

TJ Morris Ltd.



Summary proof of Evidence of James Clarke (for the Applicants) on Operational Requirements

Call-in by the Secretary of State of an application made
by Omega St Helens Limited / TJ Morris Limited

Land To The West Of Omega South & South Of The
M62, Bold, St Helens ('Omega West')

LPA REF: P/2020/0061/HYBR

PINS REF: APP/H4315/V/20/3265899

CD.38.7A

March 2021

Summary and Conclusions

1.1 Qualification and Experience

My name is James Clarke. I hold a Law (LLB) Degree from John Moores University and I am a practising solicitor with current membership of the Law Society.

1.1.1 I have been in legal practice for over twenty-one and a half years and I am currently Group
1.1.2 Legal Counsel at TJ Morris Limited ('TJM'). I have worked in-house for TJM for five and a
half years, having previously been a partner at Brabners LLP, where I worked on behalf of
TJM for fifteen years. I deal with all TJM's property transactions and I have been involved
in the Omega West project since its inception because of which I have gained a good
amount of knowledge and understanding of the site.

1.2 Scope of Evidence

1.2.1 My Proof provides an overview of TJM's Operator Requirements at land to the west of
Omega South & south of the M62, Bold, St Helens (known as 'Omega West'), including an
overview of the TJM Business, the TJM Operational Logistics, the Identified Need for a third
DC, the Proposed Development at Omega West, TJM's Commitment to Unit 1 and details
on Recruitment, Training and Career Opportunities.

1.3 TJM ethos and planned growth

1.3.1 TJM was established in 1980 by Tom Morris in 1976. It is one of the UK's fastest growing
discount retailers, with the business growing organically to become one of the largest
1.3.2 privately owned companies in the UK.

1.3.3 TJM has more than 545 stores throughout the UK and plans to expand to over 1,200 stores
in the next 10 years. The Omega West proposals are critical to realising this planned growth.
TJM's new distribution centre at Omega West will also support new investment and jobs not
only within, but also outside of the local area, with the expansion allowing the opening of
1.3.4 new stores across the UK.

Home Bargains ('HB') is the trading name of TJM and has become a household retail name
across many parts of the UK, particularly on Merseyside.

Unlike the growing retail trend (particularly in the last 12 months of pandemic climate) to
maximise online presence to ensure booming business, TJM is principally a 'bricks and
mortar' retailer, with the bulk of business coming via traditional retail, rather than e-
commerce or online sales. The TJM business model relies on expanding the retail network,
supported by new distribution centres with enhanced innovative efficiency to serve the retail
network without seeking to move sales from physical stores online.

1.4 TJM Existing DCs

TJM has two existing **distribution centres** (DCs) in the UK supplying its existing but fast-growing network of Home Bargains stores:

- Liverpool ('Axis site') – c. 92,902 sqm (1,000,000 sqft)
- Amesbury, Wiltshire ('Solstice site') – c. 74,322 sqm (800,000 sqft)

1.4.1

The DCs at Axis and Solstice currently supply over 545 Home Bargains retail stores across the UK. Both have high-bay elements allowing high levels of automation and are vital to TJM's operations. The Axis site is currently operating at 100% capacity, with the Solstice site expected to reach capacity by 2024.

1.4.2

1.5 Why a third DC is required

TJM plans to grow from c. 545 to 800 stores in the next 5 years. A third DC is required to provide the infrastructure and capacity to grow, with short-term capacity constraints already in existence at Axis.

1.5.1

Without a third purpose-built DC, TJM would need to consider short term warehousing options. Those options would not remove the need for a new DC and TJM would need to return to its search for a suitable alternative.

1.5.2

1.5.3

TJM planned to deliver the third DC as a fully operational distribution centre by autumn 2023. The programme is already under considerable pressure due to delays in the planning process. Should planning permission be forthcoming, it is anticipated there will be a 1-year delay to the opening of the third DC because of the current Call-in Inquiry.

1.6 Operational Requirements

1.6.1

The precise operational requirements of the proposed warehouse were reflective of TJM's market-leading expertise in the development and operation of these distribution centres and are best practice in this regard:

- The site **must** be capable of providing at least 92,902 sqm (1,000,000 sqft) of warehousing and ancillary floorspace (to support TJM's planned store growth, along with the ability to expand).
- The site **must** be capable of accommodating future ancillary buildings and structures to support the growth of the DC.
- The site **must** be capable of accommodating a high-bay warehouse and owing to the automation required as part of the operation, the high-bay must have a clear internal height of 38 metres and consequently 41m external height allowing for the roof construction¹.

¹ This is fundamental to the efficient use of land and resources that underpins the TJM business model and will enable the use of modern robotics and picking systems.

- The site **must** be able to meet the significant power requirements associated with the provision of an automated high-bay warehouse.
- The DC **must** be designed have service yards on all sides, of varying depth to suit the internal operational layout required by the automated handling equipment within, and to allow for the number of docking stations to be maximised.
- An office component **must** be provided within the DC and should be sited to allow ease of access for those arriving by private vehicle, public transport or active travel modes.
- The DC **must** be designed to include suitable parking provision for private vehicles (including disabled parking bays and Electric Vehicle Charging Points), motorcycles and bicycles.

1.7 Advantages of Omega West

The specific advantages of the Omega West site include:

- 1.7.1 ▪ Speed of delivery.
- Proximity to a large source of appropriate labour.
- Excellent motorway and road connections.
- Significant distance from the closest noise sensitive receptors.

1.7.2 Consistent with TJM's first and second DCs, the ability to secure expansion land immediately adjacent to a proposed DC is extremely important as it allows for the businesses needs to be futureproofed. As part of the TJM business strategy, it is very important that an investment of this scale is supported by sufficient surplus land that will enable future business requirements to be met.

1.7.3 All these factors weigh heavily in favour of Omega West as a preferred location for a third DC.

1.8 No alternatives to Omega West

1.8.1 Finding a site was difficult. Only a very small number of sites were potentially appropriate and truly deliverable within the timescales that could accommodate TJM's requirements. Ultimately, the conclusion of TJM's site search is that there is no other practical alternative location that can meet TJM's requirements for a third DC.

1.9 TJM Commitment to 'Oven Ready' Unit 1 at Omega West

1.9.2 TJM is contracted to acquire the land for development of Unit 1, subject to planning. If this project does not come forward, this floorspace will not go anywhere else in the short-term. Despite an extensive search no other alternative viable sites were identified which could viably meet TJM's operational and programme needs.

In the context of currently available sites for a development with the purpose and scale intended by TJM, Unit 1 at Omega West is a rare occurrence where the project is truly 'oven ready' and is genuinely immediately deliverable, not only in planning terms but also in construction terms.

Having issues to overcome before development commences is not unusual for such a large and complex scheme, for those detailed matters to have been resolved confirms beyond any doubt that Unit 1 is deliverable and can genuinely be regarded as 'oven ready'. This imperative was principally driven by the TJM programme and was undertaken at risk and cost by TJM, to ensure that the period between a decision notice and work commencing on site was as short as possible.

1.9.3

1.10 Recruitment, Training & Career Opportunities

1.10.1

The distribution centre will bring over 1,200 employment and training opportunities to local and surrounding areas: St Helens, Warrington, Widnes, Manchester and Liverpool. The new distribution centre represents a strategy of innovation and continued investment by the company to support its ambitious growth plans. The projected job creation is both realistic and conservative.

1.10.2

TJM's third DC will generate annual salaries of approximately £19m at Year 1, and approximately £38m at full operational capacity. This excludes the provision of a future potential VMU and training centre which would deliver further jobs and associated wages.