

# Cambridge City Local Plan Review

Hearing Statement on behalf of M&G Real Estate

Matter 4: Retail and City Centre

Representation references: 26788; 26789; 26790; 26792; 26793

13 October 2014

## Introduction

1. This Statement is submitted on behalf of M&G Real Estate (“M&GRE”) the owners of the Grafton Centre, which is located within the Primary Shopping Area (PSA) in Cambridge City Centre.
2. M&GRE has engaged in the Local Plan Review process and duly responded to the public consultation in September 2013 (rep ID: 26788; 26789; 26790; 26792; 26793).
3. Subsequently M&GRE has worked with the Council in the preparation of the Local Plan and specifically sought to ensure those policies relating to retail development and the Grafton Centre are worded appropriately to facilitate retail development coming forward over the plan period. In this regard M&GRE and Cambridge City Council (“the Council”) have jointly prepared a Statement of Common Ground to demonstrate to the Inspector that there is a willingness to work together to deliver development in the Fitzroy/Burleigh/Grafton area to help meet the retail capacity needs of the City.
4. This Statement should be read in conjunction with both our previous representations and the Statement of Common Ground. This Statement seeks only to summarise and expand upon the matters raised within those documents.
5. With regard to the matters identified by the Inspector, this Statement should be read with connection with Matter 4 only; specifically this Statement addresses questions b and d.

## The Grafton Centre

6. The Grafton Centre was built in the early 1980s and has been the subject of extension and improvements including a major extension to include a cinema and foodcourt in the early 1990s. Further smaller extensions were implemented in the mid-2000s in order to improve its retail offer. In 2008 planning permission was granted for a major refurbishment of the Centre but this was not implemented.
7. The Grafton Centre is seen as providing “everyday” shopping facilities for local residents on a range of budgets, including a number of popular high street brands such as Debenhams and BHS. By contrast the Grand Arcade together with Lion Yard in the historic core provide more “high-end” brands which both meet the needs of Cambridge’s residents but also, significantly, attract shoppers from across the region and tourists.

8. Since Grand Arcade opened in 2008 the Grafton Centre has suffered from a reduced footfall and therefore turnover. It is considered that this is due to the effects of the recession; as a result of competition from Grand Arcade/Lion Yard; and as a result of a lack of significant investment in the Centre. It is for these reasons that M&GRE is now considering plans for the Centre's improvement and extension and has been working with the Council to ensure planning policy is supportive of further retail development at the Grafton Centre. M&GRE is undertaking feasibility assessments of development options with a view to bringing forwards plans which will both ensure the retention of existing tenants and attract new ones which will improve the profile of the Centre locally.

## Areas of agreement

9. Policy 6, part c identifies that in the period to 2022 there is capacity to support some 14,141 sq. m net of comparison floorspace in Cambridge City Centre; and specifically the Fitzroy/Burleigh Street/Grafton area should be the focus for delivery of this floorspace.
10. Policy 11 provides further detail as to how the Fitzroy/Burleigh Street/Grafton area could be developed for a mixture of retail and leisure floorspace, also including an element of residential and student housing accommodation. The policy makes clear that the precise quantum of new retail floorspace and residential/student units will be subject to testing and demonstration through the development of a masterplan an approach which M&GRE supports.
11. M&GRE broadly supports Policies 6 and 11 which identify that the Fitzroy/Burleigh Street/Grafton area offers a significant opportunity to deliver new comparison floorspace to help meet the City's retail capacity needs up to 2022.
12. M&GRE and the Council agree that further clarification on the quantum of development (in line with the Council's evidence base) should be included in Policy 11 in order to be compliant with the Town and Country Planning (Local Planning) (England) Regulations 2012. It is agreed that Policy 11 should include reference to the provision of up to 12,000 sq. m of comparison retail floorspace.
13. Both parties also agree that appropriate clarification should be provided in the supporting text to Policy 6 and in Policy 11 to highlight the uncertainties surrounding planning for a specific level of floorspace given the caveats included in the evidence base regarding future forecasting, the assumptions that sit behind the forecasts and the need to fully test the physical capacity of the Fitzroy/Burleigh Street/Grafton area via a masterplan process. The justification for this is provided as follows.
14. Notwithstanding its support for the policy approach M&GRE has some concerns about the interpretation of the evidence base as provided for in the Retail Study Update 2013 (RD/E/130) and the Arup City Centre Capacity Study 2013 (RD/E/120) in terms of setting a capacity figure for the city centre and the specific ability of the Fitzroy/Burleigh Street/Grafton area to accommodate some of this capacity, as detailed below.
15. The Retail Study Update 2013 calculates the comparison retail capacity estimate (14,141 sq. m) on the basis of a quantitative assessment of forecast increases in available expenditure as a result of anticipated growth in population and expenditure per head figures, on the basis of constant market shares. It is noted that this modelling was undertaken using outdated assumptions on Special Forms of Trading (i.e. lower forecasts of SFT) which has the effect of increasing the available expenditure estimates which consequently increase floorspace capacity figures. Adopting updated assumptions (i.e. higher forecasts of SFT) would in fact reduce the floorspace capacity figures.
16. The Retail Study Update 2013 applies sensitivity testing to take account of other major planned developments coming forward in the wider sub-region (in Peterborough, Huntingdon and Northstowe) recognising that such developments have the potential to influence shopping patterns within the catchment and divert expenditure from Cambridge. This sensitivity testing consequently identified potentially reduced capacity figures as follows:

- 2017: -2,855 sq. m (negative capacity)
  - 2022: -1,832 sq. m (negative capacity)
  - 2027: 13,637 sq. m
17. Paragraph 7.62 of the Retail Study Update 2013 thus concluded that wider planned developments could meet all available need in the City in the short to medium term and further capacity would only emerge for Cambridge in later stages of the plan period (from 2027). Whilst the recommended strategy as set out in the Retail Study Update 2013 is to plan to meet the capacity identified for 2022 with a baseline scenario (14,141 sq. m) it was noted that such figures should be treated as an upper limit. The Retail Study Update 2013 further states that the Council should acknowledge the fact that this capacity will be sensitive to developments in the wider area and crucially that “some of the capacity identified may be met elsewhere” (paras. 9.24 and 9.25).
  18. In addition Arup has undertaken a City Centre Capacity Study which considers the Fitzroy/Burleigh Street/Grafton area in more detail and its ability to deliver new development. It concludes that the area has physical capacity to deliver some 12,000 sq. m of comparison retail floorspace alongside residential and student accommodation above (page 76). It suggests that such development options should be tested against a detailed design assessment and brought forward through the preparation of a masterplan.
  19. M&GRE is concerned about the level of testing that has been undertaken by Arup in reaching its conclusion that the Fitzroy/Burleigh Street/Grafton area can accommodate 12,000 sq. m of further retail floorspace. An assumption has been made that this would require the redevelopment of the Grafton Centre and the introduction of first floor trading. No discussions took place with M&GRE regarding the potential for redeveloping the Grafton Centre. Given it is a fully trading shopping centre, the practicalities of significantly redeveloping all or part of the Centre are questionable.
  20. Taking the evidence base as a whole into account, M&GRE is concerned about the levels of new retail floorspace being planned for at the Fitzroy/Burleigh Street/Grafton area. The quantitative capacity figure of 14,141 sq. m is potentially an overestimate of what may be appropriate for Cambridge city centre in the short to medium term and further there is no robust evidence to demonstrate that the Fitzroy/Burleigh Street/Grafton area can physically accommodate a further 12,000 sq. m of retail floorspace.
  21. M&GRE is concerned that planning for this large amount of floorspace for the city centre and in the Fitzroy/Burleigh Street/Grafton area specifically may make the city centre vulnerable in the short to medium term to the pressure of out of centre development claiming this identified capacity, should this capacity not be delivered in the Fitzroy/Burleigh Street/Grafton area, for whatever reason.
  22. Thus, whilst M&GRE remains supportive of the identification of further development potential of up to 12,000 sq. m in the Fitzroy/Burleigh Street/Grafton area in Policy 11 further clarification should be included in the supporting text to Policy 6 and in Policy 11 regarding the need for flexibility recognising the difficulties of forecasting and the need to test actual capacity via preparation of a masterplan (SPD).
  23. The further proposed Modifications to the supporting text to Policy 6 and to Policy 11 itself included in the Statement of Common Ground reflect this joint position.
  24. Policy 6 identifies the Fitzroy/Burleigh Street/Grafton area as being within the PSA in Cambridge City Centre. The City’s historic core is also identified as a PSA and is afforded equal status in terms of the application of the sequential and impact tests as set out in Paragraphs 24-27 of the National Planning Policy Framework (“NPPF”). M&GRE is in agreement with the Council that this is the correct approach to inform the creation of a hierarchy of centres and identify those areas where retail capacity should be accommodated.
  25. As drafted Policy 6 seeks to focus new comparison goods floorspace in the Fitzroy/Burleigh Street/Grafton area and the historic core. The policy provides equal status to both areas but identifies that the Fitzroy/Burleigh Street/Grafton area has more opportunity to deliver a significant proportion of

the identified capacity for comparison goods floorspace through redevelopment. This is by virtue of the area being subject to less constraints (i.e. in relation to the historic environment and in terms of physical capacity to expand) and because the historic core has relatively recently been subject to a comprehensive redevelopment (i.e. Grand Arcade) which has, in our view, maximised the available space in the area for retail development. Notwithstanding this, should infill or redevelopment opportunities become available in the historic core, such proposals would be supported by Policy 6.

26. It is agreed with the Council that the development of comparison floorspace in the Fitzroy/Burleigh Street/Grafton area will complement the retail offer of the historic core and not undermine it. The Fitzroy/Burleigh Street/Grafton area will continue to primarily cater for the needs of local residents rather than be a regionally significant retail destination. Given this, M&GRE agrees with the Council that it is not necessary to require development coming forward at Fitzroy/Burleigh Street/Grafton area to be subject to a retail impact assessment as the area is located within a PSA in the City Centre and is of equal status to the historic core. The NPPF supports development which increases choice and competition and given the comprehensive development that has occurred in the historic core, it is only reasonable that the Fitzroy/Burleigh Street/Grafton area is able to respond to that competition (and from out of centre retail destinations) by bringing forward plans for its improvement, including the addition of a greater proportion of comparison goods floorspace.

## **Areas of disagreement**

### **Policy 6 – Locally set threshold for retail impact assessment**

27. M&GRE does not support the proposed 2,500 sq. m threshold for retail impact assessments in relation to out-of-centre retail development as set out in Policy 6 part b.
28. The Grafton Centre has been performing poorly in recent years and is therefore vulnerable to the impacts of competing retail development in edge/out-of-centre locations. 2,500 sq m of comparison goods floorspace (or significant comparison goods floorspace delivered as part of a major foodstore development) is likely to have a harmful impact upon the vitality and viability of the Grafton Centre, particularly as it is these “everyday” goods that it currently provides for. 2,500 sq m is a significant amount of retail floorspace which should not be permitted without the appropriate sequential and impact tests being met.
29. Paragraph 26 of the NPPF provides the basis for local authorities to set a proportionate, locally set threshold and M&GRE considers it is appropriate to set a lower threshold in Cambridge. This is particularly important given the Council’s own evidence base suggests that the City’s market share for comparison goods has declined by 5%, despite the opening of Grand Arcade which should have boosted the City’s draw. M&GRE has already indicated that the Grafton Centre’s footfall has decreased significantly in recent years and is becoming more vulnerable to competition from retail in non-central locations.
30. Allowing significant retail floorspace to be delivered in competing edge or out-of-centre locations will undermine the viability and deliverability of significant retail development in the City Centre and further reduce the City Centre’s market share. A lower threshold would help to protect the City Centre from retail development in other areas of the City and support the long term viability and vitality of the city centre.
31. In this context, it is suggested that a threshold of 1,000 sq m be set which would align with the threshold for major applications. Policy 6 should be amended to this effect as shown in Appendix 1.

**Policy 10 – Unduly restrictive**

32. M&GRE considers the policy approach set out in Policy 10, part d to be unnecessarily restrictive, inflexible and out-dated.
33. There is no clear evidence to demonstrate why the optimum mix of uses in a frontage is 70% A1 units, 30% other use. There is no evidence to demonstrate why this may be the most appropriate mix of uses so as to maintain the vitality of a centre overall. This policy position disregards the benefits that other retail uses such as A3 can have on the vitality of a centre. It is widely recognised in the retail sector, there is growing trend for A1 floorspace to be consolidated and replaced by an increased food and beverage and leisure offer. The most vibrant centres provide a wide range of uses and are not focussed so predominantly upon traditional retail floor space.
34. Installing an arbitrary 70% target for A1 uses is inflexible and when considering that the plan period is up to 2031, such a position makes unnecessary and unjustified assumptions about the market demands for retail floorspace in 17 years' time. City centres must be able to respond to this demand so as to remain competitive.
35. In a rapidly changing retail environment with the continued growth of internet shopping and other special forms of trading it is difficult to predict with any certainty how these changes will affect the high street and it is therefore important that planning policy remains flexible so as to be able to adapt to changing markets forces as may be necessary.

**Policies 11 and 13 – the redevelopment of the Fitzroy/ Burleigh Street/Grafton area**

36. M&GRE is concerned about the mechanism proposed in Policy 11 for bringing forward a Masterplan for the Fitzroy/ Burleigh Street/Grafton area.
37. It is evident that as the Fitzroy/Burleigh Street/Grafton area boundary extends well beyond M&GRE's ownership, and much of the Area of Major Change is in multiple ownership. Reference is made in the policy to a "scheme promoter" which is expected to take the lead in taking forward a Masterplan. Given the multiplicity of ownerships in the area M&GRE considers that it is for the Council to take responsibility for the development of the masterplan and take the lead role in engaging with stakeholders and driving the consultation process in order to deliver the masterplan.
38. M&GRE is also concerned that Policy 11 requires a Masterplan to be developed before any planning applications are submitted in the Fitzroy/Burleigh Street/Grafton area, including the Grafton Centre. Policy 13 also sets out strict criteria that will be applied to all but minor developments.
39. M&GRE cannot support these policies as currently worded as they are unduly restrictive and potentially preventative of development which could nonetheless contribute to the improvement of the Fitzroy/Burleigh Street/Grafton area in anticipation of a masterplan. Whilst a masterplan approach to the area's development is appropriate, policy should not prevent all development prior to its adoption. Such an approach would be at odds with the NPPF's key element of guidance: the presumption in favour of sustainable development; and could potentially force retail development to seek alternative locations including out-of-centre.
40. As outlined in this Statement the Grafton Centre is becoming increasingly vulnerable to out of centre retail development and from increased competition from the historic core. In part, the Centre's lack of investment in recent years is compounding the effects of these factors. In this context, it is essential that M&GRE is able to implement plans for the Centre's further development and much needed upgrade in the short term so as to protect its position and ensure the long term vitality of the wider Fitzroy/Burleigh Street/Grafton area. Such proposals being delivered would not preclude the implementation of a more comprehensive development coming forward during the course of the plan period but such comprehensive proposals could take a significant period of time come to fruition and in the meantime the Grafton Centre must respond to the critical issues it currently faces via new investment.

41. M&GRE thus suggests further changes to Policies 11 and 13 as shown in Appendix 1 which would overcome the concerns outlined above.

## Appendix 1 to M&GRE Examination Statement

### Cambridge Local Plan

### M&G Real Estate Proposed Further Modifications to Policies 6, 11 and 13\*

October 2014

[\*Note: The Council and M&GRE have agreed further Modifications to the supporting text to Policies 6 and to Policy 11 which are incorporated into the modified Policies below. These are set out in Appendix A to the Statement of Common Ground. The Council thus does not agree with all the suggested Modifications set out below]

#### Policy 6 Hierarchy of Centres and Retail Capacity (part)

##### ...b. The sequential approach and impact assessment

Retail and other main town centre uses are directed to these centres in line with the sequential approach set out in the National Planning Policy Framework. Development should contribute positively to the vitality and viability of the centre, and should be appropriate to the scale, character and function of the centre.

Any retail developments proposed outside these centres must be subject to a retail impact assessment, where the proposed gross floorspace is greater than 2,5001,000 sq. m. A retail impact assessment may be required below this threshold where a proposal could have a cumulative impact or an impact on the role or health of nearby centres within the catchment of the proposal.

##### c. Meeting retail capacity

The Council has identified a capacity to support 14,141 sq m net of comparison retail floorspace between 2011 and 2022. Cambridge City Centre should be the focus for meeting most of this need. This will be through:

1. redevelopment in the Fitzroy/Burleigh Street/Grafton Primary Shopping Area (see Policy 11); and
2. other appropriate redevelopment/infill where opportunities arise in the historic core. Exploration of the potential for extension to the Lion Yard/Grand Arcade in the former Post Office yard behind St Andrew's Street for retail and mixed-use purposes is encouraged.

The council has not identified any capacity for additional convenience goods floorspace, above existing commitments and the two medium-sized supermarkets at NIAB (see Policy 19) and the University of Cambridge's North West Cambridge site.

## Policy 11: Fitzroy/Burleigh Street/Grafton Area of Major Change

The Fitzroy/Burleigh Street/Grafton Area of Major Change (AOMC), as shown in Figure 3.1, is the primary focus for providing additional comparison retail in the City Centre, along with other mixed uses.

This area is supported as a location for expansion and/or redevelopment for retail and leisure use (A1, A2, A3, A4 and D2), with residential and student accommodation on upper floors. The evidence base suggests that up to 12,000 sq m of new comparison retail floorspace could be provided in the area although tThe precise quantum of net new retail floorspace and residential/student units will be subject to testing and demonstration through the development of a masterplan for the area.

With the exception of very minor development, or other development proposals which can be justified in being brought forward in advance of -the adoption of a masterplan for the area, development should, where applicableDevelopment should:

- a. be of a high quality, with well-designed edges securing significant townscape improvements to Burleigh Street and East Road);
- b. be sensitive to surrounding residential areas;
- c. improve the bus interchange, including an increase in capacity and better waiting facilities for passengers;
- d. be focused on providing access by sustainable modes of transport including improvements for pedestrians and cyclists such as a managed cycle parking facility, and with no increase in car parking above current levels;
- e. improve the public realm along Fitzroy Street and Burleigh Street, by removing unnecessary signage and street furniture, and using a simple and durable palette of materials; and
- f. promote linkages to the historic core.

The Council will coordinate the production of a masterplan for the area, bringing together ~~the scheme promoter, other~~ landowners, Cambridgeshire County Council and other relevant stakeholders. ~~The scheme promoter will be expected to prepare the masterplan and a~~This will include a comprehensive transport assessment and travel plan ~~in consultation with the council~~. It will need to be consulted upon locally and will be adopted by the council as a supplementary planning document (SPD). ~~before the submission of any planning application.~~

## Policy 13: Areas of major change and opportunity areas – general principles

Development within the AOMCs and opportunity areas should be of the highest quality design and incorporate the principles of sustainable design and construction. With the exception of very minor development, or other development proposals which can be justified in being brought forward in advance of the adoption of a masterplan for the area,

the development of each site within the AOMCs and the opportunity areas shall only be permitted in the following circumstances:

- a. when the necessary infrastructure and associated arrangements to support that development have been secured, either by delivery as part of the development or through other stakeholders including relevant local authorities; or
- b. where acceptable alternative infrastructure provision, including temporary provision where appropriate, has been secured; or
- c. where an assessment shows that a particular development can take place in advance of such provision without causing unacceptable impacts.

Additionally, unless it can be demonstrated that development a particular development can be justified in being brought forward in advance of the adoption of a masterplan for the area, -development shall only be permitted:

- d. where it is in accordance with a comprehensive implementation plan for the area which has demonstrable support from all key landowners or it is supported by evidence to demonstrate that the comprehensive and successful delivery of the development can still take place without this being secured; and
- e. where the development is based on clearly articulated and justified objectives and approach through the provision of a site-wide masterplan, strategies and other overarching coordination documents; and,
- f. in instances where the infrastructure provision is to be phased, an approved phasing strategy is in place.

In terms of movement, density and activity, development should:

- g. be of higher densities in the City Centre, and around key transport interchanges (including the proposed Cambridge Science Park Station), district centres and local centres; and
- h. create active and vibrant places that encourage social interaction and meeting, and foster a sense of community.

In protecting existing assets, landscape and water management, development should:

- i. seek to protect existing public assets, including open space and leisure facilities. Where the loss of such assets is unavoidable, appropriate mitigation should be provided, including where applicable the replacement of assets in an alternative location, in addition to infrastructure generated by the needs of the development;
- j. ensure public rights of way are protected, and enhanced where possible;
- k. develop a new, strong landscape framework that is guided by and incorporates existing positive landscape and townscape features; and,
- l. where practicable, undertake on-site strategic landscaping to the agreed framework early in the development of the site so that this will become established as development proceeds.