

# JWPlanning

## Planning Consultancy Services

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### Comments by JWPlanning on:

### Erection of a Lidl Foodstore at Belmont Road, Hereford - Planning Application P231703

#### Introduction

This report responds to the Planning and Retail Statement dated May 2023 (PRS) by CarneySweeney (CS) in support of the planning application for the demolition of existing hotel and provision of a new Lidl foodstore at Belmont Road, Hereford, application P231703. The application follows the withdrawal of an earlier application for a similar development, application P221090.

The original P221090 application proposals were for a larger foodstore. However, revised proposals were submitted by CS in November 2022 for a store with a reduced floorspace. This reduced store floorspace was the same as is proposed in this new application. JWP provided a formal response to CS November 2022 proposals in the JWP report dated 16 December 2022.

Because this new application is for a store of the same size on which JWP commented in December 2022, this report reiterates much material from the JWP December 2022 report, as well as some of the material from our Interim Comments of 17 June 2022.

#### The Application Site

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

#### The Application Proposal

3. Planning permission is sought for demolition of the existing hotel and erection of a new foodstore (Class E) on the site to be occupied by Lidl. The store is described as having a floorspace of 1,985 sqm (GEA) (excluding canopy) and a sales area of 1,251 sq.m.

#### Lidl Foodstore Operation

4. Details of the Lidl foodstore operation are provided in Section 4 of the PRS. We accept in general CS's description, but make the following points.
5. CS stresses Lidl's 'discount' format, with limited product ranges enabling competitive pricing compared with the mainstream supermarkets. Paragraph 4.3.4 of the PRS notes the Competition Commission and Grocery Market Investigation references to the distinctive offer of Lidl in 2008. This is some 14 years ago; in our view Lidl has changed its offer significantly since 2008.

6. Lidl's success as a retailer since 2008 is borne out by the growth of its published trading figures over recent years, of which CS will be aware. Traditionally Lidl has focussed on the 'price conscious' shopper. The introduction of some quality products has widened its appeal to the more discerning and more affluent shoppers. Lidl is usually now included (and often performs well) in published surveys comparing supermarket products. Although Lidl continues to have a more limited product range, it can no longer be assumed that it does not compete effectively with the mainstream supermarkets and at the quality end of the market.
7. The PRS paragraph 4.4.1 states:  
*"The standard core opening hours for Lidl is between 8.00-22.00 on days Monday to Saturday (including Bank Holidays) and 10.00-16.00 on Sunday. This shows that the standard opening hours are limited in comparison to other main convenience retailers, as well as small retailers."*
8. We accept that Asda and Tesco are open for longer hours than this, but most convenience and comparison traders in Hereford are not.

## **Site Planning History**

9. We understand that the application site has no planning history of relevance to the current development proposal (other than the earlier withdrawn proposals for a Lidl foodstore – application P221090).

## **Planning Policy Context**

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

### **The National Planning Policy Framework 2021**

13. National retail planning policy guidance is set out in the NPPF published in January 2021, the relevant provisions of which we describe below.  
***Ensuring the Vitality of Town Centres***
14. Paragraph 86 of the NPPF states that planning policies and decisions should support the role that town centres play at the heart of local communities and sets criteria for achieving this.
15. Paragraph 87 requires a sequential assessment for main town centre uses that are not in a centre and not in accordance with an up-to-date development plan (which applies to the application proposal). Paragraph 88 requires that when considering edge-of-centre and out-of-centre proposals, preference should be given to accessible sites that are well connected to the town centre; and that applicants and local planning authorities should demonstrate flexibility on issues such as format and scale.
16. Paragraph 89 specifies impact assessment requirements:  
*"When assessing applications for retail and leisure development outside town centres, which are not in accordance with an up-to-date plan, local planning authorities should require an impact assessment if the development is over a proportionate, locally set floorspace threshold (if there is no locally set threshold, the default threshold is 2,500 sq. m). This should include assessment of:*

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

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

17. Paragraph 91 requires that:

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

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

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

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

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

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

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

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

This policy confirms that an impact assessment is required in this case.

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

*"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. ...."*

## Herefordshire Town Centre and Retail Assessment, Nexus, September 2022

23. The JWP Comments December 2022 reviewed the survey material and findings of the Nexus Herefordshire Town Centre and Retail Assessment, September 2022 (HTCRA). Our key findings of relevance to the application proposal are summarised here. Our comments made in December 2022 are reiterated in Appendix 1 of this report.

### Key Findings of Relevance to the Current Application

24. In addition to the overall forecast floorspace requirements for each of the County settlements, the HTCRA provides information on the current turnover performance of stores against benchmark averages. This information is particularly instructive.
25. Paragraph 8.43 the HTCRA notes the strong performance of the Aldi discount stores, but a more variable performance of the large food stores. The survey results also suggest that the Lidl Hereford store (the only one in the County) is strongly overtrading. The overall message in relation to the performance of stores is clear. However, we note and agree with the Nexus statement that *“the performance of discount operators is probably overstated and the performance of the big four operators is probably understated”*. We comment further below on the performance of existing stores in our critique of the PRS findings.
26. Nexus advice in paragraph 8.52 in respect of new foodstore applications states:  
*“Any additional proposed food supermarkets should be considered on their merits in accordance with relevant policy tests. Most particularly, planning applications which seek to provide additional food retail provision should be considered having regard to potential sequential alternative sites, and with reference to the magnitude of impacts arising at any defined centre.”*
27. In para 8.54 Nexus goes on to say:  
*“However, we note the higher than national average vacancy rate currently identified at Hereford city centre. Wherever possible, efforts should be made to secure the re-occupation of currently vacant units, .....*”

### Assessment of Existing Provision

28. CS provides a description of existing retail provision in Hereford City Centre in Section 6 of the PRS. They refer to “a healthy mix of butchers, bakers, newsagents, grocers, delicatessens and health food stores with larger convenience goods retailers including Tesco and Waitrose”.
29. In paragraph 6.4.2 of the PRS, CS provides a table showing the number and % of vacant units in the City Centre in 2021 (112 units 18.5% vacancy rate) and 2023 (104 units 17.3 vacancy rate). Although the number of vacancies has declined over this two-year period, it remains above the national average of 13.8%. CS notes that the highest concentration of vacancies is in the Maylord Shopping Centre in the heart of the City Centre. This situation will be exacerbated if the Wilko store is not reoccupied.
30. CS also notes that Goad identifies the presence of 17 major retailers and 135 multiple retailers in Hereford. We accept that there is a good mix of retailers in Hereford City Centre, including a good range of convenience traders in the central core of the City Centre and on the edge of the Centre (within the Goad Map area).
31. Hereford is an attractive centre, and its historic heritage makes a major contribution to its character. It also has a strong role as the administrative and service centre for the County, as well as being an historic ecclesiastical centre.
32. Despite its attractions, Hereford has experienced the same retail challenges in the ‘High Street’ as have been experienced in other UK centres and which have been well documented. A particular loss for Hereford has been the closure of Debenhams, which has left the City without a department store (the former Chadds Department store having closed some years ago).

33. In summary, we accept that Hereford is an attractive centre, with a reasonable convenience offer. However, it is facing challenges from changes in 'High Street' retailing and is therefore, in common with many other shopping centres, in a vulnerable position.

## **Sequential Approach**

34. Our comments on 'sequential approach' issues remain the same as in our Interim Comments 17 June 2022 on application P221090, but in the interests of completeness are reiterated here.

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

35. We have noted and raise no issues in respect of the methodology and approach applied by CS, as described in paragraphs 7.1.1 to 7.1.4 of the PRS.

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

36. The application site is an 'out-of-centre' retail location. We acknowledge the site characteristics identified by CS in Section 2.1 Of the PRS. It is outside, but close to Belmont Neighbourhood Centre and other commercial / community facilities, and has good transport accessibility.

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

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

38. In paragraph 7.4.2, CS identifies seven criteria that are necessary to be satisfied, including, a minimum store size of 1,900 sq.m gross. This represents a reduction of 4% only of the proposed floorspace of the store (1,984 sq.m). We question whether such a small reduction in floorspace represents a 'flexible approach' as required by the NPPF. NPPF paragraph 88 states:

*"Applicants and local planning authorities should demonstrate flexibility on issues such as format and scale, so that opportunities to utilise suitable town centre or edge of centre sites are fully explored."*

However, in paragraph 7.4.5 of the PRS, CS acknowledges that in-centre sites often have access to shared parking and servicing, and they have therefore reduced the site area for an in-centre store by 25% to 0.6ha.

39. CS's third criterion is *"A prominent site with the ability to attract passing trade"*. In our opinion this criterion should be applied so as not to automatically rule out town centre locations. This cannot be the intention of policy. Prominence needs to be judged not only in the context of visibility from an arterial road, but also in terms of accessibility and proximity to the principal areas of retail and commercial activity in central areas.

### ***Sites Considered***

40. CS has investigated sites in the following locations, all of which lie within the defined Central Shopping and Commercial Area Policy TCR1:

- (i) Old Market Shopping Centre;*
- (ii) Old Market Gateway;*
- (iii) Other vacant units in the City Centre.*

41. We provided advice to the Council in 2021 on the proposed occupation of Unit 3 Salmon Retail Park by a foodstore. Our advice included critical examination of the applicant's sequential approach analysis of alternative sites. The Officers' Report on this application stated:

### *“Sequential Approach*

*Officers working with the Council’s retail consultant have identified sites and properties in the City for which further examination was sought from the applicants. The sites / properties are – the Debenhams store in the Old Market Shopping Centre; the former Peacock’s unit in Eign Gate; Old Market Gateway; and the Union Walk Car Park. This has been reviewed and officers are satisfied there are no sequentially preferable sites that are available, suitable and able for the proposed use.”*

42. Unit 3 was already in retail use and the proposal was for relaxation of a condition to permit 1,659 sq.m of food floorspace (Iceland). The existing application sequential search is for a larger store floorspace, 1,900 sq.m gross, which makes the search for alternative more centrally located sites / premises more demanding.
43. It appears to us to be necessary therefore to identify only any changes from the position judged by the Council in the context of the Unit 3 application. As with application P221090, we rely on officers’ knowledge on whether there have been any changes of circumstance since our report on Unit 3 that could cause the Council to reach a different view on the existence of sequentially preferable sites.

### **Retail Impact**

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

### **Impact on Planned Investment**

45. Paragraph 90 of the NPPF requires *“the impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal”* to be assessed. CS addresses this in paragraphs 8.5.1-5 of the PRS, concluding that:

*“there is no evidence to suggest the proposed development will have a likely significant adverse impact on any other existing, committed or planned in-centre investment in the catchment area of the proposal.”*

46. 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 Old Market Shopping Centre.
47. Although some parts the Edgar Street area have been developed, the area represents a long-term, complex opportunity that will deliver a mix of uses, including a significant amount of new housing. We are not aware of any specific proposals for this area that are at a sufficiently advanced stage that they could be prejudiced by the application proposal. Officers will have more information than us on any proposals under consideration.

### **Impact on Centre Vitality and Viability**

48. CS’s quantitative assessment of the impact of the proposed Lidl store on vitality and viability of Hereford City Centre was critically examined in our JWP December 2022 report. It was also reviewed by Nexus in a report to the Council dated March 2023.
49. Various points were raised by us and Nexus, which have been addressed by CS in the PRS. These include:
  - updating the assessment to accord with the latest expenditure information in Experian’s Retail Planner Briefing Note 20 (February 2023);
  - reconsidering post-development turnovers of existing destinations against their expected company benchmark averages; and
  - Reconsidering the trade diversions caused by closure of the Iceland store.

50. In the JWP report of December 2022, we provided conclusions based upon our view that amendments to the CS quantitative assessment, arising from our comments and subsequently those of Nexus, would not have a significant effect on the overall quantitative impact findings. We judged that the convenience impact on the City Centre would be less than 3%. The PRS assessment of convenience impact is approximately 2.1%, see below. We comment below on the Tables in the PRS Appendix E.

**Updated Retail Impact Tables**

51. Table 1 'Population' and Table 2 'Convenience Goods Expenditure' 2023-28 are derived from information in Appendix 5 Tables 1 and 2 of the HTCRA, but have been updated with information from the more recent Experian Note 20, February 2023. Because of the elapse of time, the forecasts have also been rolled forward one year, as compared with the earlier CS analysis (application P221090), to a design year of 2028.
52. We have not addressed specifically Table 3 relating to comparison goods, as comparison goods impact is not an issue with the Council.
53. Table 4 shows that available convenience expenditure in the Hereford City catchment area (Zones 1A and 1B) is forecast to grow by £4.7m. This is significantly lower than in the earlier P221090 analysis, which showed a convenience expenditure growth of £7.3m by 2027.
54. Table 6 contains CS's revised turnover for the proposed store, based upon a smaller floorspace area than the original P221090 proposals. The gross internal area of the store is now 1,895 sq.m containing 1,251 sq.m sales area. The sales area of the original proposal was 1,411 sq.m, i.e. there has been a reduction of the sales area by 160 sq.m. The revised convenience turnover of the store in 2028 is £8.8m including inflow (£7.9m excluding inflow). The convenience turnover forecast for the larger P221090 store was approximately £9.0m.
55. We accept CS's Tables 1-6 for the purpose of assessing the revised application proposal.
56. Table 7 'Trading Effects of the Proposed Development 2027' provides CS's estimates of the impact of the proposed Lidl store. The table is extensive and difficult to interpret. Because of the difficulties in interpreting Table 7, we provide in Appendix 2 Table JW1 our assessment of the disaggregated convenience and comparison impact on the City Centre. This table is wholly based on the figures in Table 7 of the PRS, and shows a solus convenience impact on the City Centre of just over 2% and comparison goods impact of just over 0.4%.
57. We note that Table 7 shows the greatest percentage impact being on City Centre Small Shops -17%. This compares with much lower percentage impacts on the main City Centre supermarkets – Waitrose 1.3%, Tesco Bewell Street 1.7%. These findings are surprising, given CS's stated views that the proposed store will compete most strongly with large foodstores with a similar offer to that proposed in the Lidl store. Were the trade diversions / impact to be skewed in the way shown in Table 7, this level of impact would be concerning for City Centre small shops.
58. The PRS cumulative trade diversion and impact figures shown in Table 7 are the same as the solus impact figures. This appears to be because the loss of Iceland Eign Gate in 2022 (before the PRS base year of 2023) and redistribution of its turnover and impact on the City Centre is not therefore separately identified. We do not consider that methodologically it is appropriate to disguise cumulative impact on the City Centre in this way. The closure of Iceland in 2022 will have had some quantitative impact on City Centre convenience trading, but the CS assessment does not explicitly identify this.
59. In The JWP Report of December 2022, we sought not to make minor adjustments to CS's assumptions within their assessment. Rather we focused on certain key points which we considered to be of most relevance. This continues to be our approach with the material in this new May PRS. We have accepted the input amendments made, predominantly arising from Nexus and JWP comments, unless otherwise stated in this report.

60. We do not accept the statement in paragraph 8.6.30 of the PRS that Tesco Bewell Street sits outside the PSA and is therefore not afforded the policy protection of an 'in-centre' location. In our opinion Tesco is an in-centre store and planning policy therefore requires any trade impact on the store to be considered as a material consideration. We do note, however, that Tesco Bewell Street is included within the 'Centre Total' figures in Table 7 of the PRS.

## **Impact Context**

61. Figures of quantitative impact need to be considered in relation to a variety of factors, in particular the health and vulnerability of the existing centre experiencing the impact, in this case Hereford City Centre.

### **City Centre Health**

62. Convenience representation in the City Centre is described in the HTCRA. The principal convenience retail outlets are – Waitrose, The Old Market; Tesco, Bewell St; Marks and Spencer, High Town; with the Buttermarket and market stalls in High Town / Commercial Street also playing an important role.
63. We have described earlier in this report and in Appendix 1 the Nexus findings on the health of Hereford's City Centre. The overall finding is that the health of the City Centre is "moderate"; this finding mainly being based on the negative impact of vacant units and the need to find uses for their reoccupation.

### **Performance of Convenience Stores**

64. We have noted above that the HTCRA provides information on the current turnover performance of existing stores against benchmark averages. Table JW2 in Appendix 2 of this report provides information on the turnover performance of the principal convenience outlets within the City. This information is taken direct from Appendix 5 Table 5 of the HTCRA, to which we have added in the last column the percentage variation from benchmark average (average equals 100%).
65. The HTCRA indicates that caution should be taken in respect of the household survey derived turnover figures at the individual store level, as the interview responses can be exaggerated in an upward or downward direction. This is our experience also from household surveys elsewhere. However, even allowing for some distortion from the responses, the overall message in Table JW2 is very clear. It shows that the discount stores, Aldi and Lidl, are performing strongly. The performance of the other large food stores is variable, with Tesco Abbotsmead Rd performing well above benchmark, but Morrisons Station Approach and Asda Belmont Rd performing significantly below average.
66. It is particularly noticeable that all of the City Centre stores are shown as performing significantly below average.

### **Floorspace Capacity**

67. We have noted from PRS Appendix E Table 4 that the growth of available convenience expenditure in the Hereford catchment area in the period 2023-2028 is £4.7m. This compares with a convenience turnover requirement for the proposed store from the catchment area of £7.9m (£8.8m including inflow from outside the catchment area), Table 6. This indicates that the proposed store turnover would be significantly in excess of that which can be justified by catchment expenditure growth.
68. A fundamental output of the HTCRA is an assessment of retail floorspace capacity for the County and its settlements throughout the plan-period 2022-2041. Because of the limited growth of per capita convenience expenditure, limited additional convenience floorspace capacity is forecast. The convenience forecasts for Hereford City show that currently there is an excess of floorspace, and that by 2027 floorspace capacity will be in equilibrium, with no expenditure surplus. These forecasts are consistent with the findings on the turnover



performance of existing convenience stores within the City, particularly the poor performance of stores in the City Centre.

### Hereford Floorspace Capacity

Year		
2022	-100	-200
2027	0	0

Source HTCRA Appendix 5 Table 6b

## Summary Findings

69. It is common ground that the overall quantitative impact of the proposed Lidl store (convenience and comparison combined) would be small. This is because of the scale of retail floorspace (supported by service uses) within the City Centre, compared with the much smaller floorspace and offer of the proposed Lidl store.
70. Our findings in respect of the solus quantitative convenience impact of the Lidl store are that it would be limited. This is because the majority of the convenience turnover of the proposed store would be drawn from the large food stores outside the City Centre. For the purposes of our review, and in the interests of simplicity and clarity, we have adopted the impact figures put forward in the PRS. We do not necessarily accept all of the CS input assumptions, variations of which (for example the Lidl store trade draw) could have some effect on the quantitative impact figures. However, even allowing for margins of error, we are satisfied that the solus convenience quantitative impact arising from the Lidl would be small, less than 3%.
71. CS has in our opinion failed to assess cumulative impact properly. This is the impact of the TFW store, which has led to the closure of Iceland Eign Gate in 2022.
72. NEXUS has found the health of Hereford City Centre to be 'moderate' only, due in large part to the adverse effect of vacancies in the Centre. Also, the City Centre's convenience outlets are shown to be performing below benchmark.
73. The HTCRA convenience floorspace forecasts for Hereford City indicate a current expenditure deficit compared with the quantum of existing floorspace; and that by 2027 there will still be no quantitative requirement for additional convenience floorspace. We accept that demonstration of 'need' is no longer a planning policy requirement. However, an expenditure deficit is a major factor indicating the vulnerability of a centre, or components of its retail offer.
74. The application proposal would introduce £8.8m of new convenience turnover to Hereford City of which £7.9m would be drawn from the Hereford City catchment area (PRS App E Table 6). Available convenience expenditure in the Hereford City catchment area is forecast to grow by £4.7m only in the period 2023-2028 (PRS App E Table 4), i.e. significantly less than the turnover of the proposed store. This indicates that the turnover of the proposed new store must adversely affect existing convenience stores, as there is currently a deficit of expenditure to support existing floorspace.
75. Quantitative impact assessments include a variety of input assumptions that are subject to margins of error. We believe, therefore, that it would be prudent for the Council to allow for some variation in the Lidl impacts assessed by CS, say up to 3% solus convenience impact. We believe that the cumulative impact caused by the recent opening of the TFW store and closure of Iceland Eign Gate has not been properly assessed by CS. However, even taking CS's solus convenience impact of approximately 2% (without allowing for any margins of error), we believe that the effect of the proposed Lidl store coupled with the recent closure of Iceland risks a significant adverse impact on the role and strength of convenience trading in the City Centre.

**JWPlanning**  
**8 September 2023**

## Appendix 1

### Herefordshire Town Centre and Retail Assessment, Nexus, September 2022

This Appendix reiterates our review of survey material and the findings of the Nexus Herefordshire Town Centre and Retail Assessment, September 2022 (HTCRA), which are of most relevant to consideration of the proposed Lidl store.

We refer to the Section headings of the HTCRA, and in the interests of clarity we often quote direct from the HTCRA.

#### Current and Emerging Trends

1. Paragraph 2.8

*“More generally, as a result of relatively modest growth forecasts and the shift to online retailing, Experian forecasts that there will be a reduction in the stock of retail floorspace over the next few years.”*

2. Paragraph 2.10

*“There will still be the need and demand for physical stores, despite the increase in shopping online. This is particularly the case for convenience goods sales in light of the fact that the online shopping orders are typically picked from the shelves of physical stores. In respect of comparison goods, there is a need for the offer to become more ‘experiential’ in order to encourage shoppers onto the high street, .....*”

3. Paragraph 2.13

*“Experian expenditure data and growth forecasts confirm that the pandemic has resulted in fairly turbulent short-term growth in per capita convenience and comparison goods expenditure. .... The strong level of growth at 2020 is largely attributable to consumers spending more on such goods as a result of lockdown measures.*

However, this growth is forecast to unwind over the short to medium term, and Experian forecasts very limited per capita convenience goods growth beyond 2022.

4. Paragraph 2.17

*“Experian estimates that special forms of trading will account for well over a third of comparison goods expenditure and almost a quarter of convenience goods expenditure at 2031.”*

This compares with just under 21% in 2021.

5. Paragraph 2.21

*“Secondly, the current uncertainty in the economy has made discount foodstore operators (namely Aldi and Lidl) a more attractive proposition, and many such stores are thriving given that shoppers are currently having to be ‘money savvy’. Discounters have also made efforts to try to compete more directly with the ‘big four’ supermarket operators, with larger stores, greater ranges of goods, fresh foods and premium products becoming increasingly prevalent. It is clear that the likes of Aldi and Lidl are no longer ‘hard discounters’ in quite the same way they once were, as they are able to meet a wider range of customers’ needs by offering a greater range of premium products.”*

This accords with our previous advice to the Council in this case and in the recent Ledbury Appeal.

6. Paragraph 2.22

*“.....discount retailers are often happy to trade alongside more upmarket convenience goods retailers (such as M&S Foodhall) as, collectively, the two stores can meet many food shopping needs.”*

## Planning Policy Context

7. In respect of the Use Classes Order, Nexus advises the following in paragraph 3.20:

*“However, as ever, the provisions of the Use Classes Order are not linked to any spatial considerations. As such, the expanded Use Class E applies equally to both town centres and out of centre locations, and there may be unintended consequences in providing for additional flexibility across Class E outside of town centres. Accordingly, it may be necessary for the Council to apply restrictive conditions to certain forms of development in order to restrict the authorised use to that which has been justified in the application submission.”*

## Market Research: In-St surveys

8. The In-street surveys, undertaken in Hereford City Centre by NEMS in April 2022, obviously provide important information on how the centre is used, which assists consideration of the likely impact of the proposed Lidl store.

9. Para 4.5 indicates that:

*“..... one third of respondents (31.3%) stated that the principal reason for their visit was non-food shopping, followed by 14.7% visiting food shops, and 14.0% indicating that they were visiting for work purposes. Less than one in ten (8.7%) indicated that their main reason for being in Hereford was to visit a pub, café, or restaurant.”*

There are some HTCRA typographical errors in this paragraph, which we have corrected here.

10. Para 4.14 indicates that survey respondents found:

*“The most frequently identified attribute of the centre is its general appearance or character of the centre (identified by 37.3% of respondents), followed by the range of shops or markets (32.0%).”*

11. Paragraph 4.20 states:

*“It is evident from the above that some respondents want to see more variety in respect of the retail offer. In this regard, 24.0% of respondents want to see more or new independents, 23.3% want more or new national multiple retailers, and 12.7% want different types of markets.”*

## Health Check Assessments

12. A detailed Health Check for Hereford City centre (and the market towns) is provided in Appendix 4 of the HTCRA.

13. Table 5.1 of the main report shows the percentage change in unit composition over the period 2012-2022. Convenience representation has risen from 5.8% to 8.3%, but there has been a large percentage decrease in both comparison and leisure representation. Comparison units have dropped significantly from 44.7% to 28.3%, and leisure units from 34.8% to 22.8%. Vacant units have risen from 12.6% to 17.5%.

14. Nexus says in paragraph 5.10:

*“the proliferation of vacancies is a concern, both in respect of its impact on the visual appearance of the centre and with regard to the need to re-let properties in order to drive additional footfall and improve the overall vibrancy and vitality of the town centre.”*

15. In paragraph 5.11 Nexus notes the positive effect for the vibrancy of the City Centre of the proposed reoccupation of the upper floors of the former Debenhams unit by M&M direct, and relocation of the Library to the Maylord Orchards Shopping Centre.

16. Nexus states in paragraph 5.12 that they find Hereford City's vitality and viability currently to be 'moderate'.

## **Assessment of Retail Capacity**

17. Nexus's assessment of retail capacity within the County and its centres is based upon a similar methodology to the Drivers Jonas Deloitte 2012 Study, using a step- by-step approach.

### ***Study Area Population and Expenditure***

18. The Study Area containing seven postcode-based zones is consistent with that used in the Drivers Jonas Deloitte 2012 Study.
19. The population within each zone at 2022 has been calculated using Experian Micromarketer G3 data published in February 2022. Population forecasts for each zone in the Study Area are provided for 2022, 2026, 2027, 2031, 2036 and 2041.
20. The Hereford City catchment population (Zones 1a and 1b) is forecast to rise from 111,931 in 2022 to 115,779 in 2027, an increase of 3,848 over the 5-year period.
21. For convenience goods, Experian forecasts very limited per capita expenditure growth across the entire forecast period to 2041. Having allowed also for future growth in special forms of trading, the Experian forecasts indicate that the growth in convenience goods expenditure available to actual stores will not exceed 0.1% per annum throughout the forecast period. Convenience goods expenditure for the Hereford City catchment area is forecast to increase by £7.3m in the period 2022 to 2027.

### ***Household Survey.***

22. Nexus has undertaken new household interview surveys (April 2022), the format of which are consistent with the earlier 2012 Drivers Jonas Deloitte Surveys. The household interview surveys identify current shopping patterns, and are obviously a fundamental input to the quantitative assessment of expenditure capacity for the County, Hereford City, and the market towns. They show that Hereford City's market share of convenience expenditure from its home zone has risen from 83% in 2012 to 90% in 2022. Conversely, the City's market share of comparison expenditure has fallen from 45% in 2012 to 34% in 2022.

### ***Floorspace Capacity***

23. The key elements determining floorspace capacity in the County and its settlements are - population and expenditure growth, the attraction of available Study Area expenditure to centres, and the resulting turnover performance of existing stores compared with national benchmark averages. These factors enable expenditure surpluses to be identified, which in turn can be translated into floorspace requirements.
24. Table 8.3 of the HTCRA shows the floorspace capacity over the forecast period for each of the Herefordshire settlements, providing 'minimum' and 'maximum' sq.m requirements. For Hereford City no current convenience floorspace requirement is identified. The figures actually show an expenditure deficit of between -100 sq.m and -200 sq.m in 2022; and nil expenditure surplus in 2027.

## Appendix 2

Table JW1 Trading Effects of the Proposed Development 2028

Table JW2 Hereford City Centre Turnovers 2022

**Table JW1 Trading Effects of the Proposed Development 2028**

	2023	2028	2028	2028	2028	2022-2028	2022-2027	2028	2028
	Con	Comp	Lidl Trade	Lidl Trade	Residual	Change	Change %	Impact	Impact %
	Turnover inc	Turnover inc	Draw %	Draw £m	Turnover	£m		£m	
	Inflow £m	Inflow £m			£m				
<b>Conv Centre Total</b>	28.2	28.7	7.7	0.6	28.1	-0.1	-0.35%	-0.6	2.09%
<b>Comp Centre Total</b>	185.4	210.9	66.7	0.9	210	24.6	13.27%	-0.9	0.43%
<b>Centre Total</b>	214	240.3		1.5	238.8	24.8	11.59%	-1.5	0.62%

Source PRS Appendix E Table 7

**Table JW2 Hereford City Convenience Turnovers 2022**

Store	Conv Sales Area sq.m	Sales Density £ per sq.m	Benchmark Turnover £m	Survey Turnover inc Inflow £m	Variation from Benchmark £m	Variation from Benchmark %
<b>City Centre</b>						
M&S High Town	992	11092	11	6.4	-4.6	58%
Tesco Bewell Street	2612	14072	36.8	12.2	-23.3	33%
Waitrose Old Market	1153	14737	17	7.1	-9.9	42%
<i>Iceland Eign Gate</i>	<i>381</i>	<i>7446</i>	<i>2.8</i>	<i>0.3</i>	<i>-2.5</i>	<i>11%</i>
<b>Out-of-Centre</b>						
Aldi, Eign Street	870	11017	9.6	34.5	24.9	359%
Asda Belmont Road	3036	14245	43.2	23.2	-20	54%
B&M, Belmont Road	492	3535	1.7	0.4	-1.3	24%
Co-op Grandstand Road	1102	10988	12.1	12.4	1.7	102%
Lidl Brook Retail Park	883	8739	7.7	16.8	10.9	218%
Morrisons Station Approach	2419	12940	31.3	23.6	-7.7	75%
Sainsburys Barton Yard	2840	12479	35.4	36	4.5	102%
Tesco Abbotsmead Road	2333	14072	32.8	48.7	21.2	148%

Source

HTCRA 2022, Appendix 5, Table 5