Addendum to the Ryedale Retail Capacity and Impact Assessment Update

1.1   Roger Tym & Partners (RTP) completed the Ryedale Retail Capacity and Impact Assessment Update (RRCIAU) in July 2011, which was underpinned by a household survey undertaken in February 2011. The household survey and the RRCIAU were therefore both completed prior to the conversion of the former Netto store in Malton to an Asda fascia in August 2011. Whilst the study was completed before the conversion of the former Netto store, RTP was aware of the planned change and considered the conversion as part of the RRCIAU.

1.2   Since we completed our final study outputs, the Council has instructed RTP to undertake various audits of retail planning applications in the District. Through this work, we have given further thought to the implications of the conversion of the former Netto store to an Asda store.

1.3   The conversion is slightly different to conventional planning commitments, which are usually for a wholly new store. Moreover, the store is significantly smaller than the ones normally operated by Asda and represents an entirely new store format for the company.

1.4   It is not known whether the smaller format Asda stores will achieve the company average sales density. Some commentators have suggested that the trading performance of converted Netto stores could be significantly below Asda's company average, given their small scale and more limited product range than traditional Asda outlets. It will only be possible to establish whether the Asda store in Malton achieves a sales density that is close to its company average through a household survey at a later date.

1.5   Given the lack of evidence regarding the trading performance of the new Asda store in Malton, the potential uplift in turnover at the store (vis-à-vis the former Netto operation) was not specifically factored into the capacity assessment in the RRCIAU as an existing commitment. That is not to say that the potential uplift in turnover was not taken account of in the study as a whole, however.

1.6   We took account of the potential uplift in turnover at the store as part of our impact assessment (see Spreadsheet 16 in Appendix 3 of the RRCIAU) following a 'worst case' approach, which assumed that the Asda store would trade at the company average level. This translated into an increase in convenience retail turnover at the store (drawn from residents within the District) of approximately £5.7m.

1.7   For illustrative purposes, we have considered the potential implications for convenience retail expenditure capacity of an uplift in turnover associated with store's conversion to Asda. We have considered the implications under each of the scenarios in the RRCIAU – the constant retention rate (Scenario 1), rising retention rate (Scenario 2), and increase in retention with an allowance for 'over-trading' (Scenario 3).

1.8   Our three sensitivity tests are as follows:

- Sensitivity Test A, which assumes that the Asda store in Malton performs at the company average level;
- Sensitivity Test B, which assumes that the Asda store in Malton performs at 75 per cent of the company average level; and
- Sensitivity Test C, which assumes that the Asda store in Malton performs at 50 per cent of the company average level.

1.9   The capacity arising under the three sensitivity tests, in terms of sales area floorspace, is summarised in Table 1 below. For ease of reference, Table 1 additionally sets out the quantitative need figures identified in the RRCIAU.

Table 1 Summary of Sensitivity Testing of Quantitative Need in the Convenience Goods Sector (sq.m sales area)

Sensitivity Test / RRCIAU Scenario		Floorspace Requirement (net sq.m)		
		2016	**2021**	**2026**
Sensitivity Test A	**Scenario 1**	-1,253	-984	-705
	Scenario 2	-451	710	1,086
	Scenario 3	-196	965	1,341
Sensitivity Test B	**Scenario 1**	-1,063	-794	-515
	Scenario 2	-261	900	1,276
	Scenario 3	-6	1,155	1,531
Sensitivity Test C	**Scenario 1**	-873	-605	-325
	Scenario 2	-71	1,090	1,466
	Scenario 3	184	1,345	1,721
RRCIUA	**Scenario 1**	-703	-435	-155
	Scenario 2	99	1,260	1,636
	Scenario 3	353	1,515	1,890

1.10   Table 1 shows that if the Asda store in Malton trades at the company average level, the quantitative need for additional convenience retail floorspace in Ryedale District would be approximately 550 sq.m less than the figures identified in the RRCIAU. The decrease in quantitative capacity would be 360 sq.m if the Asda store trades at three quarters of the company average level (Sensitivity Test B), and 170 sq.m if the trading performance of the store is half the company average (Sensitivity Test C).

1.11   It should be noted that our assessment of the potential uplift in turnover associated with the Asda conversion, both in the RRCIAU and in Table 1 above, is based on company average sales density data derived from Verdict's UK Food & Grocery Retailers 2010 report. More recent sales density figures derived from Verdict's UK Food & Grocery Retailers 2011 report, published after the RRCIAU was completed, shows that Asda's company average sales density decreased by around 10 per cent in 2011 compared to 2010. Based on the more recent sales density data for Asda, the reduction in the quantitative capacity for

additional convenience retail floorspace in the District would be 475 sq.m, 304 sq.m, and 132 sq.m under Sensitivity Tests A, B and C, respectively.

1.12   In summary, we therefore consider that the conversion of the former Netto store to an Asda outlet is likely to result in some uplift in turnover, but there is currently no empirical evidence as to what this uplift may be. Nevertheless, the work that we have undertaken to inform this Addendum indicates that the impact on the convenience floorspace requirements indentified in the RRCIAU will be small scale. Furthermore, any reduction in the convenience floorspace requirements would be more than offset by the additional capacity that would arise if the permission for a foodstore at Welham Road is not implemented. We therefore conclude that the quantitative convenience retail needs identified in the RRCIAU remain appropriate.