

West Midlands Regional Assembly

WEST MIDLANDS REGIONAL CENTRES STUDY - UPDATE



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FINAL REPORT

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1 STUDY BRIEF

- 1.1 In March 2006, Roger Tym and Partners produced the West Midlands Regional Centres Study, to form part of the evidence base of the Phase 2 Revision of the Regional Spatial Strategy (RSS). The Study aimed to identify:
- i) the scale of comparison retail, office and leisure development that should be accommodated in the Region in the period to 2011, and in more broad indicative terms from 2011 to 2021;
 - ii) how any identified growth in demand for retail, leisure and office development should be distributed across the region, taking into account the provisions of adopted development plans;
 - iii) how any identified capacity can be diverted to those centres which will best promote accessibility and use of sustainable modes of transport, are least likely to undermine vulnerable centres and best meet any gaps in retail, leisure and office provision across the Region; and
 - iv) the market's perceptions of the opportunities for major investment.
- 1.2 The Study was used to inform the preparation of the Spatial Options for the Phase 2 Revision, which was the subject of consultation between 8 January and 5 March 2007. There was much support for the general approach taken in these Options, but also a view that the scale and distribution of comparison retail floorspace requirements should be reviewed in the light of:
- i) the projected quantum and distribution of population, taking account of the RSS's emerging proposals in relation to the scale and distribution of new housing;
 - ii) more up-to-date information on the expected impact of electronic retailing (e-tailing); and
 - iii) the need to roll forward the projections to 2026.
- 1.2 The West Midlands Regional Centres Study (WMRCS) was also the subject of discussion at the Examination in Public into the Phase 1 RSS Revision in January 2007. The Panel Report was published in March 2007, and it makes a number of observations in relation to comparison retail floorspace requirements. These are set out in paragraphs 7.4 to 7.7 of the Panel's Report, but the key issues are:
- i) the need for the Black Country figures to be calculated on the same basis as those for the rest of the region;

- ii) the need to take account of population projections arising from the Phase 2 housing proposals; and
- iii) the need to take into account the most up-to-date information on e-tailing and other aspects of the floorspace projections.

1.3 The Regional Assembly, therefore, commissioned Roger Tym & Partners to undertake an update of the WMRCS in so far as it relates to comparison retail floorspace needs. The work has involved three stages, as follows:

- Stage 1 - Review of key assumptions, namely:
 - population change;
 - per capita expenditure growth rates;
 - change in floorspace efficiency;
 - change in the proportion of comparison goods expenditure accounted for by special forms of trading (SFT), the main component of which is e-tail; and
 - an update of planning commitments for schemes involving provision of comparison goods floorspace within and on the edge of the network of strategic centres
- Stage 2 - Re-run the centres model, taking account of the revised data input assumptions, for a more limited set of four alternative policy scenarios.
- Stage 3 - Roll forward the time horizon so as to provide indicative floorspace requirements for the period 2021 to 2026.

1.4 For the purposes of the Update work, we were instructed that the network of strategic centres should reflect the Panel's recommendations in respect of the Phase 1 RSS Revision, so that Dudley is excluded, whereas Brierley Hill/Merry Hill is included.

1.5 We have not updated the February 2005 survey of households which established the pattern of comparison goods expenditure at that time. Nevertheless, we consider that the survey findings are sufficiently up-to-date to form a reliable assessment of the base position for comparison goods spending.

1.6 All floorspace figures in this report are expressed in terms of sq.m sales areas (net). In order to derive gross floorspace estimates, we recommend the application of a net to gross ratio in the range 70 per cent to 75 per cent.

1.7 All expenditure figures are expressed in year 2004 prices (except in Spreadsheet B, where several price bases are compared).

2 CHANGES TO DATA INPUTS

Population Forecasts

- 2.1 We have utilised two population forecasts for each of the administrative areas in the West Midlands Study Area. These forecasts are set out in Spreadsheets ONS A and RSS A, at five yearly intervals up to 2026; they are derived from:
- i) the ONS 2004-based population forecasts for each of the administrative areas in the Study Area; and
 - ii) Regional Spatial Strategy (RSS)-based forecasts, as supplied by the West Midlands Regional Assembly, which take account of the proposals for the quantum and distribution of new housing that are emerging in the Phase 2 Revision process.
- 2.2 Each of the 101 zones used in the telephone survey of households - which are based on postcodes - are allocated to the local authority area in which the zone is located (or largely located). Thus, the zonal level population forecasts at five yearly intervals up to 2026 are as set out in Spreadsheets ONS A and RSS A.
- 2.3 Under the 2004-based ONS forecasts, the overall Study Area population grows from 6.08 million in 2006 to 6.39 million in 2021, a growth of 5.0 per cent. In contrast, the 2003-based ONS forecasts, which were utilised in the original study, projected a gain from 5.98 million in 2005 to 6.27 million in 2021, which also represents a growth of 5.0 per cent, but from a lower base figure.
- 2.4 The alternative RSS forecasts project a growth from 6.09 million in 2006 to 6.32 million in 2021, which represents a lower growth over this 15 year period, of 3.8 per cent.
- 2.5 The administrative districts with the highest rates of population change from 2006 up to 2026, under the 2004-based ONS forecasts, are:
- Warwick +36.6 per cent
 - Stratford-on-Avon +24.4 per cent
 - South Derbyshire +22.8 per cent
 - Daventry +22.5 per cent
 - Wychavon +14.8 per cent
 - South Shropshire +14.8 per cent
 - North Shropshire +14.1 per cent

2.6 The administrative districts for which a fall in population is anticipated by the 2004-based ONS forecasts are:

- Stoke-on-Trent -3.4 per cent
- South Staffordshire -3.3 per cent
- Walsall -1.1 per cent
- Tamworth -0.8 per cent

2.7 In contrast, the administrative districts with the highest rates of population growth from 2006 up to 2026, under the RSS-based forecasts are:

- Telford and Wrekin +25.6 per cent
- Rugby +18.4 per cent
- East Staffordshire +16.9 per cent
- Coventry +16.8 per cent
- South Shropshire +13.7 per cent
- North Shropshire +11.9 per cent

2.8 The administrative districts for which a fall in population is anticipated from 2006 up to 2026, under the RSS-based forecasts are:

- Wyre Forest -3.7 per cent
- Bromsgrove -3.4 per cent
- Bridgenorth -2.9 per cent
- Tamworth -2.9 per cent
- South Staffordshire -1.7 per cent
- Stoke-on-Trent -1.3 per cent

Per Capita Spending

2.9 The original West Midlands Regional Centres Study utilised MapInfo's year 2001 expenditure database in 2001 prices. These 2001 data were rolled forward to the 2005 base year utilising a cautious comparison goods expenditure growth rate of 3.7 per cent, per capita, per annum (see paragraph 2.2 of Technical Paper 5). However, for the purposes of the Update, we have been able to utilise MapInfo's year 2004 expenditure database, which reflects the actual high level of comparison goods expenditure growth that actually occurred from 2001 to 2004, with the rate in this period averaging just over 8 per cent, per annum. Thus, when we roll forward

to our new base year of 2006, the per capita spend levels, which are now in 2004 prices, are much higher, as shown in Spreadsheet B. Moreover, the ratio of spend in the West Midlands Study Area compared to the UK, which was 93.4 per cent in the original work, has grown in 2004 to 96.2 per cent, so that the differential with the UK appears to have narrowed. These higher base year spending levels have caused a significant increase in the overall quantum of retail need which is identified in the Update work.

Expenditure Growth Rates

- 2.10 The Update utilises a high, medium and low per capita spend projection in the same way as the original work, but the rates are very similar, as set out in Table 2.1:

Table 2.1 Comparison Goods Expenditure Growth Rates
(per cent, per capita, per annum)

	^{*1} High	^{*2} Medium	^{*3} Low
Original Study ^{*4}	5.15	4.30	3.70
Update Study ^{*5}	5.15	4.40	3.80

^{*1} MapInfo Past trends - Mid-point between medium and long term

^{*2} MapInfo/OEF Forecast

^{*3} Experian Forecast

^{*4} MapInfo Brief 05/02 and Experian Retail Planner Briefing Note 2.0

^{*5} MapInfo Brief 06/02 and Experian Retail Planner Briefing Note 4.0

Change in Floorspace Efficiency

- 2.11 The Update work adopts the same high, medium and low rates of change in respect of floorspace efficiency as utilised in the original study, as set out in Table 2.2. Furthermore, the Update continues to apply the principle of high floorspace efficiency with high expenditure growth, medium efficiency with medium expenditure growth, and low efficiency with low expenditure growth.

Table 2.2 Floorspace Efficiency Change (per cent, per annum)

	High	Medium	Low
Original Study	2.50	2.25	2.00
Update Study	2.50	2.25	2.00

Source: Experian Planner Briefing Note 4.0, Page 23

Special Forms of Trading

- 2.12 The Update work utilises Experian's projections of change in the proportion of comparison goods sales accounted for by special forms of trading (SFT), as reported in its Retail Planner Briefing Note 2.3D. Thus, we have applied a high,

medium and low rate for the proportion of comparison goods sales accounted for by SFT, as set out in Table 2.3.

Table 2.3 Special Forms of Trading (SFT) as a Proportion of Total Comparison Goods Sales

		2006	2011	2016	2021
High	Experian Main Case	7.25%	12.00%	12.40%	12.40%
Medium	Experian Mid Point	7.25%	10.35%	10.55%	10.55%
Low	Experian Lower Case	7.25%	8.70%	8.70%	8.70%

Source: Experian Retail Planner Briefing Note 2.3D, Tables 6.2 and 6.4

- 2.13 In contrast, the original study utilised an assumption for which the share of comparison sales accounted for by SFT increased from 7.0 per cent in 2005 to 20.0 per cent in 2021.
- 2.14 We acknowledge that there continues to be uncertainty with respect to future change in e-tailing. Indeed, the very definition of non-store retail sales is fraught with difficulty, so that data from organisations such as the Interactive Media in Retail Group (IMRG) bear no resemblance to estimates of e-commerce provided by ONS, the latter estimating a value of e-tailing in the UK in 2004 of £6.8bn, which is equivalent to just 2.6 per cent of total retail spending, whereas IMRG's estimate for 2004 is £14.5bn. Moreover, a recent report by CACI¹ suggests that the impact of the internet is likely to vary for different centres, with the biggest impact on those centres which serve a mixture of affluent suburbs, prosperous urban areas and a rural hinterland.
- 2.15 A further difficulty arises in that many goods sold over the internet may still come from the shelves of conventional retail outlets, so that there is an additional uncertainty over e-tailing's precise impact on current and future retail space requirements. Nevertheless, despite all these difficulties, we consider that Experian's projections of change in the proportion of non-store sales are the most reliable that are currently available. Nevertheless, we have applied some sensitivity testing to assess the impact on the regional need for comparison goods floorspace of each percentage point change in the proportion of comparison goods sales accounted for by e-tailing (as discussed in Section 3).

¹ Internet Spending Report: The Bricks and Clicks Battle, CACI Limited, 2006

Comparison Retail Commitments

- 2.16 The Regional Assembly has provided an updated schedule of planning commitments for comparison goods developments that are located within and on the edge of the network of strategic centres. These commitments have an aggregate sales area of approximately 307,000 sq.m in March 2006, whereas they totalled just 203,000 sq.m sales area in the original study.

3 REGION-WIDE CONTROL TOTALS

Introduction

- 3.1 There are two sets of region-wide control totals for aggregate need in the comparison goods sector. The first set utilises the ONS's 2004-based population forecasts and the second set utilises the emerging RSS-based forecasts. Thus, the ONS spreadsheets have an ONS prefix and the RSS spreadsheets have an RSS prefix.

The ONS-Based Region-wide Control Totals

- 3.2 Spreadsheets ONS 1A, ONS 1B and ONS 1C replicate Spreadsheets 4 to 6 of Technical Paper 5 of the original study, but with new data inputs and rolling forward an additional 5 years to 2026. The overall regional requirement from 2006 to 2021 (for those scenarios which do not involve convergence with the UK in terms of per capita expenditure) is in the range 1,003,843 sq.m sales area (Spreadsheet ONS 1C, for 'low' expenditure growth) to 1,353,281 sq.m sales area (Spreadsheet ONS 1A, for 'high' expenditure growth); this represents a substantial uplift compared to the original study for which the ONS range was from 414,148 sq.m sales area to 855,729 sq.m sales area.
- 3.3 The power of exponential growth in expenditure can be seen in the region-wide quantitative need outcomes for the period up to 2026, which - for those scenarios which do not involve convergence with the UK in terms of per capita expenditure - is in the range 1,485,468 sq.m sales area (Spreadsheet ONS 1C, for 'low' expenditure growth) to 2,109,801 sq.m sales area (Spreadsheet ONS 1A, for 'high' expenditure growth). Thus, the control total range for the period 2006 to 2026 is half as much again as the control total range for the period 2006 to 2021.
- 3.4 Spreadsheet ONS 1D presents the region-wide control total under Scenario 6b, which is based on a medium expenditure growth rate, but whereby per capita comparison goods expenditure in the Black Country Major Urban Areas (MUAs) converges to reach 98 per cent of the national average by 2021 and 99 per cent of the national average by 2026. The outcome for Scenario 6b is a region-wide control total in 2026 of 1,851,297 sq.m sales area (Spreadsheet ONS 1D).
- 3.5 Spreadsheet ONS 1E presents the region-wide control total under Scenario 7, which is based on a medium expenditure growth rate, but whereby per capita expenditure in all of the Region's Major Urban Areas converge to reach 98 per cent of the national average by 2021 and 99 per cent of the national average by 2026.

The outcome for Scenario 7 is a region-wide control total in 2026 of 1,970,905 sq.m sales area (spreadsheet ONS 1E).

- 3.6 Spreadsheet ONS 2A summarises the regional floorspace requirements under each of the five ONS scenarios. Thus, the overall regional control total, as at 2021, varies from 1,003,843 sq.m sales area (for ONS Low) to 1,353,281 sq.m sales area (for ONS High). At 2026, the range is from 1,485,468 sq.m sales area (for ONS Low) to 2,109,801 sq.m sales area (for ONS High). Table ONS 2B reveals that for each percentage point change in the proportion of comparison goods sales accounted for by SFT (mainly e-tail), there is an impact on the regional control total for 2021, under the ONS Medium scenario, of 40,000 sq.m sales area. Thus, if the share of comparison goods sales accounted for by SFT was to increase to 15 per cent from the Medium assumption of 10.55 per cent, ie an increase of 4.45 percentage points, the impact on the regional control total is a reduction of 178,000 sq.m sales area. At 2026, the reduction in the regional control total associated with a 15 per cent share for SFT is 200,700 sq.m sales area.
- 3.7 Spreadsheet ONS 3 provides a monetary analysis of the difference between the original and updated assessments, but only for 2021 because the original study did not go beyond this date. The most important factor, if we look at the ONS medium scenario, is the higher growth in retained expenditure of £2,809m, which reflects the higher base year expenditure figures and the higher rate of population growth in the new work. The second most important factor resulting in the additional floorspace residual is the revised assumption for growth in e-tailing, with the maximum rate based on advice from Experian growing to just 12.4 per cent, as opposed to the 20 per cent assumption in the original study. The third factor, which works in the opposite direction, is a greater claim by existing traders - not because of any changes of assumption in terms of floorspace efficiency change - but because of their higher level of starting turnover.

The RSS-Based Region-wide Control Totals

- 3.8 Spreadsheets RSS 1A, RSS 1B and RSS 1C set out the region-wide control totals for comparison goods need, utilising the RSS-based population projections and high, medium and low expenditure growth rates, respectively. The need is assessed at five-yearly intervals from 2006 up to 2026. The overall regional requirement from 2006 to 2021 (for those scenarios which do not involve convergence with the UK in terms of per capita expenditure) is in the range 957,705 sq.m sales area (Spreadsheet RSS 1C, for 'low' expenditure growth) to 1,302,515 sq.m sales area (Spreadsheet RSS 1A, for 'high' expenditure growth);

this represents a range which is around 4 per cent lower than the ONS range, because the aggregate region-wide RSS population forecast for 2021 is lower than the region-wide ONS forecast for 2021.

- 3.9 The power of exponential growth in expenditure can be seen in the region-wide quantitative need outcomes for the period up to 2026, which - for those scenarios which do not involve convergence with the UK in terms of per capita expenditure - is in the range 1,442,258 sq.m sales area (Spreadsheet RSS 1C, for 'low' expenditure growth) to 2,059,618 sq.m sales area (Spreadsheet RSS 1A, for 'high' expenditure growth). Thus, as was the case for the ONS-based assessment, the control total range for the RSS assessment, for the period 2006 to 2026, is half as much again as the control total range for the period 2006 to 2021.
- 3.10 Spreadsheet RSS 1D presents the region-wide control total under Scenario 6b, which is based on a medium expenditure growth rate, but whereby per capita comparison goods expenditure in the Black Country Major Urban Areas (MUAs) converges to reach 98 per cent of the national average by 2021 and 99 per cent of the national average by 2026. The outcome for Scenario 6b is a region-wide control total in 2026 of 1,841,186 sq.m sales area (Spreadsheet RSS 1D).
- 3.11 Spreadsheet RSS 1E presents the region-wide control total under Scenario 7, which is based on a medium expenditure growth rate, but whereby per capita expenditure in all of the Region's Major Urban Areas converge to reach 98 per cent of the national average by 2021 and 99 per cent of the national average by 2026. The outcome for Scenario 7 is a region-wide control total in 2026 of 1,962,751 sq.m sales area (Spreadsheet RSS 1E).
- 3.12 Spreadsheet RSS 2A summarises the regional floorspace requirements under each of the five RSS scenarios. Thus, the overall regional control total, as at 2021, varies from 957,705 sq.m sales area (for RSS Low) to 1,306,135 sq.m sales area (for RSS Medium Scenario 7). At 2026, the range is from 1,442,258 sq.m sales area (for RSS Low) to 2,059,618 sq.m sales area (for RSS High). Table RSS 2B reveals that for each percentage point change in the proportion of comparison goods sales accounted for by SFT (mainly e-tail), there is an impact on the regional control total for 2021, under the RSS Medium scenario, of 39,600 sq.m sales area. Thus, if the share of comparison goods sales accounted for by SFT was to increase to 15 per cent from the Medium assumption of 10.55 per cent, ie an increase of 4.45 percentage points, the impact on the regional control total is a reduction of 176,200 sq.m sales area. At 2026, the reduction in the regional control total associated with a 15 per cent share for SFT is 198,900 sq.m sales area.

- 3.13 Spreadsheet RSS 3 provides a monetary analysis of the difference between the original and updated assessments. The most important factor, if we look at the RSS medium scenario, is the higher growth in retained expenditure of £2,547m, which reflects the higher base year expenditure figures and the higher rate of population growth in the new work. The second most important factor resulting in the additional floorspace residual is the revised assumption for growth in e-tailing, with the maximum rate based on advice from Experian growing to just 12.4 per cent, as opposed to the 20 per cent assumption in the original study. The third factor, which works in the opposite direction, is a greater claim by existing traders - not because of any changes of assumption in terms of floorspace efficiency change - but because of their higher level of starting turnover.

4 DISTRIBUTION OF IDENTIFIED NEED

ONS-Based Distribution

ONS Need in the Period up to 2021

- 4.1 Spreadsheets ONS 4 to ONS 8 distribute the regional requirement of up to 2021 for Option 1 (status quo), Option 3 (focus on MUA centres), Option 6B (per capita expenditure convergence in Black Country MUAs and focus on Walsall, West Bromwich and Wolverhampton), Option 7 (per capita expenditure convergence in all MUAs) and Option 10 (focus on MUA centres and sub-regional foci centres). For Options 3 and 10 we use the ONS medium expenditure control total for floorspace derived from Spreadsheet ONS 1B; for Option 6B we use the control total set out in Spreadsheet ONS 1D; and for Option 7 we use the control total set out in Spreadsheet ONS 1E.
- 4.2 We have made three refinements to the methodology employed in the original study. First, we ensure that the minimum requirement for the 15 year period from 2006 up to 2021, in each of the strategic centres (before commitments), is 20,000 sq.m sales area. The second adjustment is to allow the model to calculate floorspace figures for each of the four Black Country Centres, so as to derive a sub-total for the Black Country, but with that sub-total then distributed pro-rata to the RSS Phase One Revision recommendations. Thirdly, we have placed a cap on Solihull at 40,000 sq.m sales area, which compares with its status quo share in Spreadsheet ONS 4 of 46,000 sq.m sales area; the cap reflects capacity constraints and relatively recent expansion.
- 4.3 We have been supplied with an updated schedule of commitments, as at March 2006. If we ignore the status quo Option 1 (Spreadsheet ONS 4), the only centre for which the residual requirement up to 2021 is negative, after commitments, is Wolverhampton (see final column of Spreadsheets ONS 5 to ONS 8).
- 4.4 Thus, Table 4.1 summarises the range in the comparison goods sales area requirements, before commitments, for each of the strategic centres, up to 2021. The range for each centre is derived from Spreadsheets ONS 5 to ONS 8, having rejected the status quo scenario set out in Spreadsheet ONS 4. The final column of Table 4.1 gives the mid-point in the ONS-based sales area requirement up to 2021, prior to allowing for commitments.

Table 4.1 ONS-Based Range of Comparison Sales Area Requirements up to 2021, Before Commitments

Level	Centre	Minimum sq.m sales (net)	Maximum sq.m sales (net)	Mid-point sq.m sales (net)
1	Birmingham	166,000	186,000	176,000
2	Brierley Hill/Merry Hill	44,000	54,000	49,000
2	Coventry	63,000	75,000	69,000
2	Hanley	56,000	66,000	61,000
2	Wolverhampton	47,000	57,000	52,000
3	Solihull*	40,000	40,000	40,000
3	Worcester	35,000	47,000	41,000
3	Shrewsbury	33,000	43,000	38,000
3	Walsall	39,000	48,000	44,500
3	Telford	30,000	37,000	33,500
3	Hereford	27,000	34,000	30,500
3	Burton-on-Trent	27,000	36,000	31,500
3	Leamington Spa	27,000	40,000	33,500
4	Stafford	21,000	27,000	24,000
4	Redditch	21,000	27,000	24,000
4	Sutton Coldfield	23,000	27,000	25,000
4	Kidderminster	20,000	22,000	21,000
4	Stratford-upon-Avon	20,000	23,000	21,500
4	Tamworth	20,000	21,000	20,500
4	Nuneaton	20,000	20,000	20,000
4	Rugby	20,000	21,000	20,500
4	Newcastle under Lyme	20,000	20,000	20,000
5	Cannock	20,000	20,000	20,000
3	West Bromwich	31,000	37,000	34,000
5	Lichfield	20,000	20,000	20,000

* Solihull is capped to a maximum of 40,000 sq.m sales area (net) because of capacity constraints and relatively recent expansion.

Source: Spreadsheets ONS 5 to ONS 8

ONS Need in the Period up to 2026

- 4.5 Spreadsheets ONS 9 to ONS 13 replicate Spreadsheets ONS 4 to ONS 8, but roll forward a further five years to 2026. Given the exponential impact of some key data inputs, such as expenditure growth rates, we would urge that the projections to 2026 are treated with a degree of caution. In rolling forward a further five years to 2026, we have increased the minimum requirement in each centre (before commitments) to 25,000 sq.m sales area (to be delivered over the 20 year period 2006 to 2026) and the cap for Solihull is increased to 50,000 sq.m sales area.

4.6 Thus, Table 4.2 summarises the range in the comparison goods sales area requirements, before commitments, for each of the strategic centres, up to 2026. The range for each centre is derived from Spreadsheets ONS 10 to ONS 13, having rejected the status quo scenario set out in Spreadsheet ONS 9. The final column of Table 4.2 gives the mid-point in the ONS-based sales area requirement up to 2026, prior to allowing for commitments.

Table 4.2 ONS-Based Range of Comparison Sales Area Requirements up to 2026, Before Commitments

Level	Centre	Minimum sq.m sales (net)	Maximum sq.m sales (net)	Mid-point sq.m sales (net)
1	Birmingham	252,000	298,000	275,000
2	Brierley Hill/Merry Hill	66,000	82,000	74,000
2	Coventry	97,000	111,000	104,000
2	Hanley	85,000	98,000	91,500
2	Wolverhampton	70,000	86,000	78,000
3	Solihull*	50,000	50,000	50,000
3	Worcester	59,000	70,000	64,500
3	Shrewsbury	55,000	65,000	60,000
3	Walsall	58,000	72,000	65,000
3	Telford	46,000	55,000	50,500
3	Hereford	43,000	51,000	47,000
3	Burton-on-Trent	44,000	54,000	49,000
3	Leamington Spa	48,000	61,000	54,500
4	Stafford	33,000	41,000	37,000
4	Redditch	33,000	41,000	37,000
4	Sutton Coldfield	35,000	41,000	38,000
4	Kidderminster	27,000	32,000	29,500
4	Stratford-upon-Avon	29,000	35,000	32,000
4	Tamworth	25,000	31,000	28,000
4	Nuneaton	25,000	30,000	27,500
4	Rugby	26,000	31,000	28,500
4	Newcastle under Lyme	25,000	25,000	25,000
5	Cannock	25,000	26,000	25,500
3	West Bromwich	45,000	56,000	50,500
5	Lichfield	25,000	25,000	25,000

* Solihull is capped to a maximum of 50,000 sq.m sales area (net) because of capacity constraints and relatively recent expansion.

Source: Spreadsheets ONS 10 to ONS 13

RSS-Based Distribution

RSS Need in the Period up to 2021

- 4.7 Spreadsheets RSS 4 to RSS 8 distribute the regional requirement of up to 2021 for Option 1 (status quo), Option 3 (focus on MUA centres), Option 6B (per capita expenditure convergence in Black Country MUAs and focus on Walsall, West Bromwich and Wolverhampton), Option 7 (per capita expenditure convergence in all MUAs) and Option 10 (focus on MUA centres and sub-regional foci centres). For Options 3 and 10 we use the RSS medium expenditure control total for floorspace derived from Spreadsheet RSS 1B; for Option 6B we use the control total set out in Spreadsheet RSS 1D; and for Option 7 we use the control total set out in Spreadsheet RSS 1E.
- 4.8 As was the case in the ONS-based assessment, we have made three refinements to the methodology employed in the original study. First, we ensure that the minimum requirement for the 15 year period from 2006 up to 2021, in each of the strategic centres (before commitments), is 20,000 sq.m sales area. The second adjustment is to allow the model to calculate floorspace figures for each of the four Black Country Centres, so as to derive a sub-total for the Black Country, but with that sub-total then distributed pro-rata to the RSS Phase One Revision recommendations. Thirdly, we have placed a cap on Solihull at 40,000 sq.m sales area, which compares with its status quo share in Spreadsheet RSS 4 of 46,000 sq.m sales area; the cap reflects capacity constraints and relatively recent expansion.
- 4.9 We have been supplied with an updated schedule of commitments, as at March 2006. If we ignore the status quo Option 1 (Spreadsheet RSS 4), the only centre for which the residual requirement up to 2021 is negative, after commitments, is Wolverhampton (see final column of Spreadsheets RSS 5 to RSS 8).
- 4.10 Thus, Table 4.3 summarises the range in the comparison goods sales area requirements, before commitments, for each of the strategic centres, up to 2021. The range for each centre is derived from Spreadsheets RSS 5 to RSS 8, having rejected the status quo scenario set out in Spreadsheet RSS 4. The final column of Table 4.3 gives the mid-point in the RSS-based sales area requirement up to 2021, prior to allowing for commitments.

Table 4.3 RSS-Based Range of Comparison Sales Area Requirements up to 2021, Before Commitments

Level	Centre	Minimum sq.m sales (net)	Maximum sq.m sales (net)	Mid-point sq.m sales (net)
1	Birmingham	158,000	184,000	171,000
2	Brierley Hill/Merry Hill	43,000	55,000	49,000
2	Coventry	67,000	81,000	74,000
2	Hanley	55,000	67,000	61,000
2	Wolverhampton	46,000	58,000	52,000
3	Solihull*	40,000	40,000	40,000
3	Worcester	34,000	46,000	40,000
3	Shrewsbury	32,000	43,000	37,500
3	Walsall	38,000	48,000	43,000
3	Telford	29,000	38,000	33,500
3	Hereford	25,000	33,000	29,000
3	Burton-on-Trent	26,000	35,000	30,500
3	Leamington Spa	22,000	34,000	28,000
4	Stafford	20,000	27,000	23,500
4	Redditch	20,000	26,000	23,000
4	Sutton Coldfield	22,000	27,000	24,500
4	Kidderminster	20,000	21,000	20,500
4	Stratford-upon-Avon	20,000	20,000	20,000
4	Tamworth	20,000	21,000	20,500
4	Nuneaton	20,000	20,000	20,000
4	Rugby	20,000	20,000	20,000
4	Newcastle under Lyme	20,000	20,000	20,000
5	Cannock	20,000	20,000	20,000
3	West Bromwich	30,000	38,000	34,000
5	Lichfield	20,000	20,000	20,000

* Solihull is capped to a maximum of 40,000 sq.m sales area (net) because of capacity constraints and relatively recent expansion.

Source: Spreadsheets RSS 5 to RSS 8

RSS Need in the Period up to 2026

- 4.11 Spreadsheets RSS 9 to RSS 13 replicate Spreadsheets RSS 4 to RSS 8, but roll forward a further five years to 2026. Given the exponential impact of some key data inputs, such as expenditure growth rates, we would urge that the projections to 2026 are treated with a degree of caution. In rolling forward a further five years to 2026, we have increased the minimum requirement in each centre (before commitments) to 25,000 sq.m sales area (to be delivered over the 20 year period 2006 to 2026) and the cap for Solihull is increased to 50,000 sq.m sales area.

- 4.12 Thus, Table 4.4 summarises the range in the comparison goods sales area requirements, before commitments, for each of the strategic centres, up to 2026. The range for each centre is derived from Spreadsheets RSS 10 to RSS 13, having rejected the status quo scenario set out in Spreadsheet RSS 9. The final column of Table 4.4 gives the mid-point in the RSS-based sales area requirement up to 2026, prior to allowing for commitments.

Table 4.4 RSS-Based Range of Comparison Sales Area Requirements up to 2026, Before Commitments

Level	Centre	Minimum sq.m sales (net)	Maximum sq.m sales (net)	Mid-point sq.m sales (net)
1	Birmingham	242,000	294,000	268,000
2	Brierley Hill/Merry Hill	65,000	83,000	74,000
2	Coventry	105,000	125,000	115,000
2	Hanley	85,000	100,000	92,500
2	Wolverhampton	69,000	88,000	78,500
3	Solihull*	50,000	50,000	50,000
3	Worcester	58,000	69,000	63,500
3	Shrewsbury	54,000	65,000	59,500
3	Walsall	57,000	74,000	65,500
3	Telford	48,000	58,000	53,000
3	Hereford	42,000	50,000	46,000
3	Burton-on-Trent	45,000	54,000	49,500
3	Leamington Spa	38,000	50,000	44,000
4	Stafford	33,000	41,000	37,000
4	Redditch	31,000	39,000	35,000
4	Sutton Coldfield	34,000	40,000	37,000
4	Kidderminster	25,000	31,000	28,000
4	Stratford-upon-Avon	25,000	30,000	27,500
4	Tamworth	25,000	30,000	27,500
4	Nuneaton	25,000	30,000	27,500
4	Rugby	25,000	30,000	27,500
4	Newcastle under Lyme	25,000	25,000	25,000
5	Cannock	25,000	26,000	25,500
3	West Bromwich	45,000	57,000	51,000
5	Lichfield	25,000	25,000	25,000

* Solihull is capped to a maximum of 50,000 sq.m sales area (net) because of capacity constraints and relatively recent expansion.

Source: Spreadsheets RSS 10 to RSS 13

5 IMPLICATIONS FOR THE PHASE 2 REVISION

- 5.1 We anticipate that the Assembly will prefer the RSS-based assessments of quantitative need in the comparison goods sector, as set out in Tables 4.3 and 4.4, as opposed to the ONS-based assessments, as set out in Tables 4.1 and 4.2. Thus, assuming this to be the case, and in light of the exponential impact of some of the key data assumptions, we can give greater confidence to the RSS-based assessment up to 2021 (Table 4.3), than we can to the RSS-based assessment up to 2026 (Table 4.4).

Need up to 2021

- 5.2 Thus, if we focus first on the position up to 2021 (Table 4.3), it can be seen that the mid-point assessment of quantitative need in the Category 4 and Category 5 centres is in the range 20,000 sq.m sales area to 24,500 sq.m sales area. Given this narrow range, there seems little merit in continuing to distinguish Cannock and Lichfield as being any different to the Category 4 centres.
- 5.3 The mid-point quantitative need up to 2021 (Table 4.3) in the third level centres varies from 28,000 sq.m sales area in Leamington Spa to 43,000 sq.m sales area in Walsall. Thus, given that the mid point requirement for West Bromwich at 2021 is 34,000 sq.m sales area, there will clearly be a case, over time, for West Bromwich to be promoted to Level 3. Such a promotion will reflect implementation of the developments which are already committed in this centre, which are of a substantial scale.
- 5.4 The mid-point quantitative need up to 2021 (Table 4.3) in the Level 2 centres, ranges from 49,000 sq.m sales area for Brierley Hill/Merry Hill, to 74,000 sq.m sales area in Coventry. The mid-points for need up to 2021 in Wolverhampton, Brierley Hill/Merry Hill, West Bromwich and Walsall reflect the distribution of need within the Black Country that is advocated in the panel's recommendations in respect of the draft Phase One Revision of RSS.
- 5.5 The mid-point quantitative need up to 2021 for Birmingham, as the regional centre, is 171,000 sq.m sales area (Table 4.3).

Need up to 2026

- 5.6 The exponential impact of key data inputs, such as the per capita expenditure growth rate, means that the mid-point assessments of need up to 2026 are substantially higher than the position for 2021, particularly in the higher order

centres (Levels 1, 2 and 3). There is clearly a need, therefore, for strong emphasis on the plan-monitor-manage approach, particularly in centres where existing commitments will meet much of the identified need up to 2021.

