SET4 and settlement plans under PROP SET5 of the Argyll and Bute Structure Plan.

Accordingly, in terms of the settlement strategy, the proposal would be inconsistent with policies STRAT SI 1, STRAT DC1, PROP SET2, PROP SET3, PROP SET4 and PROP SET5 of the Argyll and Bute Structure Plan, and policies LP ENV1, LP ENV 19, LP HOU1 and LP RET 1 of the Argyll and Bute Local Plan.

B. Location, Nature and Design of Proposed Development

(a) Location

The application site (2.26 Ha) comprises Walker's Garden Centre and Filling Station and associated commercial and storage units, and a field to the west across the Milton Burn.

The application site is bounded by Dunloskin Farm amongst grazing fields and woodland to the north, A885 Argyll Street and Dunoon Hospital to the east, Dunoon Fire Station, Hamilton Street Yard and Dunoon Cemetery to the south and grazing fields with woodland to the west. The Milton Burn runs through the site from north to south. The site slopes from west to east but lessens towards the Milton Burn where the developed eastern portion of the site is relatively level.

In policy and land use terms, the application site includes the eastern half of Potential Development Area PDA 2/5 'Dunloskin' that is identified for medium density housing with 25% affordability. A proposal for a residential development of 74 houses (ref. 07/01903/DET) is currently being considered but the current proposal would result in the loss of 32 units (including the site's attenuation pond). This scheme involves a different access and would be located north of the existing petrol filling station and potentially involve the re-routing of the Milton Burn.

(b) Nature and Design of Proposed Development

The proposal necessitates the demolition of the entire Walker's Garden Centre site including the petrol filling station and associated commercial, industrial and storage uses.

The proposal involves the erection of a large scale retail foodstore (3,716 sqm / 40,000sqft gross retail floorspace) on the site of the garden centre and land to the west, adjacent to Dunoon Cemetery. An indicative site layout shows the rectangular footprint of a building some 70 x 55 metres, orientated with its long main elevation facing eastwards with the southern gable located a few metres away from the cemetery wall. Images depict a typical modern supermarket building with glazed entrance feature and curved metal roof. A large car parking area is proposed between the foodstore and the Milton Burn that would provide 238 parking spaces including 14 disabled spaces. A new main vehicular access is proposed from the A885 Argyll Street (on the site of the existing Walkers Garden Centre) across the Milton Burn via a new bridge and serving the car park, foodstore service yard and remainder of PDA 2/5 to the west. The proposal also includes the erection of a new petrol filling station with car wash close to the site of the existing facility.

Whilst no end-user has been identified, the applicant comments that the proposed foodstore is aimed at a retail occupier from one of four mainstream food retailers – Tesco, Morrisons, ASDA and Sainsburys. The nature of the store will be predominantly focused on convenience goods to provide for main food shopping requirements but will also include a limited range of comparison goods. The proposed store has a gross external floor space of 3,716 sqm with a total net retail area of 2,228 sqm. This will comprise an estimated 1,448 sqm net convenience goods floor space and 780sqm comparison goods floor space (i.e. a 65/35 convenience/comparison split). It is indicated that a mainstream store such as this could carry over 20,000 lines of goods for sale. This will predominantly concentrate on 'brand' labels but will also include 'own label' brands. Convenience goods provided in the store will include fresh foods such as breads, fruit and vegetables, meats, dairy produce and fish. The store will also have large ranges of pre-packed and frozen foods. A limited range of comparison goods could include such items as CD/DVDs, textiles, towels and bedding. It is suggested that the development could create 280 new permanent jobs in a mixture of full and part-time plus 60 construction jobs.

Policy LP ENV19 of the Argyll and Bute Local Plan includes in Appendix A Sustainable Siting and Design Principles design guidance relative to 'Isolated/Commercial Development';

18.1 the appearance of the development should be considered. The form and pattern of the landscape will largely determine the acceptability of the proposal..... The extent to which the proposal would be clearly visible from public roads, viewpoints and neighbouring local communities is also an important factor.

18.2 When assessing the appearance of isolated commercial development, the Planning Authority will take the following into consideration:

- The size and extent of the proposal. This includes the visual impact of the scheme and the distance/location from which it is visible;*
- The location of the proposal and its landscape setting, including the way in which the development has used the natural contours of the site is of prime importance. A large building must be absorbed by the landscape as much as possible, whether by excavating and building into the landform, using existing landforms to mask the development or screening by new trees;*
- The design and colour of the development(s) and ancillary structures can be used to minimise their perceived bulk and visual impact. Natural materials such as timber and stone will help to fit a large building into the landscape, as will dark natural colours (particularly on the roof).*

In their Design and Access Statement, the applicants comment that the topography of the site has dictated the orientation and location of the building. Existing and proposed tree planting in addition to excavation and use of a curved roof will all help to integrate the building into the landscape. While buildings are indicative at this stage, careful use of materials for the foodstore building and petrol filling station will reduce any perceived bulk.

The proposed metal-roofed supermarket building would be located adjacent to Dunoon Cemetery to the rear of an expansive car parking area. In terms of siting, the Flood Risk Assessment confirms that the proposed superstore and petrol filling station are outwith the predicted functional floodplain of Milton Burn and other watercourses. Accordingly, the siting of the foodstore at the rear of the site will require ground engineering works to re-grade the slopes with potential retaining structures to address the topography of the site. In terms of design, neither the supermarket building nor the car park pays any respect to the semi-rural surroundings and the overall effect is to urbanise the area. The lack of suitable screening and proposed siting, scale, design and materials of the proposed superstore would not be absorbed by the landscape but represent an incongruous feature that would appear alien in its relationship to Dunoon Cemetery and potential housing development to the rear.

Additionally, the location of the supermarket at the rear of the site has the potential to seriously compromise a suitable setting and layout for housing on the remainder of PDA 2/5. The loss of 32 residential units from the 74 houses proposed in the Kier Homes application has implications for resulting site density and ability to produce a harmonious layout in terms of plot ratios, landscaping and integration of key natural features.

It is considered that the proposed development does not respect the landscape character or setting of the area with an incongruous layout and design that is inconsistent with the provisions of Policy LP ENV 19 and Appendix A of the Argyll and Bute Local Plan together with the Council's Design Guide.

Although these issues could be mitigated during consideration of any detailed submission for either the supermarket or the housing within the remainder of the PDA, , **the proposal is considered to be contrary to Policy STRAT SI 1 of the Argyll and Bute Structure Plan 2002 and to Policies LP ENV 1 and ENV 19 and Appendix A of the Argyll and Bute Local Plan (August 2009).**

C. Retail Policy Considerations

In policy terms the retail policy LP RET 1 of the Argyll and Bute Local Plan is the principal policy against which the proposals should be assessed. Also of relevance is the fact that the site of the supermarket and its associated car park forms part of a larger Potential Development Area (PDA 2/5) identified as suitable for housing development, subject to addressing master plan and access constraints.

(i) The Sequential Approach to Retail Development in Towns

Scottish Planning Policy (SPP), Argyll and Bute Structure Plan Proposal PROP SET 2 and Argyll and Bute Local Plan Policy LP RET 1 set out that a sequential approach to site selection for retail development will be undertaken to ensure that new development does not undermine the vitality and viability of existing town centres. The SPP and Local Plan sets out that site locations should be assessed in the following order:

- Town centre sites;
- Edge of centre sites;
- Other commercial centres identified within the development plan;
- Out of centre sites in locations that are, or can be made, easily accessible by a choice of transport modes.

Policy LP RET 1 Retail Development in the Towns – The Sequential Approach

There will be a presumption in favour of retail development (Use classes 1, 2 and 3) provided:

(A) It is within a defined town centre; OR,

(B) Where the developer demonstrates that no suitable sites within defined town centres are available, on the edge of a defined town centre; OR,

(C) Where the developer demonstrates that no suitable sites are available within defined town centres, or on the edge of defined town centres, elsewhere in the town in a location that is or can be made accessible by a choice of means of transport; AND IN ANY OF THESE CASES,

(D) There is no significant detrimental impact on the vitality or viability of existing town centres (the Council may request an assessment at the developer's expense, as it considers necessary, to establish this, and may require applications to be accompanied by a reasoned statement of the anticipated impact of the proposal on the town centre); AND,

(E) The proposal is consistent with the other Structure and Local Plans policies.

The first aspect of LP RET 1 which requires to be considered is the availability of sites within Dunoon town centre, and then edge of town centre locations. Given the traditional nature of the town centre, it is accepted that there are no suitable sites within the town centre its self. However, within the edge of town centre designation the former Dunoon Gasworks site bounded by Argyll Street, Hamilton Street and the Milton Burn and south of Walkers Garden Centre has been assessed by the applicants in terms of the retail sequential test. This site (1.21 Ha / 12,100 sqm) has recently undergone remediation works to cleanse the site of contamination associated with its former use. The site proposed by the

applicants at Walkers/Dunloskin is approximately twice the size of the gas works site, and consequently the applicants are proposing a foodstore with a gross floorspace of 3716 sqm and a net floorspace of 2228 sqm.

The applicants estimate that the smaller former gas works site within the edge of town centre would only be able to accommodate a foodstore of approximately 2500 sqm. They have therefore dismissed the former gas works site as incapable of accommodating the size of the store they propose due to size, configuration and potential flood risk. On this basis, and the fact that no other Edge of Centre locations are available, the applicants consider that it is appropriate to consider the application site as an out-of-centre location that is acceptable in terms of its accessibility by public transport and pedestrians.

While it is acknowledged that part of the former gas works site has been identified in the SEPA Indicative Flood Map as forming part of the functional floodplain of the Milton Burn, this should not in itself rule out any potential development of the site. While the site could be improved by the proposed Milton Burn Flood Prevention Scheme, suitable flood defence mechanisms and compensatory flood storage would still have to be designed into any potential development of the site.

The owners of the gas works site (National Grid Property Holdings) comment that their site represents a sequentially preferable site for retail development. Contrary to the applicant's statement, they consider that neither the linear shape of the site nor the existence of a watercourse across it would detract from the marketability of the site to a modern foodstore operator nor inhibit its development. They have also stated that there is the potential for further land assembly around their landholding. The site, which has recently been subject to a level of remediation, is surplus to National Grid's operational requirements and it is their intention to submit an application proposing retail development at the site. The agents confirm that the Victoria Road site represents a significant brownfield redevelopment opportunity in close proximity to Dunoon Town Centre, sequentially preferable in retail terms to the site of the proposed development. The owners of the site have confirmed that it would be available for retail development.

Given this recent interest shown by the owners of the gasworks site and that an application for retail development may be imminent, it is considered that the former gas works site is available for retail development, and therefore cannot be dismissed solely on the basis of the size of store proposed. It should accordingly be given more detailed consideration in the retail impact assessment which the applicants have submitted in support of their application and is assessed in more detail below.

A retail impact assessment attempts to estimate the potential impact of a new retail development on existing retail provision (particularly within town centres). This involves defining the catchment area of the town, establishing the population of the area, and then calculating the average retail expenditure of the catchment population. This is then compared with an assessment of the turnover of the retail floorspace within the catchment area. Where a surplus is identified this is either considered as export expenditure or attributed as additional expenditure for existing retailers within the catchment area. Having quantified the level of turnover of existing retailers and the available expenditure within the catchment, and the amount exported to other centres, it is then possible to establish if there is sufficient expenditure to support additional floor space. There are a considerable number of variables in these calculations, and a number are based on averages and estimates, and others are relatively subjective.

The following table provides extracts from the tables in the revised retail impact assessment submitted by the applicants in support of their application:

	2010	2014
Population of Catchment	15,411	15,463
Convenience expenditure per capita	£2,079	£2,195
Total convenience expenditure	£32,033,624	£33,941,967
Comparison expenditure per capita	£2,735	£3,109
Total comparison expenditure	£42,155,285	£48,067,043
Estimated convenience turnover in catchment	£21,472,988	£22,752,202
Estimated comparison turnover in catchment	£25,000,000	£25,000,000
Surplus convenience expenditure	£10,560,636	£11,189,766
Surplus comparison expenditure	£17,155,285	£23,067,043

The surplus expenditure is generally taken to represent the amount of money spent by residents of the catchment area in shops outwith Dunoon and Cowal, and in theory would be available to support additional floorspace within the catchment. However, the extent to which this exported expenditure can be retained or clawed back depends on a number of factors, and varies between convenience and comparison goods, and proximity and size of competing retail centres.

In addition to expenditure available from residents within the catchment area, the applicants have made reference to the value of tourism expenditure based on the EKOS report – Dunoon Locality Socio-Economic Baseline. This concludes that tourism is worth £6,300,000 to the area, of which it is estimated by Visit Scotland, 10% or £630,000 would be retail expenditure. The applicants have not incorporated this figure in to their assessment but have stated that this would potentially also be available to support retailing in Dunoon,

In deriving the turnover of the retail floor space within the catchment, the company average turnovers are used for supermarkets and large national multiples, and this approach is normally also used to calculate the turnover of any new store. Where an operator is known, this is usually the companies' average, and where the operator is not known, an average of the top 5 operators is usually used. As this is a company average, there will be stores which trade at under this level and stores which trade at over this level. The level of trading of individual stores depends on a number of factors such as size of store and location, and extent of competition locally. However as retail impact assessments are based on using averages for existing floor space, using these for new proposals helps to retain consistency. There are some instances where using different figures from the average may be justified, for example, where the existing retailers in the town are prepared to disclose a stores actual turnover, or where a proposed operator is known, and where they propose to transfer the actual turnover of an existing store to a new one (such as in the case of Tesco in Campbeltown) and they are therefore well placed to make an assessment of the turnover of the new store.

In relation to this application, the applicants' original retail impact assessment used an average turnover approach for all supermarket operators, where as in the revised retail impact assessments they have adopted a turnover which is 75% of company averages. The following table outlines the effect of these two different approaches on the floorspace of the store as envisaged in the original and first revised retail impact assessment:

Floor space	Average turnover ratio	75% of Average turnover ratio	Turnover based on Average ratio	Turnover based on 75% of average ratio
Convenience 1,858	11,970	8,977	22,240,260	16,679,916
Comparison 557	8,241	6,180	4,590,237	3,442,511
Total turnover	-	-	26,830,497	20,122,427

It should be noted that the applicants have submitted a second revised retail impact assessment based on a reduction of net floorspace by just over 200 sqm but an increase in the proportion of space given over to comparison retailing as follows.

Floor space	75% of Average turnover ratio	Turnover based on 75% of average ratio
Convenience 1448 square metres	£8,977	£11,699,283
Comparison 780 square metres	£6,180	£4,338,676
Total turnover		£16,037,958

While the reduction in the proportion of floorspace given over to convenience and the use of 75% of company average turnover has resulted a reduction of turnover by £5 million, it is considered that this merely reinforces the case for a smaller store located on the former gas works site, as a store of 2500 sqm gross which would equate to about 1600 sqm net, with a 75% convenience and 25% comparison goods split, would more than accommodate the available expenditure. As such, it is considered that the applicants have not met the requirements of the sequential test, in discounting the former gas works site which is located in a sequentially preferable edge of town centre location.

(ii) Appropriate Scale and Location

One of the main thrusts of Scottish Planning Policy is the recognition that *“town centres are a key element to the economic and social fabric of Scotland, acting as centres of employment and services for local communities and a focus for civic activity, and make an important contribution to sustainable economic growth. Town centres should be the focus for a mix of uses including retail, leisure, entertainment, recreation, cultural and community facilitiesthe range and quality of shopping, wider economic and social activity, integration with residential areas and the quality of the environment are key influences on the success of a town centre”*. (para 52).

The SPP also highlights the need for a hierarchical approach to town centres and that any significant changes in the evolving role and functions of centres should be addressed through development plans rather than changes being driven by individual applications. The SPP focuses on town centre strategies and states that the planning system has a significant role in supporting successful town centres through its influence on the type, siting and design of development. This should involve the use of vacant land and under-used land or premises. Actions to support improvements in town centres and to create distinctive and successful places are encouraged and these can range from small scale public realm works to assembly of larger scale development sites which aid regeneration.

The Argyll and Bute Structure Plan also stresses the importance of Dunoon Town Centre as an important shopping focus for the Main Town settlement and wider catchment. The retailing sector is an important component of the economy and fulfils a critical role in sustaining the viability and vitality of the Town Centre. Land use policies which support the competitive retail market have to be balanced with the need to secure the economic

integrity of town centres and to support the use of public transport. The sequential test with a preference for retail developments over 1000sqm gross floorspace to be located in the town centres is appropriate given the limited size of the Argyll and Bute towns and their retail catchment populations.

Despite the applicant stating that the out of centre site is '*easily accessible*' for public transport and pedestrians, the following points should be noted:

- The application site is located approx. 1.2km from the core of the primary retail area taken from the top of Moir Street on Argyll Street; approx 1.1km from Morrisons and approx 0.8km from the Co-op;
- Whilst the site can be made accessible by public transport, it is not particularly accessible for pedestrians walking from the Town Centre or even Edge of Centre areas. The site of the foodstore at the rear of Dunoon Cemetery is not well linked and lacks pedestrian permeability to surrounding residential neighbourhoods;
- The proposed new store is actually located approx 300 metres from the proposed access from Argyll Street with pedestrian access either across the large car park or main junction serving the store;
- Major food shopping tends to favour car borne shoppers than the ability to shop daily from a more accessible town centre location.

In conclusion, the proposed large foodstore would not be readily accessible by shoppers on-foot and is not within easy walking distance from the existing town centre area. Additionally, given the comments in sections (i) and (iii) such a scale and location would compete rather than complement the existing town centre.

(iii) Impact on Vitality and Viability of existing Dunoon Town Centre

The Applicant's Case

The applicants consider that the existing town centre of Dunoon provides goods and services to meet generally daily needs of local residents. The applicants also suggest that Dunoon town centre has a relatively healthy occupancy rate with evidence of investment from a small number of national retailers and strong occupancy levels of independent business. The applicant's feels that Dunoon town centre appears to be well utilised particularly for Class 1, Class 2 and Class 3 services and that the town centre appears healthy with low vacancy rates (12 vacant units/7%), high pedestrian flows and retailers continuing to invest and trade along Argyll Street and throughout the wider town centre area.

The applicants suggest that there are qualitative deficiencies in the available offer in Dunoon and that the new superstore will meet these and result in improved retail options within the town. The RIA notes that Dunoon Town Centre comprises a total of 165 units with a variety of Class 1,2,3,5,7, 10, 11 and sui generis uses (public houses, hot food takeaway etc). Of the Class 1 shops (55%), 43% sell comparison goods, 7% sell food/convenience and 5% sell bulky goods.

The Retail Impact Assessment (RIA) submitted by the applicants suggests that Dunoon suffers from a significant level of convenience expenditure leakage and there is a need for quantitative and qualitative improvement, particularly relating to main food shopping. It is suggested that this level of leakage points to lack of provision, choice and variety meaning that residents and shoppers from Dunoon and Cowal choose to make trips to other locations outwith the Dunoon catchment area to undertake main food shopping. As a consequence, the proposed development does not aim to compete with the existing town centre but aims to recapture the locally derived expenditure (leakage) lost to Inverclyde and

beyond. The RIA suggests that Morrisons retains around 40% of the local convenience expenditure whilst overall the town centre accounts for 65% of the locally derived expenditure. The applicants suggests that the most significant factor is the level of leakage which is estimated at 33% of locally derived expenditure which is almost the same amount of money spent in Morrisons being spent outwith the Dunoon and Cowal catchment. The RIA anticipates that the proposed store would account for 34% of the available convenience expenditure with the small amount of comparison floorspace being insignificant in terms of comparison turnover from the catchment.

Assessment

In addition to assessing the expenditure capacity of the catchment area population, the retail impact assessment submitted by the applicants seeks to calculate the likely impact of the proposed new floorspace on the existing retail provision within the catchment, and more particularly Dunoon town centre. In assessing the impact on existing floorspace consideration has been given to a number of factors. These include; the amount of expenditure currently spent outwith the area; an assessment of the capacity of the new store to claw back that expenditure; and the extent to which the new store will compete with existing retail floorspace thereby diverting trade from them to be spent in the new shop. Also to be taken in to consideration, is the extent to which tourism expenditure and trade from people living outwith the primary catchment area e.g. Inveraray contribute to the expenditure available to support retailing in Dunoon. These variables could have a significant effect on the predicted impact on the town centre.

Table 1 below includes a compilation of floorspace comparison figures extracted from the RIA to illustrate some of the comments made in this section and scale/impact of the proposed foodstore.

Table 1 : Comparison of floor space (extract from submitted Retail Impact Assessment)

	Proposed Store	Existing Morrisons	Existing CO-OP	Town Centre Shops	Out of Centre Shops
Gross floor area	3,716sqm	(2,145sqm*)	(1,250sqm*)	-	-
Net retail area	2,228sqm	1,035sqm	1,000sqm	500sqm	200sqm

**Gross external area taken from GIS plan, not from agent figures.*

The applicants have submitted figures which demonstrate the effect that they believe the new store will have on the turnover of existing stores. This indicates that taking all of the above factors into consideration, that the proposed store will have an impact of 14.7% on the turnover of convenience stores within the town centre. There would also be a 34.2% impact on the turnover of other convenience stores in Dunoon outwith the town centre, and an impact of 9.2% on the turnover of convenience shops in villages. These levels of impacts assume that 60% of the new stores turnover can come from the clawback of exported expenditure. This would mean that the proposed new store and the existing convenience floorspace would be expected to retain 88% of the convenience expenditure which is currently spent outwith Dunoon. The retention of this level of exported convenience expenditure may be ambitious, particularly because the applicants have predicated their argument that the proposed store requires to be in the order of 4000 sqm gross to allow it to be of a size and a scale which is large enough to enable it to compete with the superstores in Inverclyde and West Dunbartonshire where people from Cowal

currently shop. Indeed, the applicants have provided an alternative scenario of a smaller store with a net convenience floorspace of 1045 sqm where they expect only 30% of the turnover to come from clawback of leakage, and this would equate to only 18.8% of the leaked expenditure, this level of clawback is low, and has been used to demonstrate the applicants opinion that a smaller store would have a greater impact on convenience retailing in the town centre than the store they have proposed. A more robust assumption might be to assume a 50% clawback of leaked expenditure.

The revised January 2011 retail impact assessment is based upon a smaller store where convenience floorspace has been reduced by 406 sqm and comparison floorspace is increased by 223 sqm. This has the effect of increasing the comparison floorspace from 23% of sales floorspace to 35% (previously a 77:23 convenience/comparison split but now a 65:35 split). The proposed turnover of comparison goods increases to £4,820,751 with £4,338,676 or an extra £896,165 from the catchment as a result. The applicants have indicated that they expect the majority (75%) of the comparison turnover of the new store to come from the clawback of expenditure which is spent outwith Dunoon. Twenty per cent of comparison turnover or £867,735 is expected to come from existing shops in the town centre, and this would equate to a 3.7% reduction in the turnover of comparison shops in the town centre. These figures are based on the revised retail impacts' assessment that currently the total amount of comparison expenditure retained in Dunoon is £23,400,000 or 48.7% with just over half being spent in higher order centres such as Glasgow, Braehead, Greenock or Clydebank. The proposed development is based on increasing the retained comparison expenditure to £26,842,511 or 55.8% of all comparison expenditure from the catchment population. Typically, smaller town centres elsewhere can be expected to retain 50% of their catchment area's comparison expenditure. The extent to which currently exported comparison expenditure can be retained is unknown. If the proposed new store was unable to achieve its target of 75% of its comparison turnover from the clawback of exported expenditure, then the impact of the town centre could be much more significant.

Methodology

The Co-op's agents suggest that information derived from the National Survey of Local Shopping Patterns (NSLSP) is not sufficiently robust to be applied at a local level and is not an appropriate tool for estimating the turnover of existing retail floorspace. A well designed household survey (Scottish Government's 2007 research paper) is deemed more reliable where key matters such as specific stores used by main food shoppers, reason for visiting certain stores, how they travel, whether they are undertaking linked trips and how much they spend in each store can all be quantified.

In terms of NSLSP, the Co-op's agents consider that company average turnover rates should be used to model the turnover of exiting and proposed retail floorspace and for a robust estimate of retail impact to be gauged. In the revised RIA, there is no justification for the application of turnover ratios that are significantly below published national average rates where these lower than average turnover ratios hide the true retail impact of the proposed supermarket.

It is considered that the RIA has not adopted a broad-based approach but instead has attempted detailed calculations or forecasts of a sector's growth where small variations or assumptions has led to a wide range of forecasts. In relation to the RIA, the applicant has indicated that the proposed store is aimed at a retailer from ASDA, Morrisons, Sainsburys and Tesco. However the turnover of the proposed store has been estimated as an average of all retailers. It is considered that it may have been more appropriate to use the average turnover of these four retailers, in terms of predicted impact rather than the average of all retailers, given that the applicant has stated that it is the intention to market it to these retailers.

The smaller store shows an anticipated impact on convenience shops within Dunoon town centre of 14.7% (previously 17.1%), and 3.7% (previously 3.7%) impact on comparison

goods. Contrary to the applicant's statement that the proposal will not have a significant impact on Dunoon Town Centre, this overall level of impact 8% (previously 9.1%) is considered to be significant. Furthermore, using revised population and expenditure figures would increase this impact, as would attributing the average turnovers of the prospective operators to the store, further still.

In terms of population of the catchment area and calculation of available expenditure, the applicant's population projections shows a population of 15387 in 2008 increasing slightly to 15455 in 2012. Whilst the department may be prepared to accept this projected increase in population, other recent projections indicate a declining population over the same period. Accordingly, and in line with the advice in paragraph 65 of SPP, it is considered that future growth in population based on housing allocations in the Argyll and Bute Local Plan should not be factored in. Take-up of these housing allocations has slowed considerably over the last two or three years, and it is therefore highly likely that not all of the units planned for will be delivered within the plan period. Furthermore, household sizes in Argyll and Bute continue to fall, and as such even with a high rate of housing completions as factored in to the Local Plan, population levels are likely to remain stable, rather than increase at the rate which the applicant suggests.

In terms of the applicant's Town Centre Health Check Appraisal, the overall score has now been reduced to 3.13 (previously 3.28) and now regarded as fair instead of good. Many factors have been assessed as "very good" or "good" but there is no comparable town to assess this comparison against i.e. how does Dunoon compare to Oban or Helensburgh? It is considered that the applicant's Town Centre Health Check is subjective in nature and does not reflect the more fragile nature of Dunoon's High Street and other retailing areas where vacant units, charity shops and poor shop frontage design should perhaps result in a lower score. It should also be recognised that a significant amount of works have been undertaken on town centre renewal projects to promote an otherwise fragile town centre. The town centre will continue to be the focus for such projects in an attempt to revitalise the town centre area. The presence of an out of town superstore could undermine any ongoing and future proposals to enliven Dunoon Town Centre. Furthermore, the proposed population projections coupled with ambitious take-up of housing allocations and declining household sizes cannot support the forecasted expenditure and growth rates suggested by the applicant.

Conclusions

The RIA confirms that the main source of trade diversion will be predominantly from Morrisons but also from the Co-op store. Whilst the planning system seeks to encourage competition in the market place, this should not be done at the cost of weakening the trading positions of existing convenience and comparison retail outlets within Dunoon Town Centre and Edge of Centre locations. The size of the proposed foodstore, that would be approximately twice the floorspace of Morrisons, has been designed by the applicants specifically to '*compete with the larger stores that shoppers use elsewhere outwith the catchment*'. It is considered that such a scale of foodstore would compete directly with existing supermarkets and have a significant adverse impact on not only Dunoon Town Centre but isolated retail outlets.

Reducing the amount of net floorspace by just under 1000sqm has resulted in an increase in the amount of comparison floorspace (previously a 77:23 convenience/comparison split but now a 65:35 split). Despite the applicants suggestion that almost 50% of comparison expenditure is spent outwith the Dunoon catchment, the potential impact on existing comparison retailers has not been sufficiently demonstrated and the figures provided suggest that this would be a significant and unacceptable trade diversion.

It is interesting to note that, in the Pre-Application Consultation process, the applicant' claim that a '*significant*' number (25%) of residents choose to shop outwith Dunoon and Cowal.

Accordingly, this would mean that the majority of the town and catchment (75%) are happy to shop locally. In any event, the number of responses made at the Pre-application Consultation exhibition (409 responses) and number of representations received as part of this application (1100) are not wholly representative of a town with a population of approximately 10,000 residents within the Dunoon area. The statements in the petition letters are very basic and do not provide an accurate picture of retailing trends in the Dunoon and Cowal areas. Despite the statistics, tables and statements submitted, the shopping trends of Cowal residents are more complex than and not as easy to predict as the submitted RIA would suggest. It would therefore be wrong to assume that the majority of Cowal residents make shopping trips outwith the peninsula for convenience purposes only. Proximity to Inverclyde, Paisley and Glasgow coupled with a deficiency in local employment opportunities, indoor leisure activities and peninsular lifestyles mean that residents will continue to make journeys out of the Cowal area for business, leisure, cultural, social and retail activities. Contrary to the applicant's statements, the provision of a third large foodstore in Dunoon will not arrest the trend of residents wishing to shop locally during the week but planning trips outwith the peninsula at weekends that may also include convenience shopping.

Weakening a high street that already suffers from a number of vacant premises could also have the potential to undermine the tourism strategy that depends on visitors and shoppers to the town centre. The creation of a larger third foodstore will not increase visitor numbers but may well result in a loss of local and niche market retail outlets that combine to give Dunoon town centre its traditional and particular charm.

Given all of the above, it is considered that the proposed foodstore and associated development is contrary to the adopted Argyll and Bute Local Plan policy LP RET 1 part A, as it is outwith the defined town centre; to part B in that the developer has not satisfactorily demonstrated that the former gasworks site within the defined edge of town centre is not suitable; and part D that the size of the proposed store is too large for the available expenditure within the catchment area without having a detrimental impact on the vitality and viability of retailing in the existing town centre. Additionally, it should also be noted that as the western portion of the site is identified as a Potential Development Area for housing in the adopted Local Plan, the proposal would not accord with LP RET 1 part E.

In summary, the retail impact assessment does not justify a third large foodstore within Dunoon to directly compete with Morrisons and the Co-op that have Main Town Centre and Edge of Centre locations respectively, in addition to the impact on other convenience/comparison outlets in the Town Centre and surrounding areas. The assumption that significant leakage can be arrested by proposing a superstore that is more than twice the size of Morrisons does not square with the discrepancies in terms of trips made outwith the peninsula to undertake main food shopping.

On the basis of the above and in terms of the Retail Sequential Test and impact on Dunoon Town Centre and other retail outlets, the proposal is considered to be contrary to Policy LP RET 1 of the Argyll and Bute Local Plan (August 2009).

D. Natural Environment and Biodiversity

The applicant's submitted Ecology Report identified otter activity with regular sprainting along the watercourses within the site, several bat species recorded locally, twenty three species of birds breeding and foraging within the riparian and woodland habitats and water vole recorded locally although field surveys identified no suitable habitat and no presence within the site or adjacent areas. Mitigation measures are proposed to avoid or minimise impacts on otter, breeding birds and the ecological receptors identified.

Both SNH and the Local Biodiversity Officer find the proposals acceptable in principle provided the mitigation measures can be fully implemented.

On the basis of general acceptance and the imposition of necessary safeguarding planning conditions, the proposal could be considered to be consistent with Policy STRAT DC7 of the Argyll and Bute Structure Plan 2002, and policies LP ENV 2 and ENV 6 of the Argyll and Bute Local Plan (August 2009).

E. Impact on Woodland / Landscape Character

There is currently a belt of deciduous trees along the western bank of the Milton Burn that help screen the field to the west, but these are to be removed. An area of mixed deciduous trees to the rear (west) of the proposed foodstore comprises a key landscape feature in the current proposals to develop the entire PDA 2/5 for residential purposes (under application ref. 07/01903/DET). This central woodland feature is anticipated to provide the centrepiece for this development providing commensurate active/ passive open space and recreational areas with a network of paths improving the site for pedestrians. The presence of a large commercial building at the edge of this woodland would not only compromise the habitat of the central woodland but would provide it with a hard urban edge that might not be capable of producing the quality central landscaped/woodland feature expected to be delivered as part of the housing development for the entire site.

While the proposed development, due to its scale and location, would urbanise the site to the detriment of existing habitats along the Milton Burn and central woodland feature and also compromise the layout of an acceptable housing layout for the remainder of PDA 2/5, these issues could be mitigated during consideration of any detailed submission for the supermarket or for the remainder of the housing within the PDA.

Accordingly, the proposed development is not considered to be contrary to Policies LP ENV 1, ENV 7 and ENV 19 of the Argyll and Bute Local Plan (August 2009).

F. Affordable Housing and Revised Housing Layout on PDA 2/5

The current application for a residential development (ref. 07/01903/DET) by Kier Homes requires a 25% affordability provision which in terms of the proposed 74 units represents 19 affordable units. The current proposal if built to the masterplan layout proposed by the applicant would result in the loss of 32 units to the front (east) of the site and deliver only 11 affordable homes (i.e. a net loss of 9 units). The 25% affordability applies to the entire PDA 2/5 and the loss of 9 affordable homes from the currently proposed 74 unit scheme (being considered under current application ref. 07/01903/DET) would require to be compensated for: that could include off-site provision or commuted payments. The applicant has not addressed the shortfall of affordable units.

The overall loss of affordable housing on the site and lack of a chosen mechanism to address the reduction of affordable units is considered to be contrary to the provisions of Policy LP HOU 2 of the Argyll and Bute Local Plan (August 2009).

G. Archaeological Matters

West of Scotland Archaeology Service (WoSAS) comments that the site lies within an area of some archaeological sensitivity based on the presence of recorded sites and finds from various periods in the surrounding landscape. It is recommended that an initial assessment followed by archaeological field evaluation be carried out. Alternatively, in terms of PAN42, a suspensive condition is suggested.

Whilst no information has been submitted at this stage, the applicant confirms a preference to accept a suspensive condition to address any potential archaeological concerns.

It is considered that the imposition of such a condition would allow the applicant/developer the ability to deal with such matters once planning permission has been secured and accordingly consistent with the provisions of Policy ENV 17 of the Argyll and Bute Local Plan (August 2009).

H. Road Network, Parking and Associated Transport Matters

A Transport Assessment has been prepared and discussed with Roads. The Transport Assessment confirms that the local road network will continue to operate within capacity with the addition of traffic associated with the proposed development.

Policy LP TRAN 2 of the Argyll and Bute Local Plan requires development of this scale to take account of public transport accessibility as well as providing suitable routes for pedestrians and cyclists. The applicant has addressed this issue and the following would be provided:

Measures to improve accessibility:

- A 2 metre wide footway along the southern side of the supermarket access road;
- A replacement footway along Argyll Street frontage;
- Provision of 4 cycle parking stands providing spaces for up to 8 cycles;
- Retention and relocation of two bus stops on Argyll Street (locations to be agreed);

Measures that may form part of the eventual Travel Plan:

- Implementation of car share strategies;
- Provision of Travel Information Centre within the development relating to promotion of travel modes other than by private car;
- Negotiations with local suppliers to obtain discounts for outdoor clothing, cycle equipment and travel passes;
- Provision of secure cycle parking, shower and changing facilities;
- Provision of cycle and motorcycle training courses;
- Negotiations with bus operators to improve services and facilities; and
- A Travel Plan incentive pack and personal attack alarm to encourage employees to walk, cycle or use public transport on a regular basis.

Roads have no objections in principle to the proposed scheme subject to conditions outlined below. It is also noted that the access road will require to be adopted; this will require the road including the footways to be constructed as per the Council's Development Guidelines and would be subject to a Road Construction Consent; Road Bond and Road Opening Permit. Roads also note that a puffin crossing (precise location to be agreed) should be installed on Argyll Street, this will require a Section 75 Agreement and consultation with Argyll and Bute Council Roads Department is required as per precise location. A "hurry call" should be installed in to the pedestrian crossing for the nearby fire station.

- *The required sightlines of 2.4 x 42 metres are attainable in both directions on to Argyll Street;*
- *The required sightlines of 2.4 x 42 metres are attainable in both directions from car park, filling station and service access on to access road. All walls, hedges fences within the sightlines to be maintained at a height not greater than 1 metre above road level. Land within visibility splays will be included in the adoption boundary. Nothing else should be placed within these visibility splays, i.e. signs etc.;*

- *Dropped kerbs will be required at all junctions including the main access to allow safe passage of pedestrian traffic;*
- *The gradient of the access road not to exceed 5% for the first 5m and 8% for the remainder. Access to superstore parking area not to exceed a gradient of 5% for the 1st 5 metres and 8% for the remainder, and a system of surface water drainage will be required to prevent water running on to the public road (new site access road). Petrol station access as above. Service access as per car park access – if gates are to be used they must not open out on to the public road, must be set back far enough for an articulated lorry to sit while not obstructing the public road;*
- *Parking requirements – 1.0 spaces per 25m² – for 3995m² requires minimum of 160 parking spaces, maximum number of 285 – with a 4% designated for disabled users for this development;*
- *Parking bays to be a minimum of 2.5 x 5 metres for aisle width of 6 metres;*
- *A bus stop on the access road is required outside the supermarket; this should be designed as a bus “pull in” to avoid obstructing sightlines. An area suitable for turning a bus should be provided on the new access road. Developer to contact councils public transport department regarding additional mileage payments for 1st year, should routes require to be changed to accommodate, a legal agreement will be required to achieve this. Bus stops/pull ins should include high kerbs, design to be agreed with Council roads dept;*
- *The developer should appoint a travel plan co-ordinator. Once the store has been open for a period of 6-7 months an updated model should be shown to the council, highlighting any necessary changes/issues.*
- *No lights for supermarket signage should shine directly towards pedestrians or motorists.*
- *The access to be constructed prior to other works starting on site.*

On the basis of general acceptance and the imposition of necessary planning conditions and potential Section 75 Agreement, the proposal is considered to be consistent with Policies LP TRAN 1, TRAN 2, TRAN 3, TRAN 4 and TRAN 6 of the Argyll and Bute Local Plan (August 2009).

I. Flooding and Surface Water Drainage

With regard to Policy LP SERV 8 which deals with flooding and land erosion, SEPA advise that the site lies partially within the fluvial elements of the indicative limits of flooding shown on the Indicative River and Coastal Flood Map (Scotland) for floods with a 1 in 200 year return period (i.e. a flood with a 0.5% chance of occurring in any single year).

A Site Flooding/Sustainable Drainage Overview Study in conjunction with a Flood Risk Assessment in accordance with Policies LP SERV 2 and LP SERV 3 considered flood risk from the Milton Burn, from three un-named tributary watercourses and from surface water run-off generated from outwith the site. The areas proposed for the superstore and petrol filling station are outwith the predicted functional floodplain. However, a number of minor drainage issues can be addressed satisfactorily during the detailed design stage. The eventual bridge design can also be modelled to avoid flood risk to others.

Following amendments and further clarification, this is considered acceptable to SEPA and the Council’s Flood Alleviation Manager subject to conditions regarding successful implementation of ‘Summary and Conclusions’ in the Flood Risk Assessment, allowances are made for freeboard and volumes of surface water discharge to Milton Burn are agreed with the Flooding Authority.

In terms of Policies LP SERV 2, SERV 3 and SERV 8 of the Argyll and Bute Local Plan (August 2009), the indicative flood risk/surface water drainage strategy is considered to be acceptable at this stage and could be addressed by planning conditions.

J. Waste Management

Waste collection from the site is to be made from a dedicated screened bin area located within the service yard, of a size appropriate to the foodstore. The service yard has an indicative layout that would be capable to facilitate the pick-up of waste material by refuse collection vehicles, which will have access to the yard at scheduled times.

In terms of Policy LP SERV 5 of the Argyll and Bute Local Plan (August 2009), the indicative strategy is considered to be acceptable at this stage and could be addressed by planning condition.

K. Public Water Supply

Scottish Water has confirmed that they would have no objections in principle and Loch Eck Water Treatment Works currently has capacity but comment that the scale of the development will require the applicant to submit a Development Impact Assessment Form. The applicant is also advised of impact on existing apparatus and service.

In terms of Policy LP SERV 4 of the Argyll and Bute Local Plan (August 2009), the indicative public water supply strategy is considered to be acceptable at this stage and could be addressed by planning condition.

L. Foul Water Arrangements

Scottish Water has confirmed that they would have no objections in principle but Alexandra Parade Outfall currently has limited capacity to serve the new demand. Due to the scale of the development, the applicant will require the applicant to submit a Development Impact Assessment Form. The applicant is also advised of impact on existing apparatus and service.

In terms of Policy LP SERV 1 of the Argyll and Bute Local Plan (August 2009), the in principle agreement to connect to the public sewer system is considered to be acceptable at this stage and could be addressed by planning condition.

M. Contamination

Due to the existing industrial and commercial uses on the site, Public Protection recommend conditions in respect of contaminated land.

In terms of Policy LP SERV 7 of the Argyll and Bute Local Plan (August 2009), it is considered that suspensive planning conditions could address the contaminated land issues raised.

N. Noise, Dust, Lighting and Operational Hours

In terms of potential impact on surrounding land uses, Public Protection recommend conditions in respect of minimising noise from the development, minimising the effect of noise and dust from construction, details of control of lighting and operational hours to reduce night-time noise in the area.

In terms of Policy LP BAD 1 of the Argyll and Bute Local Plan (August 2009), it is considered that suspensive planning conditions could address the environmental concerns raised.