

Our Ref: 2995/MR/LT20221201

1st December 2022

Andrew Jeffers
Head of Planning
Swale Borough Council
Swale House
East Street
Sittingbourne
Kent, ME10 3HT

MRPP
**MARTIN ROBESON
PLANNING PRACTICE**

*Town Planning Consultants
Development Advocacy*

21 BUCKINGHAM STREET
LONDON WC2N 6EF
TELEPHONE: 020 7930 0007
FACSIMILE: 020 7930 4049

Via email: andrewjeffers@swale.gov.uk

Dear Mr Jeffers,

**ITEM 3.1 (PART 3) PLANNING COMMITTEE MEETING 8TH DECEMBER 2022.
PROPOSED OUT OF CENTRE ALDI SUPERMARKET. LAND TO THE EAST OF
QUEENBOROUGH ROAD, QUEENBOROUGH. PLANNING APPLICATION REF:
19/502969/FULL**

We act on behalf of Tesco Stores Limited in respect of the above application. We have previously made representations dated 10th September 2020 and 12th November 2020. We have reviewed further information that has been submitted in respect of the application since then together with responses from the Council's retail expert. We have now also considered the Officer's Report to the above meeting. Our representations focus on matters concerning the substantial and identified impact on Sheerness Town Centre.

Tesco trade from a superstore on Bridge Road in Sheerness Town Centre. The store was the subject of considerable investment when it opened in 1994. Tesco continue to invest in Sheerness today.

The Council granted planning permission for the application proposals in January 2021. Tesco considered that the Council's decision was unlawful in a number of respects. The Council Consented to Judgment including on the ground that it had *"....misinterpreted paragraph 89 of the NPPF and consequently failed properly to assess the impacts of the proposal on Sheerness Town Centre (in that it had) wrongly interpreted the NPPF to mean that the impact on the primary shopping area of the town centre was all that needed to be assessed. In fact paragraph 89 required the impact on the town centre as a whole to be assessed."*

The Government's 'Town Centre First' principle forms part of the overarching context of 'sustainable development'. The relevant policy approach in the NPPF explains that *"Planning policies and decisions should support the role that town centres play at the heart of local communities by taking a positive approach to their growth, management and adaptation."* The NPPF then provides two mechanisms to deliver this important principle. One of these ensures that unacceptable impacts on town centres do not arise from out of centre development. Flowing from this, the Council has, in its Borough Local Plan (2017) an Isle of Sheppey Area Strategy which provides that *"Where sites cannot*

Martin Robeson Planning Practice is a trading division of Martin Robeson & Partners Ltd
(Registration No. 05329525)

www.mrpp.co.uk

MARTIN ROBESON BA FRTP I FRICS FRSA
ALEX WALKER-ROBSON BA (HONS) MTCP MRTPI
JESSICA FERGUSON LLB MA MRTPI
HENRY PYMM BA (HONS) MSC
CRAIG STEWART BA (HONS)

be made available in the town centre, planning permission will not be granted for retail and leisure proposals on other sites where these would undermine the vitality of the town centre...". That then sits together with the companion development management Policy DM2: Proposals for main town centre uses. This includes that permission can only be granted where *"It is demonstrated by an impact assessment...that it would not individually or cumulatively, with those trading or proposed, undermine the vitality and viability of existing town centres, or of other local centres..."*.

The application proposal relates to Aldi relocating from their store in Sheerness Town Centre to an out-of-centre location at Queenborough. As a proposal such a transfer of trade to a wholly less sustainable location would be fundamentally at odds with national and local planning policies.

The applicant's agents, Planning Potential, have submitted a Planning, Economic and Retail Statement Update (October 2021); the Council's expert responded with an Appraisal of Retail Planning Merits (10th December 2021); the applicants then provided a Retail Addendum (May 2022) which included an up-to-date Household Survey (March 2022); there were then further comments by the Council's expert, LSH (27th June 2022); the agents then provided a 'Response to Comments' document (August 2022), and LSH responded to this on 5th October 2022. We have carefully considered all the relevant documents that have been produced by both parties. We are pleased to note that some progress has been made to address the previous deficiency in the analysis of town centre impact.

However, in the assessment of linked trips, Aldi's agent has focused exclusively on linkage between the existing Aldi store and *"...other shops and services within Sheerness Town Centre (excluding Aldi, Tesco and Iceland)"* (paragraph 7.3). The analysis provided is not robust. Whilst the Council's expert has sought to correct the approach put forward on behalf of Aldi (that had inappropriately minimised the extent of such linkage) there remains errors in how LSH have applied the available household survey data which has resulted in a significant understatement of Aldi's existing linked trip expenditure. The appended Explanatory Note provides relevant analysis of the survey data. Other parties have miscalculated the financial value of linked trips generated by Aldi's existing town centre store. The errors flow through to increase the scale of the already substantial impact that will be caused to the town centre.

In addition, the low level of linkage asserted on behalf of Aldi is counter-intuitive and belies the available evidence. This includes a description of how the *"Aldi Offer,"* interfaces with other shops, as set out in Planning Potential's earlier Retail Statement Update (October 2021), is that *"Aldi stores do not act a 'one-stop-shop', meaning customers who wish to, for example, buy branded products or specialist meat products, have to visit other shops and services to fulfil their shopping needs"* (paragraph 3.3). It is therefore wholly inappropriate to exclude other foodstores from the analysis that Planning Potential undertake on the extent of linked trips from (or to Aldi) from the other main supermarkets i.e., Tesco and Iceland bearing in mind they both form part of the town centre.

Furthermore, there should be an analysis of the extent of linked trips and related footfall that occurs between the other main foodstores, i.e., Tesco, Iceland and High Street shops. That would serve to demonstrate the importance of these stores in the

performance of the “*town centre as a whole*” and inform the true baseline position. Tesco provide an anchor function to town centre retailing. With Aldi’s agent’s earlier assessment suggesting a substantial diversion of our client’s convenience goods trade, there will be a closely related impact from this on footfall that supports the town centre and helps to ensure its continued health and vitality. Sheerness town centre contains many smaller shops and services that rely upon this footfall.

It is therefore regrettable that the Council’s expert has not identified or sought to respond to these omissions in their response. Important evidence is missing notwithstanding the expert has a section titled “*The Value of Linked Shopping Trips*”.

Aldi also make two specific assertions relating to their proposals. First, that “*...it is our intention to close (the current Sheerness town centre store) regardless of the outcome of this planning application*” (letter from Aldi’s Property Director (13th May 2022)). Second, that “*...terms have been formally agreed with Home Bargains to take the unit subject only to delivering vacant possession (planning permission is not required to occupy)*”.

Aldi’s submission that they will close, should planning permission not be granted, should not be a material issue for the application. It seems commercially inevitable that Aldi would let, assign or sublet the unit to Home Bargains (who we are told have an agreement in place subject only to vacant possession rather than paying rent, not trading and having no income from the unit. The outcome for Sheerness town centre will be adverse whether Aldi relocate to Southborough or not, with either option involving re-occupation by Home Bargains. However, Aldi’s consultant has submitted that, “*As a result of the closure of Aldi and reoccupation of the unit by Home Bargains the comparison goods turnover of Sheerness town centre will increase. In addition this demonstrates that there is investor confidence in Sheerness as a location, with a national company being prepared to commit to opening a new store*” (paragraph 5.14 of Retail Addendum, May 2022). As explained above, these benefits seem inevitable, in any event. It is also relevant to note the Council’s expert’s opinion on the store closing without an Aldi relocation is that, “*...it is reasonable to expect there would be a better opportunity for existing stores in Sheerness to capture Aldi’s market share of catchment expenditure than if Aldi relocates to Queenborough Road*” (paragraph 6.7 of LSH’s Response (5th October 2022)), i.e., that it would, in the circumstances pertaining here, be better for the TC to close in without relocation rather than to close and relocate.

The relocation of Aldi to a site immediately opposite an out-of-centre retail park anchored by a food superstore will provide Aldi customers with access to other retail facilities to complete much of their shopping needs (as set out in their agent’s commentary on the “Aldi Offer” (see above)). That will serve to firmly limit the prospect of there being continuing linked trips between the relocated Aldi and the town centre. With Aldi moving close to these other facilities in an out of centre location, they and their local linkage will then contribute no benefit, rather considerable harm, in terms of planning policy considerations.

Planning Potential has introduced the re-use of Aldi’s existing accommodation by Home Bargains as part of the updated Retail Assessment. This has been reviewed and adjusted by the Council’s expert. We have carefully considered the approach and evidence adopted by each. We support the Council’s expert’s approach (subject only to the errors and shortcomings identified above and in our Explanatory Note). It is otherwise

comprehensive and robust. It finds an impact on town centre food and convenience goods retailing of 32.7% (paragraph 5.31). It not unreasonably advises that since convenience goods retailing is the dominant component of trade in Sheerness town centre, it is this that should be primarily considered in terms of the magnitude of impact. Notwithstanding that, impact on the town centre as a whole (including comparison good sales), is still very high at 22.9%. Even if Aldi's agent's inappropriately low value arising from the loss of linked trips are included (instead of our more accurate assessment) the impact on the centre as a whole is advised by LSH to reach 25.2%. These are substantial and significant impacts on the retail function of a centre that is not particularly robust.

Putting aside the errors that would serve to increase the level of impact, the Council's expert has convincingly established that there would be a significant adverse impact on the town centre. This has regard to a variety of scenarios i.e., testing against only the town centre's food and convenience goods offer, testing against the town centre as a whole, including the effects of introducing Home Bargains and relying on Aldi's lower value for the loss of linked trips. The impact values associated with these alternative scenarios are substantial, ranging from 22.9% to 32.7%.

The NPPG explains that *"A judgement as to whether the likely adverse impacts are 'significant' can only be reached in light of local circumstances"*. Thus where the town centre is very robust in its health it may be that a substantial impact on its trading position can still be endured. However the impact here is very substantial and even if the centre's health were robust, that level of impact is well beyond the level that would be seen as acceptable. However, there is no evidence of the town centre's health being highly robust. Indeed, the Officer's Report at paragraph 9.9 confirms no more than that *"...Sheerness Town Centre appears to be performing adequately...at a time when town centre economies are particularly vulnerable to economic uncertainties. Many businesses are still recovering from the impact on trade from the Government's response to the COVID-19 pandemic, whilst the cost of living crisis and rise in interest rates is impacting household expenditure."* In the circumstances, the scale of impact must be considered to be *"significantly adverse"* and as confirmed in the Officer's Report this is at a level that *"...threatens the vitality and viability of Sheerness Town Centre"* (paragraph 9.9). The development is thus contrary to Policies A1 and DM2 of the adopted development plan. The Officer's Report agrees that there is *"clear conflict with the adopted local and national policies"* thus, justifying the refusal of planning permission (as per NPPF paragraph 91).

Yours sincerely,



Martin Robeson

martinrobeson@mrpp.co.uk

CC. paulgregory@swale.gov.uk

DISCOUNTERS – SHEERNESS

RETAIL ASSESSMENT : EXPLANATORY NOTE

At Section 5 of Planning Potential's August 2022 Response, they consider how the loss of linked trips from the closure of their client's town centre store would have consequences for the vitality and viability of Sheerness town centre.

At paragraph 5.4 they rely upon the results of the household survey's Question 6 to identify how large the proportion of 'main food' Aldi customers is who also combine that shopping trip with a linked trip (i.e. non location specific). They find that 37.7% of respondents undertook such a trip. However, there is an interpretational difficulty in that respondents to Q06 can give multiple answers and a few have done. Planning Potential then refer to Q07 and that 48.4% of these linked trips are with Sheerness town centre. However, that is not correct. They have not added from the list of destinations at Q07 those linking with Tesco and Iceland as linked trip destinations. Tesco is part of the town centre and the local planning authority accepted that in the Consent to Judgment of their earlier Claim.

We also note that there are 5.1% of respondents in this Table who refer to linking with Aldi. However, as the population of this subset is very low with the 5.1% representing only one respondent, this is likely some kind of unique error. When one includes with the 48.4% the 16.0% going to Tesco and the 1.8% to Iceland there are 66.2% of respondents that are linking with the town centre. As a consequence of this the reference to *"just 18.2% of our customers undertake a linked trip elsewhere within Sheerness town centre"*, is wrong. Ignoring the modest issue arising from a few multiple responses, if one takes the hard 'weighted' numbers in Q06 one has 31 who did not undertake a linked trip out of a weighted base of 50, thus 19 who did. Then from Q07 (which does not appear to have permitted multiple choice responses) one can add the responses for Sheerness town centre (7) and Tesco (2) giving a total of nine. Nine can then be divided by the 19 generated by our more correct approach (subject to our reservations as set out above) to arrive at 47.4% linked trips from Aldi with the town centre as a whole. That is considerably greater than the 18.2% asserted on behalf of Audi.

Before, we apply these inputs to Table 5.1 to obtain a revised financial value for the loss of Aldi linked trips, it is necessary to correct the calculation of 'mean spend of those that shop at Aldi and undertake linked trips' (Q07 Household Survey, Appendix 3). This is recorded in the Survey as £25.09. But that is not correct. Taking the mid-point of each value, eg £13 for the range £11 to £15, creates £689 of spend amongst 12 respondents (ignoring the don't knows). That provides a mean of £57.42.

When these corrections are made to Planning Potential's Table 5.1: Linked Trips Calculation, the adverse impact value increases considerably.

Revised Table 5.1 : Linked Trips Calculation

Population 2027 (Table 1, Appendix 4, RA May 2022)		67,750
% of respondents that shop at Aldi (Q01 Household Survey, Appendix 2, RA May 2022)	14.4%	9,756
% of respondents that shop at Aldi and undertake a linked trip (Q06 Household Survey, Appendix 2)	37.7%	3,678
% of respondents that undertake a linked trip with Sheerness town centre (Q07 Household Survey, Appendix 2)	66.2%	2,435
Mean spend of those that shop at Aldi and undertake linked trips (Q07 Household Survey, Appendix 3)	£57.42	
Total estimated value of linked trips (assumed weekly)		£139,818
Total estimated value of linked trips (annual)		£7.3m

This is considerably higher than the £2.3m calculated on behalf of Aldi. This causes the Retail Impact Assessment (including the Council's experts' (who have relied on Planning Potential's much lower figure)) to become considerably more adverse.

Martin Robeson

MRPP

31st November 2022