

JWPlanning

Planning Consultancy Services

Comments by JWPlanning on:

Planning and Retail Assessment, Quod, November 2020

for:

Modification of Goods Restriction at Unit 3 Salmon Retail Park, Hereford

Planning Application P203846/F

This report is in response to your e-mail of 9 December 2020 confirming our instructions to provide retail planning advice for the above planning application made by Quod on behalf of COIF on 4 November 2020. We provide advice on the retail policy and impact issues only arising from the proposal and focus on the findings of the Quod Planning and Retail Assessment, November 2020 (PRA).

I have known Hereford City for a number of years, but have been unable to undertake a further inspection of the City Centre due to the current COVID 19 restrictions.

Summary Findings

The Application Proposal

1. In terms of planning policy, the application site is an 'out-of-centre' location. However, the application property has an existing authorised retail use, albeit subject to a restricted range of goods. The application proposal is for reoccupation of the property by The Food Warehouse (TFW), principally for the sale of convenience goods, but also including some comparison goods sales. Replacement of Condition 5 of the existing planning permission, restricting the permissible range of goods for sale, is necessary to enable TFW to trade from the property.

Retail Policy Tests

2. 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 require it to be demonstrated that there are no sequentially preferable sites that could accommodate the application proposal, and that there would be no significant adverse impact on Hereford City Centre.

Alternative Sequentially Preferable Sites

3. We have identified sites and properties in the City for which, subject to the views of officers, further examination could be 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.

Retail Impact on the City Centre

4. Allowance should be made for Hereford City Centre to be in a vulnerable position post-COVID-19. The vitality and viability of Hereford City is supported predominantly by its comparison goods facilities, as well as a wide range of services.
5. If, as intended by the applicant, the City Centre Iceland store in Eign Gate remains trading, the majority of the trade diversions to the new TFW store would be from out-of-centre locations with limited impact on City Centre convenience trading.
6. The application proposal should give rise to a reduction in the comparison goods turnover at the application property (Unit 3). However, the range of goods that would be permissible would no longer be restricted to bulky goods and would be more directly competitive with the City Centre. There is some inconsistency between the Quod's retail impact analysis and the proposed condition restricting the floorspace permissible for the sale of comparison goods, which requires clarification for the purposes of forming a view on trade impact.

Proposed Planning Condition

7. In order to mitigate adverse impact on the City Centre, the Council has consistently restricted the range of comparison goods sold from out-of-centre locations, including the application property. We have concerns that the goods restriction condition as currently worded is unclear and may not provide adequate control over the quantum of comparison floorspace that would be permitted. This requires discussion with the applicants.

Our Assessment

The Application Premises

1. The application premises, Unit 3 Salmon Retail Park, contain 1,659 sq.m gross internal floorspace, of which 544 sq.m are at mezzanine level, and are currently occupied by Oak Furnitureland, who retail a wide range of home furniture products.
2. Salmon Retail Park lies some two kms north of Hereford City Centre. It contains three units, Units 1 and 2 being occupied by B&M Home stores and Dreams. The retail park is part of a larger area of retail warehousing fronting Holmer Road, which is the principal out-of-centre retail destination in Hereford.

The Application Proposal

3. The intentions of the application proposal are described in Section 1 Introduction of the PRA. The existing occupier of Unit 3, Oak Furnitureland, is in administration and its future is uncertain. The applicant seeks to enable occupation of the premises by The Food Warehouse (TFW), which is a trading arm of Iceland. In pursuance of this, the application proposal is submitted under Section 73 for a modification of Condition 5 of planning permission HC/930262/PF/E granted on 1 December 1993, which states: .

"The premises shall be used as retail warehouses within Class A1 of the Town and Country Planning (Use Classes) Order 1987 (or any enactment to that Order), with the exception of the following uses:

- (a) sale of food and drink to be consumed off the premises;*
- (b) sale of clothing and footwear;*
- (c) sale of cutlery, crockery and glassware;*

- (d) *sale of jewellery, clocks and fancy goods;*
 - (e) *sale of toys, camping and trave goods;*
 - (f) *sale of books, records and stationery;*
 - (g) *sale of photographic goods, equipment and products, video and audio products, radio, television, computers and word processors;*
 - (h) *sale of sports goods, equipment and clothing; and*
 - (i) *all uses within A1(b) to (f)*
4. The application proposal is to replace Condition 5 with the following Condition:
“Notwithstanding provision of the Town and Country Planning (Use Classes) Order 1987, or any order revoking, re-enacting or modifying that Order, the retail sale, or retail unit hereby approved (Unit 3) shall only be used for the sale of convenience goods together with up to 30% of the floorspace for the sale of ancillary comparison goods.”
 5. In paragraph 2.28 of the PRA, Quod makes clear that the application proposal involves no uplift of floorspace, and that they would be happy to discuss any appropriate rewording of their suggested condition, if the Council considered this necessary.
 6. The effect of the condition as proposed would be to remove a condition that places significant restrictions on the range of comparison goods that could be sold, and replace it with a new condition requiring only that the comparison goods sales are ‘ancillary’ to the convenience sales.
 7. In an email of 25th January, Quod has provided further information on the type of trading envisaged by TFW, indicating that the comparison goods offer would not be restricted to any theme or cycle, and would be akin to the type of offer found in Lidl or Aldi stores. We are familiar with the trading model described by Quod. However, in our experience, in both Aldi and Lidl stores comparison goods do not exceed approximately 20% of the sales area of the store. Lidl has currently has applications before the Council, in both Ross-on-Wye and Ledbury, with both stores proposing 20% of the store area for the sale of comparison goods.
 8. We have some concerns as to whether the sale of comparison goods from in excess of 20% of the sales floorspace of the store can reasonably be described as ‘ancillary’ to the convenience function of the store. We make further comments on this later in this report.

Site Planning History

9. Unit 3 has a lengthy planning history, which is described in paragraphs 2.6-13 of the PRA. It relates mostly to variations in the range of goods permitted arising from changing occupier needs. We do not reiterate the information provided by Quod, and presume that you will satisfy yourself that it represents the position accurately.

The Food Warehouse (Iceland)

10. The TFW business model is described in paragraphs 20.20-2.26 of the PRA. A distinction is drawn between the traditional Iceland stores of around 465 sq.m and the larger TFW stores having a floorspace of 929-1,394 sq.m with a quality warehouse style fit out. It is to be noted that the application premises with 1,659 sq.m, including mezzanine, are somewhat greater in floorspace area than would normally be required by TFW.

Planning Policy Context

11. Planning guidance and policies of most relevance to the application proposal are contained within:
 - The National Planning Policy Framework, February 2019 (NPPF); and
 - The Herefordshire Local Plan Core Strategy, October 2015 (Core Strategy).
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 February 2019, the relevant provisions of which we describe below.

Ensuring the Vitality of Town Centres

14. Paragraph 85 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 86 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 87 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 90 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."*
23. Paragraph 5.2.31 provides additional guidance in respect of retail development in 'out-of-centre' locations, that is of particular relevance in this case:
- "For edge of centre and out of centre retail locations that have satisfied the sequential test and impact assessments, conditions may be imposed where necessary to restrict the range of goods to be sold to bulky goods only and/or restrict the net floorspace that can be devoted to non-bulky goods. Conditions may also be imposed setting a minimum size of unit and restricting the potential for further vertical or horizontal subdivision. This is to prevent the proliferation of smaller shop units outside of the town centre without seeking permission from the local planning authority and will protect the vitality and viability of existing centres."*
24. The Council has consistently restricted the range of comparison goods sold from 'out-of-centre' locations, including the application property, through the imposition of conditions that restrict the range of goods that can be sold. It is important to consider the wording of the condition proposed by Quod, having regard to this development plan retail policy guidance.

Retail Policy Tests

25. Quod addresses the two key retail policy tests – sequential approach and retail impact in Section 4 of the PRA.

Sequential Approach

Methodology and Approach

26. We have noted and raise no issues in respect of the methodology and approach applied by Quod, as described in paragraphs 4.7-4.16 of the PRA. We also accept, as noted in paragraph 4.5 of the PRA, that in this case it is important to have regard to the ‘real world’ situation in which this proposal is brought forward.

Area of Search

27. We are satisfied that the appropriate area of search for alternative sites is within Hereford City only.

Alternative Site Parameters

28. The site parameters are set out in paragraphs 4.19-4.31 of the PRA. Quod identifies the particular trading format of TFW, noting that in this case the proposal is to create a large format food store, in addition to the existing smaller Iceland foodstore in Eign Gate. The TFW requirements include a commercially viable location, capable of providing a large floorplate at ground level with at-grade customer car parking and servicing.
29. For the purposes of satisfying the sequential approach, a gross floorspace of at least 929 sq.m is sought, which represents a 20% reduction of the application proposal ground level gross floorspace of 1,115 sq.m; and a 34% reduction as compared with the total gross floorspace of the application premises (including mezzanine), 1,659 sq.m.

Sites Considered

30. Quod has investigated sites in the following locations:
- (i) Old Market Shopping Centre;
 - (ii) Old Market Gateway;
 - (iii) Maylord Shopping Centre;
 - (iv) Belmont Road;
 - (v) Other vacant units in the City Centre.
31. It should be noted that all the sites with the exception of (iv) lie within the defined Central Shopping and Commercial Area Policy TCR1.

Old Market Shopping Centre

32. The Old Market is a shopping mall, planned as an extension of the City Centre to the north of Newmarket Street and opened in 2014. Key large unit stores within the centre include Debenhams, Waitrose, TK MAXX, Outfit and H&M. Quod notes that although a number of units were being marketed in the centre, the largest of these (Unit 4) was 290 sqm only.
33. Since Quod’s survey Debenham’s has gone into liquidation, the business has been acquired by Boohoo and all the retail stores are expected to be closed. As one of the anchor stores for the Old Market Shopping Centre, reoccupation of the Debenhams unit by a use that is compatible with, and capable of giving support to, the centre must be an important consideration for the Council. The store is part of a commercial frontage including a Waitrose foodstore.

34. We believe the Debenhams store was planned to have some 8,000 sq.m gross floorspace and that the store is multi-level. We are not aware of the floorspace area at ground level, but it must be in excess of the 929 sq.m being treated by Quod as the sequential analysis minimum floorspace requirement. In the light of the new circumstances that have arisen since Quod's survey, they should be asked to address the Debenhams store as part of their sequential analysis.

Old Market Gateway

35. Planning permission was granted in August 2016 for development consisting of unit(s) of 1,208 sq.m (Class A1, A3, or A5 uses) on a site immediately to the north of the Market Gateway car park.
36. The property floorspace is plainly of adequate size to accommodate the TFW minimum requirements. Quod dismisses the property, because it provides 36 car on-site parking spaces only. It is relevant to note that the property is immediately opposite the substantial Market Gateway Shopping Centre car park. In practice, therefore, there would inevitably be use of the Shopping Centre Car park by those making visits to the TFW store and other shops and services. Quod also considers that the servicing area and shared access with adjacent residential development would be inadequate.
37. As a recently granted planning permission for an open Class A1 retail use (and other uses), issues of car parking numbers, servicing, and impact on the amenity of the neighbouring residential development will have been addressed by Council planning and highway officers and found to be satisfactory. Were TFW to choose to occupy the property, there would presumably be no planning grounds for the Council to resist this. Quod's dismissal of this site as a sequential alternative has to be judged, therefore, mainly on whether it would be commercially suitable / viable for TFW, as it has already been found to be acceptable for retail use in planning terms. It would be helpful in this respect if Quod could provide information on normal and minimal car parking requirements for TFL stores.
38. We are aware that Units 1, 2, and 3 at Salmon Retail Park currently have a shared car parking area in front of the units.

Maylord Shopping Centre

39. The Maylord Shopping Centre lies in the core area of the City Centre. It was developed in the 1990s with shops at two levels, mostly occupied by 'High Street' multiple traders. There are no large floorplates on a single level and Quod notes that the largest unit available at the time of their survey (Unit 6) was 381 sq.m only, and therefore plainly not suitable for TFW.

Belmont Road

40. Quod identifies premises (Unit 2) being marketed at Belmont Road. The unit is part of a terrace of retail stores fronting Belmont Road, some 1.5 kms from the City Centre. Unit 2 is 372 sq.m only and plainly not suitable for TFW. In any event, the Belmont Road units are in an 'out-of-centre' location offering no clear 'sequential' benefits as compared with the application site.

Other Vacant Units / Premises in the City Centre

41. Quod has undertaken a survey of vacant units in the City Centre, and has provided in Document 4 a list of properties currently being marketed. The list includes 57 properties, the largest of which is 520 sq.m. The large number of properties on the list is of concern as an indicator of the current performance of the City Centre.

42. We accept that all of the available properties identified by Quod are too small to provide adequate alternative accommodation for TFW. However, as indicated at the beginning of this report, we have not visited the City Centre recently and we are not therefore in a position to verify the list of properties provided. You have previously drawn to our attention the closure in the Autumn of Peacocks in Eign Gate, which is of course a part of the Peacock store closures nationally. The store has a substantial frontage onto Eign Gate, and we recall that it was formerly occupied by Woolworth prior to their closure. We are aware that the premises are large, but are not knowledgeable of the actual floorspace of the store. We have no doubt, however, that it is larger than any of the vacant properties currently included on Quod's Document 4 list. We presume that the store became vacant shortly after Quod undertook their survey of vacant units in the City Centre, and believe therefore that (because it is a large unit) they should be asked to include it in their examination of sequential sites.

Union Walk Car Park

43. We believe that there continues to be a large area of land used as car parking immediately to the south of the bus station off Union Walk. In broad terms this area appears to be around 0.8 hectares, i.e. of sufficient size to accommodate the application store plus carparking and servicing). Most of the site appears to be used for long-term car parking. You will no doubt have a greater knowledge of the circumstances, including whether the land is in the ownership/control of the Council. Depending upon the circumstances, it may be appropriate to ask Quod to examine this site.
44. We are not aware of any other potential alternative sites, but we presume that you will flag up any further relevant sites, if you are aware of any.

Retail Impact

45. Quod addresses retail impact based on the considerations identified in paragraph 89 of the NPPF.

Impact on Planned Investment

46. Quod notes that 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. We have noted above the mixed-use development at Old Market Gateway, for which planning permission has been granted. The housing element of the scheme has been constructed, but the retail element is yet to be implemented and is a commitment. In respect of the retail part of the scheme, we have sought further information from Quod on TFW car parking standards/requirements, in order to judge whether Quod's dismissal of this site as an unsuitable alternative site for TFW is justified.
47. We have also considered whether the TFW proposals at Unit 3 (in preference to TFW taking the retail units at Old Market Gateway) might significantly prejudice finding a suitable tenant for the committed Old Market Gateway unit(s). First, it should be noted that the planning permission includes Classes A1, A2, or A5 uses, providing some flexibility in terms of occupancy. Second, it should be noted that Old Market Gateway is on the periphery of the central retail/commercial area of the City Centre. Our considered opinion is that reoccupation of Unit 3 by TFW is unlikely to affect materially the letting prospects of the committed retail units at Old Market Gateway; and, even if it did, this would not cause a significant 'adverse impact' for the City Centre.
48. We raise no issues in respect of impact on planned investment in Hereford City.

Impact on Vitality and Viability

49. We comment below on Quod's step by step analysis of trade impact, as set out in paragraphs 4.66-4.89 and the Retail Tables in Document 6. The assessment uses a 2018 price base, and a target assessment date of 2023. We focus mainly on the convenience goods analysis only of Quod's quantitative assessment, as the application proposal would almost certainly give rise to a reduction in comparison goods turnover.

Catchment Population and Expenditure, Tables 1a-1e

50. Quod 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.
51. Base year (2020) population and expenditure per head estimates are derived from an Experian Local Report commissioned by Quod. Forecasts of expenditure per head and Special Forms of Trading (SFT), mainly internet usage, are derived from national forecast changes provided by Experian in their Retail Planner Briefing Note 18, October 2020. The Tables 1d and 1e expenditure figures exclude SFT.
52. It is to be noted that Experian forecasts a population decline in the population of the Hereford catchment between 2018 and 2023. A decline of convenience expenditure, but an increase in comparison expenditure, is expected in the period 2020-2023.

Convenience and Market Shares and Turnover, Tables 2, 4 and 5

53. Existing shopping patterns (the % market shares of expenditure attracted to existing shopping destinations) are derived from household interview surveys undertaken for the HRSU 2012. Clearly these surveys are now dated, having been undertaken some 9 years ago. A major change since then has been implementation of the Waitrose store at Eign Gate. Based on published company average sales densities, Quod estimates that Waitrose will have achieved a convenience turnover of £19.28m at 2020, with 65% of this turnover being drawn from Zone 1a Hereford City, Tables 4a and 4B.
54. Quod's analysis of the effect of Waitrose on existing shopping patterns is set out in Tables 5a (at 2020) and 5b (at 2023). The purpose of this is to provide an existing shopping base against which to assess the application proposal.
55. The HSRU 2012 surveys are the most recent of which Quod would have been aware, although later Countywide household surveys on a comparable basis were undertaken in 2018 by Rapleys in connection with retail proposals in Ross-on-Wye. As supporting material for a planning application and appeal, these later surveys are within the public domain (although they are not readily identifiable).
56. The 2018 surveys do of course include Waitrose. However, they also appear to indicate some other significant changes since 2012. These changes suggest a diminution of the dominance of the large out-of-centre foodstores, a stronger performance by the discount foodstores, and a wider use of other outlets. The performance of Waitrose is also 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 different results of the 2012 and 2018 Household Surveys we show the answers for Question 1 of the survey, destination for most main food shopping trips, in Table JW1 at the end of this report.
57. Although a complex and time-consuming exercise, it would be possible to examine from the 2018 Surveys the full range of destinations for all types of shopping trip (main/top-up, first and second choice). However, we are conscious that because of the COVID 19 pandemic, shopping trip patterns are likely to have altered significantly since 2018. Although the pandemic restrictions on convenience retailing have been much less than for comparison shops, there have been some significant changes. 'Stay at home' and home working have led to a greater use of local stores and an increased use of the internet. It remains to be seen

how far shoppers, currently experiencing enforced use of direct delivery services, will revert back to shop visits in person.

58. Having regard to the above, we have taken the view that a reasonable approach in this case is to accept the assessment undertaken by Quod (using the 2012 Household Surveys to establish existing shopping patterns), but to draw attention to any Quod outputs that we consider might be affected by later information, and to comment on whether any such changes are likely to affect significantly Quod's findings.

Proposed Turnover – Tables 6a and 6b

59. Quod assesses the TFW turnover by multiplying the sales floorspace of the property by the published average company sales densities of TFW.
60. Table 6a (Document 6) shows a convenience goods floorspace of 900 sq.m and comparison goods floorspace of 270 sq.m. The origin of these figures is not clear and is not assisted by Note 1 of Table 6a, which purports to explain, but is clearly erroneous. The total sales area is 1,170 sq.m (900+270), which broadly equates to ground level gross area of 1,115 sq.m, and represents some 70% of the unit gross area of 1,659 sq.m. For the purposes of our review, we have taken the stated floorspace figures in Table 6a (convenience sales area 900 sq.m, and comparison sales area 270 sq.m), but comment later in this report on the need to clarify the floorspace position, particularly in the context of any wording of conditions.
61. The sales density figures are derived from charged 'Global Data' published information, to which we do not have access. However, the order of the figures appears reasonable, and we have adopted them for the purpose of our assessment.
62. Based on the above, the TFW turnovers at 2023 are £5.64m for convenience goods and £0.78m for comparison goods.
63. The existing occupier Oak Furnitureland currently uses 100% of the sales floorspace for comparison sales. Based on published average company sales densities, the notional 2023 comparison turnover for Oak Furnitureland would be £3.8m. On the basis of the above turnover estimates, the application proposal would therefore result in an increase in convenience turnover of £5.64m and a decrease in comparison turnover of £2.82m at 2023.

Estimated Trade Diversions and Impact – Tables 7, 8 and 9

64. Quod's estimates of trade diversions that would be caused by the application proposal at 2023 are set out in Table 7, (convenience goods), 8 (comparison goods), and 9 (all goods combined).

Convenience Goods - Table 7

65. The convenience goods turnover of the TFW store at 2023 is estimated as £5.64m (Table 6a). This may be compared with Zones 1a and 1b residents' convenience expenditure of £237.46m (Table 1d), i.e. the store convenience turnover represents approximately 2% only of catchment residents' expenditure. This in itself suggests that the impact on existing facilities is unlikely to be significant.
66. Quod's judgements on the facilities from which the TFW convenience turnover would be diverted are shown in columns 4 and 5 of Table 7 and summarised in Table 4.1 (within the report). We have indicated above that Quod's estimates of the performance/turnover of existing stores may not reflect some more recent changes evident from 2018 surveys, in particular some possible reduction in the dominance of the large out-of-centre foodstores. However, even allowing for this, the distribution of impact amongst facilities as estimated by Quod is unlikely to be affected significantly. It must be that the TFW trade will be diverted mostly from the larger supermarkets, which have the most comparable offer; and the strongest performing large supermarkets continue to be in out-of-centre locations.

67. In terms of planning policy, impact on the City Centre only is of significance. Quod has judged that just under 20% of the TFW turnover would be derived from City Centre facilities (Table 7 column 4), giving rise to an overall City Centre impact of just under -2% (Table 7 column 7).
68. One of the City Centre facilities is of course the existing Iceland store in Eign Street. In paragraph 1.6 of the PRA Quod states that "*Iceland has no intention to close their existing City Centre store (at 25 Eign Street)*". They then go on to say that Iceland often dual trade their two store formats, as for example in Gloucester. We do not doubt the intentions stated. However, circumstances can arise that cause changes that were not previously foreseen. This has been particular evident in retailing over the last few years, and most particularly since the COVID 19 pandemic. We have therefore tested the likely quantitative impact implications, in the event that Iceland in Eign Street were to close.
69. The analysis in Table JW2 attached at the end of this report, compares the existing Quod assessment with a scenario postulated by JWP in the event that Iceland in the City Centre were to close. In quantitative terms, transference of the City Centre Iceland trade to the new TFW store accounts for some 46% of the new store's turnover, so reducing significantly the trade withdrawal from other Hereford stores, both out-of-centre and in the City Centre. Based on the judgements we have made, the impact on the City Centre convenience trading rises to approximately 5% (from just under 2%).
70. The analysis in Appendix JW1 Is a worst-case scenario. It would not be desirable to have a further large unit vacancy in the core area of the City Centre: we comment further on this below under the heading 'Overall Retail Impact Findings'.

Comparison Goods Table 8

71. Table 8 provides an assessment of the trade diversions that would arise from the £0.78m comparison turnover (Table 6a) of the TFW store. The TFW turnover is treated by Quod as a net gain, ignoring the loss of turnover that would arise from loss of Oak Furnitureland from the unit, or possible reoccupation of the property by another comparison goods retailer operating within the existing terms (or similar acceptable terms) of the planning permission.
72. In qualitative terms, the proposal may be regarded as 270 sq.m of unrestricted comparison goods sales (unrestricted other than being part of a convenience store), in place of 1,327 sq.m of comparison goods sales restricted broadly to bulky goods.
73. In Table 8 Quod has estimates that at 2023 the City Centre comparison turnover will be of the order of £250m. Although this estimate is subject of margins of error, in quantitative terms the new turnover generated by the TFW proposal, even it were all diverted from the City Centre, could represent only a very small proportion its turnover. However, in our opinion the retail impact of the application proposal on City Centre comparison and convenience needs to be judged in qualitative as well as quantitative terms, which we do below, having first considered the existing vitality and viability of Hereford City Centre.

Vitality and Viability of Hereford City Centre

74. We provided advice to you recently on retail proposals at 'The Range', 3 Elms Road and Home Bargains, Holmer Road Retail Park. As part of that advice, we made comments on the vitality and viability of Hereford City Centre, which we reiterate below because they are equally relevant in this case.
75. The 'lock-down' (in place at the time of writing) is having a major adverse impact upon retail, leisure activities, and the 'High Street' generally. Furthermore, there can be little doubt that in addition to the current impacts, there will be some changes that will persist once there is a gradual reversion to more 'normal' times. For example, there are bound to be some retailers that are permanently lost from the 'High Street'. Also, it remains to be seen how far shoppers, currently experiencing enforced use of direct delivery services, will revert back to

'High Street' visits in person. Although at the present time we don't know the answers to these questions, it is important when considering the application proposal to have regard to circumstances affecting the 'High Street' (as well as retailing generally).

76. In short, we believe that allowance must be made for Hereford City Centre to be in a vulnerable position post-COVID-19; and our consideration of this application has borne this in mind. The extensive list of available properties (57 identified by Quod) suggests that the City Centre is experiencing difficulties and that there is a surfeit of retail floorspace.

Overall Retail Impact Findings

77. The application proposal involves the replacement of a 'bulky goods' comparison store with a store predominantly selling convenience goods. The vitality and viability of Hereford City is supported predominantly by its comparison goods facilities, as well as a wide range of services. Whilst the City Centre does contain a good range of convenience facilities, including the market, the major convenience stores are in 'out-of-centre' locations. If, as is the applicant's stated intention, the City Centre Iceland store in Eign Gate remains, the majority of the trade diversions to the new TFW store would be from out-of-centre locations with limited impact on City Centre convenience trading.
78. We have estimated that if the Iceland Eign Gate store were to close the trade impact on City Centre convenience trading could be of the order of -5%. In our opinion this would be an undesirable outcome, because of the vulnerability of the City Centre. However, in quantitative terms it is not a high level of impact, and the Council may wish to place some weight on the Applicant's stated intention to continue trading from Eign Gate.
79. The application should give rise to a reduction in comparison goods turnover from the application property (Unit 3), and *prima facie* there should not be a significant adverse impact on the City Centre. However, we have some concerns that the goods restriction condition as currently worded is unclear as to the quantum of floorspace that could be devoted to the sales goods and that this could have retail impact implications.

Proposed Planning Condition

80. Quod's proposed condition refers to the retail unit being used for the sale of convenience together with up to 30% of the floorspace being for the sale of comparison goods. Quod has undertaken their assessment of the proposal on the basis of the comparison goods floorspace being 270 sq.m.
81. The gross floorspace of the unit is 1,659 sq.m - 30% of which would be 498 sq.m. The existing net floorspace of the unit, as shown for Oak Furnitureland (Table 6b in Document 6), is 1,327 sq.m – 30% of which would be 398 sq.m.
82. Clarification is required on the floorspace to which the 30% restriction in the proposed condition is intended to apply. As can be seen above, this has a major effect on the actual comparison floorspace that would be permitted. In addition, depending on the answer to the above, clarification is required as to the use any residual floorspace would be put. If 270 sq.m floorspace is devoted to the sale of comparison goods, and 900 sq.m to the sale of convenience goods, there is a residual floorspace of 489 sq.m that remains unaccounted for (1,659 less 270+900).
83. The Planning Portal describes ancillary as: "*A subsidiary or secondary use or operation closely associated with the main use of a building or piece of land*". We are not aware of any guidance or precedent indicating a maximum % floorspace threshold to which the description 'ancillary' might reasonably apply, but do have some concerns as to whether 30% of the floorspace being used for comparison sales can reasonably be described as being 'ancillary', as opposed to representing a 'mixed-use'.

84. We have noted earlier that discount traders generally devote up to 20% of their floorspace to the sale of comparison and (pending clarification of the floorspace issues raised above) our initial reaction is that this would be more acceptable, having regard to the circumstances of this case. The Council has consistently restricted the range of comparison goods sold from out-of-centre locations, including the application property. The application proposal seeks to relax this requirement for part of the application, but set against this we recognise that the proposal will remove comparison goods sales from the majority of the Unit floorspace, which has the effect of offsetting comparison goods impact on the City Centre.

JWPlanning
27 January 2021

Table JW1**Shopping Destinations most used for 'main food' shopping**

	Zone 1a		Zone 1b	
	2012	2018	2012	2018
Hereford City Centre				
Waitrose	0.0	2.5	0	3.7
Tesco Bewell Street	8.7	7.6	5	3.7
M&S High Town	3.5	0.7	0.4	1.7
Iceland Eign Gate	3.5	0.2	0.4	0.9
Other				
Sub-total		11		10
Edge / Out-of-Centre				
Aldi Eign Street	3.5	18.8	0.8	11.6
Sainsbury Barton Yard	24.7	16.9	20.7	9.9
Tesco Abbotsmead Road	18.6	9.8	22.4	13.3
Morrisons Commercial Rd	23.3	14.6	17.8	14.6
Asda Belmont Road	11.0	14.4	5.4	3.1
Lidl Brook Retail Park	1.7	4.9	0	3
Farmfoods Belmont Road	0.0	0.3	0	0
Co-Op Grandstand Road	1.2	2.5	1.7	0.9
Tesco Express, Tupsley	0.0	1.4	0	1.6
Other				
Total	84.0	94.6	68.8	68.0

Source: NEMS Herefordshire Household Survey 2018

Question 1. At which store do you do most of your main food shopping

Table JW2**Destinations of Catchment Residents' Convenience Expenditure (market shares)**

	Quod (PRA Doc 6 Table 7)				JWP with closure of Iceland Eign Gate		
	2023 Turnover	Trade Diversion		Impact	Trade Diversion		Impact
	£m	%	£m	%	%	£m	%
Hereford City Centre							
Waitrose	18.67	4.30	0.24	1.3%	1.25	0.07	0.38%
Tesco Bewell Street	16.93	8.50	0.48	2.8%	2.50	0.14	0.83%
M&S High Town	10.94	2.40	0.14	1.2%	1.00	0.06	0.52%
Iceland Eign Gate	2.62	1.20	0.07	2.6%	46.46	2.62	100.0%
Other	8.48	2.40	0.14	1.6%	1.00	0.06	0.67%
Sub-total	57.64	18.80	1.06	1.8%	52.21	2.94	5.11%
Edge / Out-of-Centre							
Aldi Eign Street	8.59	4.90	0.28	3.2%	3.00	0.17	1.97%
Sainsbury Barton Yard	38.97	15.40	0.87	2.2%	6.50	0.37	0.94%
Tesco Abbotsmead Road	35.43	13.80	0.78	2.2%	6.00	0.34	0.96%
Morrisons Commercial Rd	37.44	15.00	0.85	2.3%	6.50	0.37	0.98%
Asda Belmont Road	22.3	10.60	0.60	2.7%	6.00	0.34	1.52%
Lidl Brook Retail Park	4.64	2.40	0.14	2.9%	1.50	0.08	1.82%
Farmfoods Belmont Road	1.07	0.20	0.01	1.1%	0.05	0.00	0.26%
Co-Op Grandstand Road	5.9	1.00	0.06	1.0%	0.50	0.03	0.48%
Tesco Express, Tupsley	3.28	0.20	0.01	0.3%	0.10	0.01	0.17%
Other		17.60	0.99		17.60	0.99	
Total		100	5.64		100	5.64	

Source:

The Quod figures are taken from Table 7, Document 6 of the PRA

The JWP figures assume all Iceland Eign Gate turnover is transferred to the TFW store; the other trade diversions are JWP judgements