

Our Ref: KC/JLB0105
Your Ref:**E-mail: calkink@rpsgroup.com**
Date: 27 February 2013

Strategic Policy and Research
Future Merton
London Borough of Merton
12th Floor
Civic Centre
London Road
Morden
SM4 5DX

Dear Sir,

MERTON PART 1 - DRAFT DETAILED PLANNING POLICIES
COSTCO WHOLESALE

This representation is submitted on behalf of Costco Wholesale UK Ltd (Costco) who operate a number of wholesale warehouse clubs throughout the country, typically located on employment/industrial land. Costco operate sui generis membership warehouses which serve the wholesaling needs of the small to medium sized business owner. At Costco, businesses can purchase products at wholesale prices, which are significantly lower than those of traditional sources of distribution. Businesses can obtain most of their inventory needs from under one roof. Each warehouse sells a wide range of products, although the variety within each product range is limited. This enables Costco Wholesale to serve a wide range of businesses, providing a core range of products at low prices.

Costco is a reputable employer and would assist Merton in achieving their economic objectives. The level of jobs provided by Costco compares favourably in employment density levels to traditional B Class Uses. The company provides local people with a broad range of quality jobs that reflect the unique nature of Costco's operations. In addition there would be indirect job creation through the support given to local businesses.

Overall in the UK, over 90% of the jobs created by a new Costco are filled by locally recruited staff. Throughout the company, staff are encouraged to undertake training and to improve their positions. 85% of Costco's current managers are home grown having worked their way up from hourly paid positions. Positions range from craft and operative jobs for which specialist training is given, to managerial and supervisory jobs and unskilled jobs, which provide a point of entry for those who have little or no qualifications or training.

The benefits of a warehouse club such as Costco are that the positive impacts spread throughout the local economy. Costco's target customer is small and medium sized businesses and many of these can be found in town centres. Costco's target customers include:

- Independent Retailers
- Food and drink outlets such as restaurants and sandwich shops
- Service outlets such as small estate agents, accountants, garages and professional firms
- Independently owned hotels, guest houses etc

Costco can therefore make a significant contribution to the health of the local economy and, particularly to businesses that are otherwise forced to pay a premium for small purchases from traditional wholesale sources. Costco's prices and its range of products are unique in this respect.

The potential positive benefits of a Costco were the subject of an independent report by CBRE in May 2011 – 'Costco Warehouse Clubs - An Assessment of Economic Impacts'. This report updates the work that CB Hillier Parker undertook in October 2000. The report confirmed the substantial cost savings potentially available to local businesses as well as the significant penetration which Costco achieves of local business memberships. 73% of members questioned in the study agreed that Costco's low prices help them retain competitive and the study drew the conclusion that: -

“Overall Costco provides significant positive benefits to members and local businesses in areas where Costco warehouse clubs are located.”
(Para. 6.73)

The construction of a Costco in Merton would bring a number of benefits to small businesses and the wider economy in terms of employment generation for both a skilled and unskilled workforce.

b) Promoting Economic Growth

The recently published National Planning Policy Guidance (March 2012) promotes sustainable economic growth and emphasises the need for flexibility to ensure opportunities for development can be met. Paragraph 14 states:

“At the heart of the planning system is a presumption in favour of sustainable development, which should be seen as a golden thread running through both plan making and decision taking.

For plan-making this means that:

- **Local Planning Authorities should positively seek opportunities to meet the development needs of their areas;**
- **Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless**

any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or

specific policies in this Framework indicate development should be restricted”

There is a clear emphasis in Government guidance that local authorities should not be overly prescriptive regarding specific uses and should be seeking to positively promote economic growth and support businesses. It is important for local authorities to provide sufficient flexibility in policies to promote a prosperous economy able to accommodate changing business needs. Markets and economies evolve and not all new businesses fit within traditional use class definitions. Specialist operations have an important role to play in the economy and it is helpful for local authorities to recognise those uses that are appropriate on employment land within the relevant planning policy framework. Documents should provide clear guidance to operators and developers thus encouraging development.

The National Planning Policy Framework promotes flexibility and emphasises at Paragraph 21 that:

“Investment in business should not be overburdened by the combined requirements of planning policy expectations”

It goes on to indicate that local authorities should:

“Support existing business sectors, taking account of whether there are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policy should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances”

Representation and Proposed Amendment

DM E1: Employment areas in Merton

This representation supports the aim of Policy DM E1 to be in accordance with national, regional and local guidance which highlights the benefits of planning for sustainable economic growth; allowing for growth in business and jobs to enable economic recovery whilst being flexible to support an economy fit for the 21st Century.

However, Costco objects to criteria a) of Policy DM E1 which states that *'the council will support proposals for the redevelopment of vacant and underused existing employment land and floorspace for employment use (B uses)'*. Costco also objects to the wording of criteria d) which sets out that proposals relating to employment sites will only be supported that *'provide research and development (B1(b) Use Class), light industrial (B1(c) Use Class), general industrial (B2 Use Class) and storage and distribution (B8 Use Class) in the designated industrial areas, Strategic Industrial Locations and Locally Significant Industrial Sites'*.

Warehouse clubs are a new and emerging sector of wholesaling and, in recognition, and in accordance with the National Planning Policy Framework, London Borough of Merton should recognise this emerging sector which is entirely appropriate on employment sites and the council should plan positively accordingly. Warehouse clubs are commonly found on industrial estates/employment sites and are an established and accepted use of employment allocated land. They generate employment, often at greater levels than B1, B2 and B8 uses and have characteristics that make them comparable with other industrial/employment uses. Indeed, Costco has been found to be appropriate for Strategic Industrial Locations, the highest level of employment land protection.

Policy DM E1 as currently drafted does not provide any flexibility for appropriate alternative employment generating uses. This is not considered to be consistent with the National Planning Policy Framework which highlights the need for flexibility within policy frameworks to ensure local authorities can respond to changing market circumstances.

Proposed Amendments

Criteria a) should be amended to state: B uses and closely related uses not falling within a use class, sui generis uses, (such as cash and carry businesses and builders merchants) but which are commonly found in industrial estates).

Criteria d) should be amended to state: Provide research and development (B1(b) Use Class), light industrial (B1(c) Use Class), general industrial (B2 Use Class) and storage and distribution (B8 Use

Class) and closely related uses not falling within a use class i.e. sui generis uses in the designated industrial areas; Strategic Industrial Locations and Locally Significant Industrial Sites

The supporting text at paragraph 4.11 should be amended to recognise sui generis uses are appropriate on designated industrial areas.

Policy DM E3 concerns protection of scattered employment sites and this policy should also be amended to recognise that sui generis uses are also appropriate on scattered employment sites.

Please do not hesitate to contact me if you wish to discuss the representation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Calkin', with a large flourish at the end. The initials 'K.C.' are written to the left of the signature.

KAREN CALKIN
Associate Planner

Enc.