

# JWPlanning

## Planning Consultancy Services

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### Interim Comments by JWPlanning on:

#### **Planning and Retail Statement, CarneySweeney, March 2022 for: Hybrid Application including a Lidl Foodstore at Belmont Road, Hereford Planning Application P221090/O**

This report is in response to your e-mail of 19 April 2022 confirming our instructions to provide retail planning advice in respect of the above hybrid planning application including a Lidl Foodstore at Belmont Road, Hereford, validated on 5 April 2022. We provide advice on the retail policy and impact issues only arising from the Lidl Foodstore and focus on the findings of the CarneySweeney (CS) Planning and Retail Statement, March 2022 (PRS). I have known Hereford City for a number of years.

#### **The Application Site**

1. The application site is currently occupied by the Three Counties Hotel, which is set in landscaped grounds and parking areas. The application site measures approximately 1.68ha, of which approximately 1.5ha is proposed to be developed for the Lidl foodstore and common elements of the proposal.
2. The site fronts Belmont Road (the A465), and is located within a mixed residential/commercial area of Hereford, approximately 1.8km to the south-west of the City Centre.

#### **The Application Proposal**

3. Planning permission is sought for:  
*“Hybrid application for demolition of existing hotel and associated structures and erection of Class E foodstore with associated access, parking, servicing, drainage and landscaping (full permission sought) and erection of drive-thru unit with associated internal access and circulation (outline permission sought).”*
4. Our comments relate to Lidl foodstore element of the application only. The store is described as having a floorspace of 2,277 sqm (GEA) and a sales area of 1,414.

#### **Lidl Foodstore Operation**

5. Details of the Lidl foodstore operation are provided in Section 4 of the PRS. We accept in general CS's description, but make the following points.
6. CS stresses Lidl's 'discount' format, with limited product ranges enabling competitive pricing, compared with the mainstream supermarkets. Paragraph 4.3.4 of the PS notes the Competition Commission and Grocery Market Investigation references to the distinctive offer of Lidl in 2008. This is some 14 years ago; in our view Lidl has changed its offer significantly since 2008.
7. Lidl's success as a retailer since 2008 is borne out by the growth of its published trading figures over recent years, of which CS will be aware. Traditionally Lidl has focussed on the 'price conscious' shopper. The introduction of some quality products has widened its appeal

to the more discerning and more affluent shoppers. I have observed that Lidl is usually now included (and often performs well) in published surveys comparing supermarket products, for example wine. I noted for example that Good Housekeeping magazine in 2021 voted Lidl's Deluxe 24 Month Matured Christmas Pudding as the "Best Supermarket Christmas Pudding". I believe therefore that, although Lidl continues to have a more limited product range, it can no longer be assumed that Lidl does not compete effectively with the mainstream supermarkets and at the quality end of the market.

8. The PRS paragraph 4.41 states:

*"The standard core opening hours for Lidl is between 8.00-22.00 on days Monday to Saturday (including Bank Holidays) and 10.00-16.00 on Sunday. This shows that the standard opening hours are limited in comparison to other main convenience retailers, as well as small retailers."*

We accept that Asda and Tesco are open for longer hours than this, but most convenience and comparison traders in Hereford are not.

## Site Planning History

9. We understand that the application site has no planning history of relevance to the current development proposal.

## Planning Policy Context

10. Planning guidance and policies of most relevance to the application proposal are contained within:
  - The National Planning Policy Framework, January 2021 (NPPF); and
  - The Herefordshire Local Plan Core Strategy, October 2015 (Core Strategy).
11. The PRS also identifies the Belmont Rural Neighbourhood Plan. Because it does not contain retail policies of relevance to the proposed Lidl foodstore, we do not refer to it here.
12. Planning policy emphasises the importance of maintaining and enhancing the vitality and viability of Hereford City Centre and focussing new retail development within it (Core Strategy Policy E5). The tests in respect of new retail development outside town centres are similar to those in the NPPF.

## The National Planning Policy Framework 2019

13. National retail planning policy guidance is set out in the NPPF published in January 2021, the relevant provisions of which we describe below.

### ***Ensuring the Vitality of Town Centres***

14. Paragraph 86 of the NPPF states that planning policies and decisions should support the role that town centres play at the heart of local communities and sets criteria for achieving this.
15. Paragraph 87 requires a sequential assessment for main town centre uses that are not in a centre and not in accordance with an up-to-date development plan (which applies to the application proposal). Paragraph 88 requires that when considering edge-of-centre and out-of-centre proposals, preference should be given to accessible sites that are well connected to the town centre; and that applicants and local planning authorities should demonstrate flexibility on issues such as format and scale.
16. Paragraph 89 specifies impact assessment requirements:

*"When assessing applications for retail and leisure development outside town centres, which are not in accordance with an up-to-date plan, local planning authorities should require an impact assessment if the development is over a proportionate, locally set floorspace threshold (if there is no locally set threshold, the default threshold is 2,500 sq. m). This should include assessment of:*

*(a) the impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal; and*

*(b) the impact of the proposal on town centre vitality and viability, including local consumer choice and trade in the town centre and wider catchment retail area (as applicable to the scale and nature of the scheme)."*

17. Paragraph 91 requires that:

*"Where an application fails to satisfy the sequential test or is likely to have significant adverse impact on one or more of the above factors, it should be refused."*

## **Herefordshire Core Strategy 2011-2031**

18. The Core Strategy was adopted on 16 October 2015. It covers the plan period 2011-2031. It sets out the 'Vision, Objectives, and Spatial Strategy' for the County, as well as 'Place Shaping' policies for Hereford City, the five market towns, and rural areas.

19. A Hereford Area Plan was being progressed. However, in the light of government changes to the planning system, further work on it (and some other plans in the County) have been abandoned, and the focus will be on updating the Core Strategy.

### ***Town Centres / Retail***

20. The vision for the County includes a retail hierarchy, within which Hereford is the 'Principal Centre'. It is noted that for some time the County has been losing ground to competing centres such as Gloucester, Cheltenham, and Worcester (paragraph 3.80).

21. Place Shaping Policies for Hereford City are set out in Section 4.2 of the Core Strategy. Policy HD2 Hereford City Centre states:

*".....Proposals for town centre uses outside the defined town centre will be subject to the sequential test and applications for development over 700m2 gross floor space will require an impact assessment to determine whether there could be any adverse impacts on the town centre;"*

22. **Policy E5** of the Core Strategy sets out a policy for town centres, stating:

#### ***"Town centres***

*Town centres will be the focus for retail, commercial, leisure, cultural and tourism uses. Proposals for such uses which contribute to the vitality and viability of the town centres of Hereford and the market towns will be supported provided that they:*

- 1. do not adversely affect the primary function of the town centres as shopping destinations; and*
- 2. are of a scale and design appropriate to the size, role, character, and heritage of the centre*

*Proposals for development outside the town centres will only be permitted if it can be demonstrated that the requirements of the sequential test, as set out in paragraph 24 of the NPPF (NPPF Feb 2019 paragraphs 86-88), have been met and that the proposal would not have a significant adverse impact on the vitality and viability of the centres. An application will be refused if it fails the sequential test or an impact assessment.*

*The sequential test approach requires the above-mentioned uses to be located within town centres. Where it is proven there are no available and suitable town centre sites, preference will be given to edge of centre sites before any out of centre site is considered. Where a sequential test adequately demonstrates that the only suitable and available site is an edge of centre or an out of centre location, preference will be given to sites that are well connected to the town centre and are easily accessible by sustainable transport modes.*

*An impact assessment for retail, leisure, and commercial proposals outside of the town centres to assess their impact on investment in the area and on the vitality and viability of the town centre may be required depending on the scale and location of the proposal as specified in the policies in the Place Shaping section. ...."*

## Assessment of Existing Provision

23. CS provides a useful description of existing retail provision in Hereford City Centre in Section 6 of the PS. They refer to *“a healthy mix of butchers, bakers, newsagents, grocers, delicatessens and health food stores with larger convenience goods retailers including Tesco and Waitrose”*.
24. They note that the Goad Report (2021) indicates that there are 112 vacant retail and service outlets in Hereford, 18.45% against a national average of 14.1% (this figure includes outlets outside the CSCA). We have noted that there are vacancies in some core locations, such as the Maylord Centre.
25. They also note that Goad identifies the presence of 17 major retailers and 135 multiple retailers in Hereford. We accept that there is a good mix of retailers in Hereford City Centre, including a good range of convenience traders in the central core of the City Centre and on the edge of the Centre (within the Goad Map area).
26. Hereford is an attractive centre, and its historic heritage makes a major contribution to its character. It also has a strong role as the administrative and service centre for the County, as well as being an historic ecclesiastical centre.
27. Despite its attractions, Hereford has experienced the same retail challenges in the ‘High Street’ as have been experienced in other UK centres and which have been well documented. A particular loss for Hereford has been the closure of Debenhams, which has left the City without a department store (the former Chadds Department store having closed some years ago).
28. In summary, we accept that Hereford is an attractive centre, with a good convenience offer. However, it is facing challenges from changes in ‘High Street’ retailing and is therefore, in common with many other shopping centres, in a vulnerable position.

## Sequential Approach

### ***Methodology and Approach***

29. We have noted and raise no issues in respect of the methodology and approach applied by CS, as described in Sections 7.1.1 to 7.1.4 of the PS.

### ***Status of the Application Site***

30. The application site is an ‘out-of-centre’ retail location. However, we acknowledge the site characteristics identified by CS in Section 2.2 of the PRS. It is outside, but close to Belmont Neighbourhood Centre and other commercial / community facilities, and has good transport accessibility.

### ***Area of Search***

31. We are satisfied that the appropriate area of search for alternative sites is within Hereford City only.
32. In paragraph 7.4.2, CS identifies seven criteria that are necessary to be satisfied, including, a minimum store size of 2,100 sq.m gross. This represents an 8% reduction only of the proposed floorspace of the store (2,277 sq.m). However, in paragraph 7.4.5, CS acknowledges that in-centre sites often have access to shared parking and servicing and the site area for an in-centre store is reduced by 25% to 0.6ha.
33. Another criterion is *“A prominent site with the ability to attract passing trade”*. In our opinion this criterion should be applied so as not to automatically rule out town centre locations. This cannot be the intention of policy. Prominence needs to be judged not only in the context of visibility from an arterial road, but also in terms of accessibility and proximity to the principal areas of retail and commercial activity in central areas.

## **Sites Considered**

34. CS has investigated sites in the following locations, all of lie within the defined Central Shopping and Commercial Area Policy TCR1:
- (i) Old Market Shopping Centre;
  - (ii) Old Market Gateway;
  - (iii) Other vacant units in the City Centre.
35. We provided advice to the Council in 2021 on the proposed occupation of Unit 3 Salmon Retail Park by a foodstore. Our advice included critical examination of the applicant's sequential approach analysis of alternative sites. The Officers' Report on this application stated:
- "Sequential Approach*
- Officers working with the Council's retail consultant have identified sites and properties in the City for which further examination was sought from the applicants. The sites / properties are – the Debenhams store in the Old Market Shopping Centre; the former Peacock's unit in Eign Gate; Old Market Gateway; and the Union Walk Car Park. This has been reviewed and officers are satisfied there are no sequentially preferable sites that are available, suitable and able for the proposed use."*
36. Unit 3 was already in retail use and the proposal was for relaxation of a condition to permit 1,659 sq.m of food floorspace (Iceland). The existing application sequential search is for a larger store floorspace – 2,100 sq.m gross. The larger size of the currently proposed foodstore makes the search for alternative more centrally located sites / premises more demanding.
37. It appears to us to be necessary therefore to identify only any changes from the position judged by the Council in the context of the Unit 3 application. We would welcome officers' views on whether there have been any changes of circumstance since our earlier report that could cause the Council to reach a different view on the existence of sequentially preferable sites.

## **Retail Impact**

38. CS addresses retail impact in Section 8 of the PRS. based on the considerations identified in paragraph 90 of the NPPF.

### ***Impact on Planned Investment***

39. Although paragraph 89 of the NPPF requires "the impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal" to be assessed, CS addresses this in paragraphs 8.2.49-52 of the PS. -does not appear to have done this.
40. The Edgar Street Regeneration Area has been the principal location for public and private investment aimed at enhancing the status of Hereford as a retail and services destination. The principal retail component of the regeneration area has been the Eign Gate Shopping Centre, which is substantially complete.
41. CS notes that *"although some parts the Edgar Street area have been developed, the area represents a long-term, complex opportunity that will deliver a mix of uses, including a significant amount of new housing"*. We are not aware of any specific proposals for this area that are at a sufficiently advanced stage that they could be prejudiced by the application proposal. Officers will obviously have more information than us on any proposals under consideration.

## **Impact on Vitality and Viability**

42. We comment below on CS's step by step analysis as set out in Section 8 of the PRS and the Statistical Tables in Appendix E. The assessment uses a base year of 2020 and a target assessment date of 2025. We focus on the convenience goods analysis only of CS's quantitative assessment, as this is of most significance in terms of impact on the City Centre.

### Catchment Population – Table 2

43. CS has adopted Zones 1A and 1B from the Herefordshire Retail Study Update 2012 (HRSU 2012) as a catchment for assessing the proposal, which we accept.
44. The population forecasts are based on those from Application P203846/F (Unit 3 Salmon Retail Park), which are derived from Experian Location Analyst (October 2020), updated using ONS subnational population projections. PS Table 2 shows a modest population increase of 3.2% over the 2020-25 period

### Expenditure - Tables 3-6

45. Base year convenience and comparison goods per capita expenditure from Application P203846/F have also been utilized. Per capita expenditure growth rates over the 2020-25 period have been sourced from Experian's Retail Planner Briefing Note 19 (published January 2022) – Tables 3 and 4.
46. Tables 5 and 6 show Study Area available expenditure for convenience and comparison goods respectively, including and excluding Special Forms of Trading (SFT), over the period 2000-25. SFT is expenditure that does not take place direct through retail shops, the predominant element of which today is 'online' purchases. The relevant expenditure figures for this assessment are those excluding SFT.
47. Available Study Area convenience expenditure at 2025 (excluding SFT) is estimated as £248,355,726. This figure arises from a fall in expenditure of £8.12m (-3.2%) over the period 2020-25, CS Report Table 5). The decline in available convenience expenditure means that convenience shops in the Study Area will suffer loss of trade irrespective of impact from new facilities implemented.

### Lidl Store Turnover – PS paragraph 8.2.17

48. CS has calculated a store turnover of £8.95m convenience goods and £1.57m comparison goods at 2025 (CS Report, para 8.2.17). This is based on a store sales area of 1,411 sq.m of which 80% would be convenience goods (1,129 sq.m), to which average company sales densities are applied. CS has made a deduction of 10% from the Lidl company average turnover, which we accept.

### Trade Flows and Impact Methodology

49. Shopper preferences and retailer trading patterns are difficult to model and forecast accurately. Because of this the quantitative inputs to any shopping forecasts are subject to margins of error and need to be treated with caution. We have adopted a broad-brush approach to reviewing the impact assessments undertaken by CS, and focus only on those inputs and assumptions that could have a material effect on the assessment outputs. There remain a number of inputs to the assessment for which the detailed build-up and justification is not fully shown.
50. CS's impact assessment is set out in paragraphs 8.2.23 to 8.3.3 of the PS and tables in Appendix E. The tables in Appendix E are difficult to follow. The table numbering is duplicated, which makes reference to individual tables difficult. Also, the labelling of individual columns of figures is inadequately described, as a result of which the content of the columns is not always clear. Footnotes explaining the figures and their origin would be helpful.

51. CS's approach is to assess existing store turnovers at the base year 2020, based on shopping patterns identified in Household Interview Surveys undertaken for the HRSU 2012 – trade flows. These are then projected over the period 2020-25, allowing for changes in available Study Area expenditure and the impact of new developments.
52. In an earlier e-mail, we have drawn attention to the lack of information on 'trade flows' expressed in percentage terms. These are a key assumption for this type of assessment, which give rise to the impact figures. They show the percentage proportions of available expenditure that is drawn from existing shopping facilities at the base date, forecast dates, and following implementation of the proposed store. CS does show trade draw figures in monetary terms, but in the absence of these figures in percentage terms, it is difficult to understand the justification for the trade flow figures and the changes over time.
53. Because of the presentational deficiencies of the Appendix E statistical tables, we have undertaken a further analysis of the CS figures, which is shown in Tables JW1 and JW2 attached to this report. We have been able to calculate percentage trade flow figures from the CS existing information provided in monetary terms. We comment further below on the information Tables JW1 and JW2.

#### Trade Flows

54. As noted above, the expenditure flows within Zones 1A and 1B (the Study Area) are derived from the HRSU 2012 (PS paragraph 8.2.22). These are now 10 years old and over that period significant changes have taken place in retailing generally and as well as in Hereford City. More recent Countywide household surveys on a comparable basis were undertaken in 2018 by Rapleys (in connection with retail proposals in Ross-on-Wye).
55. The 2018 surveys do of course include Waitrose. However, they also indicate some other significant changes since 2012, in particular a stronger performance by the discount foodstores, at the expense of the mainstream foodstores. The performance of Waitrose is shown as surprisingly modest, but this may not reflect the true position (as can often be the case with such surveys at the individual shop level). For the purposes of illustrating the changes in shopping patterns that occur, we reproduce as Table JW3 to this report a comparison of the different findings of the 2012 and 2018 Household Surveys. This was attached as Table JW1 to our report of January 2021 on planning application P203846/F (Unit 3 Salmon Retail Park).
56. CS's assessment allows for implementation of Waitrose and implementation of The Food Warehouse at Unit 3 Salmon Retail Park. It notes the extension of the existing Lidl foodstore at Brook Retail Park, but considers this will not have given rise to any turnover change.

#### Solus and Cumulative Impact – Appendix E last two Tables

57. Our comments on the CS assessment are made alongside Tables JW1 and JW2, which show the solus and cumulative impacts respectively arising from the proposed Lidl store, based on the CS inputs. The tables are a representation of the information provided by CS in their tables, but having calculated and included percentage trade flows from the monetary figures provided in the CS tables - they do not show JWP's findings on impact. They are provided as template against which to expose areas of concern/ disagreement.
58. CS assumes that 15% of the Lidl store turnover would be drawn from outside the Study Area – **store inflow**. Their reasoning is identified in paragraph 8.2.19, which we accept.
59. Table 7 in the CS report shows that, based on 15% of the store trade being inflow from outside the Study Area, the store's market penetration of Study area convenience expenditure in 2025 would be 3.1%. Plainly the proposed Lidl store turnover would represent a small proportion of Study Area convenience expenditure only, but this needs to be seen in the context of a fall in Study Area convenience expenditure excluding SFT over the forecast period 2020-25 of £8.12m -3.2% (CS Report Table 5).

60. The Table JW1 template shows the **solus impact** of the proposed Lidl store in 2025. The turnover abstraction caused by the new store is deducted from the turnover that would otherwise have been achieved by existing stores at that date. It can be seen that the impact figures are the same as those in CS Report Table 9.
61. The Table JW2 template shows the cumulative impact of the proposed Lidl store and other commitments in 2025. The turnover of stores in 2025 is compared with their turnover in 2020, as a result of trade abstraction caused by the proposed Lidl Store and other commitments.

#### JWP comments on Impact Tables

62. Our concerns below apply to the solus and cumulative impact findings. A principal concern is, the **unreliability of the market share information** from the HSRU 2012 report if used without making some adjustments, particularly because of the elapse of time. In our experience, it is helpful to make adjustments to survey-based store turnover estimates having regard to **published average turnover estimates** (e.g. from Global data, quoted by CS in respect of the of Company average turnover for Lidl) and circumstances on the ground. This would be informative if done in this case.
63. We draw attention to the 2020 trade draw **figures for the existing Lidl food store at Brook Retail Park**. The Lidl company average turnover has increased significantly since the HSRU 2012 surveys, for which allowance does not appear to have been made by CS. Although the Brook Retail Park store has a sales floorspace only some 20% smaller than that of the application store, CS's turnover estimate for the existing Brook Retail Park store in 2025 is estimated as being less than half that of the proposed new Lidl store. This does not seem credible.
64. Likewise, we find it difficult to accept that the **recent extension of the existing Lidl store** would not give rise to some turnover increase. In the absence of any turnover increase what would be the reason for Lidl making the investment?
65. Table JW1 also shows that approximately 27% of study area convenience expenditure in 2020 was drawn from '**Other**' shopping facilities. We do not think that this figure is credible. We show in Table JW4 the percentage of Study Area expenditure attracted to other facilities from an analysis of trade flows shown in Appendix 2 of Table 6 of the HRSR 2012 report. This shows that at that time 17.37% of Study Area convenience expenditure was attracted to 'Other' facilities'. We believe that since 2012 the percentage of Study Area convenience trade attracted to 'Other' facilities will have declined.
66. We also draw attention to the figures for **Iceland Eign Gate**, where we believe that insufficient allowance has been made for the for impact arising from implementation of The Food Warehouse (Iceland) at Unit 3 Salmon Retail Park.
67. Although it permits a relatively small amount of new convenience floorspace only 250 sq.m net, we also note the proposals at **The Range P201229/F** have not been included in the assessment.

#### Impact Context

68. We have noted and accept that it is appropriate for CS's quantitative impact assessment to focus on convenience goods. CS has identified that Study Area available convenience expenditure is forecast to decline by £8m.12m over the forecast period. Declining available expenditure must obviously have significant implications for existing convenience traders in the City, irrespective of any proposals for new convenience floorspace. It is important to judge the implications of any trade impact figures caused by the proposed new Lidl store in this context of a shrinking market.
69. It is also important to note that convenience trading is only one of the components on which the health and vitalities of Hereford city centre is based. Comparison goods trading and services play a strong role in making the city centre an attractive destination for shoppers and

visitors. Plainly the proposed new Lidl store would have a minimal impact only on the role of the City Centre for comparison goods retailing and services.

70. Convenience trading is relatively well provided for in the City Centre, and there are large foodstores on the edge of the city centre within the Goad plan area - Morrisons, Lidl, and Aldi. The latter are likely to provide some support for the City Centre, but the primary policy issue is impact on convenience traders in the city centre.

## **Interim Summary Findings**

### Policy Requirements

71. The application proposal is within an 'out-of-centre' location. Policy E5 of the Adopted Herefordshire Core Strategy requires that retail (and other 'town centre' uses) will be supported providing that they do not adversely affect the primary function of the town centres as shopping destinations.
72. Specific tests set in the NPPF require that:
- proposals must satisfy the requirements of the sequential approach; and
  - must demonstrate that the proposal would not have a significant adverse impact on the vitality and viability of centres.

### Sequential Approach

73. In their consideration of the retail proposals at Unit 3 Salmon Retail Park for a smaller amount of retail floor space, the Council considered that there were no suitable available sites within sequentially preferable locations. Unless Council officers are aware of any change of circumstances since consideration of that application, it would appear that that sequential approach requirements are satisfied.

### Impact on Hereford City Centre

74. In addressing whether the application proposal would have a significant adverse impact on Hereford city centre, CS has undertaken a quantitative impact assessment. We have critically reviewed their assessment and have concerns about the validity of some of the assessment inputs. These concerns have been identified above and relate principally to the validity of shopping expenditure patterns based on interview surveys carried out for the HSRU 2012, without making some adjustments; and some of the judgments on trade flow percentages, store turnovers and impacts in 2025.
75. As a result of these concerns, we are not currently satisfied that the solus and cumulative impacts identified by CS are reliable. We have provided new tables JW1 and JW 2, in order to demonstrate areas of concern, and to assist CS addressing the points that we have made.
76. In summary, we are not currently satisfied that it has been demonstrated that the application proposal would not have a significant adverse impact on Hereford City Centre. However, we wish to provide CS with the opportunity to address the concerns we have identified in respect of their quantitative impact assessment.
77. We will be happy for you to pass this Interim Report to CS.

**JWPlanning**  
**17 June 2022**