

Report to Planning Committee – 12 September 2019

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**SWALE BOROUGH COUNCIL**

**Appraisal of Retail Impact Planning Policy Matters**

**Proposed Aldi Store on Land at Perry Court, Ashford Road,  
Faversham**

May 2019



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## 1.0 Introduction

### 1.1 Introduction & Instruction

- 1.1.1 Swale Borough Council ('SBC') has instructed WYG Planning ('WYG') to provide retail planning advice in respect of an application which seeks full planning permission on land at Perry Court, Ashford Road, Faversham for:

*"Erection of a new supermarket (Use Class A1) and a hotel (Use Class C1) along with associated accesses, car and cycling parking, lighting, drainage, hard and soft landscaping and associated infrastructure" (LPA ref. 18/502735/FULL).*

- 1.1.2 In accordance with our instruction from SBC, our advice is limited to matters relating to the retail impact of the proposed new Aldi store and includes the consideration of the use of conditions. Specifically, we have carried out a review of the retail work undertaken by Pegasus Group ('PG') on behalf of the applicant contained within a letter dated 24 April 2019. Whilst not a full retail impact assessment, this is referred to within this report as 'the 2019 PG RIA'.
- 1.1.3 In preparing this advice regard has also been had to the following submissions and third-party comments on the application proposal, including the advice previously provided by Carter Jonas ('CJ'), as follows:
- Retail Statement prepared by PG dated May 2018 ('the 2018 PG RS'), which focused primarily on the sequential approach.
  - Stage 1 Advice prepared by CJ dated 06.09.2018.
  - Peacock and Smith letter on behalf of Wm Morrison Supermarkets plc dated 24.10.2018.
  - Stage 2 Appraisal – Retail Impact Assessment prepared by CJ dated 29.10.2018 ('the 2018 CJ RIA').
  - PG letter responding to the 2018 CJ RIA dated 22.11.2018. Again, whilst this is not a full retail impact assessment, this letter is referred to within this report as 'the 2018 PG RIA'.
  - Peacock and Smith letter on behalf of Wm Morrison Supermarkets plc dated 28.11.2018.
  - MRPP letter on behalf of Tesco Stores Ltd dated 15.05.19.
- 1.1.4 This commission follows the preparation by WYG of the SBC Retail and Leisure Needs Assessment published in December 2018 ('the RLNA'). The RLNA forms part of the evidence base for the Council's emerging local plan covering the period 2022-2038. It was informed by a shopping survey by NEMS Market Research to establish existing shopping patterns within the 'study area' and updated health checks for the three town centres and 11 local centres within the borough. The 'study area' for the RLNA

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is roughly based on the district area, split into six zones; it reflected the study area of the Council's previous 2010 retail study. The RLNA deals with the need for retail and commercial leisure over the plan period.

- 1.1.5 The proposal has been considered in the context of the development plan for the area and other material planning policy considerations such as the National Planning Policy Framework ('the NPPF') and the National Planning Policy Guidance ('the NPPG'). In summary, this provides that applications for retail and other main town centre uses that are neither in an existing centre nor in accordance with an up-to-date local plan will be assessed against the key tests of sequential approach and retail impact.
- 1.1.6 Importantly, the NPPF advises that where an application fails to satisfy the sequential test or is likely to have a significant adverse impact on one or more of the factors set out in paragraph 89, it should be refused.
- 1.1.7 However, notwithstanding the wording of paragraph 90 in the case of Zurich Assurances Limited v North Lincolnshire Council judgement [2012] EWHC 3708 (Admin), the Court identified that the failure of the sequential approach or retail impact tests and the consequent presumption of refusal, is just one consideration which the Local Planning Authority must balance against other considerations to see whether or not it is outweighed by other such considerations.
- 1.1.8 As noted above, our advice has been sought solely in respect of the retail impact tests, despite the application being below the threshold for undertaking a retail impact assessment under local policy and national guidance. Accordingly, having regard to the location of the application site outside a defined centre, the focus for our advice to SBC is on the retail impact of the proposed development on defined centres taking into account the impact of the proposal on existing, committed and planned investment and the vitality and viability of these centres including local consumer choice and trade in the town centre and wider area (paragraph 89 of the NPPF).
- 1.1.9 Specifically, it considers whether the conclusion drawn by the 2018 CJ RIA holds true in the context of the updated data available within the RLNA and the information available within the 2019 PG RIA, including any necessary sensitivity testing. For the avoidance of doubt the conclusion of the 2018 CJ RIA was that, whilst finely balanced, the proposal would not give rise to significant adverse impact on vitality and viability of Faversham Town Centre as a whole.

## **1.2 The Application Site and Proposal**

- 1.2.1 The application site is located on land at Perry Court, off Ashford Road, Faversham. It forms an amended proposal for a 'local centre' originally approved in March 2017 as part of a large residential-led mixed-use scheme under outline planning permission (LPA ref. 15/504264). As originally approved, the 2017 scheme provided for 200sq m of Class A1 (retail) uses, expected to be a convenience store.

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- 1.2.2 In retail planning policy terms, the site is considered to be located in an out-of-centre location being circa 900m south of the edge of the designated town centre for Faversham and 1.1km south of the primary shopping area (paragraph (#)2.4 of the 2018 PG RS). It occupies a location where new retail facilities are expected to serve new residential development, albeit on a smaller scale.
- 1.2.3 The application submission sets out the retail floorspace of the proposed new store is 1,715sq m gross with a 1,254sq m net sales area. The 2018 PG RS indicates at #2.13-2.17 details of the Aldi model which is said to trade as a 'limited assortment discounter' ('LAD'). A LAD is described as a store where the number of core food product lines stocked is deliberately restricted to approximately 1,500 in comparison to 20,000+ lines in 'mainstream' supermarkets. PG continue that the key focus of the retail offer is on 'bulk' food shopping trips, meaning that Aldi does not sell tobacco, unwrapped bread/cakes and pharmaceutical products and that the stores do not have butchery, fishmonger, bakery, delicatessen or hot food counters nor customer restaurants or in-store franchises such as photo processing or dry-cleaning.
- 1.2.4 PG highlights at #2.16 of the 2018 PG RS that these factors are:
- '.....important when considering the trading effects of an Aldi foodstore; as clearly the potential for cross-over with the offer of independent high-street retailers is far less than it is for 'mainstream' food retailers that stock a far wider spectrum of goods.'*
- 1.2.5 PG outline that the ratio of convenience to comparison goods in an Aldi store is typically 80:20. They indicate that the comparison goods offer is 'ancillary' to the food offer and is subject to regular change with seasonal demand, such that there is constant variety in terms of range and choice, with no particular type of comparison goods predominating. Again, PG stress that this approach means that the *'the potential for Aldi to compete with high-street comparison retailers is extremely limited.'*
- 1.2.6 PG identifies at page 6 of the 2019 PG RIA that the applicant is willing to accept restrictive retail planning conditions so that *'the use and operation of the retail unit proposed is controlled and restricted to the form of development tested through the impact assessments carried out to date'*. To meet this objective, PG sets out four suggested conditions, as follows:
- Floorspace Restriction – the total Class A1 (retail) floorspace hereby permitted shall not exceed 1,725sq m gross internal area. The net sales (defined as all internal areas to which customers have access, including checkouts and lobbies) shall not exceed 1,254sq m without the consent of the Local Planning Authority.
  - Sale of Goods Restriction – notwithstanding the provisions of the Town and Country Planning (general permitted Development ) Order 2015 (or any order revoking or re-enacting or amending that Order with or without modification), the Class A1 (retail) floorspace hereby permitted shall be used primarily for the sale of convenience goods with a maximum of 251sq m of the net sales are devoted to comparison goods without the consent of the Local Planning Authority.
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- Subdivision – The Class A1 (retail) unit hereby permitted shall be used as a single unit and shall not be sub-divided into two or more units, and no concessions shall be permitted within the unit without the consent of the Local Planning Authority.
  - Mezzanine Restriction - notwithstanding the provisions of the Town and Country Planning (general permitted Development ) Order 2015 (or any order revoking or re-enacting or amending that Order with or without modification), no mezzanine floor or other form of internal floor to create additional floorspace other than that hereby permitted shall be constructed in the hereby permitted Class A1 (retail) unit without the consented of the Local Planning Authority.

1.2.7 For the purpose of this retail appraisal we have taken into account the above proposed planning conditions. Subject to the findings of our appraisal we will advise the Council whether we consider the proposed conditions are necessary and/or whether alternative/additional planning conditions are required for the proposed development to meet the relevant retail policy tests and ensure the use and operation of the retail unit aligns with the form of development tests through the impact assessments, as sought by PG.

### 1.3 Structure of Appraisal

1.3.1 The remainder of the appraisal is structured as follows:

Section 2: reviews the methodology and conclusions of the 2019 PG RIA, including sensitivity testing, in order to consider the likely retail impacts of the proposal and whether any significant adverse impacts arise; and

Section 3: summarises the findings of our appraisal.

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## 2.0 Appraisal of Retail Impact

### 2.1 Requirements of NPPF and NPPG

2.1.1 As identified in Section 1, Paragraph 89 of the NPPF identifies that planning applications for retail development outside town centre, not in accordance with an up to date Local Plan, should be assessed in terms of the following impacts on centres:

1. The impact of the proposal on existing, committed and planned public and private investment in a centre of centres in the catchment area of the proposal; and
2. The impact of the proposal on town centre vitality and viability, including local consumer choice and trade in the town centre and wider area.

2.1.2 Confirmation of how the retail impact test should be used in decision taking is set out in paragraphs 16 of the 'Ensuring the Vitality of Town Centres' section of the NPPG. The guidance states that the impact test should be undertaken in a proportionate and locally appropriate way, drawing on existing information where possible. Ideally, applicants and local planning authorities should seek to agree the scope; key impacts for assessment; and level of detail required in advance of applications being submitted.

2.1.3 Paragraph 17 notes that as a guiding principle impact should be assessed on a 'like-for-like basis' in respect of that particular sector. Retail uses tend to compete with their most comparable competitive facilities. It also notes that where wider town centre developments or investments are in progress, it will be appropriate to assess the impact of relevant applications on that investment.

2.1.4 Paragraph 18 sets out a checklist for applying the impact test whilst paragraph 19 provides a diagram setting out some of the key steps which should be taken when carrying out an impact test in decision-taking.

2.1.5 We are not aware of any existing, committed and planned public and private investment in Faversham Town Centre which is sufficiently well advanced to be considered under criterion 1. Therefore, the focus of this section is on the second test in relation to vitality and viability of centres, which is reflected in the work undertaken by PG and CJ to date.

2.1.6 Our commentary is structured using the headings from the 2019 PG RIA. We note the 2019 PG RIA strays into matters not central to the consideration of impact e.g. retail need/capacity. The availability of capacity/need is only relevant in so far as it relates to potential impacts, rather than a test in its own right. Accordingly, our commentary focuses on the relevant aspects of the 2019 PG RIA for the determination of this application.

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**2.2 Pegasus Group Assessment - Impact on In-Centre Turnover**Faversham Town Centre Health Check

2.2.1 PG endorses the findings of the health check for Faversham Town Centre included within the RLNA and the conclusion that the town centre is displaying good levels of vitality and viability.

2.2.2 For the avoidance of doubt and of relevance to this report, the RLNA found in respect of Faversham Town Centre:

- no qualitative deficiency of convenience goods provision in the town centre, with proportionally a higher amount of convenience goods retailers than the national average position.
- The Tesco store on Cresecent Road being the largest store in the centre, followed by the edge-of-centre Morrison store on North Lane. In addition, there is an Iceland, Co-op and several other baker, butcher and convenience stores.
- Proportionally, the centre has slightly higher number of comparison goods retailers than the national average position. The offer is skewed towards independent retailers, with only 11 national retailers in the centre, and smaller size units.
- The proportion of retail service units is also slightly above the UK average position. The offer is heavily skewed towards health & beauty facilities. There is a reasonable level of food & drink operators, other leisure providers and financial and business services all attracting people into the centre for purposes other than retailing.
- A vacancy rate below the national average position both in terms of number of units and floorspace.
- 9 operator requirements including both Aldi and Lidl.
- High to good levels of pedestrian activity observed, noting that the market contributed to pedestrian activity and good levels of accessibility by train, bus, on foot and by car to the centre.
- In terms of views and behaviour, shopping was the main reason for visiting the centre (39% food shopping, 34% non-food shopping). The main 'like' about the centre was its attractive environment and 41% of people said there would be nothing that would make them visit the centre more often, if a reason was given,, the most popular was more/better clothes shops or 'high street' retailers.

In summary, the RLNA concluded in respect of Faversham Town Centre that it displayed good levels of vitality and viability.



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- 2.2.3 PG highlights their specific agreement with the conclusion within the RLNA on vacancy rates in Faversham Town Centre, noting that these are significantly below at 8% the national average of 11% and is a sign of the town centre's vitality and viability. We would agree with this conclusion.

Trading performance of Existing Stores

- 2.2.4 PG refers to Table 4 of Appendix G of the RLNA, which sets out the trading performance of existing convenience stores derived from the NEMs household survey in comparison with benchmark trading positions of stores in the study area. PG raises two criticisms of the information in this table: that the market share derived existing trading performance of stores is underestimated owing to the use of census-based population data and forecasts, and the benchmark turnovers are overestimated owing to the convenience goods sales areas for stores adopted, which PG claim are too large. We comment briefly on both matters below.
- 2.2.5 The use of census-based population data and forecasts is a standard approach for preparing retail studies and was agreed with SBC in the absence of available local forecast population information from Kent County Council. The Experian Micromarketer MMG3 data is based on the ONS 2014 based sub-national population projections. These projections are based on the continuation of recent demographic trends and are undertaken every 2 years. ONS confirms that these projections are appropriate for the use of '*local-level policy and planning*'. Accordingly, it is considered that the data source used in the RLNA is appropriate. In any event, we note PG does not provide an alternative source of population projections.
- 2.2.6 Turning to the calculation of benchmark turnovers, we note PG believe the data used in the RLNA has resulted in overestimates for benchmark turnover owing to a '*very high proportion of convenience goods sales area*' being adopted. The base floorspace data (gross, sales area and convenience goods sales area) used in the RLNA has been sourced from ORC StorePoint floorspace information which is provided on a store by store basis. Thus, it is a widely used and reliable data source which provides store specific floorspace information. Changes from this base position have been incorporated into the RLNA where updated and local information has been available (retail studies, impact assessments, Experian good or WYG assessment).
- 2.2.7 Conversely, in support of their contention PG refer to an average position from retailer summaries produced by GlobalData i.e. not store specific but the average position across a retailer's portfolio of stores. Given the diversity of stores in retailer's portfolios it is no surprise than an individual store within Faversham might trade differently from the average position. PG do also make reference to the original plans for the Morrisons store in Faversham in support of their claim that net sales areas have been overstated for this one store.
- 2.2.8 Taking just one example, if we consider the Tesco store Table 4 of the RLNA provides a convenience goods sales area of 2,334sq m, we note in the MRPP letter on behalf of Tesco Stores Ltd that their agent suggests a convenience trading area of 2,676sq m for their Crescent Road store. This suggests that the

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RLNA has actually *underestimated* rather than overestimated the convenience goods floorspace of this store, notwithstanding the robustness of the base information source.

2.2.9 Thus, whilst the use of published sources can throw up anomalies, the benchmark and market share derived turnovers presented in Table 4 provide a reasonable basis in our view to consider the potential impact trading effects of the proposed new Aldi Store on the basis of the information available. Moreover, we note PG does not provide any alternative sources of information (save for copies of 1991 plans of the original Morrisons (previously Co-op) store) or present an alternative pattern of shopping in the study area from their own household shoppers survey.

2.2.10 Table 4 of the RLNA suggests that against benchmark performance levels the existing stores in Faversham are trading below these levels, including those in and on the edge of the town centre. We agree with PG that 'undertrading' of stores does not necessarily mean stores are not viable or that they are particularly vulnerable to the opening of new stores. That said, it is one consideration in the overall balance of whether a proposal might give rise to significant adverse levels of impact on a centre, which includes the potential for store closures owing to poor trading levels.

*Turnover of the Proposal*

2.2.11 PG sets out in the 2018 PG RIA the assumed convenience goods turnover of the proposed Aldi store at 2018 and 2022 using 80% of the total sales area i.e. 1,003sq m, as follows:

- 2018      £10.86m
- 2022      £10.93m

The above turnovers are calculated on the basis of sales densities published by Globaldata (2018) of £10,827/sq m at 2018, £10,896/sq m at 2022. The price base is not provided by PG.

2.2.12 In the 2019 PG RIA, it is noted that Table 4 of the RLNA corroborates the sales density adopted by PG (as opposed to that suggested previously by CJ), in that it presents an Aldi benchmark sales density of £10,303/sq m at 2019 in 2016 prices, using GlobalData sourced information. Thus, adopting this 2019 sales density the convenience goods turnover of the proposed new store can be calculated as £10.33m at 2019 in 2016 prices.

Trade Diversion

2.2.13 PG indicate in their 2019 PG RIA that owing to up-to-date shopping pattern data there is a need to revisit the trade diversion pattern suggested in their 2018 PG RIA. We would agree that this is a reasonable approach, providing that reasoned justification of the any changed trade draw assumptions are given.

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2.2.14 In the current case we note that the revised trade diversion set out by PG at Table 1 of the 2019 PG RIA has a reduced total trade draw from Faversham Town Centre, the differences between the 2018 and 2019 position taken by PG and for comparison the CJ suggested position is set out below:

**Figure WYG 1: Assumed Trade Draw Patterns by PG and CJ**

Destination	Trade Draw		
	2018 CJ RIA	2018 PG RIA	2019 PG RIA
	%	%	%
<b>Faversham Town Centre</b>			
Co-op, Forbes Road	2%	0%	0%
Iceland, High Street	3%	1%	0%
Other Stores	1%	1%	0%
Tesco, Crescent Road	15%	15%	15%
<b>Total</b>	<b>21%</b>	<b>17%</b>	<b>15%</b>

Sources: Table 3 of 2018 CJ RIA, Table 3 of 2018 PG RIA, Table 1 of 2019 PG RIA

- 2.2.15 We would agree that the revised trading performance and role of some of the existing town centre stores revealed by the RLNA suggests that the new Aldi, given its particular product range, would compete less aggressively with these stores and so it is reasonable to revise the trade drawn from them. That said, in our view, it is important to undertake a sensitivity test to ensure that should a higher amount of trade be drawn from town centre stores impacts do not give rise to significant adverse levels.
- 2.2.16 We note in presenting the trade draw pattern in Table 1 of the 2019 PG RIA this is applied to 95% of the calculated 2022 turnover i.e. £10.38m. Whilst not explicitly set out by PG, it is assumed that 5% of the trade is drawn from beyond the catchment. This is a reasonable assumption in our view and one that was also adopted by CJ.
- 2.2.17 At this juncture it is also worth noting that PG only deal with the impacts arising from the convenience goods element of the new Aldi store and no analysis is presented on the smaller comparison goods element. This is accepted as a reasonable approach given the scale of the comparison offer, its changeable and seasonal product range which is incidental to the main convenience offer. This assumption reflects the Aldi model as a LAD.
- 2.2.18 Understandably, the trade draw pattern reflects that the new Aldi will draw significant proportions of trade from other LAD stores. On this basis, some 15% of trade is drawn from Aldi in Sittingbourne, 15% from Aldi in Whitstable despite their relative distance, as compared to only 10% from the closer Morrisons store in Faversham. Thus, the trading format of the proposed Aldi trading as a LAD goes to the heart of the assumed trade draw pattern presented by PG. This is an important consideration when considering potential conditions.

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2.2.19 Overall, we are broadly comfortable with the trade draw pattern presented at Table 1 of the 2019 PG RIA on the basis that the new Aldi store will trade as a LAD. However, given the slightly changed position on the amount drawn from the town centre, a sensitivity test is undertaken below to ensure different impact levels do not arise if slightly more trade is drawn from the town centre.

Retail Impact

2.2.20 PG uses the household survey derived 2019 turnovers of existing stores from the RLNA at 2019 to present the potential impact arising from the proposal. PG highlights that this is a robust position to adopt given that it ignores the expenditure increases between 2019 and 2022 which would assist in off-setting impacts. We agree this is a robust position. However, as PG does not provide a price base, it is unclear whether using the 2022 calculated turnover of the store (unknown price base) against 2019 turnovers of existing facilities (in 2016 prices) will provide an accurate reflection of potential impacts arising. Moreover, we note some differences/errors between the survey derived 2019 turnovers presented in Table 4 of the RLNA and those presented by PG e.g. Tesco 2019 turnover is £24.7m in Table 2 of the 2019 PG RIA and £24.1m in Table 4 of the RLNA. The correct RLNA 2019 survey derived turnovers have been used here.

2.2.21 Accordingly, we have recast the impact tables using the 2019 turnover of the proposed new Aldi store (£10.33m) presented above against the correct 2019 RLNA turnovers of existing facilities, which are in a consistent price base. We have adopted the assumption that 95% of trade is taken from the catchment area i.e. £9.82m.

**Figure WYG 2: 2019 Impacts adopting 2019 PG RIA Trade Draw**

Destination	Existing Turnover 2019 <sup>1</sup>		Trade Draw <sup>2</sup>		Solus Impact	
	£m	%	£m	%	£m	%
<i>Faversham Town Centre</i>						
Co-op, Forbes Road	1.1	0	0	0	0.0%	0.0%
Iceland, High Street	0.6	0	0	0	0.0%	0.0%
Other Stores	0.6	0	0	0	0.0%	0.0%
Tesco, Crescent Road	24.1	15	1.47	15	6.1%	6.1%
<b>Faversham Town Centre Total</b>	<b>26.4</b>	<b>15</b>	<b>1.47</b>	<b>15</b>	<b>5.6%</b>	<b>5.6%</b>
Wm Morrison, North Road	12.3	10	0.98	10	8.0%	8.0%
Sainsbury's, Bysing Wood Road	19.4	23	2.26	23	11.6%	11.6%
Other Faversham	0.5	0	0	0	0.0%	0.0%
<b>Total</b>	<b>58.5</b>	<b>48</b>	<b>4.71</b>	<b>48</b>	<b>-</b>	<b>-</b>

Notes: Figures may not add due to rounding.

Source: <sup>1</sup> Table 4 of RLNA

<sup>2</sup> Trade draw pattern from Table 1 of 2019 PG RIA

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- 2.2.22 The above suggests that the impact on convenience goods turnover of Faversham Town Centre is in the order of 5.6%. This is in the same order as that calculated by PG in their 2019 assessment. In addition, the edge-of-centre Morrison store is predicted to experience 8% impact. As noted in the RLNA, this store acts as true edge-of-centre store with the store car park (despite its limited size) acting as one of the centre’s car parks and linked trips to the town centre observed. Thus, impact on this store and consequential reduction in linked trips is a valid consideration in considering the impact on Faversham Town Centre as a whole.
- 2.2.23 As noted above, given the changed position of PG on trade drawn from the town centre, we have re-worked the figures below at Figure WYG 3 using the trade draw pattern presented in the 2018 PG RIA.

**Figure WYG 3: 2019 Impacts adopting 2018 PG RIA Trade Draw (Sensitivity Test)**

Destination	Existing Turnover 2019 <sup>1</sup>		Trade Draw <sup>2</sup>		Solus Impact	
	£m	%	£m	%		
<i>Faversham Town Centre</i>						
Co-op, Forbes Road	1.1	0	0	0.0%		
Iceland, High Street	0.6	1	0.10	16.6%		
Other Stores	0.6	1	0.10	16.6%		
Tesco, Crescent Road	24.1	15	1.47	6.1%		
<b>Faversham Town Centre Total</b>	<b>26.4</b>	<b>15</b>	<b>1.67</b>	<b>6.3%</b>		
Morrisons, North Road	12.3	10	0.98	8.0%		
Sainsbury’s, Bysing Wood Road	19.4	23	2.26	11.6%		
Other Faversham	0.5	0	0	0.0%		
<b>Total</b>	<b>58.5</b>	<b>48</b>	<b>4.91</b>	-		

Notes: Figures may not add due to rounding.

Source: <sup>1</sup> Table 4 of RLNA

<sup>2</sup> Trade draw pattern from Table 3 of 2018 PG RIA

- 2.2.24 Table WYG 3 suggests that should a higher level of trade be drawn from town centre stores along the lines suggested by PG in 2018, impact on convenience goods turnover at 2019 is estimated to be 6.3%. This impact falls most heavily on the Iceland and other stores (16%).
- 2.2.25 The above suggests that impacts arising on the 2019 convenience goods turnover of the town centre is estimated to be between 5-6%. Such levels of impact would not normally give cause for concern, particularly given the increase in expenditure available to existing facilities to a design (impact) year (previously shown to be 2022) has been ignored and given the good levels of vitality and viability exhibited by Faversham Town Centre. Moreover, these impact figures relate only to the convenience goods turnover rather than the turnover of the centre as a whole.

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2.2.26 Even when the impact on individual stores and the potential reduction of linked trips from the Morrison store is considered, we consider that it unlikely that any individual store would close as a direct result of the impact of the proposed Aldi store, albeit that this is predicated on the basis that it trades as a LAD and so competitive overlap with smaller stores (butchers, bakers, convenience stores) and the Iceland (which in this case is skewed very much to the frozen food offer) is low and thus trade draw is more akin to the 2019 PG assumptions.

2.2.27 In summary, the predicted level of quantitative impact on the convenience goods turnover of Faversham Town Centre is low and not at a level that we consider could be argued to be 'significant adverse'. Thus, the 'on balance' conclusion of CJ that the scheme proposed will not give rise to significant adverse levels of impact on Faversham Town Centre, subject to the imposition of appropriate conditions. Use of conditions is addressed in detail below.

Suggested Planning Conditions

2.2.28 As noted above, PG set out four conditions which seek to control:

- Total amount of gross and net sales floorspace.
- The maximum amount of comparison goods floorspace within the store.
- Subdivision
- Insertion of a mezzanine.

With these in place, which we have reproduced verbatim at #1.2.6 of this report, PG argue that the 'use and operation of the retail unit proposed is controlled and restricted to the form of development tested through the impact assessments carried out to date'. We agree that conditions which seek to address the matters above should be attached to any grant of planning permission. However, the term 'without the consent of the Local Planning Authority' should be removed from the versions suggested by PG so that the condition is precise in line with the tests of conditions.

2.2.29 In addition, in this case, it is our strongly held view that a condition should be added to any planning permission to ensure the Aldi store trades as a LAD, as only in this way can the use and operation of the retail unit proposed be 'controlled and restricted to the form of development tested through the impact assessments carried out to date'. It is clear from the assessments presented by PG that the trade draw and so impacts arising are predicated on the basis that the store trades as a 'limited assortment discounter' (LAD), see #2.16, #4.36 and #6.4 of 2018 PG RS, the key factors underlying the trade diversion set out at page 4 of the 2018 PG RIA and trade draw patterns skewed towards diversion from other LADs presented at page 6 of the 2019 PG RIA.

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2.2.30 We do not agree that given the sales density of Aldi is now akin to other 'mainstream' foodstores that this type of condition is superfluous. In short, PG cannot have it both ways, they cannot present a trade draw pattern which reflects the new Aldi store will trade most aggressively with existing discount stores and then argue in respect of conditions that such a condition is not necessary, because LADs no longer have a specific trade diversion pattern. In short, PG has argued that the new Aldi is a LAD and has gone to some lengths to present the Aldi model and, as such, it is reasonable in this case to ensure going forward that the store continues to trade as a LAD so that impacts arising as in line with that assessed.

2.2.31 Accordingly, in addition to the four conditions suggested by PG, as amended to be precise, we would recommend an additional condition to ensure the store is only used as a deep discounter or LAD. Such a condition could read as follows:

*'The development hereby approved shall only be used as a Class A1 retail foodstore and shall be restricted to 'limited product line deep discount retailing' and shall be used for no other purpose falling within Class A1 of the Town and County Planning (Use Classes) Order 1987 (or any order revoking or re-enacting or amending that Order with or without modification). 'Limited product line deep discount retailing' shall be taken to mean the sale of no more than 2,000 individual product lines.'*

We are aware that Aldi is able to trade under such a condition, having recently accepted the same condition for a scheme granted planning permission in December 2018 in Yeovil. Moreover, the above is generous in terms of product lines, providing 500 more product lines than the 'Aldi model' presented by PG in the 2018 PG R5. Moreover, it does not restrict the future provision of counters, such as bakers, butchery, fishmonger.

## 2.3 Conclusions Regarding Retail Impact

2.3.1 We have carefully considered the planning application against the impact tests set out in the NPPF. We consider that the proposal is acceptable in relation to the retail impact tests with no significant adverse impacts arising, providing suitable conditions are attached which ensure the proposed store trades in the form tested through the impact assessments.

## 2.4 Other Comments

2.4.1 The remainder of the 2019 PG RIA letter relates to retail need/capacity. Given that even PG note that there is 'no requirement to consider retail need through the consideration of these application proposals', we are not proposing to comment in detail on PG's analysis. The availability of expenditure to support additional retail facilities in a catchment area is relevant only in so far as it might influence impacts arising from a proposal.

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2.4.2 We would note that PG in commenting on the RLNA and considering qualitative need do so on the basis of the scheme fulfilling a 'need' for a deep discounter, for example, in looking at 'leakage' from the Faversham area, PG suggest that this is principally owing to *'the lack of discount convenience stores within Faversham'* and *'Clearly, a discount foodstore in the town would therefore provide an alternative offer to the existing facilities in the town and significantly enhance convenience retail offer within the town improving consumer choice'*. Such arguments support the need for a condition ensuring the new store trades as a LAD, as only in this way can it provide that different offer, stem leakage and increase consumer choice suggested by the applicant's agent.



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## 3.0 Conclusions

### 3.1. Scope & Purpose

- 3.1.1 This appraisal has been prepared by WYG in response to an instruction by the SBC to carry out an independent review of the potential retail impacts on Faversham Town Centre of a proposed Aldi store forming part of a mixed-use scheme at Perry Count, Faversham (LPA Ref. 18/502735).
- 3.1.2 The site subject to this application lies in an out of centre location and is not in accordance with an up to date development plan. Therefore, reflecting our instruction and local and national planning policy, our advice to SBC focused on the impact of the proposal on nearby retail centres, including Faversham Town Centre, taking into account the impact of the proposal on planned investment and the vitality and viability of these centres.

### 3.2. Retail Impact

- 3.2.1 Dealing with the first part of the impact test, we are not aware of any existing, committed and planned public and private investment in Faversham Town Centre which is sufficiently well advanced to be considered under this part of the impact test.
- 3.2.2 Turning to the vitality and viability of existing centres, as a result of the limited trading overlap owing to the specific nature of the proposal and consequential low level of quantitative impact assessed, we conclude that the proposed development would not result in any significant adverse impacts on Faversham Town Centre. Even taking robust 2019 impacts and considering only impacts on convenience goods turnovers, rather than the centre as a whole, it is assessed that no significant adverse impact on centre turnover would arise owing to the proposed Aldi 'LAD' model for the new store.
- 3.2.3 Accordingly, we recommend that conditions are attached to any grant of planning permission to limit the size of the store (gross and sales area), amount of comparison goods floorspace, sub-division and insertion of mezzanine and to restrict use to a 'limited assortment discounter'. And on this basis, we consider that the proposal is acceptable in relation to the two retail impact tests with no significant adverse impacts arising.

### 3.3. Conclusions

- 3.3.1 Overall, having regard to our detailed appraisal of the planning application it is our opinion that the proposal is consistent with the requirements of current retail planning policy, subject to the imposition of appropriate conditions.

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