



Agenda Item 13

Tax Incremental Finance Initiative and Falkirk Gateway Update Report

Falkirk Council

Title: Tax Incremental Finance Initiative and Falkirk Gateway
Update Report
Meeting: Executive
Date: 10 December 2019
Submitted By: Director of Development Services

1. Purpose of Report

1.1 The purpose of this report is to provide an update on:-

- i) the Falkirk Tax Incremental Financing (TIF) initiative including revisions to the delivery timescale for the infrastructure programme, and
- ii) the legal negotiations relating to the Falkirk Gateway as outlined in the 19 February 2019 Executive report.

The report also confirms the results of the Falkirk Gateway retail impact assessment and progress with site investigations and hotel capacity study undertaken for the development.

2. Recommendations

It is recommended that the Executive agrees:-

- i) the revised implementation schedule for TIF projects as outlined in Appendix 1 including the proposed extension to the infrastructure programme period to meet adjusted delivery timescales
- ii) to forward a request to Scottish Government to extend the TIF payback period from 25 years to 26 years to reflect the change in Scottish Government Non Domestic Rates policy as a consequence of the Barclay Report
- iii) to note the progress of the Falkirk Gateway development and the outcome of the retail impact assessment.
- iv) to proceed to finalise the development agreement with Fintry Estates/Hargreaves incorporating the outcome of the site investigations, hotel capacity study and further details for delivery of development at the Gateway sites.
- v) that a further report on the finalised development agreement be submitted to the Executive in 2020.

3. Background

3.1 The Falkirk TIF initiative is a key priority of the Council and is designed to increase development activity taking place in the Falkirk area through the

creation of enabling infrastructure. Reports to the Executive on 21 February and 16 October 2018 and 19 February 2019 gave a full update on the delivery of the TIF project including progress with the marketing of the Falkirk Gateway.

4. Considerations: *TIF Infrastructure Delivery*

- 4.1 Within the six years since the TIF project started the Council has delivered £6m of infrastructure works including the Earlsgate roundabout improvements and various site enabling works. This has assisted the creation of 75,700sqm of new commercial floorspace and 1300 jobs. The balance of infrastructure works requires to be delivered over the next 5 years in accordance with the current TIF legal agreement between Falkirk Council and Scottish Government. Given the level of work required and the complexity of the infrastructure projects to deliver, this will be a challenging task and the programming of this work has had to be re-profiled to address these issues.
- 4.2 The updated TIF infrastructure programme is attached as Appendix 1. This indicates adjustments to the previous schedule approved at the Council's Executive in October 2018. The adjustments include:
- changes to delivery timescales in relation to the M9 Junction 5 project that have arisen as a result of utility works and detailed design, resulting in the main works now scheduled to commence this financial year (2019/20, previously 2018/19)
 - the main Westfield infrastructure works, including the elevated pedestrian/cycle bridge structure, are expected to commence in financial year 2021/22 (previously 2019/20), although significant design and tender preparation work will be progressed immediately.
 - changes to delivery timescales in relation to the Low Carbon Vehicle (LCV) Hub proposals due to additional design work around a dedicated EV car park and finalising agreements with Falkirk Football Club on the legal requirements to provide a dedicated EV car park that is available 365 days/year on a 24/7 basis. Completion of this facility is expected by the end of 2019.
 - changes to the design and delivery of the Grangemouth Flood Protection Scheme (GFPS) with construction works now unlikely to commence until at least 2024 (previously 22/23).
- 4.3 The business case, programme and financial model for the TIF have been the subject of a review recently. Scottish Enterprise and Scottish Futures Trust have been involved in this assessment and the work confirms that, on the basis of the adjusted programme timescale and projected non domestic rates income from new development on the TIF red-line sites, all of the £67m can be funded within the agreed 25 year period.
- 4.4 The review has highlighted that there is a need to mitigate the loss of revenue that can be anticipated due to the Scottish Government's decision following the Barclay Report which permits a one year delay in collecting NDR from new developments. This directly impacts on the previously agreed TIF model and it is proposed that the Council writes to Scottish Government seeking agreement for an additional year's extension to the TIF to mitigate this potential loss.

5. Considerations: Falkirk Gateway Development progress

- 5.1 The Falkirk Gateway is a key project in the TIF development programme. The TIF provides funding for the provision of infrastructure to enable the site to be delivered, creating a new urban quarter at the eastern entrance to Falkirk.
- 5.2 The Falkirk Gateway development sites were marketed by the Council's appointed commercial agent, Avison Young, attracting significant interest. In June 2018 the Council received 2 final submissions and, following a detailed assessment, appointed Fintry Estates Ltd/Hargreaves as the preferred developer. This was approved by the Council's Executive on 19 February 2019. The Executive also agreed to progress negotiations with Fintry on detailed Heads of Terms including the joint commission of a report on potential retail impact and to report back to Members in due course
- 5.3 Fintry Estates Ltd has commissioned a detailed retail impact assessment, environmental impact scoping report, hotel capacity study and a series of site investigations. If the Council decides, on the basis of the report findings, to progress its development agreement with the preferred developer and progress disposal of the Gateway site, then the full cost of the this work (£156k) will be funded by the developers. Should the Council decide not to progress development of the site then the Council will require to meet the cost of these studies on the basis that the output from these commissions can be used for re-marketing.

Retail Impact Assessment (RIA)

- 5.4 A key concern for retailing stakeholders and the Council was the impact the preferred developer masterplan may have on town centres. Appendix 2 provides a summary of the main findings of the RIA and this confirms that the proposed development at the Gateway is anticipated to have no significant effect on Falkirk or Grangemouth town centres. Proposals for comparison goods would mainly affect Central Retail Park although this location is performing strongly and therefore the Gateway proposals will have limited impact. Whilst some elements of the proposals would be in accordance with both the adopted and draft replacement Local Development Plans, the food retail floorspace as well as some of the non-food retailers would be contrary to both. This will be considered further as part of the planning process for the scheme.

Hotel Capacity Study

- 5.5 Avison Young were appointed as specialist hotel agents to review the potential opportunity and requirements for a new quality hotel development on the Gateway site. Following an initial market study confirming the opportunity for a mid-scale hotel, extensive marketing of the site was undertaken within the hotel operator sector. Following a closing date on 23 October 2019, nine expressions of interest were received, five from main brands and four from third-party management companies (to operate with a brand franchise). In line with current practice in the hotel development sector, all offers were for management/franchise agreements. This will require the developer to retain the completed hotel asset at least until stable trading, when a refinancing would be sought. Incentives from the developer/landowner may also be sought. Further assessment of the expressions of interest is being undertaken

by the Council and Fintry Estates Ltd/Hargreaves. Once a preferred operator/management company is identified, further consideration will be required of the delivery arrangement for the scheme.

Site Investigation

- 5.6 The preferred developer has proposed a land receipt of £6.55m with a minimum guaranteed price of £4m. These figures are based on a financial appraisal, incorporating construction costs that include specific foundation designs (based on initial site investigation information provided by the Council). Further detailed specific site investigations have been undertaken by Fintry Estates Ltd/Hargreaves. Once the detail is provided and implications are outlined for the initial indicated land receipt, this will be verified by the Council's design team to finalise the proposed receipt.
- 5.7 On conclusion of each of these pieces of work the development agreement will be finalised and a report, giving recommendations on the way forward will be supplied to the Executive in 2020.

6. Consultation

- 6.1 A drop in session on the Westfield infrastructure works was undertaken at Forth Valley College on 3 October 2019 for the public and members. The session was well received with positive feedback. The development process for the Gateway proposals will involve full consultation with the local community as part of the planning process.

7. Implications

Financial

- 7.1 Delivery of the TIF initiative is being met from dedicated funds established for this purpose. Receipts from disposal of the Gateway sites are anticipated to contribute towards the Council's capital programme and the Council has agreed to allocate the Gateway receipt towards the regeneration programme within its town centres. As outlined in item 5.3 above, if the Council decides not to progress an agreement on the Gateway site with Fintry/Hargreaves then the Council will be required to meet the cost of the early works (£156k).

Resources

- 7.2 Council officers have worked in partnership with marketing agents, Avison Young, to attract commercial interest in the Gateway development site.

Legal

- 7.3 The development agreement necessary in relation to the appointment of the Gateway developer will be finalised in liaison with Governance officers/external legal advisors.

Risk

- 7.4 A risk matrix is maintained for the delivery of the TIF and will be updated to reflect the decisions of members. Delivery of the Falkirk Gateway project will be contingent on successful conclusion of legal agreements and gaining planning approval for the proposals.

Equalities

- 7.5 An equality and poverty impact assessment will be completed at the appropriate stage for these developments.

Sustainability/Environmental Impact

- 7.6 Environmental impact of the proposed TIF works will be assessed as appropriate through the planning process. The vision outlined in the Gateway masterplan proposals is for the development to be a focus for low carbon technologies and a leading initiative in sustainable living and working in Scotland. The adoption of these technologies will be considered further as the scheme progresses.

7.7 Policy

Delivery of TIF and Gateway initiatives lead from the Council's corporate objectives and its Falkirk Economic Strategy *Growth: Investment: Inclusion*. The proposals align with the 'Investing for Inclusive Growth' strand of the Council of the Future Business Plan.

8. Conclusion

- 8.1 The TIF project is a major initiative for the Council and is being pursued to assist in the economic transformation of the area. Given the complexity of the infrastructure projects being undertaken, delivery timescales have been affected by third party funding requirements, utility issues and finalising the detail for cost effective designs. As a consequence, the process has taken longer than was initially programmed. The adjusted timescales requires an extension to the 11 year infrastructure programme as established in the legal agreement between the Council and Scottish Government. Scottish Government has agreed in principle to this proposed extension and it is intended that this be finalised. In addition, it is suggested that the Council should seek the Scottish Government's agreement to a one year extension to the TIF to mitigate the effects of the implementation of the Barclay report.
- 8.2 The Falkirk Gateway development provides exciting investment and economic growth opportunities at a key location in the Council area. The conclusion of the site investigation and hotel development studies will allow the Council to finalise the development agreement with Fintry Estates Ltd/Hargreaves to drive the project forward. The retail impact assessment shows that the Gateway project will have a limited impact on the commercial position of Falkirk town centre providing the confidence to move forward. A further report will be submitted to the Executive in 2020 confirming the proposed final terms of a development agreement with Fintry Estates/Hargreaves incorporating the outcome of the site investigations and hotel capacity study and recommending a way forward in relation to the development of the Gateway sites.

Director of Development Services

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APPENDICES

Appendix 1 – TIF Implementation Schedule

Appendix 2 - RIA Summary

List of Background Papers:

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:-

1. TIF Files.

Appendix 1

TIF Implementation Schedule (13 years) (Oct 2019)

Year	TIF Business Case			Revised Implementation Schedule (Approved at Executive 16 Oct 2018) Includes inflation			Revised Implementation Schedule (Includes Inflation)		
	Name	Cost	Cumulative Expend	Name	Cost	Cumulative Expend	Name	Cost	Cumulative Expend
1 (13/14)	J6	£2.2m	£2.2m	Junction 6	£1.134m	£1.135m	Junction 6	£1.134m	£1.135m
				Westfield (R/about & Spurs)	£0.001m		Westfield (R/about & Spurs)	£0.001m	
				Total	£1.135m		Total	£1.135m	
2 (14/15)	Laurieston Link Rd	£0.5m	£3.5m	Junction 6	£1.285m	£2.499m	Junction 6	£1.285m	£2.499m
	Enabling Wks	£0.8m		Westfield (R/about & Spurs)	£0.026m		Westfield (R/about & Spurs)	£0.026m	
				Enabling Works (Abbotsford)	£0.027m		Enabling Works (Abbotsford)	£0.027m	
				Enabling Works (Stadium)	£0.026m		Enabling Works (Stadium)	£0.026m	
	Total	£1.3m		Total	£1.364m		Total	£1.364m	

3 (15/16)	Northern Distributor Rd	£5.3m	£9.55m	Junction 6	£0.026m	£3.444m	Junction 6	£0.026m	£3.444m
	Enabling Wks	£0.75m		Westfield Design (R/about & Spurs)	£0.033m		Westfield Design (R/about & Spurs)	£0.033m	
				Enabling Works (Abbotsford)	£0.132m		Enabling Works (Abbotsford)	£0.132m	
				Enabling Works (Stadium)	£0.704m		Enabling Works (Stadium)	£0.704m	
				Gateway Masterplan	£0.05m		Gateway Masterplan	£0.05m	
	Total	£6.05m		Total	£0.945m		Total	£0.945m	
4 (16/17)	Grangemouth Rd/A904	£0.2m	£6.45m	Junction 6	£0.018m	£4.754m	Junction 6	£0.018m	£4.754m
	FPS	£2.5m		Enabling Works (Abbotsford)	£0.444m		Enabling Works (Abbotsford)	£0.444m	
	Enabling Wks	£4.2m		Enabling Works (Stadium)	£0.015m		Enabling Works (Stadium)	£0.015m	
				Enabling Works (Gateway)	£0.021m		Enabling Works (Gateway)	£0.021m	
				Junction 5 Phase 1 Advance Works	£0.812m		Junction 5 Phase 1 Advance Works	£0.812m	
	Total	£6.9m		Total	£1.31m		Total	£1.31m	

5 (17/18)	A904 Grangemouth Rd	£2m	£25.35m	Junction 5 Phase 1 Advance Works	£0.326m	£5.476m	Junction 5 Phase 1 Advance Works	£0.326m	£5.476m
	J5	£2.7m		Westfield (R/about & Spurs)	£0.021m		Westfield (R/about & Spurs)	£0.021m	
	FPS	£2.5m		Icehouse Brae	£0.018m		Icehouse Brae	£0.018m	
	Enabling Wks	£1.7m		Gateway Phase 1 site enabling	£0.357m		Gateway Phase 1 site enabling	£0.357m	
	Total	£8.9m		Total	£0.722m		Total	£0.722m	
6 (18/19)	A904 Grangemouth Rd	£2m	£34.25m	M9 Junction 5 Phase 1	£0.973m	£7.566m	M9 Junction 5 Phase 1	£0.274m	£6.155m
	J5	£2.5m		Westfield (R/about & Spurs)	£0.555m		Westfield (R/about & Spurs)	£0.243m	
	FPS	£2.5m		Enabling Works (EV Hub)	£0.562m		Enabling Works (EV Hub)	£0.099m	
	Enabling Wks	£1.9m					Enabling Works	£0.030m	
							Icehouse Brae	£0.033m	
	Total	£8.9m		Total	£2.090m		Total	£0.679m	

7 (19/20)	Westfield Roundabout	£2.5m	£39.25m	Westfield (R/about & Spurs)	£5.754m	£18.921m	Westfield (R/about & Spurs)	£1.300m	£8.6m
	FPS	£2.5m		Junction 5(Phase 1)	£1.017m		Junction 5(Phase 1)	£0.600m	
				Junction 5(Phase 2)	£2.361m		Junction 5(Phase 2)	£0.200m	
				Gateway Site Enabling Works	£2.223 m		Enabling Works (EV Hub)	£0.810m	
							Junction 5 - Refund	-£0.465m	
	Total	£5m		Total	£11.355m		Total	£2.445m	
8 (20/21)	Westfield Roundabout	£4.3m	£50.25m	Westfield (R/about & Spurs)	£11.982m	£35.274m	Westfield (R/about & Spurs)	£0.519m	£13.518m
	Avon Gorge	£6.7m		Westfield (Earlsgate R/about)	£1.826m		Junction 5 (Phase 1)	£0.400m	
				Junction 5 (Phase 2)	£0.034m		Junction 5 (Phase 2)	£0.800m	
				A801 Avon Gorge	£2.511m		Icehouse Brae	£3.199m	
	Total	£11m		Total	£16.353m		Total	£4.918m	

9 (21/22)	Icehouse Brae	£2.5m	£55.25m	A801 Avon Gorge	£3.578m	£44.685m	A801 Avon Gorge	£6.089m	£36.204m
	Enabling Wks	£2.5m		Westfield (Earlsgate R/about)	£3.663m		Westfield (R/about & Spurs)	£16.597m	
				Westfield/A904	£2.17m				
	Total	£5m		Total	£9.411m		Total	£22.686m	
10 (22/23)	Enabling Wks	£1.25m	£56.5m	A801 Avon Gorge	£1.832m	£57.296m	Westfield (R/about & Spurs)	£3.218m	£46.063m
				Westfield/A904	£4.549m		Westfield (Earlsgate R/about)	£4.809m	
				FPS	£6.231m		A801 Avon Gorge	£1.832m	
				Total	£12.611m		Total	£9.859m	
11 (23/24)	Enabling Wks	£1.3m	£57.8m	Icehouse Brae	£3.232m	£67.04m	Westfield (Earlsgate R/about)	£0.961m	£51.88m
				FPS	£6.511m		Westfield/A904	£4.830m	
							Enabling Works	£0.026m	
				Total	£9.744m		Total	£5.817m	

12 (24/25)							FPS	£6.742m	£58.622
13 (25/26)							FPS	£6m	£67.04
							Junction 5 (Phase 3)	£2.418m	
							Total	£8.418m	
TOTAL		£57.8m			£67.04m		TOTAL	£67.04m	

TIF Asset Schedule

Name	Figure approved through legal agreement	Adjusted figure (Sept 2018)
M9 Junction 6 improvements	£2.2m	£2.463m - delivered
M9 Junction 5 improvements	£5.2m	£5.365m
Icehouse Brae upgrading	£2.5m	£3.25m

Westfield roundabout and A904 upgrade	£16.8m	£32.558m
Site Specific Enabling Works	£14.4m	£2.741m
Grangemouth Flood Prevention Scheme	£10m	£12.742m
A801 Avon Gorge	£6.7m	£7.921m
Total	£57.8m	£67.04

Appendix 2

Retail Impact Assessment (RIA) Summary

A key concern for retailing communities and the Council was the impact the preferred Gateway developer masterplan may have on our town centres and specifically Falkirk town centre.

Lichfields UK were commissioned jointly by Falkirk Council, Fintry Estates and Hargreaves Property Ventures Ltd to prepare a Retail and Leisure Statement (incorporating a retail impact assessment) to identify the effects on the Gateway proposals upon existing defined centres in the surrounding area, including Falkirk and Grangemouth.

Methodology

As a starting point for the assessment, Lichfields provided a review of the current health of the surrounding centres using, as a starting point, the Town Centre Health Check Report produced by the Council in April 2019. This report contains a range of data, including information on the current mix of uses, vacant units, quality of the environment/cleanliness, footfall and accessibility. It also compares Falkirk's role and function with competing centres in the surrounding areas. This was supplemented by information provided by commercial property specialists Ryden, in relation to levels of rent and prime yields in the main centres, including comparisons with other centres of a similar scale and nature elsewhere in Scotland.

In addition, they instructed NEMS Market Research to undertake 150 no. 'on-street' surveys of visitors to Falkirk Town Centre. These surveys provided an indication as to the reasons for visiting the centre, as well as the length of time and amount of money spent there. They also obtain visitors' views on the strengths and weaknesses of the centre, and suggested improvements.

Telephone surveys of household shopping patterns were also undertaken within six zones across the district (the Study Area) in order to inform an assessment of the trade likely to be diverted to the proposed development. These zones take into account the Sub-Areas defined as part of the Local Development Plan, and are as follows:

- Zone 1 – Falkirk
- Zone 2 – Grangemouth
- Zone 3 – Larbert, Stenhousemuir and Rural North
- Zone 4 – Polmont and Rural South
- Zone 5 – Bo'ness
- Zone 6 – Denny
- Zone 7 - Bonnybridge

A total of 800 no. household telephone surveys were undertaken across these zones. These surveys provide an indication as to how existing stores and centres in the local area are performing, as well as how much spending is 'leaking-out' to

facilities outside of this study area for both convenience goods (i.e. food) and comparison goods (non-food). The results of the survey have also informed an assessment as to the likely trade draw of the proposed new development at Falkirk Gateway, in terms of the proportion of its turnover likely to be attracted from each of the above zones (and beyond).

A quantitative assessment of the trade diversions likely to occur from the proposed new uses has been undertaken, based on the latest available population and spending data/forecasts provide by Experian (a leading national data provider), and the results of the above household shopping surveys. The methodological approach adopted follows standard convention for such assessments, and can be summarised as follows:

- the base population of the different zones within the Study Area has been obtained using Experian software and projected forwards from the base year (2019) to the design year of the development (2024) and 2029, using the latest projections from National Records of Scotland (NRS);
- base levels of convenience and comparison goods spending per person in 2017 for each zone have also been obtained from Experian, and projected forwards to 2019, 2024 and 2029, using the growth rates in the latest briefing note produced by Experian (Retail Planner Briefing Note 16 - December 2018). An allowance has been made for internet shopping (classed as Special Forms of Trading - SFT), based on assumptions within the same briefing note;
- the proportion of expenditure generated within each study area zone which is flowing to existing stores and centres within the Study Area has been based upon the above household surveys. The results of these surveys for both convenience and comparison goods have been weighted and combined in order to produce expenditure flows, which have then been applied to the total quantum of spending in each zone. An allowance has also been made for inflow of expenditure into the study area, including that from people on holiday, working or visiting friends or family, but not usually resident in this area;
- the turnover of previously approved developments within the study area has been factored-in to the assessment. This turnover has been forecast based on the scale and nature of such developments, using information provided by the Council. Such developments include permission granted for a new neighbourhood centres in Polmont and the change of use of the Pro Bowl unit at Redbrae Road (Camelon), although not the permission for a new foodstore in Denny (as there is currently no commercial interest in the implementation of this scheme);
- the forecast turnover of the proposed development takes into account the size of each unit and the nature of the likely operators, based on a turnover density considered typical of these operators (in most cases company average turnover figures, or averages thereof). As with commitments, where appropriate, an allowance has been made for increases in turnover efficiency.

The assessment considers the impact of the proposed development over the period of five years from the time of the application (i.e. up to 2024). It takes into account the likely origin of the turnover of both committed/approved and proposed new retail floorspace, and the likely trade draw from existing facilities.

The estimate of the origin of the turnover of committed/proposed developments takes into account their scale, nature and accessibility, as well as the existence and

accessibility of the main competing facilities. The assessment of impact factors-in the extent to which the new retail floorspace would draw trade from other retailers, located both within and beyond the Study Area. In doing so it has regard to the location and characteristics of competing facilities, and the nature of the retail offer in these centres/stores, compared with that which would be on offer at the proposed development.

Overview

By way of context, Falkirk town centre has experienced major change over the last 10 to 15 years and like many other centres nationally, still faces significant challenges stemming from the wider retail industry. It still has a strong representation in the convenience goods sector – including large Asda and Tesco foodstores - and a range of comparison goods retailers particularly within the Howgate Centre and Central retail park, Central Park in particular is performing well, and the Tesco store there helps to link the park with the wider centre.

Bo'ness, Denny, Grangemouth and Stenhousemuir district centres contain a range of uses which meet the day to day needs of their respective catchment areas, and they have limited influence beyond these immediate catchment areas. Whilst the vacancy rates in some centres are higher than the national average, recent or planned regeneration schemes will help to consolidate their more localised role, and Bo'ness also performs a role in catering for tourist visitors.

The above household surveys indicate that a number of existing foodstores in Falkirk are trading at levels in excess of their company average turnovers (including Asda and Tesco in the town centre). In overall terms, analysis of these surveys and levels of spending available in the local area has demonstrated that there is a surplus of expenditure, relative to existing floorspace, and therefore available capacity to support further new convenience (i.e. food) retail provision in the area. Although the position in relation to comparison goods (non-food) expenditure is less clear, there is still be significant scope to accommodate the new floorspace proposed at Falkirk Gateway.

In qualitative terms, there is a geographic imbalance in Falkirk, with very limited retail and leisure provision located on the eastern side of the town, and no foodstores of any significant size. There is a need to improve the existing range, choice and quality of provision in certain sectors, including food and non-food retailing, and food and beverage. There is also a need to consolidate the role of the area as a visitor destination, with new facilities (including the proposed hotel and food and beverage facilities) which help to complement attractions such as the Helix Park, the Kelpies and the stadium.

National planning policy also requires consideration of whether developments such as that proposed at Falkirk Gateway can be accommodated within or on the edge of existing centres. However, having considered potential alternative locations, the work by Lichfields has demonstrated that there are no opportunities within or on the edge of the existing town or district centres in the district which are suitable and

available to accommodate the proposed Gateway development. In order to help ensure commercial interest in the scheme and its long-term success as a retail destination, it will be important to create a critical mass of retail and leisure floorspace at Falkirk Gateway. All of the potential alternative sites considered have a range of constraints – including their size, location/catchment areas and existing/proposed uses, which mean that they could not accommodate this critical mass.

Convenience Goods Impacts

In terms of impacts forecast upon existing facilities, the food retail floorspace proposed at Falkirk Gateway will compete with a range of existing medium and large sized facilities in Falkirk and the wider surrounding area. However, the impacts forecast are not of a scale that they would have any material impact upon these facilities' ongoing viability.

The levels of convenience (i.e. food) goods trade forecast to be diverted from the Asda, Morrisons and Tesco stores within Falkirk Town Centre are all around 6%-7%. However, based on the household surveys, both Asda and Tesco are performing well, and are forecast to continue to trade at a level of turnover above their respective company averages. Although Morrisons would have a turnover which is around 15%-20% below their national average, following opening of the new development at Falkirk Gateway, it is considered unlikely that the store would close. In any event, this store is located around 550 m walking distance from the Core Retail Area and has a limited relationship with the rest of the centre.

The forecast impact upon other facilities within Falkirk Town Centre is around 2%-3%. This is because of the limited extent to which the proposed floorspace would compete with such facilities, reflecting their main role in meeting top-up and more specialist needs. At these levels of impact, and given the current performance of Asda and Tesco, there is no prospect that the proposals would have any significant adverse impact upon the vitality and viability (or health) of the centre as a whole.

Although the existing Lidl at Arnot Street is forecast to experience an impact of 13%, there is limited evidence of this store generating regular linked pedestrian trips within the wider town centre. In any event, the Council have recently agreed in principle to sell the adjacent car park site to Lidl, in order to allow them to develop a larger, replacement facility. This will allow them to compete better with existing and proposed facilities elsewhere in Falkirk.

With the exception of Asda in Grangemouth (around 6%) – which is performing well and, in practice, divorced from the rest of the centre - the forecast convenience goods impacts upon the majority of facilities within the various defined district centres (comprising Bo'ness, Denny, Grangemouth and Stenhousemuir) are relatively low (around or below 3%). This reflects the more localised role such facilities perform, in meeting the day to day needs of these catchment areas. The development would be unlikely to have any significant adverse effect upon either Grangemouth or any of the other district centres in Falkirk.

Although the impacts forecast upon the Lidl and Aldi stores in Bainsford/Newcarron and Polmont Local Centres are around 7% and 5% respectively, both of these stores are currently trading well. Indeed, the Aldi at Bainsford/Newcarron is forecast to achieve a level of turnover which is more than twice the Aldi company average. There is not considered to be any prospect that the viability of either store (or the centres within which they are located) would be affected.

Comparison Goods Impacts

The most significant comparison goods (i.e. non-food) trade diversion forecast as a result of the development would be upon facilities at Central Retail Park (around 4%). This is because of the extent to which the new, large format retail units proposed at Falkirk Gateway would compete with those at this retail park. However, the park was performing strongly at the time of our site visits and is achieving a good level of turnover – above that which would be expected for a destination of this nature. The proposed development is not considered to represent a significant threat to its future viability or its role in anchoring the northern end of the town centre – and indeed the park will continue to benefit from a number of significant advantages, including its size and the various complementary leisure uses there.

The level of comparison goods trade diversion forecast from other floorspace within Falkirk Town Centre is around 3%. This is a relatively low level of impact and not considered to represent a threat to the overall vitality and viability of the centre. The large format units proposed at Falkirk Gateway are intended to be complementary to the existing (and much broader) offer with the wider centre. The vast majority of existing uses within the centre, including the other service uses and various arts/cultural and other community facilities which also help to draw people in, would remain unaffected by the proposed development.

The forecast comparison goods impacts upon both Grangemouth and Stenhousemuir District Centres are also around 3%. Although the former lies around 2.5 km to the north-east of Falkirk Gateway, in practice, existing comparison goods floorspace in both these centres serves a relatively localised role, with only a limited proportion of their trade being generated from outside of their immediate catchment area. With the exception of B&M stores within/on the edge of these centres, only a limited number of other retailers there would compete to any significant extent with the floorspace proposed on the subject site. Impacts of the level forecast are unlikely to have any significant harmful impact.

The forecast comparison goods impacts upon Bo'ness and Denny District Centre are below 2%, again, reflecting their localised (and indeed self-contained) catchments and limited numbers of national multiples. Other facilities in the district (which including Home Bargains at Redbrae Road and B&Q at Middlefields Industrial Estate) are forecast to experience trade diversion of around/below 3% and, in any event, do not lie within any existing defined town centre and are therefore unprotected in planning policy terms.

The low level of comparison goods trade diversion forecast reflect the extent to which such diversion would be dispersed across a range of centres, stores and other destinations - including those beyond the district, such as facilities in Stirling and Livingston and, further afield, Edinburgh and Glasgow. Furthermore, and in practice, these impacts will be more than offset by the significant forecast growth in non-food/comparison goods spending across the district over the period to the design year of 2024 (£80.5m) and beyond. This means that the turnover of all stores and centres will be significantly higher in 2024 than in 2019, even after allowing for the effect of committed/approved and proposed new developments.

In overall summary, the comparison goods uses proposed would not compete directly with the majority of existing shops in Falkirk town centre and the impact forecast upon such shops is low. Although the impact upon Central Retail Park would be slightly higher, the park is trading strongly and there would not be a significant adverse impact upon the centre as a whole. The majority of comparison retail provision in other centres in the district comprises smaller operators serving a more localised catchment and would therefore unlikely to be threatened by the proposed development.

Combined Impact

The retail impact assessment also looked at the combined (i.e. convenience and comparison goods together) impact of the development upon existing stores and centres. This revealed that the combined impacts upon Falkirk Town Centre and Grangemouth District Centre would be around 4.0%-4.5%, with those upon the three other district centres being around 2% or below. The forecast combined impacts upon Central Retail Park and other stores/centres are both also around 4%.

The overall levels of trade diversion forecast upon the various centres reflect a number of factors, including the extent to which these impacts would be spread across a range of facilities - both within and outwith the district - and the complementary role that the development would serve. In relation to the district centres (including Grangemouth), they also reflect the more limited extent to which stores there would compete to any significant extent with the new retail floorspace proposed at Falkirk Gateway – with Bo'ness and Denny in particular both being peripheral to the wider study area.

There is not considered to be any prospect that the combined impacts forecast would have any significant adverse impact upon the overall vitality and viability of these centres. This is particularly given forecast growth in spending over time, particularly in the non-food sector, and the multitude of other uses in these centres - particularly Falkirk Town Centre - which would be unaffected by the proposals.

Conclusions

Overall, the Retail and Leisure Statement prepared by Lichfields demonstrates that the various uses proposed at Falkirk Gateway would be unlikely to have any significant effect on Falkirk, Grangemouth or any other existing defined centres in the district. This reflects a range of factors, although particularly the performance of the

main competing foodstores and Central Retail Park, the complementary role that the development would perform and the wide range of other uses which underpin the health of Falkirk Town Centre. It also reflects the extent to which any forecast trade diversions would be spread across a range of facilities, and forecast growth in spending the non-food retail sector in particular.

Whilst some elements of the proposals would be in accordance with both the adopted and draft replacement LDPs, the food retail floorspace as well as some of the non-food retailers would be contrary to both. Although this will be considered further as part of the planning process, as set out above, it has been demonstrated that the key sequential and impact tests, as set out in Scottish Planning Policy for developments in edge-of-centre, commercial centre or out-of-centre locations which are contrary to the development plan, have been satisfied.

Going forward, Falkirk town centre will need to diversify further in order to secure its role at the heart of the community. Although Asda and Tesco will continue to play important anchor roles, it will be important to enhance the range of provision in some sectors (for example national food and beverage chains) and consider the scope for alternative uses including commercial, institutional and residential, where demand for retail accommodation is weak. Central Retail Park will continue to play an important role in both meeting comparison retail needs and attracting visitors and generating footfall for the wider centre.