

Plan:MK

Representations to Examination in Public –
Matter 6: Central MK, Retail and Leisure
Written Statement

June 2018

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Client
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1. Introduction

- 1.1 These representations form our written statement on behalf of Hermes CMK GP Limited (our “Client”) to provide responses to the Inspector’s Matters, Issue and Options in relation to Matter 6: Central MK, Retail and Leisure.
- 1.2 This written statement seeks to respond to questions 6.1, 6.2, 6.3, 6.4, 6.6, 6.7, 6.8, 6.9, 6.10 and 6.11 of Matter 6.
- 1.3 Our representations continue to rely on those submitted to previous consultations of Plan:MK, including the Preferred Options and Proposed Submission stages. In addition, we also rely on assessments submitted in support of those representations, including
 - Review of Milton Keynes Retail Capacity and Leisure Study, December 2017, prepared by Turley; and
 - Proposed Submission Version of Plan:MK, December 2017, prepared by CBRE.
- 1.4 The aforementioned reports are appended to this written statement for convenience.
- 1.5 This written statement will focus on the following:
 - a. Which part of Plan:MK is unsound;
 - b. Which of the soundness criteria it fails to meet;
 - c. Why it fails
 - d. How Plan:MK can be made sound; and
 - e. The precise modifications or amendment to wording we are seeking.
- 1.6 Our consideration of soundness is based on the criteria set out in paragraph 182 of the National Planning Policy Framework, 2012. To surmise, this is that Plan:MK is:
 - f. Positively prepared;
 - g. Justified;
 - h. Effective; and
 - i. Consistent with national policy.
- 1.7 We intend to explore the potential for a Statement of Common Ground on the matters raised with Officers of Milton Keynes Council.

2. Matters, Issues and Questions

Plan:MK Proposed Submission version – Matter 6

Q6.1 Does Plan:MK set out a positively prepared strategy for viable centres and the provision of shopping, which is justified, effective and in line with national policy?

- 2.1 We consider the timeline of the evidence base (in this instance the Milton Keynes Retail Capacity and Leisure Study, Final Report) supporting the Proposed Submission Plan:MK, October 2018 and especially previous consultation versions, especially the Preferred Options stage of Plan:MK to be inconsistent. For instance, at Preferred Options stage, a retail capacity figure of 124,000 sq m was advocated, with little or no background to support this figure. Against this backdrop, it is considered that Plan:MK was not based on adequate, up-to-date and relevant evidence for the area as required by paragraph 158 of the National Planning Policy Framework.
- 2.2 Notwithstanding this, the Primary Shopping Area designation continued the status quo i.e. the area bounded by Silbury and Avebury Boulevard, Saxon Gate and Marlborough Gate, where additional comparison retail floorspace will be concentrated, a position which we continue to support for the reasons given in our representations to the Preferred Options stage (8th June 2017).
- 2.3 The subsequent Retail and Leisure Capacity Study, prepared by Carter Jonas (5 October 2017) sought to address comments made at Preferred Options stage, principally around the level of capacity for Milton Keynes. This Study found a marked reduction in capacity for Milton Keynes and the Primary Shopping Area. In addition, and with little support evidence or justification, the Study expanded the PSA to include the Xscape site, which is currently considered edge of centre.
- 2.4 We therefore question the timing and evidence base for the change in allocation and continue to rely on our Review of Milton Keynes Retail Capacity and Leisure Study, December 2017, submitted with our representations to the Submission version of Plan:MK.
- 2.5 A final version of the Milton Keynes Retail and Leisure Study was issued in March 2018 seeking again to respond to concerns raised at Submission stage. However, the PSA extension is maintained, we set out our comments in further detail under Question 6.3 below.
- 2.6 As a general point we wish to outline the current state of the high street, and especially the difficulties experienced by some national high street retailers. The demise of Bhs and the current consolidation of House of Fraser are two cases in point. This adds to the uncertainty facing town centres, and in this case the regional shopping destination, which must be afforded the framework to adapt and change within clearly defined and reasonable parameters. The extension of the edge of centre allocation in the CMK Alliance Business Neighbourhood Plan and the currently proposed extension of the Primary Shopping Area do not in our view provide that certainty or nor does it accord with the thrust of national planning policy guidance for the town centre first approach.

- 2.7 Given the above, we consider that when assessed against the requirements of paragraph 182 of the National Planning Policy Framework (NPPF), Plan:MK is not considered to be positively prepared, as the various consultation stages of the plan were not prepared against an understanding of the retail capacity requirements of Milton Keynes.
- 2.8 We therefore contend that policies in question cannot reasonably be considered justified given the absence of real time evidence. Although not a consideration, we consider that representators to the various stages of Plan:MK may have been prejudiced by the absence of this evidence base.
- 2.9 Against this backdrop, we cannot consider the policies in question to be effective or indeed deliverable as we consider the extension of the PSA will prejudice and hinder the ability of existing sites and committed developments to come forward within the plan period.

Q6.2 Is the retail and leisure strategy (Policy DS4), as articulated through Policies SD2, SD3 and SD4 for CMK justified and effective? It is broadly consistent with the CMKAP? Has the evidence base for Plan:MK evolved since the CMKAP?

- 2.10 As set out in our response to Q6.1 above, it is considered that the evidence base has belatedly evolved since CMKAP, to provide a more realistic picture of the available capacity for Milton Keynes. The context of well documented high street shop closures, including Bhs and House of Fraser has been well documented, which further strengthens the need for existing centres to have a strong, certain and sound policy base from which to operate.
- 2.11 We rely on our 'Review of Milton Keynes Retail Capacity and Leisure Study 2017' in response to this question.
- 2.12 Additionally, we also refer to the 'Review of Primary Shopping Area Development Site, December 2017, prepared by CBRE for Matter 6.
- 2.13 We do not consider the strategy to be consistent with that in CMKAP, especially given that the PSA areas do not match. The CMKAP advocates a much larger capacity requirement in retail terms than the current Plan:MK. However, this is based on previous retail and leisure capacity studies that advocated a larger capacity requirement for Milton Keynes.
- 2.14 Notwithstanding this, given the significant reduction in retail capacity now advocated by Plan:MK, the existing PSA designation, as shown in the CMKAP should continue to stand, as there is no reasonable justification for its extension given the significant reduction in retail capacity.
- 2.15 For these reasons, we consider that Plan:MK is not positively prepared or justified.

Q6.3 Is the delineation of the CMK boundary and the broad zones within the CMK boundary (Figure 1 of Plan:MK) justified? In particular is the primary shopping area appropriately defined and is the inclusion of the Xscape complex and land bounded by Avebury Boulevard, Secklow Gate, Childs Way and Marlborough Street justified?

Would the expansion of the PSA dilute efforts to redevelop sites and develop remaining blocks within the primary area of the City centre given the latest evidence on the capacity for additional non-food retail floorspace?

Context

- 2.16 As Turley has previously provided a review of the Retail Study (Final Draft) submitted in support of the Proposed Submission version of Plan:MK, we do not provide detailed comments on the methodology and technical parameters used in the updated Retail Study. These issues have been covered comprehensively in our previous representations and have little bearing on the policy implications in the emerging Plan: MK.
- 2.17 However, we note that the Retail Study includes updated population and expenditure estimates, growth rates and an expanded list of commitments. The implications of these changes are discussed below.
- 2.18 Many of the observations made in this BN concerning the updated Retail Study and the policy implications on the emerging Plan: MK reiterate points made in our previous representations.

Retail Study - Revised Capacity Analysis

- 2.19 The updated population, expenditure and growth estimates used within the Retail Study result in an increase in available comparison goods expenditure across the Council area. After taking account of all known retail commitments, the study notes that there is no or limited capacity for new comparison goods floorspace in the Council area up to 2022 and 2027 (Paragraph 14.47).
- 2.20 By 2031, the Retail Study identifies the potential capacity for 33,490 sq. m. net of additional comparison goods floorspace. This has fallen from the 39,689 sq. m. net of floorspace identified in the Retail Study Final Draft (October 2017).
- 2.21 This 'baseline' scenario, with a forecast capacity of 33,490 sq. m. net, represents the maximum identified need for new comparison goods floorspace in the Council area over the plan period. According to CJ, the forecast capacity could be lower depending on the potential efficiency growth of all existing and committed floorspace. Modest increases in the 'turnover efficiency' of all existing and committed floorspace from 2025 onwards could reduce the total forecast comparison goods capacity to as low as 15,642 sq. m. net (Scenario 3) at 2031, of which only 1,817 sq. m. net is forecast for CMK after taking account of all known commitments (Paragraph 14.52).
- 2.22 With regard to leisure (food and beverage) floorspace, the capacity identified in the Retail Study has reduced from 37,886 sq. m. gross by 2031 to only 4,053 sq. m. gross in the updated report. This is largely due to the deduction of additional commitments from the available leisure expenditure within the Council area.
- 2.23 The Retail Study also notes that there is no capacity for convenience goods floorspace up to 2031 given existing (foodstore) commitments; this is consistent with the previous plan and Retail Capacity Update 2011 (which examines the period up to 2026).

- 2.24 As highlighted within our December 2017 representations, Paragraph 4.51 of the Proposed Submission Plan notes that the capacity for additional comparison goods floorspace in Milton Keynes (including MK Central) has fallen significantly since the Council's earlier studies undertaken in 2010 and 2011. It notes:
- 2.25 'Although there is capacity for additional comparison (non-food) floorspace this is only in the period after 2026 up to 2031. The quantity of comparison floorspace forecast at 39,689 sq. m. net of floorspace by 2031, around 40,000 sq. m., is significantly down on the capacity of 82,000-130,000 sq. m. up to 2026 identified in the Council's previous Retail Capacity Update (RCU) in 2011. The food and beverage sector (including A3 uses such as restaurants and cafes and A4 uses such as bars and pubs) which provide an increasingly important part of a town centre's wider offer, complementing other town centre uses and increasing the time spend by people in centres is forecast to grow. Additional capacity of between 4,954-12,292 sq. m (gross) by 2022 and 15,268-37,886 sq. m (gross) is forecast by 2031.'
- 2.26 This does not reflect the latest capacity position in the findings of the Retail Study. As identified above, the maximum capacity for new comparison goods floorspace over the plan period has since reduced from 39,689 sq. m. to 33,490 sq. m. in the baseline scenario. Capacity for leisure floorspace has reduced from 37,886 sq. m. gross to only 4,053 sq. m. gross at 2031.
- 2.27 Corrections to this paragraph have not been identified in the Schedule of Proposed Modifications (March 2018) and these updated figures should be reflected in the final version of Plan: MK.
- 2.28 As set out in our previous representations, we note that Plan: MK continues to propose to extend the CMK PSA to include 'the area around the Xscape building' (Paragraph 6.44). This consideration appears to be counter-intuitive against a background of a significant reduction in available floorspace capacity for both comparison and leisure goods, which has reduced even further in the updated Retail Study. This is explained in further detail below.

Policy Implications

- 2.29 Section 16 of the Retail Study sets out a series of recommendations drawing on the quantitative and qualitative analysis. CJ advises (paragraph 16.2) that the Council follows a 'robust *town centres first approach*', to ensure that, 'large scale retail development is focussed in the City Centre and principally in the defined PSA'. This approach derives from the NPPF and is sound in principle.
- 2.30 CJ identifies two sites in Central Milton Keynes that are capable of accommodating the need for comparison goods floorspace: the Food Centre and car park; and the adjacent Temporary car park (paragraphs 16.7-16.9). CJ advises (paragraph 16.7) that the Food Centre is primarily vacant and, 'presents a major redevelopment opportunity; with an approximate site area of 40,181 sq. m'. CJ concludes (paragraph 16.7) that, if developed, this site could meet the identified need for comparison goods floorspace in the Council area (assessed by CJ as 33,490 sq. m. net by 2031). The Temporary car park is identified as having a site area of 2.14 ha (21,440 sq. m.) (Paragraph 18.8).

- 2.31 In combination, therefore, these sites are capable of delivering significantly more than the quantum of comparison goods floorspace identified by CJ as needed in the Council area by 2031.
- 2.32 In relation to leisure uses, CJ advises (paragraphs 16.11-16.12) that where there is market demand, operators should be directed to CMK and other main centres in the first instance, in accordance with national and local policy objectives. Although capacity for food and beverage floorspace (F&B) is identified in the Retail Study (4,053 sq. m. gross by 2031), the report does not consider how this should be accommodated, other than the general advice that it should be met within centres. No site-specific analysis is included in the report in respect leisure uses.

Emerging Policy – Shopping Frontages

- 2.33 CJ advises that current planning policies applying to the MK area do not fully reflect the NPPF (Paragraph 16.17), and that the Proposals Map should be revised to include the 'four elements' prescribed in national guidance: the Town Centre boundary (TCB); Primary Shopping Frontages (PSFs); Secondary Shopping Frontages (SSFs); and Primary Shopping Areas (PSAs). As a matter of general principle we agree with this advice; Plan: MK should be fully aligned with the NPPF in relation to shopping area definitions.
- 2.34 Advice relating to Central MK is set out at paragraphs 16.20-16.27. CJ's recommendations in relation to the Proposals Map and changes to area definitions are set out as a series of bullets under paragraph 16.27. These include (bullet 2) the recommendation that the Primary Shopping Area (PSA) 'should be expanded to include the Xscape Entertainment Centre'. The comparison goods capacity analysis (and the ability of the Food Centre to accommodate the assessed need) is referenced at paragraph 16.26 and provides the context to this recommendation; although, for the reasons set out below, these matters are largely unrelated.
- 2.35 CJ's advice is reflected in emerging Plan: MK and on the Proposals Map. At paragraph 4.57 of the Proposed Submission Plan, the PSA is defined to include the area around the Xscape building between Avebury Boulevard, Childs Way, Secklow Gate and land west of Marlborough Street. The expansion of the PSA in Policy SD2 to take in the area around the Xscape building is referenced at paragraph 6.44. This differs from the definition in the 2013 Core Strategy, which excludes this area. Policy DS4 (2) indicates that the PSA of CMK will be developed as a regional shopping centre for comparison shopping.
- 2.36 The Plan: MK Schedule of Proposed Modifications (March 2018) document suggests the insertion of a reasoned justification for the expansion of the PSA to include this area. This appears to be derived directly from Paragraph 16.27 (bullet 2) of the Retail Study. This considers that the offer of Xscape complements and contributes to the overall vitality and viability of the PSA and provides an opportunity for linked trips to other shops and businesses in the PSA and wider city centre. The justification states that given its location and the activities within the Xscape building, the Council's preference is for development in the expanded area of the PSA to be used for leisure and entertainment uses.

- 2.37 The Council's preference for leisure and entertainment uses within this area is in direct conflict with Policy DS4 (2), which indicates that the PSA will be developed a regional shopping centre for comparison goods shopping.
- 2.38 The expansion of the PSA to include the area around the Xscape is shown on the Proposals Map (CMK Inset Map 2). The proposed frontage definitions are included on CMK Inset Map 1, together with the proposed PSA. Inset Map 1 shows defined secondary frontages (SSFs) within the Xscape PSA extension.
- 2.39 From the analysis presented in the Retail Study there is no direct or obvious link between the outputs of the capacity assessment, the sites identified (to meet the need) and the advice that the PSA should be extended. This appears in the report as a freestanding recommendation unrelated to any of the preceding quantitative analysis. In short, it is a random statement unsupported by the evidence presented.
- 2.40 The sites identified as capable of meeting the need (Food Centre and Temporary car park) are located within the PSA (our emphasis) as defined in the 2013 Core Strategy. The assessed capacity for both comparison goods and leisure floorspace has decreased significantly since the adoption of the Core Strategy, and has reduced further since the publication of the Draft version of the Retail Study in October 2017. There is therefore no obvious need to extend the current PSA to ensure that new comparison goods development is centrally located within MK.
- 2.41 The recommendation by CJ that the PSA should be extended is illogical if viewed in the context of analysis presented in the Retail Study which forms part of the evidence base.

PSA Definition

- 2.42 The Glossary to the NPPF (Annex 2) defines a PSA as an area where 'retail development is concentrated', generally comprising the primary and those secondary frontages which are adjoining and closely related to the primary shopping frontage.
- 2.43 The PSA as proposed to be defined in Plan: MK includes an area of theatres and galleries adjoining Saxon Gate, together with secondary frontages within the Xscape PSA extension that are distant from primary shopping frontages. The new SSFs are not closely related to PSFs (as referenced in the NPPF); and the PSA extends beyond the area within which retail development is concentrated (to include the theatre/gallery district).
- 2.44 The PSA as proposed to be defined in Plan: MK is therefore inconsistent with the definitions in the NPPF (Annex 2); and the extension of the PSA to include the area around Xscape Building is not supported by the findings and recommendations of the Retail Study. Retail capacity has fallen relative to the 2011 RCU and the Draft Final version of the current retail evidence base (CJ, October 2017), and the sites identified by CJ as capable of meeting the need for comparison goods floorspace are entirely within the existing defined PSA (2013 Core Strategy).

Conclusions

- 2.45 In summary, the proposed inclusion of the Xscape complex and land bounded by Avebury Boulevard, Secklow Gate, Childs Way and Marlborough Street is not justified.
- 2.46 The proposed expansion of the PSA is counter-intuitive against a background of a significant reduction in available floorspace capacity, for both comparison and leisure goods, as identified in the Retail Study. From the analysis presented, there is no obvious link between the outputs of the capacity assessment, the two sites identified to meet the need (the Food Centre and Temporary car park), and the advice that the PSA should be extended. The recommendation that the PSA should be extended is illogical if viewed in the context of analysis presented in the Retail Study, which forms part of the evidence base for the plan.
- 2.47 The extension of the PSA in Policy SD2 is also inconsistent with Policy DS4 (2) of Plan: MK. Policy DS4 (2) indicates that the PSA of CMK will be developed as a regional shopping centre for comparison shopping (emphasis added). The Proposed Modifications document suggests the insertion of a reasoned justification into Plan: MK after Policy SD2 highlighting the Council's preference for development in the expanded area of the PSA to be used for leisure and entertainment uses. The planned extension of the PSA is therefore in direct conflict with the retail and leisure development strategy for Plan: MK.
- 2.48 In addition, the proposed extension of the PSA is inconsistent with the definitions in the NPPF (Annex 2). The PSA as proposed to be defined includes an area of theatres and galleries adjoining Saxon Gate, together with secondary frontages within the Xscape PSA extension that are distant from primary shopping frontages. The new SSFs are not closely related to PSFs (as referenced in the NPPF); and the PSA extends beyond the area within which retail development is concentrated (to include the theatre/gallery district).
- 2.49 The planned expansion of the PSA is inconsistent with the evidence base and is not supported by retail economic data or established market trends. The forecast rate of future retail expenditure growth has fallen, and in the case of comparison goods is now well below historic trends. This factor, combined with the significant increase in online sales (which impacts on the need for conventional retail floorspace), has accounted for the reduction in capacity in town centres. These trends are echoed in the findings of the Retail Study.
- 2.50 It is recommended that the Council should abandon this element of Policy SD2 and instead seek to consolidate and strengthen the retail role of the centre within the existing PSA.
- 2.51 In response to Question 6.3, the following conclusions are drawn:
- 2.52 The PSA is appropriately defined currently. Its proposed expansion would not be justified due to insufficient and declining capacity; the distance from established shopping areas; and the current emphasis in the emerging plan on non-retail uses (conflicting with Policy DS4 (2)). Retail trends also suggest that the consolidation of

shopping areas may provide a more appropriate basis the local plan strategy given the 2031 time horizon, and the current pace of change.

- 2.53 The proposed expansion would dilute efforts to enhance the existing PSA due to reduced capacity, and the emergence of the assessed capacity/need at the very end of the plan period. There is no guarantee that proposed developments in the expansion area could be limited to non-retail uses given other policies in the plan and in national guidance. There is a risk in these circumstances that needed investment could be deflected from the current PSA, and allocated sites within it.
- 2.54 In addition, existing commitments at the Point, Intu Midsummer Place, and undeveloped sites or sites capable of accommodating PSA functions such as the surface car park adjacent to the Point and the Food Centre will be prejudiced from coming forward and any certainty diluted by the expansion of the PSA.
- 2.55 We therefore contend that the evidence base does not justify the extension of the PSA and is thus considered unsound, ineffective in assisting in the delivery of existing sites and commitments in the PSA and unjustified as there is no link between the available capacity (significantly reduced) and the proposed extension to the PSA.
- 2.56 We also point out that the extended PSA is not consistent with that shown in CMKAP Figure 11.
- 2.57 If the Inspector is however minded to agree with the extended PSA, we would respectfully request strict controls on the ability of retail (comparison and convenience goods) falling within Use Class A1, given that the Retail and Leisure Study advocates that the sites within the extended PSA area serve a leisure function.
- 2.58 In any event, we contend that the existing edge of centre designation for the Xscape building provides sufficient scope for any future leisure orientated expansion.

Q6.4 Is criterion 5 of Policy DS4 sufficiently clear on the scale of development envisaged at new residential developments? What developments would it apply to and is this clear in the relevant policies for strategic sites? Is policy ER15 sufficiently clear?

- 2.59 Criterion 5 is supported within the context of providing new shops, services and facilities for new residential developments of scale. However, the level and scale of such development should be commensurate to the development it serves; only providing for local, daily convenience needs to ensure that this does not directly compete with the centres identified in the retail hierarchy.

Q6.5 Are there consistency issues between Plan:MK and CMKAP on 'classic MK infrastructure' which would require resolving for the soundness of Plan:MK?

- 2.60 In our previous representations we outlined the difficulties experienced in developing parcels of land to the south of Midsummer Boulevard due to the width of that Boulevard, being as it is more than 65 m wide. Preserving pavements, surface car parking in situ, is not in our view sustainable or a realistic proposition as it hinders legibility and the sense of place found in most town centres across the United

Kingdom. The PSA must be allowed to adapt and evolve to provide a coherent place that is pedestrian friendly.

- 2.61 We note that previous Workshops for Midsummer Boulevard East proposed various enhancements to the public realm which would require change. It is proposed in both the CMKAP and Plan:MK to prepare inset areas for this area, although these have not materialised in a form that provides certainty for developers.

Q6.6 Is criterion 6 of Policy DS4 justified and consistent with national policy?

- 2.62 Section 7 of the National Planning Policy Framework sets out clearly how Local Planning Authorities and applicants should approach design matters. To assist in better understanding the rationale behind criterion 6, it may be worth defining the thresholds for developments considered 'major strategic' and to set out what is meant by 'international design'. The NPPF does not stipulate such a high bar and provides a balanced approach to design, including local context.

- 2.63 For this reason, the absence of any inset by CMKAP and the lack of any guidance or definition, we consider that criterion 6 to be too vague. To this end, we consider that it is not positively prepared as it does not provide applicants with any certainty of what is expected or required and is not justified given the requirements of the NPPF, as set out above. It is therefore not consistent with national policy.

- 2.64 For these reasons, it cannot in our view be considered an effective policy.

Q6.7 What is a "CMK Renaissance", is it justified for Plan:MK to reference it in Policy DS4 and how is it likely to come forward?

- 2.65 We consider that the link between the aspirations of CMK Renaissance and the policies in Plan:MK are strengthened. The former seeks transformational change and growth for Milton Keynes, the latter is too descriptive and lacks focus on how to achieve this.

Q6.8 Are the scales of development identified in Policy SD3 for CMK justified? Does it take account of extant permissions? Are there consistency issues between the policy and residential allocations in Appendix A, Table 18.2? Is the inclusion of land 'east of John Lewis Car Park' as a residential allocation justified?

- 2.66 For the first part of the question, we rely on our response to Q6.3 and our 'Review of Milton Keynes Retail Capacity and Leisure Study 2017'. In addition, we consider that the comparison retail floorspace figure and the methodology used to achieve it does not fully reflect the position on the ground, when taking into account committed developments and the actual capacity of the underdeveloped sites within the existing PSA.

- 2.67 We also contend that existing commitments and the role they play in delivering growth and development in the PSA is down played. For the commitments that are yet to be implemented to come forward, developers require certainty that other schemes will not dilute their ability to deliver growth i.e. the potential ability of land at Xscape to deliver significant additional retail development.

2.68 Turning to the second part of the question, permission has since been granted for a hotel on part of the site on land east of John Lewis Car Park (Reference: 17/03053/FUL). We see no issue with residential development coming forward on the remainder. Equally a mix of uses, would also add to the vibrancy of the PSA. Moreover, we consider the availability of this site for further development, to reinforce our assertion that the PSA should not be extended.

Q6.9 Is the approach to centres in the hierarchy in Policy ER10 soundly based and is Appendix G accurate and up-to-date?

2.69 The approach is broadly consistent with that advocated at national level. We do not agree with the extension of the PSA as highlighted elsewhere within our statement.

Q6.10 Are the thresholds for impact assessments in Policy ER11 soundly based and supported by robust and credible evidenced? Have alternative thresholds been considered?

2.70 Given the reduced capacity for Milton Keynes, and to ensure the vitality and viability of existing allocated centres, we consider the reduced thresholds to be reasonable.

Q6.11 Table 6.3 refers to the concepts of primary and secondary frontages in relation to non-retail uses in Policy ER19. Is the approach and content of the Table justified and are the frontages accurately defined on the Policies Map?

2.71 We agree with the thrust of Table 6.3. For predominantly leisure areas such as Milton Keynes Theatre District and the Xscape building, we consider thresholds should be set for the proportion of units in retail use to ensure that the ability of the existing PSA to grow in this use class is not diluted further.

2.72 An alternative approach to the extension of the PSA, is advocated by paragraph 23 of the NPPF, 6th bullet point, where Local Planning Authorities are encouraged to: *“allocated a range of suitable sites to meet the scale and type of retail, leisure, commercial, office, tourism, cultural, community and residential development needed in town centres...”*

2.73 This scenario could allow the continued provision of leisure facilities on the Xscape site without prejudicing the existing PSA and its ability to grow in retail terms. The counter to this that we continue to maintain that the evidence base does not support the requirement for further expansion or sites for leisure use.

2.74 Our suggestions above seeks to ensure that if the extended PSA as currently shown in the Submission version of the Plan is to stand, that the Xscape site cannot become a retail destination. The ‘Review of Primary Shopping Area Development Sites’, prepared by CBRE, shows, that broadly, the Xscape site could deliver as a minimum of 158,477 sq m of retail floorspace, some 4 times the amount of capacity advocated by the Retail and Leisure Capacity Study for the PSA area, or in excess of the cumulative total of all committed and undeveloped sites within the existing PSA. This in our view is not an effective or sustainable position.

Appendix 1: Review of Milton Keynes Retail Capacity and Leisure Study 2017

Review of Milton Keynes Retail Capacity and Leisure Study 2017

December 2017

Turley

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December 2017

1. Introduction

- 1.1 Turley has been instructed by Hermes CMK General Partner Limited ('Hermes') to review and critique the Milton Keynes Retail Capacity and Leisure Study – 2017 ('the Retail Study'). This study has been prepared by Carter Jonas ('CJ') for Milton Keynes Council ('the Council'). The Retail Study (dated 5 October 2017) is currently at Final Draft stage (for comment). On completion, it will provide the retail and leisure evidence base for the emerging Milton Keynes Local Plan ('Plan: MK').
- 1.2 Hermes will be submitting representations to the Proposed Submission version of Plan: MK, the consultation deadline for which is 20 December 2017. It is intended that the Turley critique will inform this submission.

Scope of Critique

- 1.3 Our critique focusses on the Retail Study's comparison goods capacity analysis, the outputs of which differ materially from previous assessments. We also comment briefly on the convenience goods assessment prepared for the Council by CJ.

Context

- 1.4 When compared with previous Council-commissioned retail studies (Retail Capacity Study and Update, Roger Tym & Partners, 2010 & 2011), the capacity for additional comparison goods floorspace in Milton Keynes (including MK Central) has fallen significantly in CJ's recent analysis. This is reflected in the Proposed Submission Plan at paragraph 4.51:

'Although there is capacity for additional comparison (non-food) floorspace this is only in the period after 2026 up to 2031. The quantity of comparison floorspace forecast at 39,689 sq. m. net of floorspace by 2031, around 40,000 sq. m. is significantly down on the capacity of 82,000-130,000 sq. m. up to 2026 identified in the Council's previous Retail Capacity Update (RCU) in 2011'.

- 1.5 The paragraph goes on to highlight the capacity for food and beverage floorspace which, drawing on the Retail Study, is identified as 4,954-12,292 sq. m. (gross) by 2022, and 15,268-37,886 sq. m. (gross) by 2031. The Plan also notes that there is no capacity for convenience goods floorspace until after 2031 given existing (foodstore) commitments (paragraph 6.8); this is consistent with the previous plan and RCU (which examines the period up to 2026).
- 1.6 The forecast rate of future retail expenditure growth has fallen in recent years, and in the case of comparison goods is now well below historic trends. This factor, combined with the significant increase in online sales (which impacts on the need for conventional retail floorspace) may in part account for the reduction in capacity. This could in theory be offset by the change in the forecast period. This has been extended in the current Retail Study (to 2031) compared with previous assessments (including the 2011 update), which generally leads to a greater floorspace need.

- 1.7 However, CJ's analysis suggests that the capacity for comparison goods floorspace in MK has more than halved. Even accounting for these factors, this reduction would appear to be extreme. As part of our review we have therefore examined CJ's methodology and analysis in detail, and sought to identify those factors that have influenced the outputs of the assessment. We have also prepared a revised capacity calculation based on logical adjustments to the consultant's analysis. This analysis is summarised below with supporting tables included in **Appendix 1**.

Policy Implications

- 1.8 The policy implications of the Retail Study findings are considered in our representations. We note that Plan: MK proposes (at paragraph 6.44) to extend the MK primary shopping area (PSA) to include 'the area around the Xscape building'. The Plan also notes that the PSA will be a major area of change.
- 1.9 These conclusions appear at first sight to be counter-intuitive against a background of a significant reduction in assessed floorspace capacity. These matters are considered in Section 3 below.

2. Critique of Retail Study

- 2.1 This section of the report sets out a point-by-point critique of the Retail Study, focussing on the comparison goods capacity methodology, key assumptions and errors.
- 2.2 An alternative assessment is summarised below, supported by a series of tables. These are included in **Appendix 1**.

General Comments

- 2.3 The Retail Study is a conventional assessment of the need for additional retail and leisure floorspace in a defined area over a specified forecast period. It combines quantitative and qualitative research.
- 2.4 The assessment includes 'health checks' of key centres, a policy overview, an analysis of retail and commercial leisure trends, together with conventional capacity analysis underpinned by a recent household survey. This leads to a series of recommendations. We comment on the methodology and assumptions below.
- 2.5 The study is comprehensive and much of the supporting analysis appears to be reasonable, although the assessment does contain errors and miscalculations that have implications for study outputs (see below). Some of the contextual analysis is excellent, in particular the overview of trends and influences in the retail and commercial leisure sectors. This is well-researched and comprehensively referenced; it is unusual in our experience for analysis of this depth and complexity to feature in reports of this type.
- 2.6 The qualitative and health check analysis is also more comprehensive than is commonly found in LPA retail studies. Central MK and other key centres are analysed in detail in the report and supporting Appendices (3-10) on the basis of PPG indicators. As far as we can determine, the conclusions of these elements of the report appear to be sound.

Quantitative Analysis – Comparison Goods

- 2.7 CJ's comparison goods retail capacity assessment ('Quantitative Retail Needs Assessment') is set out in Section 16 of the report, with supporting expenditure, market share and turnover analysis appended (Appendices 12, 14, 16 and 18). The convenience goods assessment is also summarised in Section 16 and supported by appended expenditure, market shares and turnover analysis (Appendices 11, 13, 15 and 17).
- 2.8 The calculations are based on an analysis of the catchment area and shopping patterns, which is summarised in Section 4 of the report. The analysis is underpinned by an up-to-date and statistically significant household survey (NEMS, March/April 2017), which has a sample base of 1,400 households. The definition of the Survey/Study Area (based on post code geography) and survey zones (based on ward geography) appear to be logical and appropriate for the purposes of exploring shopping patterns at a local level, identifying market shares and quantifying capacity.

- 2.9 We have reviewed the methodology, inputs and supporting assumptions in the Retail Study and make the following observations:
- 2.10 **Methodology:** the methodology (used to assess capacity) is described by CJ as the 'CREATE' economic model. In practice, this is a conventional spreadsheet-based calculation method (a matter acknowledged by CJ at paragraph 16.2 – 'transparent step-by-step approach') that compares 'potential spending' attracted to existing centres with 'benchmark turnovers', which are calculated from the survey and projected forward applying an assumed rate of floorspace efficiency. Capacity arises from the difference between the two figures (potential and benchmark), with allowance for commitments. The supporting analysis is based on market shares derived from the household survey, which are used to calculate centre turnovers in the base year (2017) and subsequent years.
- 2.11 This methodology is reliable and robust if the inputs are calculated correctly and the supporting assumptions are reasonable. This includes the derivation of market shares and turnovers. The market shares are derived from the responses to survey questions relating to various comparison goods spending categories. This information, in conjunction with per capita and total expenditure by zone, is used to generate comparison goods turnovers, including MK Central.
- 2.12 The market share analysis therefore supports all subsequent stages of the analysis. Market shares remain constant for the purposes of calculating capacity. CJ refers to this approach as 'standard practice for retail capacity and impact assessments' (paragraph 16.17). We agree with this as a general approach to such assessments.
- 2.13 The basis of this analysis is explained at paragraph 4.25 of the report. As this element of the assessment involves numerous calculations and weighting by spend (£) by households on the different comparison goods categories, and main/top-up spending (for convenience goods), it is difficult to verify the accuracy of CJ's market share analysis. In reality, this would require access to the CREATE model spreadsheets.
- 2.14 We note that the market share analysis for the comparison goods assessment is based on single/main responses only to survey questions, and excludes secondary choices. This may lead to the survey under-recording the significance of smaller and top-up/secondary destinations, which could have implications for the quantitative assessment.
- 2.15 **Population and Per Capita Spending:** the population data is derived from Experian. Populations by zone have been compared by CJ with LPA estimates (footnote 25, page 106), and are (according to the report) consistent with ward-based projections. The population data has been agreed with the Council and the estimates therefore appear to be robust. Per capita spending is derived from Experian, a reliable source of such data.
- 2.16 **Growth Rates:** these have been applied based on Experian forecasts (+2% to 2.3% for the period 2019 – 2035, with lower rates applying in 2017 and 2018) (paragraph 16.5, bullet point 3). These are lower than recent estimates (RCU, 2011), but are consistent with other forecasts (such as Pitney Bowes [PB]). They are reasonable in our view.

- 2.17 **Special Forms of Trading:** the treatment of SFT in the CREATE model is unclear. The market share of SFT by zone has been calculated from the survey, but the assessment appears to be based on the re-basing of market shares (to exclude SFT as a destination) and the removal of SFT from per capita spending. The way that this is described in the report hints at double counting, although we are unable to confirm this.
- 2.18 **Floorspace productivity growth:** the +2.2% per annum rate of efficiency growth applied by CJ and derived from Experian appears high (higher than comparable forecasts derived from PB), but is supported by published evidence and would be difficult to challenge. A lower figure of 2% nevertheless appears to have been used in the comparison goods capacity assessment (Appendix 18, Tables 3 and 4).
- 2.19 **Inflow:** the turnover of centres assumes inflow from beyond the Study Area, 15% in the case of MK Central. These assumptions are supported by evidence from other studies (paragraph 16.19) and appear to be reasonable.
- 2.20 **Equilibrium Trading:** a key assumption applied by CJ to quantify capacity is 'equilibrium trading' in the base year. This effectively means that actual and benchmark turnovers are assumed to be in balance in 2017. This approach is justified by CJ on the basis of a range of factors, including the impact of recession, the growth in internet sales, Brexit etc.
- 2.21 CJ considers this assumption 'reasonable, robust and realistic': this is an overstatement given that this is essentially a judgement, and an important one that is critical to the capacity calculation (paragraph 16.26). Capacity is then calculated applying a benchmark sales density of £6,000/sq. m. in 2017 across the Study Area, increasing (in line with floorspace efficiency) in subsequent years (up to 2031).
- 2.22 At paragraph 16.4, CJ refers to the existence of capacity where there is an 'imbalance' and overtrading i.e. where equilibrium trading does not exist. This is not considered further in the report and forms no part of CJ's capacity analysis.
- 2.23 The problem with CJ's approach is that the actual benchmark turnover per sq. m. in 2017 is not identified, and any relationship with an assumed £6,000/sq. m. trading level is unknown. This would require CJ to use net comparison floorspace for MK Central and other centres to calculate this figure. It may be that there is pent-up capacity in the base year (because the sales density is in reality much higher), which would have fundamental implications for future years. Unfortunately, this is not explored in the study and remains a significant unknown.
- 2.24 Moreover, sales densities as high as £6,000/sq. m. are more commonly applied to calculate capacity in 'high order' shopping destinations, such as MK Central. CJ has applied this figure without any variation to the MK LPA area as a whole (Appendix 18, Table 3) and to the district and town centres (Appendix 18, Table 5 onwards). Trading densities (and benchmark levels) in these destinations will be lower than MK Central. The figure applied by CJ in 2031 (more than £8,000/sq. m.) is likely to be excessive in our view. If this figure were reduced to reflect differences in the expected trading performance of centres with the MK area, capacity would increase. This matter is explored below.

- 2.25 In the absence of a base year assessment, CJ's analysis is therefore something of an artificial exercise determined by the differences between expenditure growth rates and floorspace efficiency. On the basis of the rates for each applied by CJ, these effectively cancel each other out. Where efficiency and growth rates are broadly the same, the principal determinant of capacity is therefore population growth. The lower forecast capacity in this case (the reduction noted above) is, in part, a likely consequence of this.
- 2.26 An alternative assessment of capacity is presented below. This examines the implications of the use of a lower sales density to assess comparison goods capacity in the Milton Keynes Council area.

Error in Comparison Goods Tables

- 2.27 We have identified an error in Appendix 12, Table 3, which examines the total available comparison goods expenditure within the Study Area.
- 2.28 With regard to the base figure of £228.8 million (including SFT) at 2017, an SFT deduction of 23.9% has been applied. A deduction for SFT of 14.2% has been applied to all other figures in the column (and is referenced in Table 2). The correct figure should be £196.3 million at 2017 (excluding SFT), rather than £174.2 million.
- 2.29 This error results in a deficit of £22.1 million of available comparison goods expenditure in Zone 14. This has a knock-on effect for available expenditure calculated at 2022, 2027 and 2031, and for figures calculated in later tables, including within the capacity tables. We suggest that CJ reviews the comparison goods capacity tables to correct this error.

Alternative Comparison Capacity Calculation

- 2.30 A key issue in CJ's capacity analysis highlighted above is the use of a benchmark sales density of £6,000/sq. m. in 2017 across the Study Area, increasing (in line with floorspace efficiency) in subsequent years (up to 2031). The actual benchmark turnover in 2017 is not explained by CJ, and its relationship with an assumed sales density of £6,000/sq. m. is unknown.
- 2.31 This figure is not consistent with the range of sales densities used by CJ to calculate the turnover of commitments. The average sales density of the comparison goods commitments (as derived from Appendix 18, Table 2) is approximately £4,000/sq. m. at 2017. Consequently, it would appear that an assumed trading density of £6,000/sq. m. is unrealistically high for the purposes of calculating capacity in MK LPA Area as a whole (Appendix 18, Table 3); this trading level will almost certainly not be uniformly achieved across the Study Area. A lower figure of £5,000/sq. m. is, in our view, more appropriate for the purposes of calculating aggregate LPA capacity, although this is also high and is considered a robust figure. With allowance for floorspace efficiency, this increases to £6,734/sq. m. in 2031.
- 2.32 Table 2 at **Appendix 1** demonstrates that when an alternative figure of £5,000/sq. m. is applied to the capacity assessment model in the Retail Study (Appendix 18, Table 3), comparison goods capacity increases from 39,689 sq. m. to 47,623 sq. m. at 2031.

- 2.33 The alternative scenario demonstrates that even with minor changes to the analysis that more appropriately reflect benchmark trading, and the correction of errors, the comparison goods capacity in the Milton Keynes Council area increases.
- 2.34 In our view, this alternative scenario is more logical and appropriate than the analysis presented within the Retail Study, and the capacity for comparison goods floorspace is in practice greater than suggested by CJ.

Quantitative Analysis – Convenience Goods

- 2.35 Whilst the methodology followed within the convenience goods assessment would appear logical, we have identified a number of numerical errors in the tables that affect the overall capacity calculation for convenience goods floorspace.
- 2.36 Errors are present in Appendix 11, Table 3, which examines the total available convenience goods expenditure within the Study Area. The totals incorrectly referred to as 'Study Area Averages' at the bottom of each column do not equal the sum of each column. Instead, the totals of each column represent the sum of Zones 1-10 only, rather than the whole Study Area (Zones 1-14).
- 2.37 The errors in Appendix 11, Table 3 carry through to Appendix 15, Tables 2-4. This is apparent from the sum of the Total Study Area in each Zone, which is less than the MKBC Area (representing Zones 1-7, 9 & 10 only). The outputs of this analysis are illogical.
- 2.38 These errors then appear to carry through to the capacity calculations in Appendix 17. The result of this sequence of errors is that there is likely to be far less convenience goods capacity than is suggested in the tables at Appendix 17.
- 2.39 We suggest that CJ comprehensively reviews the convenience goods capacity tables to confirm and correct these errors.

3. Policy Implications

- 3.1 CJ sets out a series of recommendations in Section 18 drawing on the quantitative and qualitative analysis presented in the report. CJ advises (paragraph 18.2) that the Council follows a 'robust *town centres first approach*', to ensure that, 'large scale retail development is focussed in the City Centre and principally in the defined PSA'. This approach derives from the NPPF and is sound in principle.
- 3.2 CJ identifies two sites in Central Milton Keynes that are capable of accommodating the need for comparison goods floorspace: the Food Centre and car park; and the adjacent Temporary car park (paragraphs 18.6-18.8). CJ advises (paragraph 18.23) that the Food Centre is primarily vacant and, 'presents a major redevelopment opportunity; with an approximate site area of 40,181 sq. m'. CJ concludes (paragraph 18.23) that, if developed, this site could meet the identified need for comparison goods floorspace in the Council area (assessed by CJ as 39,689 sq. m. net by 2031). The Temporary car park is identified as having a site area of 2.14 ha (21,440 sq. m.) (paragraph 18.8).
- 3.3 In combination, therefore, these sites are capable of delivering more than the quantum of comparison goods floorspace identified by CJ as needed in the MK LPA area by 2031. The physical capacity of these sites also theoretically exceeds the capacity identified in our alternative assessment (47,623 sq. m. at 2031, **Appendix 1**).
- 3.4 In relation to leisure uses, CJ advises (paragraphs 18.9-18.12) that where there is market demand, operators should be directed to CMK and other main centres in the first instance, in accordance with national and local policy objectives. Although capacity for food and beverage floorspace (F&B) is identified in the Retail Study (37,886 sq. m. gross by 2031), the report does not consider how this should be accommodated, other than the general advice that it should be met within centres. No site-specific analysis is included in the report in respect leisure uses.

Emerging Policy – Shopping Frontages

- 3.5 CJ advises that current planning policies applying to the MK area do not fully reflect the NPPF (paragraph 18.17), and that the Proposals Map should be revised to include the 'four elements' prescribed in national guidance: the Town Centre boundary; Primary Shopping Frontages (PSFs); Secondary Shopping Frontages (SSFs); and Primary Shopping Areas (PSAs). As a matter of general principle we agree with this advice; Plan: MK should be fully aligned with the NPPF in relation to shopping area definitions.
- 3.6 Advice relating to Central MK is set out at paragraphs 18.20-18.24. CJ's recommendations in relation to the proposals map and changes to area definitions are set out as a series of bullets under paragraph 18.24. These include (bullet 2) the recommendation that the Primary Shopping Area (PSA) 'should be expanded to include the Xscape Entertainment Centre'. The comparison goods capacity analysis (and the ability of the Food Centre to accommodate the assessed need) is referenced at paragraph 18.23 and provides the context to this recommendation; although, for the reasons set out below, these matters are largely unrelated.

- 3.7 CJ's advice is reflected in emerging Plan: MK and on the Proposals Map. At paragraph 4.57 of the Proposed Submission Plan, the PSA is defined to include the area around the Xscape building between Avebury Boulevard, Childs Way, Secklow Gate and land west of Marlborough Street. The expansion of the PSA in Policy SD2 to take in the area around the Xscape building is referenced at paragraph 6.44. This differs from the definition in the 2013 Core Strategy, which excludes this area. Policy DS4 (2) indicates that the PSA of CMK will be developed as a regional shopping centre for comparison shopping.
- 3.8 The expansion of the PSA to include the area around the Xscape is shown on the Proposal Map (CMK Inset Map 2). The proposed frontage definitions are included on CMK Inset Map 1, together with the proposed PSA. Inset Map 1 shows defined secondary frontages (SSFs) within the Xscape PSA extension.
- 3.9 From the analysis presented in the Retail Study there is, however, no obvious link between the outputs of the capacity assessment, the sites identified (to meet the need) and the advice that the PSA should be extended. This appears in the report as a freestanding recommendation unrelated to any of the preceding quantitative analysis. In short, it is a random statement unsupported by the evidence presented.
- 3.10 The sites identified as capable of meeting the need (Food Centre and Temporary car park) are located within the PSA as defined in the 2013 Core Strategy. The assessed capacity has more halved relative to the 2011 RCU. Even on the basis of our revised analysis, the capacity is significantly lower than in previous assessments. There is therefore no obvious need to extend the current PSA to ensure that new comparison goods development is centrally located within MK.
- 3.11 The recommendation by CJ that the PSA should be extended is illogical if viewed in the context of analysis presented in the Retail Study.

PSA Definition

- 3.12 The Glossary to the NPPF (Annex 2) defines a PSA as an area where 'retail development is concentrated', generally comprising the primary and those secondary frontages which are adjoining and closely related to the primary shopping frontage.
- 3.13 The PSA as proposed to be defined in Plan: MK includes an area of theatres and galleries adjoining Saxon Gate, together with secondary frontages within the Xscape PSA extension that are distant from primary shopping frontages. The new SSFs are not closely related to PSFs (as referenced in the NPPF); and the PSA extends beyond the area within which retail development is concentrated (to include the theatre/gallery district).
- 3.14 The PSA as proposed to be defined in Plan: MK is therefore inconsistent with the definitions in the NPPF (Annex 2); and the extension of the PSA to include the area around Xscape Building is not supported by the findings and recommendations of the Retail Study. Retail capacity has fallen relative to the 2011 RCU, and the sites identified by CJ as capable of meeting the need for comparison goods floorspace are entirely within the existing defined PSA (2013 Core Strategy).

4. Summary and Key Findings

- 4.1 This report has critically reviewed the Milton Keynes Retail Capacity and Leisure Study – 2017 ('the Retail Study') prepared for the Council by Carter Jonas ('CJ'). Our critique has focussed on CJ's comparison goods analysis, and sought to examine the reasons for the reduction in capacity compared with previous Council-commissioned retail studies (including the 2011 RCU).
- 4.2 The findings of the current study are summarised in Plan: MK (paragraph 4.51) and will underpin future policy in the MK area. Representations to the Plan drawing on this critique have been submitted by Turley on behalf of Hermes CMK General Partner Limited ('Hermes').

Key Assumptions

- 4.3 The Retail Study is based on a number of key assumptions that are not necessarily flawed, but which in combination lead to a reduced quantitative need for comparison goods retail floorspace in the study area. These are:
- The low assumed rates of future per capita expenditure growth for comparison goods, lower than those applied in earlier studies. These are derived from Experian.
 - The high rates of floorspace efficiency applied to benchmark turnovers (although a figure of 2% appears to have been applied, rather than 2.2%).
 - The effective cancelling out of per capita expenditure growth by floorspace efficiency, such that the principal determinant of capacity is population growth.
 - The deductions for special forms of trading ('SFT'), including internet sales. This element of CJ's analysis is unclear.
- 4.4 CJ assumes 'equilibrium trading' in the base year, although the assessment lacks any analysis of actual benchmark trading levels compared with an assumed sales density of £6,000/sq. m. (a figure that forms the basis for capacity calculation).
- 4.5 The figure used by CJ is in our view too high for the MK LPA area and the smaller centres, particularly at 2031 (£8,081/sq. m.). The use of a lower and more appropriate sales density figure leads to increased capacity.

Other Matters Affecting Capacity

- 4.6 The assessment is underpinned by market share analysis derived from an up-to-date household survey. Such an approach is robust and reliable in principle, and if the market shares have been correctly calculated and 'sense checked'.
- 4.7 As this element of the assessment involves numerous calculations and weighting by spend (£) by households on the different comparison goods categories, and main/top-up

spending (for convenience goods), it is difficult to verify the accuracy of the analysis. In reality, this would require access to the CREATE model spreadsheets.

- 4.8 The comparison goods analysis is based on single/main responses only, rather than multiple answers for each category of goods (main and secondary). This may lead to the survey under-recording the significance of smaller and top-up destinations, which could have implications for CJ's quantitative assessment.

Assessment Errors

- 4.9 We have noted a number of errors as follows:

- An error is present in Appendix 12, Table 3, resulting in a deficit of £22.1 million of available comparison goods expenditure in Zone 14 at 2017, leading to errors in subsequent forecast years and in later tables.
- In the convenience assessment, errors are present in Appendix 11, Table 3, which examines the total available convenience goods expenditure within the Study Area.

- 4.10 We suggest that CJ comprehensively reviews the comparison and convenience goods capacity tables to confirm and correct these errors.

Alternative Comparison Goods Assessment

- 4.11 We have prepared an alternative assessment (**Appendix 1**) that applies a lower sales density within the capacity analysis to reflect the high probability of lower (than £6,000/sq. m) benchmark trading levels with the MK LPA area as a whole (and in the smaller town and district centres). The figure used (£5,000/sq. m.) is higher than CJ's assessment of the turnover of commitments (Appendix 18, Table 2), and is considered to be robust.

- 4.12 Table 2 at **Appendix 1** demonstrates that when an alternative figure of £5,000/sq. m. is applied to the capacity assessment model in the Retail Study (Appendix 18, Table 3), comparison goods capacity increases from 39,689 sq. m. to 47,623 sq. m. at 2031.

- 4.13 The alternative scenario demonstrates that even with minor changes to the analysis that more appropriately reflect benchmark trading, and the correction of errors, the comparison goods capacity in the Milton Keynes Council area increases to a higher level; although remains significantly below the capacity identified in the 2011 RCU.

Policy Implications

- 4.14 CJ identifies two sites in Central Milton Keynes that are capable of accommodating the need for comparison goods floorspace: the Food Centre and car park; and the adjacent Temporary car park (paragraphs 18.6-18.8). In combination, these sites are capable of delivering more than the quantum of comparison goods floorspace identified by CJ as needed in the MK LPA area by 2031. The physical capacity of these sites also theoretically exceeds the capacity identified in our alternative assessment (47,623 sq. m. at 2031, **Appendix 1**).

- 4.15 Advice relating to Central MK is set out at paragraphs 18.20-18.24. These include (bullet 2) CJ's recommendation that the Primary Shopping Area (PSA), 'should be expanded to include the Xscape Entertainment Centre'. This advice is reflected in emerging Plan: MK and on the Proposals Map (CMK Inset Maps 1 & 2). The comparison goods capacity analysis is referenced at paragraph 18.23 and provides the context to this recommendation.
- 4.16 From the analysis presented in the Retail Study there is, however, no obvious link between the outputs of the capacity assessment, the sites identified (to meet the need) and the advice that the PSA should be extended. The sites identified as capable of meeting the need are located within the PSA as defined in the 2013 Core Strategy. The assessed capacity has more halved relative to the 2011 RCU. There is no obvious need to extend the current PSA to ensure that new comparison goods development is centrally located within MK.
- 4.17 The recommendation by CJ that the PSA should be extended is therefore illogical if viewed in the context of analysis presented in the Retail Study.
- 4.18 The Glossary to the NPPF (Annex 2) defines a PSA as an area where 'retail development is concentrated', generally comprising the primary and those secondary frontages which are adjoining and closely related to the primary shopping frontage.
- 4.19 The PSA as proposed to be defined in Plan: MK includes an area of theatres and galleries adjoining Saxon Gate, together with secondary frontages within the Xscape PSA extension that are distant from primary shopping frontages. The new SSFs are not closely related to PSFs (as referenced in the NPPF); and the PSA extends beyond the area within which retail development is concentrated (to include the theatre/gallery district).
- 4.20 The PSA as proposed to be defined in Plan: MK is therefore inconsistent with the definitions in the NPPF (Annex 2); and the extension of the PSA to include the area around Xscape Building is not supported by the findings and recommendations of the Retail Study.

Appendix 1: Alternative Capacity Economic Tables

TABLE 1: MILTON KEYNES COUNCIL AREA - COMPARISON GOODS CAPACITY ASSESSMENT (FROM RETAIL STUDY TURNOVERS - FOR INFORMATION)

	2017	2022	2027	2031
Total Forecast 'Current' Turnover of All Floorspace (£m)	1,552.54	1,820.5	2,217.4	2,665.8
Total Forecast 'Benchmark' Turnover of All Floorspace (£m)	1,552.54	1,717.4	1,916.7	2,091.0
Net Residual Expenditure - Excluding Any Commitments (£m)	-	103.1	300.7	574.8
Turnover of All Committed Floorspace (£m)	-	208.7	232.9	254.1
Net Residual Expenditure After Commitments	-	-105.6	67.9	320.7
Forecast Capacity For New Comparison Goods Floorspace				
(i) Estimated Average Sales Density of New Floorspace (£ per sq m)	6,000	6,637	7,407	8,081
(ii) Net Floorspace Capacity (sq m)		-15,904	9,160	39,689
(iii) Assumed Net/Gross Floorspace Ratio	70%	70%	70%	70%
(iv) Gross Floorspace Capacity (sq m)		-22,721	13,086	56,698

Notes:

1. Derived directly from Milton Keynes Retail Capacity and Leisure Study 2017 (Comparison Goods Capacity Assessment - Appendix 18, Table 3)

TABLE 2: MILTON KEYNES COUNCIL AREA - COMPARISON GOODS CAPACITY ASSESSMENT (ALTERNATIVE SALES DENSITY)

	2017	2022	2027	2031
Total Forecast 'Current' Turnover of All Floorspace (£m)	1,552.54	1,820.5	2,217.4	2,665.8
Total Forecast 'Benchmark' Turnover of All Floorspace (£m)	1,552.54	1,717.4	1,916.7	2,091.0
Net Residual Expenditure - Excluding Any Commitments (£m)	-	103.1	300.7	574.8
Turnover of All Committed Floorspace (£m)	-	208.7	232.9	254.1
Net Residual Expenditure After Commitments	-	-105.6	67.9	320.7
Forecast Capacity For New Comparison Goods Floorspace				
(i) Estimated Average Sales Density of New Floorspace (£ per sq m)	5,000	5,531	6,173	6,734
(ii) Net Floorspace Capacity (sq m)		-19,093	11,000	47,623
(iii) Assumed Net/Gross Floorspace Ratio	70%	70%	70%	70%
(iv) Gross Floorspace Capacity (sq m)		-27,276	15,715	68,033

Notes:

1. Turnovers derived directly from Milton Keynes Retail Capacity and Leisure Study 2017 (Comparison Goods Capacity Assessment - Appendix 18, Table 3)

2. Sales density at 2017 reduced to £5,000/sq m based on Turley assumption.

3. Sales density at 2017 grown to 2022, 2027 and 2031 using growth rates in Appendix 18, Table 3.

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Appendix 2: Review of Primary Shopping Area Development Site

PROPOSED SUBMISSION VERSION OF PLAN:MK

Review of Primary Shopping Area Development
Sites -

December 2017

OBJECTIVE

To generate a simplified model to calculate development potential from identified sites and land ownerships within the existing and extended Primary Shopping Area.

METHODOLOGY

Sites have been identified based upon their criteria of being within the primary shopping area and in a cohesive ownership and therefore capable of being brought forward for development.

The Sites within the existing PSA are:

- The Point
- MKDP Car Park
- The Food Centre
- Intu Milton Keynes
- Centre:MK

The sites have been identified on Google Earth and indicated on the attached plan together with the boundaries of the extended PSA boundary. These plots were measured and areas calculated using Promap. From analysis of the permitted consent obtained on The Point we are able to estimate the plot ratio for mixed retail and leisure development when applied to respective sites.

The assumptions used were as follows:

Permitted consent excluding parking:	20,600 sqm (flexible uses between A1 -A5 and D2)
Plot including decked car park:	1.01 ha
Plot excluding adjoining decked car park:	0.81 ha
Development Ratio including car parking:	20,396 sqm / ha
Development Ratio without need for parking:	25,432 sqm / ha

We have applied these development ratios to the identified sites with the following results:

Location	Site Area	Development Ratio	Consent (Estimated in red)
The Point	1.01 ha/0.81 ha	20,396/25,432/ha*	Consent 20,600 sqm
MKDP	1.59 ha	20,396	32,430 sqm
The Food Centre	2.35 ha	25,432	59,765 sqm
Total			112,795 sqm

*Shows development ratio with and without adjoining car park

Extended Primary Shopping Area Boundary

In considering the extended PSA the X-scape location presents an additional area of 7.77 ha which could now be considered for retail development should it be redeveloped in future without reference to sequential testing. Using the above Development Ratio, this would indicate an additional development potential of 158,477 sqm if the site were redeveloped.

In the more likely scenario of part of the car park being brought forward for independent development a 1.69 ha site has been identified which would be capable of 42,980 sqm. These points are summarised in the table below.

Location	Site Area	Development Ratio	Consent (Estimated in red)
X-Scape	7.77 ha	20,396	158,477 sqm
X-Scape car park	1.69 ha	25,432	42,980 sqm

SUMMARY

Intu Milton Keynes and Centre:MK combine to form the primary shopping provision for Milton Keynes of 166,000 sqm (Intu forming 40,000 sqm and Centre:MK 126,000 sqm). These schemes themselves have development potential with Intu having secured a planning consent for an additional 11,000 sqm additional floorspace. In addition to this there are identifiable development sites within the existing PSA capable of accommodating a further 112,795 sqm.

By extending the PSA to include X-scape, if the entire additional area is taken into consideration the development potential for RETAIL is increased to 158,477 sqm, the equivalent of increasing the retail within the PSA by as much as 95%. In the short term, an additional development site on the car park could add a further 42,980 sqm, an increase in the development provision of 26%.



	Location	Consent (Estimated in red)	Site Area	Development Ratio
■	Intu Milton Keynes	New Development 11,000sqm		n/a
■	The Point	Consent 20,600 sqft	1.01 ha/0.81 ha	20,396/25,432/ha*
■	MKDP	32,430 sqm	1.59 ha	20,396
■	The Food Centre	59,765 sqm	2.35 ha	25,432
■	X-Scape	158,477 sqm	7.77 ha	20,396
■	X-Scape car park	42,980 sqm	1.69 ha	25,432

*Shows development ratio with and without adjoining car park

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