

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.

SUPPLEMENTARY REPORT No. 7

1.0 SUMMARY

This application was considered by the PPSL Committee at a Hearing in the Queen's Hall Dunoon on 8 April 2011 when Members resolved to continue consideration of the application. The application was considered by the PPSL Committee on 18th May 2011 but continued until the application for the erection of a retail store at the former Gasworks Site at Argyll / Hamilton Street, Dunoon (ref. 11/00689/PPP) could be reported. Both applications were considered at the PPSL Committee on 21st September 2011 where it was recommended that both applications be continued with the National Grid scheme to be determined at a Hearing on 9th November 2011 and the CWP scheme determined thereafter.

This Supplementary No 7 should be read in conjunction with other supplementary reports.

The purpose of this supplementary report is to confirm the receipt of further correspondence which has arisen since the previous supplementary was prepared and to confirm the submission of a planning application by Morrisons for an extension to their foodstore which could have significant implications for the proposal. A comparative summary of both proposals has also been afforded.

For the avoidance of doubt, Officer's consider the new information submitted by Morrison's is material and should be given cognisance however it is not of such importance to postpone the determination of this application.

2.0 FURTHER REPRESENTATION

An e-mail dated 26th October 2011 has been received from the applicant's agent providing a comparison of the CWP scheme and retail assessment against the National Grid scheme for clarity.

In summary the agent comments that:

- *population, expenditure and total available expenditure are the same for both schemes;*
- *the turnover of existing floorspace is different in that CWP adopted different data from the National Grid and arrived at slightly different conclusions but not considered to be significant;*
- *Leaked expenditure figures were also derived from different sources but arrived at a broadly similar leakage figure;*
- *Both assessments consider the turnover of comparison floorspace to be the same;*
- *Assuming the same data sources and assumptions to the point of trade diversion / clawback the following estimates of impact can be observed and compared*

National Grid – convenience impact 20.5%, comparison impact 2.8%, total impact on town centre = 9.5%

CWP – convenience impact 15.2%, comparison impact 3.2%, total impact on town centre = 7.9%

The agent considers that “Dunoon suffers from leakage to Inverclyde and beyond where Dunoon and Cowal shoppers seek a better level of provision currently on offer in Dunoon. The main beneficiaries of this leakage are the large stores in Inverclyde. These are full offer foodstores with large convenience and comparison ranges, ample car parking and petrol filling stations and cafes. As previously noted, we identified this leaked expenditure as our key market and to provide a better foodstore offer in Dunoon and Cowal. Clearly it was not appropriate to propose a 100,000sq.ft Tesco Extra in the town but are of the opinion that the town needs to have the largest store possible whilst being sympathetic to the town centre. We consider we have offered a proposal that strikes that balance. We have estimated some £11M of local convenience expenditure and £23M of comparison expenditure is spent outwith the catchment and outwith Argyll and Bute. National Grid agrees with those estimates.

In order to successfully clawback the highest proportion of leaked expenditure possible it is our clear opinion that the foodstore offer has to be significantly better than that currently on offer in the catchment. This in our view requires a medium sized store, with ample car parking, cafe, petrol filling station and a good comparison floorspace. It is our view that only with those components can any confidence be expressed about the clawback of leakage. This, in our opinion, is the key difference between our proposal and the NG proposal. The NG proposal is compromised and does not provide the same level of foodstore offer and hence why we discounted the site. Its ability to be attractive and successfully clawback as much leaked expenditure as possible is compromised. It is for this reason that we have estimated a higher clawback of expenditure to NG (and to be fair why they have assessed a lower level of clawback than us) and consider this to be a logical and robust assumption. Regardless of the exact clawback figure estimated it is surely understood that the quality of the retail foodstore offer (size of convenience, size of comparison, in-house cafe, pfs, ample car parking) has a direct relationship to the stores ability to successfully clawback leakage”.

Comment – This comparison note has been forwarded to the National Grid for their interpretation of the comparison but this aspect of the retail's impact assessment will undoubtedly form one of the key areas of discussion between National Grid and CWP at the Hearing.

3.0 OTHER MATERIAL CONSIDERATIONS

An application has just been submitted by Wm Morrison Supermarkets Plc (ref. 11/02015/PP) Morrisons for the erection of an extension to the existing food store, altering the main access and extending the existing car park by the demolition of an industrial/storage building on George Street. The proposed side extension onto the eastern gable of the foodstore will result in an increase of 782 sqm i.e. a 38% increase (net floorspace as well from 914 sqm to 1514 sqm). The increase in the store will also result in a larger car park with an additional 32 spaces taking it from 125 spaces to 157.

As it is in a town centre location, there is a general presumption in favour of retail development, and as the proposed extension is less than 1000 square metres there is no requirement for a Retail Impact Assessment as such.

Comment: A Retail Statement has been submitted in support of this scheme and while this application is yet to be determined, the following concluding statements are made that a pertinent to the proposed foodstore by CWP.

- We are aware of two other development proposals for retail development in the Dunoon area; namely the application by CWP application (10/00222/PPP) and the National Grid application at the former Gas Works site on Victoria Road (11/00689/PPP). With regards to the former, this site is not identified as a retail location. In relation to the latter site, the Argyll and Bute Council Main Issues Report (MIR) suggests that this site is suitable for redevelopment. The MIR indicates that this site should be identified as a redevelopment opportunity but not specifically for retail. The site is identified within an edge of centre location in the adopted local plan.*
- In reviewing both of the supporting retail impact assessments, it is noted that each proposal also relies heavily upon an assumption that the Morrisons is overtrading in order to justify trade diversion and turnover. In addition, both proposals will cause trade diversion and retail impact on the town centre. Whilst the impact on individual stores is less of a consideration compared to the overall impact on the town centre in overall terms, an inevitable consequence of retail development outwith the main town centre is a degree of retail impact.*
- The proposed extension of the Morrisons store represents part of a long term programme of improvement and investment in Dunoon by Morrisons. This investment programme was highlighted in representations submitted (26 July 2010) to application reference 10/00222/PPP. The proposed extension will provide an improved retail offer including a range of qualitative improvements – as discussed above.*
- Finally, the additional retail floorspace within the new enlarged Morrisons will result in a reduction in any available expenditure within the Dunoon catchment due to a higher turnover of the store – and therefore also a higher level of town centre turnover in overall terms. This will also render any assumptions in relation to over trading at the store obsolete and will not be applicable in the justification for out of town centre retail proposals under consideration at this time. The effect of this is that less expenditure available will lead to higher levels of impact from out of town centre retail proposals.*

Comment: While this application has just recently been submitted, Members should be aware of the Retail Statement submitted by Morrisons and the implications for

reduced available expenditure and current assessments based on potential overtrading.

Currently the National Grid and CWP retail statements indicate the turnover of existing convenience floorspace to be between £21,472,989 and £22,551,965, which would give a residual convenience expenditure of between £10,560,636 and £9,481,659.

As the Morrison's store and its proposed extension is within the Town Centre identified in the Adopted Local Plan, in retail policy terms there are no objections to this proposal. This presumption in favour should be taken into consideration when calculating capacity to accommodate an edge of town centre application such as the former gas works site, and then an out of town centre location such as the Walkers site.

The proposals, if approved, would result in an additional 600 square meters of retail floorspace, and as Morrisons have not indicated what the actual turnover of their Dunoon store is, we will have to assume that for purposes calculating capacity that they are trading at their average turnover levels. These average turnover levels are detailed in table 9 of the Retail Impact Assessment for application 10/00222/PP. This indicates that Morrisons have an average convenience turnover of £ 11,814 per square metre and comparison of £ 8,801 per square metre.

The extended Morrisons store would reduce the residual convenience expenditure of between £10,560,636 and £9,481,659 to between £9,134,003 and £8,212,507. This level of expenditure would represent an additional floor space of between 763 and 686 square metres using the average turnover of the top four foodstore operators.

Ultimately our calculations indicate there is still an element of leakage even if the Morrison's extension was approved and therefore it's pragmatic to progress towards determination for a new store. Both retail consultants have been made aware of this issue but consider the impact is negligible given over estimations in terms of floorspace, fact there is still leaked expenditure even if approved and extended store is still likely not to compete with new modern superstore.

4.0 COMPARATIVE SUMMARY

It is appreciated that there is a high degree of technical information spanning a number of months presented before Members. To this extent and to assist deliberations and referencing, a comparative summary has been provided below. We would stress this must still be considered in conjunction all the previous reports relating to application 10/00222/PPP (CWP) and 11/00689/PPP (National Grid).

- **Total Available Expenditure in Dunoon** – £33.9M for convenience and £48M for comparison;
- **Leaked expenditure** – CWP consider this to be £11.1M compared the NG = estimation that the figure is £10.4M. The difference can be largely attributed to the assumption by NG that the Co-op is trading at a higher level.

There are a number of other assumptions made by both NG and CWP which relate to turnover and whilst these differ it must be noted that, realistically, both proposals

are after the same store so regardless of the estimates in either retail impact assessment, at the end of the day all the factors will be determined by the actual operator and will be the same for any proposal.

	National Grid	CWP	Commentary
Location / Designation	Vacant Site - Edge of Town Centre & Area For Action	Part operational garden centre, part Greenfield which is a PDA for Housing.	CWP site is located outside Town Centre and Edge of Town Centre locations.
Gross Floor Area	3,200 m sq (34.4k sq ft)	3,716 m sq (40k sq ft)	CWP is larger by approx 500sq m
Sales Floor Area	2,000 m sq (21.5k sq ft)	2,228 m sq (24k sq ft)	CWP is larger by approx 300sq m
Convenience Sales	1,448 m sq (15.6k sq ft)	1,448 m sq (15.6k sq ft)	Identical everyday purchase floorspace
Comparison Sales	552 m sq (5.9k sq ft)	780 m sq (8.4k sq ft)	CWP is larger by approx 230sq m
Estimated Clawback of Leaked Convenience Expenditure	50%	60%	The CWP application assumes more clawback of leaked expenditure given the larger store/better offer. NG contest CWP's assumptions and consider a store of 3,716 m sq and offering same convenience floorspace as theirs cannot clawback 60% from the likes of Tesco Extra in Greenock which has much larger range of goods.
Convenience impact on Town Centre (inc Morrisons)	20.5%	19%	The marginal difference is based on the above difference in estimated clawback. Both stores principal impact in Town Centre convenience is on Morrison's
Comparison Impact on Town Centre	2.8%	3.2%	The marginal difference is based on the difference in estimated clawback and comparison floorspace which is higher for CWP. Noted that Local traders have not submitted a formal representation to NG application. They objected to CWP proposal.
Overall Impact on Town Centre	9.5%	7.9%	Overall the impacts are relatively similar with the biggest impacts on Morrison's. Different clawback assumptions are made due to difference in comparison floorspace.

Car Parking	125 spaces	238 spaces	Both figures are within thresholds identified in Appendix C of Local Plan
Planning Gain	Not less than £100,000 (TBC)	£276,000 for Town Centre Improvements + contribution for loss of 9 affordable units (TBC)	<p>In principle, NG have confirmed they shall provide planning gain for Town Centre, however, their organisation cannot confirm amount until an appropriate board meeting is convened.</p> <p>CWP have tabled a generous offer of no less than £276,000.</p> <p>A lower figure has been apportioned to NG site due to opportunity for link trips and physical proximity to town centre.</p>

This table hopefully allows consideration of the two proposals on a level playing field and highlights the key differences in assumptions as the opinions on the clawback of leaked expenditure.

In retail assessment terms the principle difference is the larger size of the CWP proposal in comparison terms which has led them to assume they can clawback more leakage from the larger stores in Inverclyde which offer foodstores with large convenience and comparison ranges, ample car parking and petrol filling stations and cafes. The CWP proposal also aim's to relocate / expand the existing Walkers Garden Centre (although application not submitted), provide a petrol filling station and considers the proposal will lay infrastructure to enable housing development in the vicinity. Their £276,000 offer + offsetting of affordable housing as part of a planning gain contribution is also considered to be generous.

Both proposals are commendable in that they both address leakage and lost expenditure the Bute and Cowal.

Notwithstanding this, the opening rows of the table above reiterate to Members the current designations of National Grid site as a vacant brownfield Area for Action within the identified 'Edge of Town Centre' which in planning terms is sequentially preferable.

Officer's retain the position that approval of the National Grid application would promote the use of a prominent vacant 'brownfield' site within a sequentially preferable site within an edge of centre location. Whilst the expected impact of trade diversion from town centre convenience and comparison outlets is estimated to be of the order of 9.5%, this would be offset by its edge of centre location within walking distance of the town centre and potential to create more linked trips. This and a developer contribution to fund improvements in Dunoon Town Centre (no less than £100,000) would mitigate against perceived impact on the existing town centre.

5.0 RECOMMENDATION

It is recommended that Members note the content of this supplementary report and planning permission be refused as per reasons 1, 3, and 4 of the original report and with reason 2 amended in Supplementary Note 6. Appendix A below contains an updated list of the reasons for refusal for clarity.

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8th November 2011

APPENDIX A

REASONS FOR REFUSAL RELATIVE TO APPLICATION REF. NO. 10/00222/PPP

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. 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).