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Draft Briefing Note

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To Vince Pearce/Laura Chase - Colchester BC
From Peter Wilks

Subject Tollgate Village

1.0 Introduction

1.1 This note assesses the implications of permitting the proposed Tollgate Village on growth and investment in Colchester over the next 10 years. This note assumes the worst case (fashion led) development scenario is implemented at Tollgate Village, on the basis there are no planning restriction on the range of goods sold.

2.0 Existing Situation – Status Quo

2.1 The annual retail turnover of existing retail businesses (comparison goods) in Colchester Borough is £862 million (£8.62bn over 10 years), of which £648 million (£6.49bn over 10 years) is attracted to the town centre.

2.2 These 10 year projections would be achieved if there is no change in Colchester's market share, catchment population or expenditure per capita in the future i.e. no growth baseline.

3.0 10 Year Expenditure and Population Growth

3.1 Population and expenditure growth should increase the turnover of facilities in Colchester. If Colchester can maintain its market share of expenditure in relation to its competitors then an additional £1.95bn of expenditure would be attracted to the Borough over a 10 year period (an increase from £8.62bn to £10.57bn). The additional trade attracted to the town centre would be £1.461bn. However in order to attract this growth in expenditure, Colchester will need to expand its retail offer, because other competing centres (Braintree, Chelmsford and Ipswich) are likely to improve their retail offer.

3.2 Some of the growth in expenditure should be absorbed by the existing retail stock through increased turnover efficiency. Based on Experian efficiency forecasts, existing facilities might reasonably be expected to absorb £1.28bn over the 10 year period.

3.3 This would leave £662 million expenditure growth that is unlikely to be attracted to the Borough if new development was not implemented within Colchester. Planned commitments (primarily the William & Griffin development) should absorb £270 million of this growth over the next 10 years. If no other new retail development is provided in Colchester, then £392 million of expenditure growth could be diverted to competing centres over the next 10 years.

3.4 In terms of Colchester town centre, existing retail businesses might reasonably be expected to absorb £963 million over the 10 year period, through the growth in turnover efficiency. The William & Griffin development should absorb £225 million.

3.5 In summary, the projected growth in comparison expenditure potentially available over the next 10 years in Colchester could be broken down as follows (based on existing market shares):

- Colchester town centre (efficiency growth) = £963 million
- Colchester town centre (commitments) = £225 million
- Other Colchester Borough (efficiency growth) = £323 million
- Other Colchester Borough (commitments) = £45 million
- New development in Colchester (not committed) = £392 million
- **Total** = **£1,948 million**

4.0 **Tollgate Village Development**

4.1 If implemented the Tollgate Village development is expected to attract up to £1.043bn of comparison goods trade over the next 10 years. This equates to about 53% of the projected total growth in comparison goods of expenditure growth that could be attracted to Colchester Borough if market shares are maintained.

4.2 Based on NLP's impact assessment (fashion led scheme) the source of Tollgate Village's trade is as follows:

- Colchester town centre = 77% (£803m over 10 years)
- Other Colchester Borough = 4% (£42m over 10 years)
- Elsewhere = 19% (£198m over 10 years)

4.3 **Implications for the Local Plan Review and Hierarchy**

4.4 At present the comparison good turnover of facilities in the Tollgate area is around 20% of the turnover of Colchester TC. NLP's impact figures suggest this will increase to around 40% in 2019, if the Tollgate Village development is implemented (fashion led scheme). This is a major shift in the relative

strengths of the two shopping destinations, but the town centre should remain much stronger in terms of overall comparison turnover than Tollgate.

- 4.5 As indicated, Colchester town centre's comparison good turnover is projected to increase by +£87 million (14%) between 2015 and 2019, if the Tollgate Village development is not implemented. A comparable level of growth (14%) might reasonably be expected over the same period for competing towns in the sub-region. However if the Tollgate Village development and commitments are implemented, Colchester town centre's turnover (worst case) is projected to increase by only 1% between 2015 and 2019. Tollgate Retail Park's turnover is expected to double if the proposed development is implemented.
- 4.6 Javelin's Venuescore scores town centres across the UK in terms of their comparison retail offer (i.e. presence of multiple operators). From a customer perspective Venuescore provides a good guide to the overall attraction of main centres for comparison goods shopping.
- 4.7 Assuming a centre's Venuescore changes in line with the level of expenditure attracted to that centre (discounting for growth in turnover efficiency for existing outlets), then a 3% increase in the Venuescore for competitors is envisaged by 2019 and an 83% increase is projected for Tollgate Retail Park. As a worst case, Colchester town centre's Venuescore would reduce by 8% between 2015 and 2019. Longer term projections up to 2026 have also been provided based on a 10.7% growth between 2019 and 2026 for all centres.

Centre	Current Venuescore	Projected 2019 Venuescore	Projected 2026 Venuescore	Change in CTC's relative attraction
Colchester TC	206	190	210	n/a
Tollgate RP	29	53	59	x7.10 → x3.56
Braintree TC	86	89	99	x2.40 → x2.12
Braintree Freeport FOC	77	79	87	x2.71 → x2.41
Chelmsford TC	199	205	227	x1.03 → x0.93
Chelmer Village RP	33	34	38	x6.24 → x5.53
Ipswich	214	220	244	x0.96 → x0.86

- 4.8 At present Colchester TC's Venuescore is over 7 times higher than Tollgate RP's score. If the Tollgate Village development is implemented this could reduce to 3.56 times, which is a major shift in the balance between the two destinations.

- 4.9 Braintree TC would remain a much less attractive centre than Colchester, but would close the gap slightly, but no significant change in shopping patterns is likely. Chelmsford will overtake Colchester TC by 2019. Ipswich would draw further ahead of Colchester TC. It is possible these changes in relative attraction could lead to additional expenditure leakage to these two centres. The swing towards these two centres is about 10%.
- 4.10 These two destinations attract a relatively small proportion of their total turnover from the Colchester catchment area i.e. Ipswich attracts £76 million from the catchment in 2019 and Chelmsford attracts £53 million, out of a total of £1.6 billion. Extrapolated these figures would increase to £100 million and £70 million by 2026 respectively. If an additional 10% (in line with the 10% swing outlined above) is diverted from Colchester TC then £13 million could be diverted at 2019 increasing to £17 million in 2026. This could total around £120 million between 2019 to 2026.
- 4.11 The Local Plan will need to cover a 20 year period (probably up to 2036). The retail capacity analysis in NLP's retail critique suggests (as a minimum) the residual expenditure capacity (£34 million), taking into account Tollgate Village and commitments, could support around 5,000 sq.m gross of comparison goods floorspace in the Borough by 2026. This is unlikely to be sufficient to support the Vineyard Gate development at 2026, but it could provide opportunities for smaller scale development in the short to medium term. However a £17 million increase in diversion to Ipswich and Chelmsford would reduce this floorspace capacity projection to 2,500 sq.m gross. An increase of 2,500 sq.m gross would represent less than a 3% increase in comparison goods floorspace in Colchester town centre, a one medium size retail warehouse unit, similar in size to Matalan or Dunelm in Colchester.
- 4.12 There are current development proposals in the St. Botolph's area of the town centre including the proposed Curzon cinema that could provide up to 3,850 sq.m gross of Class a1 retail floorspace, which could exceed the reduced capacity projection (2,500 sq.m gross).
- 4.13 Between 2026 to 2032 continued population and expenditure growth should be sufficient to support around 15,000 sq.m gross of additional comparison goods floorspace. In total there should be scope for 17,500 to 20,000 sq.m gross over and above Tollgate Village and commitments over the plan period to 2036. Based on these broad brush post Tollgate Village figures, the Local Plan Review would need to identify opportunities to accommodate 2,500 to 5,000 sq.m gross of comparison floorspace in the medium term (up to 2026) and a further 15,000 sq.m gross during 2026 and 2032.
- 5.0 **Cost/Benefit Analysis**
- 5.1 If implemented the Tollgate Village development is expected to generate £65 million in terms of construction value, which should benefit the Colchester

economy. Additional direct economic output (or Gross Value Added) would be £16.9 million per annum and a further £1.7 million indirect GVA per annum. This would equate to £186 million GVA (direct and indirect) over a 10 year period.

- 5.2 Tollgate Village is expected to attract £198m of trade from centres outside Colchester Borough over 10 years, which should benefit the local economy. Conversely the reduction in Colchester TC relative attraction with Chelmsford and Ipswich could result in the loss of £120 million, as indicate above.
- 5.3 A further £45 million will be diverted from facilities in Colchester, but outside of the town centre. This could be considered to be neutral in terms of the impact on the local economy.
- 5.4 If implemented Tollgate Village would as a maximum divert £803 million from Colchester town centre, which exceeds the projected available expenditure to support new comparison development in Colchester (£392 million). Therefore £411 million of the trade diverted to Tollgate Village from the town centre, is likely to be diverted from existing businesses and commitments in the town centre. Given the town centre's first policy, this £411 million diversion is a clear disbenefit of the development.
- 5.5 This significant reduction in town centre trade endorses NLP's previous conclusion that there would be limited residual expenditure capacity to support other comparison retail floorspace within designated centres in Colchester until after 2021. The implementation of Tollgate Village is likely to jeopardise or significantly delay the Vineyard Gate planned investment within the town centre, and prevent other major investment coming forward. This loss of planned investment would represent a significant adverse impact on the town centre, and the Council will need to decide if the benefits of the Tollgate Village development demonstrably out-weigh this negative impact.