

IT'S OUR CITY

ADDENDUM TO THE RETAIL PROOF (I-R 01)

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THIS DOCUMENT'S REFERENCE: I-R/A/01

Planning Reference: 08/00866/OUT

Inspectorate Reference: APP/A2335/V/09/2095002

1.0 Introduction

- 1.1** This supplementary submission is in response to the evidence presented by Mr. Nutter on behalf of the city council during his examination in chief and cross-examination; and the untested assertions made by Mr. Dobson in his written evidence to the inquiry. In the case of Mr. Nutter, it will not repeat the points made in my rebuttal (I-R/R/01) of Mr. Nutter's retail evidence, but may refer to paragraphs within the rebuttal. (NB Although submitted a week prior to the start of the inquiry, the rebuttal is not in the electronic inquiry library; along with a number of others.)
- 1.2** The appendices to the supplementary evidence are attached to provide more detailed support and URL references for the main text.
- 1.3** It is of concern to IOC that the supplementary evidence may not have the same standing as that presented by the LPA – Mr. Dobson's evidence aside - because it has not been tested in examination. Yet it was the LPA's initiative to withdraw from an active role in the inquiry proceedings, which led to the inspector's decision to close the inquiry to further oral presentation.
- 1.4** IOC wishes to draw to the inspector's attention that the draft retail SoCG was not sent to IOC until 13th May, along with the heavily revised (and disaggregated) MapInfo population and expenditure data; that WYG/LCC offered no response to IOC's alterations to the draft SoCG and therefore, without comment or explanation from WYG/LCC, it was not submitted to the inquiry; that WYG/LCC provided no rebuttal of the retail evidence submitted by IOC, or by other organisations objecting on retail grounds; and that there was no response to IOC's rebuttal, apart from the inadequately explained and last-minute submission of the 'errata sheets' prior to evidence in chief. It is noticeable that at the time of writing the errata sheets have not been included in the electronic inquiry library. Indeed a completely new set of documentation should have been submitted which incorporated the changes to the appendices and the main evidence for the sake of clarity. That this has not happened is most unsatisfactory.
- 1.5** On the basis of this further rebuttal of Mr. Nutter's evidence in chief and in cross-examination, IOC contends that the retail capacity justification is, at best, 'not proven' because the capacity modelling is badly flawed; and inconsistent with the standards applied by Mr. Nutter in another recent public inquiry at Knowsley (I-R 32).

2.0 The failure to prove that capacity exists for the scale of retail proposed

- 2.1** It is of some concern that the evidence produced for the inquiry by Mr. Nutter was characterised as an audit during cross-examination. The 2009 evidence changes so many of the input variables that it is difficult to see how the exercise can be construed as an audit. By

definition an audit is a review of/commentary upon another's work. The evidence of Mr. Nutter is an attempt to make "the figures [to] fit the case", as he himself said in chief. An increase in market share to 67% of the enlarged catchment, serves to do this, based on the values attached to the input variables. The only variables which remained unchanged were the household survey results which WYG presented in the LRS appendices on the destination of shoppers i.e. the response to the question, 'where did you last shop for a particular type of good?' Even the definition of 'Lancaster' was extended beyond the city centre to include edge-of-centre and out-of-centre locations. No explanation or justification for doing this was forthcoming. IOC therefore contends that Mr. Nutter presented a new capacity assessment, not an audit of Centros' 2008 retail impact assessment. The argument for it being an audit was used by Mr. Nutter to explain why no sensitivity analysis had been conducted. This was simply an avoiding tactic.

2.2 The principal reference points for this supplementary evidence are tables 8/8A of the retail evidence appendix KN04, with the data as stated in the errata sheets distributed by Mr. Nutter on 18th June, immediately prior to evidence in chief. Tables 8/8A are the point at which the variables coalesce into the 'surplus capacity' which demonstrates need for the scale of retail proposed. The errata sheets recognised an error that IOC pointed out in its rebuttal (I-R/R/01 para. 4.43): the original data concerning the reduction of per capita expenditure on comparison goods in table 2 of appendix KN04 which had the effect of inflating the deemed 'surplus capacity'. This meant that the 2014 surplus capacity in table 8 of the original appendix KN04 (still in the inquiry document library) reduced from £156.07m, to £118.49m in the amended version. That is from in excess of the predicted turnover of the scheme, to a level below that turnover.

2.3 But comment was not made on two other amendments when the errata sheets were distributed. The first concerns the increase in the 2006 base expenditure in table 4 (appendix KN04) from £258.8m in the original version to £270.16m. The effect is, obviously, to increase the base from which subsequent increases accumulate and so increases the 'surplus capacity' proportionately in subsequent years. It is possible that this particular discrepancy arises from not applying the full 10% inflow in the original version. But Mr. Nutter did not provide any justification for the 10% figure (in cross-examination) itself beyond the application of his 'informed judgement'. The effect of the 10% is magnified in the generation of surplus capacity as it is applied to the expenditure arising from the infeasible increase in market share to either 65% (table 8) or 67.4% (table 8A) of the expanded PCA. The argument from Mr. Nutter is that the draw of the city centre's 'enhanced' retail offer will reduce leakage from the PCA. It does not then follow that the inflow expenditure will increase in line with the increase in market share in the sub-region. Yet table 5 of appendix KN04 shows that the 10% inflow accounts for over a third of the

‘surplus capacity’ in table 8 (£40.26m). Inflow from outside the survey area accounts for 31% (£41.65m) of the surplus capacity in table 8A.

2.4 Mr. Nutter increased the market share of the secondary catchment (the SCA: zones 7 to 16 of the survey area) from 1.6% to 5% in his original proof. Referring to the previous paragraph, the other unremarked amendment in the errata sheets was the reduction in the contribution to expenditure from the SCA from a trebling to a mere doubling at 3%. But at least this figure does not flex with the putative market share and so remains the same – at £25.88m – in both tables 8 and 8A. Nevertheless inflow from outside the PCA accounts for over half of the ‘surplus capacity’ in tables 8 (£66.14m) and 8A (£67.53m). See table 1 below for a summary of the data discussed.

2.5 Table 1: summary table of calculations

	£m	reference
Scheme turnover from table 6 of appendix KN04 in 2009	126.31	
Scheme turnover corrected for WYG's error in attribution of floorspace	132.21	section 7
Corrected scheme turnover projected forward to 2014 (1% used)	138.95	
Surplus capacity' from table 8A with 67.4% market share	133.79	
Sensitivity analysis on surplus capacity in 2014		
	£m	
Inflow from outside PCA	67.53	section 2
=====		
Adjustments to table 8A		
Increase in deduction for SFT to 12.9%	45.95	section 3.2
Increase existing floorspace productivity to 2.2% in 2007 and 2008	6.65	section 5
Include Frontierland turnover	15.82	section 8 ¹
Uprate Kingsway turnover	5.77	section 8 ¹
Subtotal of adjustments	74.19	
Total of adjustments and projected inflow from outside PCA	141.72	

Table 1 shows that even on Mr. Nutter’s amended figures, there is insufficient surplus capacity in 2014 to match the projected scheme turnover of £138.95m. Further the table shows that the adjustments described in the evidence detailed below reduce the 2014 ‘surplus

¹ No increase in productivity assumed to 2014.

capacity' of £133.79m in WYG's table 8A by more than half - £74.19m (and this not allowing for productivity improvements at the Kingsway or Frontierland schemes.) Further, the remaining surplus capacity is reliant purely on a crude estimate of the inflow from beyond the already expanded PCA. Thus, the total of adjustments to be made to the surplus capacity added to the volume of inflow assumed from beyond the PCA, exceeds the projected scheme turnover: £141.72m versus £138.95m.

2.6 This demonstrates that the scale of the proposed scheme is too large when judging the likely 'true' available expenditure capacity of the total catchment against the scheme's projected turnover.

3.0 Rate of deduction for SFT

3.1 Mr. Nutter said in cross-examination that the fixed rate of deduction for SFT over the modelling period of 5.4% was derived from MapInfo and given that the per capita expenditure data and projections were sourced from MapInfo one had to maintain consistency within the MapInfo data set, rather than cherry-pick a rate of SFT deduction from another source such as Experian and apply Experian's much higher rate of SFT deduction, both currently and projecting forward, to (and I paraphrase) a foreign data set. It sounds reasonable not to mix and match between data sets. Except that this occurs elsewhere (appendix 1). And an increasing share of retail sales via SFT is consistent with what is happening in the real world. Both Experian and Verdict are predicting higher and growing shares of SFT expenditure than MapInfo for comparison goods, thus reducing the share of sales through bricks and mortar stores. In the instance illustrated in appendix 1, DTZ is mixing Verdict rates of SFT growth with MapInfo per capita expenditure data.

3.2 More importantly, Mr. Nutter did the same thing in his evidence to the Knowsley public inquiry (I-R 32, paras. 5.99 to 5.102), applying Experian's higher rate of deduction to MapInfo data, in this case a deduction of 12.9% by 2013 for comparison goods expenditure. The difference between a deduction of 5.4% and one of 12.9% in 2014 reduces total available expenditure by £45.95m (from £579.65 to £533.61m); ie over a third of the surplus capacity identified in tables 8 and 8A, as illustrated in table 1 above. See also the extract from the retail SoCG at the Knowsley inquiry in appendix 4, para. 1.12.)

3.3 Next, Marks and Spencer and Debenhams have all reported in their most recent trading statements that SFT sales are growing strongly (albeit from a low base) relative to static or declining like-for-like sales through their stores. (Appendix 3.)

3.4 Mr. Nutter said in cross-examination that in many instances SFT sales were 'picked' from the store rather than a warehouse but as his commentary in the Knowsley public inquiry shows (I-R 32, para. 5.100), this is much more the case in supermarkets for convenience goods than

being the case universally. The argument is therefore not relevant to the issue of comparison goods floorspace.

4.0 Change in floorspace efficiency

4.1 The extract from the Knowsley retail SoCG (appendix 4 para. 1.14) contrasts the agreed use there of 1.5% per annum with the 1% growth that Mr. Nutter explained was appropriate for a recession and beyond. This might be agreed for the period of a recession, but under cross-examination, Mr. Nutter insisted that this was valid for the lifetime of the analysis which incorporates 6 years of above ultra long-term expenditure growth (from 2013 to 2018 inclusive) . It is utterly inconsistent and ahistorical to hold the rate of floorspace efficiency growth at 1% for the nine years of the projected retail capacity modelling.

4.2 This is also contradicted by the LRS (CD 101) which uses a floorspace productivity factor of 1.5% for the period 2006 to 2021 alongside the ultra long-term expenditure per capita growth of 3.8% per annum for comparison goods.

5.0 Turnover of existing floorspace

5.1 Even worse is to use the 1% factor retrospectively for 2006 to 2008. If a factor of 2.2% is used just for these two years (reverting to 1% in 2009), it reduces the ‘surplus capacity’ in 2009 by £6.65m. (Turnover of existing floorspace in tables 8 and 8A increases from £278.35m to £285.0m.)

5.2 The starting point sales turnover is already flattered by the fact that, as the microscopically small print of table 4 in KN04 says, the city centre has been (unilaterally) re-defined to include edge-of-centre and out-of-centre facilities. This is important because it facilitates a larger market share for ‘Lancaster’ which then makes the required uplift a degree less dramatic-looking than it actually is by including turnover from B&Q, Bulk Rd retail park, and Asda at Ovingale Rd, at the very minimum. Since detailed data is not presented, it cannot be confirmed conclusively where the extra comparison goods turnover comes from.

5.3 It is an obvious point that the turnover of floorspace in the rest of the catchment is deemed to freeze at best, where it does not actually suffer adverse impact. IOC cannot see how this is the intention of the RSS, as explained in the proof I-R 01.

6.0 Comparison goods expenditure growth per capita

6.1 There is no justification for using 4.35% as the per capita multiplier beyond 2016, as stated in the rebuttal. During cross-examination, Mr. Nutter deflected this point. As Oxford Economic Forecasting’s latest projection for GDP reduction shows, the position has deteriorated significantly from March when the MapInfo data (I-R 04) was released.

The March data in I-R04 forecast a reduction in UK GDP of 3.2% for 2009. Oxford Economics' forecast for UK GDP as of 19th June (appendix 5) is for a reduction in UK GDP in excess of 4%. This has obvious implications for comparison goods expenditure growth rates.

6.2 The expenditure growth rate in Mapinfo 09/02 (I-R 04) in the period to 2012 is so marginal in any case that to proceed with a scheme of this scale is to make it inevitable that the scheme will undermine the viability and vitality of the existing city centre.

7.0 Turnover of Centros' scheme

7.1 Table 6 of appendix KN04 is still incorrect in the errata sheets, as stated in the IOC rebuttal (para. 4.53, p.6): the department store floorspace (which is stated to have a much lower sales density than the rest of the comparison goods floorspace) is overstated by 1308 sq.m.; and the remainder is understated by the same amount. The sales density of the department store is also understated: according to Centros (CD 16, table 6.1) it should be £2400 per sq.m. not £2203 as in WYG's table 6 of KN04. The combined effect is to decrease the base year scheme turnover by £5.90m: it should be £132.21m using Centros' data on the allocation of floorspace in 2009.

8.0 Inclusion of Frontierland (Morecambe) in commitments; uprating of Kingsway turnover

8.1 As Mr. Nutter says in his Knowsley evidence (I-R 32):

'5.111 As highlighted above in my assessment of capacity for the convenience goods floorspace proposed, before assessing how market shares could change in the future, it is important to understand what are the existing commitments within and beyond the PCA and how these may impact on shopping patterns in the future.'

8.2 Mr. Nutter said in cross-examination that this omission was because the analysis only incorporated 'Lancaster': this was a misleading response. The rubric in tables 8/8A clearly states, as it should, 'Commitments from PCA'. The base year is 2006 therefore it cannot be argued that because the Frontierland development is now complete (as of spring 2008), it should not be labelled as a commitment. And WYG admonished Centros in its audit of 2008 RIA (L18) for not attributing a realistic turnover to the Frontierland development in Centros' own analysis.

8.3 Further, there is no analysis of other commitments 'within and beyond the PCA'.

8.4 Setting this aside, if the turnover of just Frontierland is correctly (and consistently) included in tables 8/8A, 'surplus capacity' would be reduced by £15.82m (L18, table 2.1) and this assumes no increase in floorspace productivity.

8.5 If we compare table 2.1 of WYG's 2008 audit (L18) with table 7 of KN04, we also see that the estimated turnover of the Kingsway development is reduced from £13.97m to £8.20m in table 7. If WYG had been consistent, 'surplus capacity' would have reduced by a further £5.77m in the base year (see table 1 above) even without inflating by a floorspace efficiency factor to 2014.

9.0 Clawback

9.1 Mr. Tucker asked Mr. Nutter to comment on table 18, Appendix C of the WYG appendices (CD101) and highlighted the 10.7% migration of expenditure from zone 2 (Morecambe and Heysham) to Preston for clothing and footwear. It is obvious from all analysis that clothing and footwear expenditure is the principal source of leakage of comparison goods' expenditure from the district. That is why Centros was focussing on this sector. But it is worth looking at what this means in expenditure terms to get a sense of proportion. Table 3 of appendix KN04 gives comparison expenditure for zone 2 of £166.97m in 2014. 25.4% of this expenditure is on clothing and footwear ie £42.41m. 10.7% of this figure is £4.54m. This is useful but in the context of a scheme with a turnover in excess of £138m by 2014, it is not highly significant; and even it is a large assumption that all that expenditure would be recycled into Lancaster. It is also necessary to recall that JJB and Next (as well as Homebase) at Frontierland were not even built at the time of the household survey in November 2005 and these stores will have diverted some clothing and footwear expenditure back to Morecambe.

9.2 LCC has itself pointed out that the district is largely self-contained in comparison goods expenditure (I-R 17, p.13).

'Around 85% of Lancaster's comparison expenditure derives from Lancaster District and around 5% each from Cumbria, Yorkshire and the Garstang area. This, together with comparison leakage levels of under 25% Lancaster District confirms that the District is indeed largely self-contained in retail terms.'

9.3 The argument on leakage is over-done. The RSS identifies a retail hierarchy – a number of higher order centres. Mr. Nutter said that expenditure is now going to higher order centres as people go to these centres as part of their leisure experience. Analysis of the LRS (CD 101) shows that there is a relatively small volume of leakage, it is focussed on clothing and footwear disproportionately, and it is inevitable to some extent, given the existence of higher order centres. As Mr. Nutter confirmed, the decline of Lancaster as a retail destination is relative and not an absolute one. Detail in the Preston retail study (I-R 33, table 8) shows that leakage of all comparison goods expenditure from Lancaster district into Preston is less than 5% of the district's total expenditure, with a value of £16.14m at 2006 prices. It is important to note that this number is derived from Experian's data set and so is not directly comparable with WYG's data from MapInfo. Nevertheless it does give a sense of order of

magnitude relative to the projected turnover of Centros' scheme of £132.21m in 2009 at 2006 prices.

9.4 That is no reason to be complacent about Lancaster's retail offer: there is a need to identify opportunities to improve it in order to provide more choice and not allow Lancaster's market share to diminish. But the prospect of Centros' scheme has crowded out alternative investment possibilities, as Allied Lancaster's evidence shows, which will re-emerge as retailers no longer have the option to wait for Centros' scheme, should it be refused.

10.0 Market share

10.1 Mr. Nutter wrote in his evidence to the Knowsley inquiry (I-R32) that:

'para 5.19...the methodology applied by DPP is far too simplistic and does not take into account existing shopping patterns within Kirkby and the wider PCA. Indeed, the approach adopted by DPP in seeking to demonstrate quantitative need simply identifies retail expenditure generated by residents within a defined catchment and compares this against what the 'expected' turnover of existing floorspace within the catchment could be. The methodology adopted then relies on this estimated turnover figure being deducted from the available expenditure figure to arrive at a surplus theoretical capacity.'

10.2 The methodology applied by WYG is hardly any more sophisticated. A market share percentage was chosen in order to achieve the surplus capacity needed to match the scheme's turnover in a reasonable timeframe given the PPS6 broadbrush guidance on looking no more than 5 years ahead. Estimates were made of additions to available expenditure in order to contribute to the surplus capacity from both the wider 'study area' (or 'secondary catchment area') and beyond. And a deduction was made from 'commitments from PCA' which excluded even the significant development at Frontierland, as detailed in section 8 above.

10.3 Mr. Nutter confirmed under cross-examination that there was no underlying analysis of how the market share could be raised to 67.4% by 2014: either by identifying additional market share for each of the six zones; or by identifying the mix of comparison goods in the scheme which would enable the necessary mix of bulky and non-bulky comparison goods to be available to realise the 67% projection. 'Informed judgement' cannot take the place of reasoned analysis. The 67% projection therefore has, at best, to be treated as an aspiration. Its achievement is simply not proven.

10.4 In cross-examination, Mr. Nutter seemed comfortable with the idea that an increase of 30% in Lancaster's market share should be taken as read. Contrast that with the modesty of the increase in market share which WYG posited in the LRS: from 27.6% (expressed as a percentage of the survey area) to 30%, a 9% increase in market share, with caveats (CD101, para. 7.65), which increased the net floorspace requirement by 1876 sq.m. between 2005 and 2016.

10.5 It is as well also to recall what WYG (L18) said of the 67.4% market share which by coincidence was also required to make the scheme turnover match the surplus capacity in the five year scenario:

‘para 2.24....However, given the extent of the primary catchment together with the strength of competing provision it is considered that this level of retention [67.4%] is at the upper end of what could be achieved.’

11.0 Visitor numbers

11.1 Mr. Nutter confirmed under cross-examination that the number of visitors to the scheme used by Centros in its PPG 15 assessment (CD 25, p.45) – that is, 8 to 8.5 million visitors per year – were valid. He explained that the figures were derived from the Trafford Centre. Mr. Nutter quoted average expenditure figures per visitor of £16.00 per person per visit. Given a scheme turnover of about £126m (as previously demonstrated, the projected turnover is higher because of errors in floorspace and sales densities) this was equivalent to 8.5 million visitors spending about £14.80 each. Mr. Nutter was confirming that average expenditure figures tallied with the projected visitor numbers. Given the way that Mr. Nutter presented visitor numbers and expenditure, these are deemed to be additional visitors to a potentially self-contained scheme. This latter assertion is also supported by Mr. Nutter’s confirmation that only 20 to 30 % of visitors would walk across to the existing city centre without the bridge link in place.

11.2 As noted above, Mr. Nutter explained that the projected visitor numbers were based on the Trafford centre’s data: he said that the Trafford centre has three times as much retail space and three times as many visitors. Checking the data, this is not quite so: the Trafford centre has over 94000 sq.m. net of comparison floorspace and 35 million visitors (appendix 6), of which 89% arrive by car. But this is not the main issue.

11.3 The Trafford centre has over 10000 free car parking spaces. On this basis, Lancaster would need to increase its short stay parking capacity from the projected 1639 spaces (ie including the Centros scheme’s multistorey car park) by at least the same again. It’s interesting that MVA dismisses the use of the TRICS database to predict trip generation because the database does not contain modelling of an edge of centre retail location. This disparity between retail models appears not to have informed WYG in its own analysis.

11.4 But however it was arrived at, Mr. Nutter put his informed judgement behind 8.5 million visitors and given the expenditure figures these would be additional. There has been no attempt to translate 8.5 million visitors to the scheme into journeys into the centre of Lancaster. Neither Centros’ retail nor transport impact assessments give a clue as to visitor numbers – the peak time data is irrelevant in this respect; as is the comparison with the car park at The Lanes in Carlisle. Regard has, of course, to be paid to

the total number of car parking spaces in Carlisle city centre, of which The Lanes car park contributes a fraction.

- 11.5** What the transport assessment does is use existing short stay car parking data and increase these numbers by a factor of 0.53 based on the claimed increase in gross retail space. Mr Pye (I-TR 01, p.47-48) has already shown that the factor calculated is based on a false premise.
- 11.6** Centros in its TA (CD 17) states that if Ridge Lane were closed, this would have serious consequences for the operation of the network.
- ‘4.41 The full closure of Ridge Lane would solve the rat-running issue, however this would create major capacity issues on the main system...’
- 11.7** Figure 8.3 of the TA (CD17) shows that at the AM peak hour, 497 vehicles use Ridge Lane rat-running eastwards.
- 11.8** The diagram showing the day-long variation of vehicles on the one-way system (L83, vol.1, p.110: appendix 9) demonstrates that the gap between the AM peak (when various points of the gyratory exceed 100% capacity) and the average daytime flow per hour in the city centre cordon is 500 to 700 vehicles per hour.
- 11.9** 8.5 million visitors spread evenly over 363 days is 23416 visitors per day. This is clearly a very conservative baseline assumption. There is no explicit modal split or detailed allocation of travel origin by Centros. Figures 8.43 and 8.44 of the TA provide peak time ‘development flows’ but these are relatively insignificant additional vehicle numbers and in 2008, Centros declined to provide data on total vehicle numbers. The assumption appears to have been, without evidence proffered, that the city centre could cope with the additional vehicles drawn into Lancaster by the scheme between the peaks.
- 11.10** Figure 8.16 (weekday AM peak; see also subsequent figures) of the TA (CD 17) provides a percentage breakdown of ‘retail catchment zones distribution’, but (again) no total vehicle numbers to which to relate the percentage of vehicles approaching from zones 1 to 7 (perhaps Centros considered zone 7 to be a proxy for the SCA). There is no reference to cars bringing ‘inflow’ visitors from outside the survey area.
- 11.11** MVA in its 2008 audit (L 22, September addendum) refers to figure 8.2 in the TA (CD 17) which is merely a map of the zones: there is no data attached to it. It is worth quoting MVA’s own ignorance and dissatisfaction on this matter.

‘2.22 The TA states in paragraph 8.18 that the retail trips “have been distributed to and from the Site based upon the expected catchment area outlined in the White Young Green Retail Study as shown at Figure 8.2”.

No further details are given - MVA are of the opinion that further explanation on the methodology used to distribute retail trips is required.

2.23 ...the TA report is intended to be an independent document and subsequently should contain the relevant information/assumptions as applied in undertaking the assessment. The necessary supporting information still needs to be supplied in order for a review of the methodology to be completed.'

This lack of audit on trip generation was further testified by Mr. Mullen in his proof of evidence.

'3.17.1 The Transport Assessment (reference CD17) states in paragraph 8.18 that the retail trips "have been distributed to and from the Site based upon the expected catchment area outlined in the White Young Green Retail Study as shown at Figure 8.2". No further details are given. Whilst we had no reason to object to such an approach, we did request further explanation of the methodology applied. Mayer Brown provided a further response which simply stated that the retail study had been found to be robust following the Council's independent review.'

11.12 IOC contends that the traffic assessment submitted to the inquiry cannot be deemed to be sound on this basis.

11.13 The only available data on traffic origin derives from WYG's household survey (CD 101). Appendix C, question 23, gives responses by zone for how people shopping for clothing and footwear accessed their last destination. 59.9% of respondents (from all 16 zones of the survey area) said that they normally travelled to their shopping destination by car as driver; a further 13.3% came in by car as a passenger. According to DfT data, this understates the number of passengers. For shopping trips, DfT says that the average occupancy per vehicle is 1.7 people (appendix 7).

11.14 A more refined way of calculating the traffic draw of the scheme is by looking at the mode of transport used by respondents to question 23 in each zone. The main issue is how a very high (putative) market share in zone 1 translates into numbers of car trips. In the survey, 49.7% of zone 1 respondents travelled by car to their favoured destination. Given that achieving a 90.6% market share of comparison goods for the city must include securing a large percentage of bulky goods purchases (which account for over 38% of total comparison goods expenditure), an assumption that only 25% of people access the scheme by car from zone 1 seems (very) conservative.

11.15 For the other zones, the survey percentage is used. For the SCA and 'inflow' from outside the study area, the assumption used is that 85% of visitors access the scheme by car. Data from the Commission for Integrated Transport (appendix 8) shows that this is comparable with the overall average for a retail edge of town location of 82% modal share for the private car.

11.19 Thus if we use expenditure as a proxy for numbers of visitors, we can assume that 61.9% of people coming to the proposed scheme arrive by car (14494 people per day on average), and at 1.7 people in each car, that is 8526 cars per day. That is a minimum of 1218 cars per hour, spread evenly between the AM and PM peaks (after 9.00 and before 16.00). The car park in the scheme with its 810 spaces is deemed to accommodate about 2000 cars per day (each space turning over 2.5 times). The total short stay car parking capacity of 1639 spaces would be overwhelmed. More importantly, the gyratory would be overwhelmed: the AM and PM peaks would be submerged. I refer back here to Centros' TA which said that an extra 497 vehicles at AM peak (CD 17, figure 8.3) would have serious capacity implications.

11.20 An extra 1218 vehicles per hour exceeds the AM peak by at least 500 vehicles per hour (see appendix 9 again), every day-time hour. To reiterate: even that assumes (most unrealistically) an even spread of visitors every day of the year, every hour of the day between the peaks, so as not to exacerbate peak-time congestion further – except that the PM congestion would be even worse with departing shoppers.

11.21 This puts into a traffic context Mr. Nutter's assertion of numbers of visitors and the basis on which it was calculated.

11.22 That's without breaking down the assumption – which was optimistic in the extreme – that not a single employee in the scheme would drive to work, when data from Lancashire County Council (L83, para. 4.2.7) shows that (a lower than average for Lancashire) 55% of people in Lancaster district travel to work by car.

11.23 All this ignores, too, according to Mr. Nutter's expenditure data per visit per person, the traffic draw of the supermarket/superstore which at 2500 sq.m. net would have more floorspace dedicated to convenience goods than Sainsbury's on Cable St. currently has (before its planned expansion).

11.24 Put simply: if the scheme attracts 8.5 million visitors, the road system cannot cope – the increases in highway capacity engineered in Centros' scheme are marginal; and there are no improvements to public transport attached to the proposal. If there aren't 8.5 million visitors – based on Mr. Nutter's expenditure per capita per visit statistics given in cross-examination, there aren't enough visitors to justify the scale of retail.

11.25 During cross-examination of Mr. Nutter, IOC asserted that, by way of comparison, Chester attracted nine million visitors per year. See appendix 12.

11.26 Data for the Grand Arcade shopping centre in Cambridge, extended to 42000 sq.m. in 2008 and anchored by John Lewis, attracted 750,000 visitors per month in the two months following its relaunch: the equivalent of nine million visitors per year.

12.0 Definition of the Primary Catchment

12.1 The argument advanced by Mr. Nutter under cross-examination was that the re-definition of the PCA to include zones 4 and 5 was justified by the step-change being proposed in the quality and quantum of Lancaster's retail offer. This is assertion – the benefit of 'informed judgement' - rather than the result of analysis of shopping patterns in each zone given that Preston is as close if not closer to the larger destinations in zone 4; and that Kendal is at least equally accessible for many people in zone 5.

12.2 At Knowsley, Mr. Nutter wrote:

'para. 5.45 [I-R 32, p.59: the paragraph numbering system breaks down here such that there are two paragraphs labelled 5.45] By defining a PCA which is too extensive and does not reflect current shopping patterns that exist on the ground, DPP have effectively 'overplayed' the current role and function of Kirkby within the sub-region.'

IOC is not suggesting that Lancaster and Kirkby are in the least comparable in this or most other respects. Lancaster has a significant market share of zones 4 and 5. But Mr. Nutter's thought process and language are most certainly capable of being deployed in the case of Lancaster. The PCA is too extensive because the 'watershed' between catchments in zones 4 and 5 has not been analysed. There has been a 'land grab' in order to justify the scale of retail proposed: hence, in particular, the objection from South Lakeland DC.

13.0 Scale of retail

13.1 Whilst Mr. Nutter was confident that the scale is right for Lancaster, given the problems with the quantitative model it is wiser to use the judgement applied in Knowsley:

'para. 5.155whilst I do not deny that there is not a qualitative need to enhance the comparison goods offer.....[WYG] provide no justification that this qualitative need could not be met by much smaller scale development.'

13.2 Comparison with Preston city centre (I-R 33, p.10) is instructive. That retail study shows that Preston currently (July 2008) has 62049 sq.m. net of comparison space. Lancaster would have over 55000 sq.m. (24900 sq.m. in the proposal plus 30157 sq.m. currently: I-R 16, extract only), excluding space that was vacant (including former Woolworths store) at the time of the city council's last study in March 2009.

14.0 Retail impact

14.1 Despite the rebasing of the data, there is no analysis by Mr. Nutter of the impact of the scheme on other centres within and surrounding the

PCA, aside from the reference to a 6% trade diversion from Morecambe which is recycled from Centros' RIA (CD 16) and which is invalid in view of the wholesale change in data employed.

14.2 In cross-examination by the inspector, Mr. Nutter was asked about the danger of retailers moving from the existing city centre to the scheme. Mr. Nutter replied that there was always a danger of relocation but that vacant properties are then re-occupied and that there is "never any damage" provided that there are appropriate linkages and that there are established retailers which will not move. For a reply which provides rather more supportive evidence substance, see section 16 below and IOC references: I-R 23-25; I-R 27; I-R35; I-R 38. We would add the following to the evidence base on the commercial realities (appendix 10) from a recent article in Property Week, on the basis that the retail impact on existing centres in the PCA of the development going ahead would be demonstrably harmful to their vitality and viability.

'...From 1997 to 2007 the numbers worked for everyone.

For local authorities it was good news, because high-density retail planning consents were so valuable that they could demand big section 106 payments.

Retailers benefited, as the likes of John Lewis were accommodated as anchors at rock-bottom rents, while for developers the good times rolled: yields were falling and rents rising. To top it all, residential sales to buy-to-let investors could also be factored in.

Now, the equation must be turned on its head.

Local authorities will have to contribute more and demand less. Developers will have to focus on improving existing high streets and shopping centres, rather than ploughing money into lavish new schemes. Retailers, likewise, will have to get real. It is fine to ask for lower rents, shorter leases and reduced service charges, but they can't have everything.

So, the world has changed....'

At the same time, the competitive threat from Preston has receded: see appendix 11.

15.0 Qualitative comments by Mr. Dobson

15.1 Mr. Dobson's evidence has gone untested but cannot be allowed to stand unchallenged. Specifically focusing on his comments on retail, he refers to 'very serious deficiencies' in the quality of Lancaster's retail offer on a number of occasions. Unfortunately Mr. Dobson's assertions are not supported by evidence. Under cross-examination, Mr. Nutter said that the qualitative deficiencies concerned, first, the lack of a "major department store": later we had established that, at the very least, BHS and Marks &

Spencer are indeed department stores, and are so defined by Centros in its RIA (CD 16). It is worth noting that there is a Debenhams store in Barrow, though that did not stop Mr. Dobson from opining that 'for even an average to upper tier shopping experience' (para. 4.6) the inhabitants of the Morecambe Bay area had to travel to Preston, Carlisle or Manchester. (It is ironic that devotees of Primark have been complaining to the local MP that Carlisle does not have such a store and that they are having to travel to Newcastle to the Primark outlet there.)

15.2 The second deficiency concerned the lack of key major multiple retailers: specifically Primark and H&M. But at the time of the LRS, WYG asserted that fifteen of the top twenty multiple retailers were located in Lancaster and that:

'7.9 Overall, the Study concludes that Lancaster City Centre is performing well in terms of the regional hierarchy of shopping centres, but that additional development will be required in order for the centre to maintain its market share.'

15.3 IOC does not assert that Lancaster should be complacent about its retail offer. But supporters of the concept of this scale of retail need to be rather more nuanced and evidential in their assessments. As a correspondent for 'Property Week' wrote last year at the opening of the Cabot Circus shopping centre in Bristol (having surveyed Broadmead): 'Don't buy into the miracle of a wonderful building rising out of the urban dereliction before peering into the empty shops that the new shopping centre has caused.'