



Date: 10th March 2016

Planning Contributions Manager

Newport City Council
Civic Centre
Godfrey Road
Newport
NP20 4UR

Dear Sirs,

**REPRESENTATIONS ON BEHALF OF SAINSBURY’S SUPERMARKETS LTD (SSL)
NEWPORT COMMUNITY INFRASTRUCTURE LEVY (CIL) – DRAFT CHARGING SCHEDULE**

Introduction

Further to initial representations made in August 2015 on behalf of our clients Sainsbury’s Supermarkets Ltd (SSL) regarding the Newport Preliminary Draft CIL Charging Schedule (PDCS), please find outlined below representations made in regard to the current consultation on the Draft CIL Charging Schedule (DCS). The following variations in the proposed retail CIL charges are as follows:

Category	PDCS	DCS
All retail A1-A3	£100 sqm	n/a
All retail A1-A3 (excluding food supermarkets)	n/a	£50 sqm
Food supermarkets A1 (less than 3000 sqm)	n/a	£100 sqm
Food supermarkets A1 (3000 sqm or more)	n/a	£150 sqm

It is unfortunate that Newport Council are failing to recognise the further impact that a retail CIL charge will have on retail development in the authority area. The existing difficulty in attracting retail investment has been recently acknowledged by the Council’s own Planning Policy team in a letter responding to current proposals for retail development at Cribb’s Causeway in Bristol. The Council comments on the potential impact on the recently opened Friars Walk shopping scheme and advises that; ‘*There is a difficult future for the scheme in terms of attracting retail investors and maintaining them against strong competition from its more established and closest main retail mall competitors at Cwmbran Shopping and St Davids 2 for example*’¹. Adding a further disincentive to retail development in the form of a CIL charge will exacerbate the problem. This point is further emphasised by the CIL Viability Assessment (Oct 2015) in regard to supermarkets confirming that; ‘*We would recommend some caution in respect of large scale food retail rates. Whilst the study has made a reasoned assessment of land values, transactional evidence is low due to lack of activity in the sector. As specific retail projects emerge it is likely that landowners will expect significant premiums in order to release sites, which may reduce viability levels significantly and this should be taken into consideration in rate setting*’ (paragraph 5.8). We urge the Council to seriously consider these representations and those previously made to ensure the attractiveness of the authority is not further hindered in regard to retail development.

¹ Representations made to South Gloucestershire Council on planning application PT/14/4894/O (The Mall, Cribbs Causeway) 15 Jan 2016
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Definitions

No definition is provided to identify stores that constitute 'food supermarkets' in the proposed charging schedule. It is not considered reasonable that a typical "Sainsbury's Local" convenience store (and other similar convenience stores such as Spar, Co-op and Tesco Express) be deemed to constitute a 'food supermarket'. We consider that the distinction between a convenience store and supermarket should be made clear. It is suggested that convenience stores should be included within the 'all retail A1-A3' definition (notwithstanding our concern regarding the absence of evidence to group these different uses together, as set out below) as outlined below (suggested new text in bold).

All retail A1-A3 (including convenience stores and excluding food supermarkets)	£50 sqm
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The charging schedule wording should ensure the difference between convenience stores and food supermarkets is clear. Convenience stores can be identified by the following attributes:

- A convenience store will not be subject to restricted hours of operation under the Sunday Trading Act (less than 280 sqm net sales);
- They form locations where 'top-up' shopping is generally undertaken, not weekly shops;
- The majority of customers will usually access the store on foot, there will be limited/no dedicated car parking, and deliveries are often undertaken on street rather than via a dedicated servicing area.

Importantly in regard to the NCS Viability Assessment (Oct 2015), the differentiation between 'convenience store' (i.e. 300 sqm) and 'supermarket' (i.e. 1,000 sqm and above) forms a key assumption set out in the commercial section of the viability modelling appraisal².

Viability Evidence

Grouping A1-A3

Within our previous representations it was noted that the grouping of A1, A2 and A3 uses as 'general retail' failed to appreciate the trading differences and viability differences of these distinct uses and importantly failed to examine these uses individually in the evidence base. In the Report of Consultation for the PDCS, Newport Council noted that WYG provided no evidence to justify a differential scale threshold. It is important to note that the onus is on the Council to substantiate their proposed charging schedule through their viability evidence, not for representors. This is supported by Part 3 Section 14 (1) of the CIL Regulations 2010 which states that: *"In setting rates (including differential rates) in a charging schedule, a charging authority must aim to strike what appears to the charging authority to be an appropriate balance between – (a) the desirability of funding from CIL (in whole or in part) and the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and b) the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area."* [WYG Emphasis added]. It is clear this has not been achieved in the further viability work undertaken since the previous consultation and therefore our earlier objection still stands.

In short, no viability evidence exists for A2 or A3 uses as the viability evidence, such that it is, relies on food retail and general retail, not professional and financial operations (Class A2) or food and drink uses (Class A3).

Furthermore, the Council have done nothing to address our criticism of it regarding its failure to strike an appropriate balance

² Newport CIL Commercial CIL Retail Scale Appraisals October 2015
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between CIL funding from retail development and the cost of infrastructure. This is because it remains the case that the Council have taken no account of CIL funding from retail to fund infrastructure development. Needlessly attributing a CIL charge to retail development with no assessment of the likely benefit of doing so clearly fails the requirements of Part 3 Section 14 (1) of the CIL Regulations 2010 and is not supported by an appropriate viability assessment.

Threshold

In addition to those comments set out above in regard to the viability appraisal, Newport have provided no evidence to examine the impact of the CIL charge on small scale extensions and ancillary retail floorspace such as Click and Collect facilities or on-line deliveries pods (above 100 sqm). This gap remains a significant concern for the future prosperity of the existing supermarket and convenience store provision within the authority to compete with neighbouring areas and keep up with modern customer requirements.

We have previously made this point in representation to the PDCS. In the Report of Consultation for the PDCS, Newport Council once again noted that WYG provided no evidence to justify a differential scale threshold. Once again, we point out that the onus is on the Council to substantiate their proposed charging schedule through their viability evidence, not for representors. All relevant scenarios must be appropriately reviewed and potential for the implementation of a threshold reasonably considered before the adoption of any charging schedule. Currently, there is an absence of evidence to support the adoption of a blanket charge on all A1 (to A3) developments.

In the Report of Consultation for the PDCS, Newport Council also note that "It is considered that extensions would be viable which would then increase business capacity and building value but cost no more in terms of land acquisition." This fails to recognise that some forms of extension may not increase business capacity at all. For example, provision of a 'back of house' extension to facilitate home delivery loading would not add to business capacity as the loading process may already take place at another store or in the main service yard of the store in question. If such development would incur a CIL charge yet not increase business capacity, it is difficult to see how it could be held to be viable. It appears the Council have an incomplete understanding of the implications of its DCS and consequently has not been able to strike the appropriate balance, as required by the Regulations.

Methodology

In addition to the above, we question the estimated construction costs per sqm which assumes the same rate across all groups including convenience stores, large supermarkets and superstores (£885 per sqm).

Conclusions

We hope that Newport Council ensure appropriate consideration to the implications that such a charge will have on retailing activity in their authority and welcome responses to address our comments.

Thank you for your consideration,

Yours faithfully

Louise Darch
Town Planner

For and on behalf of
WYG Environment Planning Transport Ltd
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cc David Lazenby – Sainsburys Supermarkets Ltd
Caroline Huett – Sainsburys Supermarkets Ltd

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