

## Frequently Asked Questions

### Sainsburys/BIH Planning Application PA10/08714

#### **Why does Penzance need another supermarket, its got plenty already?**

The Independent Retail Survey notes that Tesco, and possibly Morrisons, are “overtrading” suggesting that supermarket capacity is overstretched for at least part of the year. This is the experience of many shoppers in the summer months.

The proposed Sainsburys has an extended non-food range. The nearest similar store is Tesco Extra at Pool but at least one will go ahead at Hayle.. Such stores are very popular with the public and Penzance will be disadvantaged as a regional retail centre without one.

#### **What is the Chamber of Commerce doing supporting a Supermarket Application?**

Supermarkets and the convenience of out-of-town retail parks are part of life and most people use them.

Most independent retailers have adjusted to the impact of the two large supermarkets and a third does not pose a major threat. A much great concern is falling ‘footfall’ – people deciding to shop elsewhere rather than Penzance. We see an attractive out-of-town retail centre sporting a large Sainsburys as a reason for shopping in Penzance rather than elsewhere. The Town Centre is only one mile away making linked shopping to both locations straightforward.

#### **The new jobs created by Sainsburys would be taken from local stores.**

Sainsburys state their new store will create 400 part time and full time jobs in Penzance. Whilst some jobs will be lost elsewhere, overall employment in retail will be sustained and hopefully grown by approving the new store. If Penzance cedes leadership in out-of-town shopping to other shopping centres (like Hayle) then there will be a permanent loss of retail jobs in Penzance and a permanent increase elsewhere (like Hayle).

#### **Won't approving Sainsburys destroy the Town Centre?**

We have compared the goods that Sainsburys will sell with the goods that are available from independent retailers in Penzance town centre and this shows that there is very little competition. The retailers likely to be affected are Lenterns Butchers, Stevensons Fish Shop and Thornes fruit and veg shop. It is considered that although the new store may provide additional competition these independent retailers already operate profitably despite there being 7 other supermarkets in the immediate area (Morrisons, Tesco x 2, Coop x 3, Lidl). In fact the whole retail sector of the town centre has changed and adapted well over the years to meet with increased competition from a variety of sources which is why Penzance is the third most successful seaside town in the UK.

Town Centres are having to change because shoppers prefer to do their shopping in a different manner to in the past.

Online retail activity now accounts for 8% of all retail activity and this figure will grow. Low online prices limit what can be charged in high street stores. Because high street stores have high costs it is often no longer economic to sell certain goods in these stores. The failure of ETS Group is an example.

Independent retailers are generally more concerned about footfall in the Town and the effect of spiralling parking charges rather than competition from supermarkets – they have already adjusted to the existence of out-of-town supermarkets.

The impact of Sainsburys on comparison goods sales (non-food sales) in Penzance Town Centre is estimated to be a reduction of 5.4% by 2015; this level of trade diversion, which affects predominantly chain stores, is an adverse impact but it is not especially severe. Even with no Sainsburys store part of this loss may arise due to trade diversion to Hayle's new store developments.

### **Why does another operator not buy the site from BIH?**

Because the Heliport site is in the middle of a retail/commercial park the land value far exceeds the value of any helicopter business running a service to the IOS. There is no viable business case for buying the Heliport site at a sky high price just to operate a low profit helicopter service to the IOS.

### **The IOS helicopter service is vital to Islanders, why can't Cornwall Council or the Government step in?**

There is commercial competition in the provision of air services to IOS (unlike the ferry route). The Government cannot interfere and help out one commercial operator without disadvantaging the other – in this case Skybus. The ferry and sea borne freight is a different matter because there is a case of 'market failure'. There is only one provider and historically Government has had to step in occasionally and help as it did in 1977 when it provided an interest free loan to the IOSSCo to help buy the Scillonian III.

### **Why can't BIH just continue operating as they are, Penzance is the best mainland location for a heliport?**

BIH has run up losses in past years and has had to borrow money to make up for lost working capital. It's borrowings exceed £12 million with the Bank of Ireland the largest creditor. Some £5.4 million in borrowings are due for repayment this year and a further £7.9 million in 2012-2014 (from 2009 annual accounts). BIH has no other source of capital to meet its obligations to the Bank of Ireland.

The Bank of Ireland has secured its lending with a legal mortgage on BIH land and property as well as a legal charge over all of its other assets. If BIH does not repay the outstanding loans then the Bank can repossess property and sell it themselves. This would immediately put BIH out of business.

### **What happens if Sainsburys does not get planning permission?**

Sainsburys have bought an option to buy the site and the option is conditional on planning approval being granted. If planning permission is refused then BIH has no sale and no obvious way of repaying loans owed to the Bank of Ireland (£5.4 million was due for repayment in 2011). The future of BIH would then be in the hands of its Bankers in the same way a house owner is in the hands of a Building Society if an interest only mortgage has come to an end and the house owner has no money to repay the outstanding mortgage.

BIH Managing Director has made it quite clear to the Town Council that it has no choice but to sell the site. The Company will not continue to operate without a sale.