Out of Town Retail Development - Liberty Mercian Proposal, 08/15788/OUT

ENCLOSURE 2   Analysis of the need for Out of Town Retail Development

1. At paragraph 7.3 the LM report acknowledges the weakness of the methodology of current need assessments, but nevertheless uses the same approach adopted by Nathaniel Lichfield and Partners (NL) in The Oswestry Retail Study (March 2007) (para 7.4). Our review and analysis of this NL report concluded that it had critical weaknesses, and that the need for another supermarket had not been demonstrated.

2. We have analysed the LM Need Assessment in a similar way. Using the LM figures, with amendments to some of the assumptions (as explained in our analysis of the NL report), the conclusion again is that **the need for another supermarket has not been demonstrated**.

3. Appendix A.1 (attached to these comments), sets out a comparative analysis, for convenience shopping only, of CPRE's revisions to the LM figures, of the LM figures themselves, and also of the earlier sets of revised and original NL figures (contained in appendices A.conv1 and C.NLconv1 of the CPRE review and analysis of the NL report).

4. We have not yet been able to carry out a similar detailed analysis for comparison shopping, partly because of the difficulty of obtaining copies of Appendix 2 (Household Survey) to this LM Retail Assessment. Although this document should now be freely available to the public, we understand that public access was restricted, and it was not made available on the Special Interest, OBC website.

5. LM's report does not actually present a figure for the current (2008), need for convenience floorspace. Their Table 6A shows the figure of £15.24m (with the different figure of £12.89m immediately below), described as "Convenience Goods Capacity". They do not go on to show the conversion of this to actual floorspace needs in the same way that NL did. Our Appendix A.1 shows that, had they done so, using their figure of £12,204 per sq m (LM para 7.26) for assumption 14 (see our review and analysis of the NL report for detail of assumptions), they would have concluded that the need now in 2008 for convenience floorspace is far less than NL's assessment as at 2006 (i.e. 1,249 sq m, only 70% of NL's figure of 1,780 sq m).

6. LM's own figures show the need now for convenience floorspace to be only 1,249 sq m. The current application is for 2,200 sq m of convenience floorspace. **The application should be rejected on these grounds alone.**

7. Appendix A.1 shows that, if NL's figures of 80% and 65% for assumptions 14 and 15 respectively are applied, LM's projected supermarket gross floorspace requirement would be 2,401 sq m. If LM's own figures of 66.7% and 60% for assumptions 14 and 15 respectively (see LM para 7.27) are used, the projected supermarket gross floorspace requirement would be 3,122 sq m. The current application is for 5,574 sq m of gross floorspace, well in excess of both these figures. **The application should be rejected on these grounds alone.**

8. NL's figures were predicated on no less than 27 assumptions and estimates, most of them somewhat open to question. LM have followed this NL methodology, albeit using a different information agency (MapInfo) for population and expenditure per head figures, and commissioning a new NEMS household shopping survey. In order to attempt to demonstrate the need for a huge superstore by 2013, LM have introduced a **28th and 29th assumption**, which are actually sets of assumptions about market shares and "trade diversion". These are explained in LM's para 7.15 and Tables 7A to 7C.

9. Using LM's own stated growth factors for population and expenditure per capita, the 2008 forecast expenditure figure of £58.13m would be expected to increase to £63.09m. LM have taken the constituent parts of these figures and adjusted them on some basis, not set out in detail, to arrive at the figures in the second column of their Table 7A. As noted in their para 9.10, this details their "estimate of the likely turnover of relevant stores in 2013 assuming a constant market share – albeit adjusted to reflect the likelihood that the household survey underestimates the current turnover of stores such as Iceland and Simply Food (M&S). The market share has also been adjusted to reflect the consented food stores at Ellesmere and Welshpool". These adjusted store turnover figures from Table 7A are identified on Appendix A.1 as assumption 28.

10. In order to arrive at the figure of £73.74m in Table 3C, LM have assumed that a further £13.89m of convenience spending will be attracted to the Oswestry shops. This is identified as assumption 29 on Appendix A.1. The effect of this assumption on each zone is also shown to some extent in LM's Table 3C, headed "Genuinely Available Convenience Goods Expenditure". For instance, the expenditure in Oswestry from Zone 2 is assumed by LM to more than double between 2008 and 2013.

11. There is no justification for the introduction of this assumption 29 figure of £13.89m, other than as a function of the proposed new supermarket. **It does not demonstrate that there will be further need for additional supermarket floorspace by 2013**.

12. Our own re-analysis of the figures, as shown on Appendix A.1, carries the same justifications as itemised in our review and analysis of the NL report, and **demonstrates that there is in fact no proven need for any major new supermarket**.

13. In the course of our analysis of the data underpinning the LM report, it was evident that aspects other than those mentioned above were also open to question, including some oddities in the NEMS Household Shopping Survey. For example, Zone 7 (round Baschurch, i.e. nearest to Shrewsbury) represents only 6.1% of the population of the study area, but is represented by 7.8% of the NEMS survey numbers. As most of the (misnamed) "leakage" to Shrewsbury comes from this zone, that "leakage" could have been overestimated by 25% - 30% (i.e. 7.8% ÷ 6.1%). The NEMS survey may therefore be a statistically biased sample. And why, for example, should someone in Zone 1, near Wrexham, do their top-up shopping at Somerfield(?), Boraston, near Ludlow. Did NEMS mean Somerfield, Johnstown? This store appears to be no 22 on the LM map at their Appendix 3 (but is numbered on their index as Somerfield, Welshpool). These examples do cast some doubt on the accuracy and reliability of the sample.

14. As noted above, the term "leakage" is a misrepresentation of the true position. The term "overtrading" and the phrase "Genuinely Available Convenience Goods Expenditure" are also distortions of reality.

In conclusion: - The Liberty Mercian figures, if examined in detail, fail to prove the need for further convenience or comparison retail stores.