

Proposed Discount Foodstore, Three Counties Hotel, Hereford - Application Reference P231703/F

Retail Policy Appraisal Addendum

Introduction

1. This Addendum is prepared in respect of the above planning application. Nexus was originally instructed in March 2023 to provide advice in respect of the application, which seeks permission for the erection of a Class E foodstore at the former Three Counties Hotel site in Hereford.
2. Nexus' March 2023 Appraisal focuses solely on the proposal's compliance against the retail policy test relating to the potential impact of the proposal. Our Appraisal concluded the following:
 - a. With regard to the first part of the NPPF impact test, we do not believe that the grant of planning permission for the proposed foodstore would lead to an adverse impact in respect of any existing, committed and planned public and private sector investment.
 - b. In terms of the second part of the test (relating to the vitality and viability of town centres), our review of the submitted retail impact assessment has highlighted some elements which we consider should be updated and reflected in any formal submission of the planning application.
3. In respect of the latter, our Appraisal requested specifically that CarneySweeney updated their assessment to take account of the latest assumptions and projections from Experian's Retail Planner Briefing Note 20 (February 2023) and that further consideration is given to the post-development turnovers of existing destinations, compared to their expected company benchmark averages. Upon receipt of the additional analysis, we confirmed that a consideration of the proposal's compliance against the second part of the impact test would be provided.
4. CarneySweeney have subsequently submitted an updated Planning and Retail Statement (P&R Statement) dated May 2023, which supports a full planning application for the proposed foodstore. The P&R Statement also provides commentary on both Nexus' and the Council's other independent retail planning advisor JWPlanning's appraisals, produced in respect of the original hybrid planning application.
5. As such, the purpose of this Addendum is to provide additional advice in respect of the applicant's submission, focusing solely on the elements of the assessment that Nexus sought further consideration of.
6. At the outset, it is worth noting that we previously stated at paragraph 3.35 of our March 2023 Appraisal, that Tesco is situated in an 'edge-of-centre' location in planning policy terms. Having revisited the Councils' currently adopted development plan, we note that the Tesco store is in fact situated in an 'in-centre' location being within the defined Central Shopping and Commercial Area and forming part of the designate Primary Shopping Frontage.

The Impact of the Proposal on Town Centre Vitality and Viability

7. Firstly, in respect of the methodology adopted in order to assess the potential impact of the proposal, we note that CarneySweeney has now adopted the growth rates and level of spending online from Experian's latest Retail Planner Briefing Note, which we welcome. In this regard, the per capita convenience and comparison expenditure at Tables 2 and 3 of Appendix E excludes Special Forms of Trading in line with Figure 7 of the Briefing Note, and projects the spending forward using the growth rates from Appendix 3 of the Briefing Note.
8. We also note that in calculating the estimated turnover of the proposed foodstore, CarneySweeney have now also used the expected floorspace efficiency rates taken from Figures 4a and 4b of the Briefing Note.

9. Thirdly, CarneySweeney has sought to redistribute the turnover from the now closed Iceland in Hereford city centre, and they state at paragraph 8.6.19 that:

‘This was considered to be “slightly overstated” by Nexus, and so the proportion of trade redistributed to the city centre destinations has been lowered with Table 7 in Appendix E now assuming 50% of the turnover of the Iceland will be diverted to TFW, 25% to Tesco on Bewell Street and 25% to Farmfoods on Belmont Road.’

10. Again, we welcome the adjustment made by CarneySweeney to take account of our previous concerns raised. We consider this to be more reflective of how the turnover will be distributed.
11. The updated P&R Statement provides an amended impact assessment at Appendix E to take account of the above. We have not sought to revisit the elements previously considered to be acceptable. As such, the key consideration in this regard are the assumed trade diversions from existing stores to the proposed store, and the wider implications of this diversion on defined centres.
12. As set out in our original Appraisal, we do not consider that the proposed comparison floorspace is likely to have any material impact on existing destinations in light of its low turnover and nature of the goods which will be sold from the proposed store. In this regard, it is likely that the proposed comparison floorspace will divert trade from other out-of-centre foodstores and other existing large format operators. Given this, our assessment below focuses on the consideration of the potential impact of the convenience floorspace only.
13. In this regard, Table 7 of Appendix E provides the applicant’s assumed trade diversion (presented as trade draw in the table). CarneySweeney assume that the highest proportion of trade will be diverted from the Tesco Superstore on Belmont Road, from which 30% of the proposal’s turnover is expected to be diverted. This is followed by the Asda on Belmont Road (15%) and then the Aldi, Lidl and Morrisons (10% respectively). We agree that the highest proportion of trade is likely to be diverted from the Tesco store, in light of its proximity to the proposed store and based on existing shopping patterns. We also consider that a high proportion of trade will be diverted from the other existing out-of-centre stores.
14. Turning to the proportion expected to be diverted from Hereford city centre, we note that CarneySweeney estimate that a total of 7.7% of the proposal’s turnover will be diverted from existing operators in the centre. Of this, the highest proportion or 2.7% is estimated to be diverted from the Tesco on Bewell Street, followed by 2.0% from other ‘local shops’ and 1.5% from the M&S and Waitrose stores respectively.
15. Again, we consider the levels of trade diversion to be reflective of how we consider the store to trade in practice.
16. Overall, CarneySweeney calculate that a total of £0.6m will be diverted from city centre destinations, which results in an impact on convenience goods turnover of -2.1%. We consider this to be a realistic assumption, again having regard to existing shopping patterns and the spatial distribution of stores in proximity to the application site.
17. We have previously provided an analysis of the overarching health of Hereford city centre, using the findings from the Hereford Centre and Retail Assessment 2022, and our own knowledge of the centre. We note that CarneySweeney has also provided an additional consideration of the health of the centre as part of their May 2023 P&R Statement. Overall, we agree with CarneySweeney that although the Iceland has closed in the centre, and the vacancy rate is above the national average, the centre is performing its role and can be considered to be vital and viable overall.
18. Given the above, we are of the view that the trade diversion assumptions set out above are unlikely to result in an impact which could be considered to be significant on Hereford city centre. This conclusion has been reached having regard to the existing health of the centre, the nature of the proposal, the existing established shopping patterns and the location of the application site.
19. As such, we are now satisfied that the application also complies with the second part of the impact test and therefore complies with paragraph 91 of the NPPF and Policy E5 of the adopted local plan.