

Retail Statement

Land at Manor Road, Hayling Island

June 2017

Turley

Contents

1.	Introduction	3
2.	Site Context	4
3.	The Proposed Development	5
4.	Planning Policy Context	8
5.	Sequential Assessment	12
6.	Qualitative Assessment	16
7.	Impact Assessment	21
8.	Consequences of Impact	28
Appendix 1: Catchment Plan		31
Appendix 2: Mengham/Gable Head District Centre – Land Use Plan (January 2017)		32
Appendix 3: Economic Tables		33

Client

Lidl UK GmbH

Our reference

LIDW3001

June 2017

1. Introduction

- 1.1 This Retail Statement is submitted by Turley, on behalf of Lidl UK GmbH ('Lidl'), in support of a full planning application for the erection of a Class A1 retail foodstore at Land at Manor Road (A3023), Hayling Island.
- 1.2 The application site comprises approximately 1.16 ha of land in an 'out-of-centre' location, situated on Manor Road near its junction with Church Road.
- 1.3 The application proposal is described as follows:

"Erection of a food retail store (Class A1) with associated access, car parking, servicing and landscaping"

- 1.4 This Statement is intended to address relevant retail planning policy considerations associated with the proposed development and should be read in conjunction with other documents and drawings submitted in support of this application.

Context

- 1.5 This Statement is intended to assist Havant Borough Council in its determination of the application and has been prepared in accordance with the requirements of the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG). It seeks to evaluate the proposed development against national and local retail planning policies.
- 1.6 In respect of retail policy, the report assesses the implications of the proposed Lidl foodstore for established trading patterns, as well as the vitality and viability of designated centres. In view of the site's out-of-centre location, a proportionate retail assessment, addressing the key planning policy tests of impact and the sequential approach site selection, has been carried out. A description of the Lidl business model is provided in Section 3. The assessment includes town centre health checks in order to give an overview of the existing retail provision in the local area and to enable the potential effects of a Lidl foodstore to be evaluated.

Report Structure

- 1.7 The remainder of this Statement is set out as follows:
- Section 2 – Site Context
 - Section 3 – The Proposed Development
 - Section 4 – Planning Policy Context
 - Section 5 – Sequential Assessment
 - Section 6 – Qualitative Assessment
 - Section 7 – Impact Assessment
 - Section 8 – Consequences of Impact

2. Site Context

- 2.1 The application site is located on the A3023 Manor Road near its junction with Church Road on Hayling Island, approximately 1.3 km north of Mengham/Gable Head district centre. The site is out-of-centre in planning terms. The A3023 is the main road connecting Hayling Island with Havant, via a single bridge north of the Island.
- 2.2 The site is located outside of the defined 'Urban Area' and is allocated as an 'Uncertain Site for Brent Geese and Waders' within the adopted Proposals Map. Much of the site is located within Flood Risk Zone 2/3.
- 2.3 The site is approximately 1.16 ha in size. It is proposed to be developed for a Lidl foodstore with associated car parking. The application site comprises a parcel of greenfield land, currently used for the grazing of animals, situated to the north of the main urban area of the Island.
- 2.4 The site is bound by Manor Road to the north, beyond which lies the South Hayling Manor and associated stable blocks and granary. Open fields form the south and western boundaries. A caravan site is located to the south-west, with residential dwellings located to the east and south-east of the site.
- 2.5 Vehicular access is currently taken off Manor Road. Bus stops are located within 250 m of the site on both sides of Manor Road and south of the site on Church Road. Bus services connect the site with Havant and Eastoke.

3. The Proposed Development

- 3.1 This planning application proposes the erection of a new discount food store selling a quality range of affordable produce within a contemporary designed building with high sustainability credentials.
- 3.2 The proposed store will provide local access to a discount food offer, providing increased choice for residents and competition for existing foodstores within the area. Furthermore, the proposal will be capable of retaining expenditure currently lost to other large foodstores further afield, therefore reducing vehicle mileage, emissions and creating approximately 40 new, full and part time jobs.
- 3.3 The proposed store is two storeys in height and extends to 2,186 sq. m. gross internal area (GIA), providing 1,340 sq. m. of retail sales floorspace.

Lidl Retail Model

- 3.4 The Lidl retail model is centred on simplicity and maximum efficiency at every stage of the business, from supplier to customer, enabling the company to sell high quality own brand products at the lowest prices. Lidl is classified as a “deep discount” retailer and concentrates on selling a limited range of primarily own brand goods (around 90% of all products in store) at extremely competitive prices. The Lidl model and retail offer is distinctive and differs from mainstream convenience retailers such as Tesco, Asda, Sainsbury’s and Morrisons.
- 3.5 A Lidl store typically stocks 1,800. The range of goods sold is significantly smaller than that offered by other retailers, such as Morrisons, Tesco, Asda and Sainsbury’s who can retail over 35,000 lines.
- 3.6 Non-food items are limited to around 20% of floorspace in store. The non-food offer is mainly focused on household cleaning and health and beauty products. Lidl stores receive a twice weekly delivery of non-food ‘specials’. These items are provided on a ‘when it’s gone, it’s gone’ basis. Owing to the limited and constantly changing offer, the potential for impact upon other retailers is negligible.
- 3.7 Lidl stores also differ from other convenience retailers by not offering any of the following products or services:
- Butchers;
 - Fresh fish counter;
 - Delicatessen/cheese counter;
 - Hot food counter;
 - Pharmacy;
 - Dry-cleaning service;

- Post Office services;
- Café/restaurant; or
- Cigarettes/ tobacco.

3.8 The above product ranges and services are not offered as they do not form part of Lidl's core retail concept. Lidl differs from mainstream retailers by limiting product ranges and focussing on price and quality. The larger food retailers have been through a process of diversification over the past decade. Many offer the above services as part of a 'one stop' destination for their customers. Lidl has always operated as a complementary retailer, with a significant proportion of customers also choosing to visit other retailers to fulfil their shopping needs.

Shorter Trading Hours

3.9 The standard opening hours for Lidl stores are also more limited than the main convenience retailers and smaller independent retailers. Generally Lidl stores open for a core period between 07:00 – 22:00 Monday to Saturday and Bank Holidays, and 6 hours between 10:00 – 17:00 on Sundays.

3.10 These standard opening hours do not compete to any significant degree with other retailers, in particular smaller convenience retailers, many of whom offer different products and services and stay open for longer periods, particularly on Sundays.

Store Format

3.11 Lidl has a distinct store format that is integral to the success of its business model. In late 2015, Lidl launched an innovative new store concept. The new concept Lidl store includes:

- state-of-the-art, glass front design to maximise natural daylight;
- revamped wine cellar section;
- customer toilets and baby changing facilities;
- longer tills; and
- self-checkouts to give added convenience.

3.12 The standard format has been purposefully designed in order to provide a safe and accessible store environment for mobility impaired customers, the elderly and those with small children.

Local Catchment

3.13 Lidl stores serve a relatively compact catchment area and are intended to provide a local shopping facility. In this case, the store is intended to serve the residents of Hayling Island. The locational strategy of Lidl is to serve an area that broadly equates to a 5 minute drive time. Due to its limited offer, people do not tend to travel long distances to shop at Lidl.

Employment Opportunities

- 3.14 The proposed Lidl store would employ up to 40 staff in store. Lidl has a policy of employing local people from all backgrounds to work in their stores. This allows a short commute for staff.
- 3.15 Lidl offers many different career paths and opportunities, including managerial and administrative positions, store assistants and cashiers. Lidl also runs comprehensive management development and training programmes, enhancing the skills of staff and maximising staff retention. In March 2017, Lidl adopted the new Living Wage for all of its workers, making it the first supermarket in Britain to do so.

Sustainability

- 3.16 Lidl implements a variety of measures to minimise the environmental impact of its stores and contribute towards sustainability objectives, including:
- Lidl leads the sector in terms of recycling and waste-to-landfill reduction by recycling all paper/cardboard and plastic waste produced by its stores. This means over 90% of all waste produced in stores is recycled.
 - Lidl stores use a manual dock leveller for deliveries, reducing noise emissions and energy use.
 - All Lidl stores are fitted with a 'Building Management System' incorporating movement sensors, Lux meters and thermostatic controls. This ensures that the back of house areas of the stores are only lit when people are using them, that external lighting is only used when required, and that the temperatures of the various areas within store are maintained at the correct levels. Energy efficient LED lighting is used and lighting within the sales areas is cut back to one third before and after trading hours.
 - Water consumption is carefully monitored and flow control devices and water meters are fitted in all stores.
 - Car park lighting is designed in accordance with Lidl's 'Dark Sky' policy, with light fittings carefully specified in order to keep light spill beyond the site boundary to a minimum, with Lux and timer controls fitted.

4. Planning Policy Context

- 4.1 This Section provides a summary of the key elements of national planning guidance and local planning policy relevant to the proposed retail development at the application site.

National Planning Policy Framework

- 4.2 The National Planning Policy Framework (NPPF) was published on 27 March 2012 and forms the planning framework for England. The NPPF should be given significant weight in the assessment of this planning application.

- 4.3 A 'Presumption in Favour of Sustainable Development' is central to the NPPF. **Paragraph 14** of the NPPF states that:

"At the heart of the National Planning Policy Framework is a presumption in favour of sustainable development, which should be seen as a golden thread running through both plan-making and decision-taking."

- 4.4 **Paragraph 14** of the NPPF requires that for decision-taking this means:

- approving development proposals that accord with the development plan without delay; and
- where the development plan is absent, silent or relevant policies are out-of-date, granting permission unless:
- any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or
- specific policies in this Framework indicate development should be restricted.

- 4.5 At **Paragraph 17**, twelve "planning principles" are set out that are intended to underpin both plan making and decision taking. In this case, the following (paraphrased) are of most relevance:

- Planning should proactively drive and support sustainable development to deliver objectively identified needs for new development, taking account of market signals and business community requirements;
- A high quality of design should be secured;
- Account should be taken of the different character and roles of different areas;
- Development should conserve and enhance the natural environment;
- The use of Previously Developed Land should be encouraged, provided that it is not of high environmental value; and
- Development should be located sustainably from a transport perspective.

- 4.6 National policy applying to proposals involving retail development is set out at **Paragraphs 23-27** of the NPPF.
- 4.7 **Paragraph 24** of the NPPF confirms that Local Authorities should apply a 'sequential test' to planning applications for main town centre uses that are not in an existing centre and are not in accordance with an up-to-date Local Plan. Such proposals are required to be located in town centres, then edge-of-centre locations, and only if suitable sites are not available should out-of-centre sites be considered. The NPPF advises that in considering edge and out-of-centre sites, preference should be given to sites that are accessible and well connected to the town centre.
- 4.8 Town centres are defined in the NPPF as city, town, district and local centres, but exclude small parades of shops of purely neighbourhood significance. The relevant area is to be defined on the Local Authority proposals map, including the Primary Shopping Area (PSA) and areas predominantly occupied by main town centre uses within or adjacent to the PSA.
- 4.9 **Paragraph 26** of the NPPF confirms that when assessing retail proposals outside town centres, local planning authorities should require an impact assessment if the development is over a proportionate, locally set floorspace threshold. If there is no threshold, as is the case with the adopted Core Strategy, the NPPF confirms that the default threshold is 2,500 sq. m.
- 4.10 Where impact assessments are required, policy relating to retail impact has been simplified in the NPPF to reference two criteria only:
- The impact on existing, committed or planned public and private investment in a centre, or centres, in the catchment area; and
 - The impact on town centre vitality and viability, including local consumer choice and trade in the town centre and wider area, up to 5 years from the time the application is made. For major schemes where the full impact will not be realised in five years, the impact should also be assessed up to ten years from the time the application is made.
- 4.11 To inform the Council's consideration of this application, a proportionate retail impact assessment has been undertaken.
- 4.12 **Paragraph 103** seeks to ensure flood risk is not increased elsewhere by a development proposal. Local Planning Authorities should only consider development appropriate in areas at risk of flooding where the proposal is informed by a site-specific flood risk assessment following the Sequential Test, and if required the Exception Test. This should demonstrate that within the site, the most vulnerable development is located in areas of lowest flood risk unless there are overriding reasons to prefer a different location and the proposed development is appropriately flood resilient and resistant, and that any residual risk can be safely managed, and it gives priority to the use of sustainable drainage systems.
- 4.13 **Paragraph 118** calls for Local Planning Authorities to conserve and enhance biodiversity. The policy states that planning permission should be refused if a proposed

development would result in significant harm to the natural environment which cannot be avoided (through the use of an alternative site with less harmful impacts), mitigated or compensated for (as a last resort).

Havant Borough Core Strategy (2011-2026)

- 4.14 **Policy CS3** relates to 'Skills and Employability' and states planning permission will be granted for development proposals that raise skill levels and increase employability.

- 4.15 **Policy CS15** states that development in areas at risk of flooding will only be permitted where

"1. It meets the sequential and exception test (where required) in relation to PPS25.

2. The site is located in a low hazard area as defined in the Strategic Flood Risk Assessment.

3. A site-specific flood risk assessment demonstrates that the development will be safe, including the access, without increasing flood risk elsewhere, and, where possible, will reduce flood risk overall.

4. The scheme incorporates flood protection, flood resilience and resistance measures appropriate to the character and biodiversity of the area and the specific requirements of the site.

5. Appropriate flood warning and evacuation plans are in place.

6. New site drainage systems are designed taking account of events which exceed the normal design standard."

- 4.16 **Policy CS16** states planning permission will be granted for development that is designed to a high standard which helps to create places where people want to live, work and relax.

- 4.17 The policy further notes that development proposals should respond to and respect local context, create a high quality public realm, be inclusive and accessible for all users and mitigate any negative environmental impacts through sustainable design and construction methods, resource efficiencies, particularly water and the provision of facilities for waste recycling.

- 4.18 **Policy CS20** states permission will be granted for development that does not increase congestion and promotes better use of existing transport networks and improves accessibility to goods, services and employment.

- 4.19 **Policy DM11** seeks to ensure that every opportunity is taken to increase integration of sustainable travel modes and availability of non-motorised modes by appropriate measures, including:

"1. Securing on-site and/or off-site interventions that promote integrated travel and access by non-motorised modes.

2. Requiring safe and secure vehicular and cycle parking and turning facilities to adopted standards.

3. Securing appropriate improvements to public and community transport (including infrastructure requirements) in accordance with the Hampshire Local Transport Plan and (where applicable) the relevant sub-regional transport strategy.

4. Proposals for reducing opportunities for informal parking in the area surrounding the development where this would impact on the capacity, operation and safety of the local highway network and/or the amenity of the locality.

5. Ensuring that new developments are located and designed at the outset to encourage lower vehicle speeds and safe, permeable, inclusive layouts that integrate with existing pedestrian, cycle and public transport routes. This will facilitate and encourage short distance trips by cycle and walking, including to public transport interchanges.”

4.20 **Policy DM12** requires new developments to mitigate their travel impact, including the environmental impacts of travel (such as noise, air and visual pollution) and impacts on amenity, health and climate change. A transport assessment and travel plan should be submitted alongside any planning application on proposals for major development or where a proposal is likely to have significant transport implications.

4.21 **Policy DM14** permits (non-residential) development where it provides parking for cars, motorcycles and cycles in accordance with the relevant standards.

The Havant Borough Local Plan (Allocations) (2014)

4.22 The Local Plan Allocations document (2014) provides further relevant context in respect of the urban and non-urban areas.

4.23 **Policy AL2** states that planning permission will be granted for development within the undeveloped gaps between defined settlements that “*meets an overriding public need that cannot be accommodated elsewhere in the Borough*”.

4.24 **Policy DM23** permits planning permission for development on uncertain sites for Brent Geese and/or waders outside of the statutory designated areas, where appropriate surveys are undertaken and it is determined that the site has no importance.

5. Sequential Assessment

- 5.1 This Section of the report assesses the proposal in relation to the 'sequential test'.

Overview & Approach to Assessment

- 5.2 In carrying out the sequential test it is acknowledged that whilst the NPPF Paragraph 24 indicates that applicants should demonstrate flexibility on issues such as format and scale, it does not require the applicant to disaggregate the scheme. The sequential test seeks to assess whether the broad type of development proposed in the application can be accommodated on a sequentially preferable site.

- 5.3 The Practice Guidance sets out a checklist that should be taken into account in determining whether a proposal complies with the sequential test. This is summarised as follows:

- With due regard to the requirement to demonstrate flexibility, has the suitability of more central sites to accommodate the need or demand which the proposal is intended to meet been considered? Where the proposal would be located in an edge of centre or out of centre location, preference should be given to accessible sites that are well connected to the town centre. Any associated reasoning should be set out clearly;
- Is there scope for flexibility in the format and/or scale of the proposal? It is not necessary to demonstrate that a potential town centre or edge of centre site can accommodate precisely the scale and form of development being proposed, but rather to consider what contribution more central sites are able to make, either individually or collectively, to meeting the same requirements as the application is intended to meet; and
- If there are no suitable sequentially preferable locations, the sequential test is passed.

- 5.4 In this context, in applying the sequential approach, it is important to reflect upon the nature of the proposed development. In this case, a retail development for a discount foodstore is proposed. In considering potential sequentially preferable sites, we have considered the proposed format and scale of the development, as well as the scope for demonstrating flexibility, and have taken a proportionate approach to the amount of floorspace and associated back up space, servicing and parking required.

Sequential Assessment - Parameters

- 5.5 In order to meet the commercial requirements of Lidl, any potential alternative sites would need to have the following attributes:

- **Size** - Lidl has relatively specific scale requirements for the stores it builds, based on the need to be able to sell a standard range of discounted goods and number of lines from each store. There is some scope for flexibility in the net sales area (essentially in terms of the width of the shopping aisles) in the backup area and in

customer parking. However, too much deviation from the standard store requirement would undermine the viability of the Lidl business model.

- **Site Area** – a minimum site area of at least 0.8 ha is needed to accommodate Lidl's minimum floorspace requirement of 2,400 sq. m. gross and sufficient adjacent land to provide at least 100 surface level car parking spaces. This is based on the fact that there are still Lidl stores in certain locations that possess those parameters.
- However, the rapidly growing popularity of Lidl stores over the period since the start of the last recession (from around 2008 onwards) has led Lidl to increase its optimal store size, in order to cope with the larger throughput of customers, but retaining the same number of lines sold. As a result, Lidl now try to build stores of around 2,400 sq. m. GIA (ground floor) served by at least 120 car parking spaces, requiring a site of around 0.8 ha. Those stores can accommodate wider shopping aisles and lower level display shelves to improve the quality of the shopping experience and enable more efficient stocking. However, the range of goods sold in the enlarged stores is the same as in all of Lidl's other stores. Where possible Lidl is seeking to extend existing stores to meet the new optimal requirements.
- In the sequential assessment below we have sought sites suitable and available to accommodate the minimal site size requirements.
- **Access** - direct and/or easy vehicular access to the main road network is required.
- **Visibility** - the store needs to be directly visible from the main road network.

5.6 There are two main parameters set out in the NPPF which govern the search for alternative sites under the sequential test. Sites must be:

- Available – alternative sites should be available for development now or within a reasonable period of time (determined on the merits of a particular case, having regard to, amongst other matters, the applicant's suitability criteria and timescales).
- Suitable – with due regard to the requirement to demonstrate flexibility, alternative sites should be suitable to accommodate the proposal. Lidl's minimum requirements are as set out above. Developments must also be 'viable' (see below).

5.7 Whilst 'viability' is not expressly referenced by the NPPF in relation to planning applications, it is identified as a relevant consideration in the allocation of sites. It is our view that viability remains relevant to the consideration of whether sites are 'suitable' (for completeness we have therefore included viability within our consideration of sequentially preferable sites).

5.8 We consider that the above parameters provide a robust and policy-compliant basis for assessment.

5.9 We have visited each of the defined retail centres within the identified PCA of the proposed development, these being:

- Mengham/Gable Head district centre;
- Rails Lane local centre; and
- West Town local centre.

5.10 We have searched for sites or premises within or on the edge of each of the centres above which could potentially meet Lidl's retail floorspace and customer car parking requirements, taking into account the need for operator flexibility. The proposed floorspace of the development is 2,186 sq. m. gross with a site area of 1.16 ha. In order to demonstrate flexibility, we have assessed the ability of each alternative site to accommodate a foodstore development assuming 70% of the total floorspace proposed, i.e. 1,530 sq. m. gross with a site area of 0.81 ha. There is, however, no guarantee that the development would remain viable at this scale.

5.11 We have not identified any sequentially preferable sites within or adjacent to existing centres and conclude that the proposal complies with the sequential test. Our assessment of sites is set out below.

Assessment

5.12 Mengham/Gable Head district centre is a well performing centre comprising various retail and commercial properties. A health check can be found in Section 6 of this report which provides further detail.

5.13 We have reviewed sites within and around the district centre and have identified four sites which warrant further consideration.

- **Site of the vacant Hayling Billy Public House:** the site fronts Elm Grove and adjoins the defined district centre. McCarthy & Stone was granted planning permission to redevelop the site for retirement apartments in December 2016 (Ref. APP/16/00568) and is now in the process of discharging planning conditions. Therefore, the site is not considered to be available. Furthermore, the site is not suitable as it is approximately 0.3 ha which is significantly smaller than the application site.
- **Site of the vacant Pullingers Interiors and land to the rear:** this site is located within the district centre and is of a similar size to that of the vacant Hayling Billy site. However, the majority of the eastern half of the site is allocated for housing development within the Local Plan. Due to the small amount of remaining developable land, the site it is not considered to be suitable for the proposed development.
- **The 100 space car park to the east of Elm Grove:** the site, operated by Havant Borough Council, is within the district centre and is approximately 0.35 ha in size. It has very limited frontage and is complicated by the access it provides to the medical centre to its north. The car park was well used on the day of the visit in January 2017 and its loss would significantly reduce parking availability within the

centre. The site is not considered to be suitable (size, lack of frontage) or available for development.

- **The 125 space car park to the west of Elm Grove:** the site, operated by Havant Borough Council, is within the district centre and is approximately 0.35 ha. The site has no frontage and was in use at the time of the visit. The site is not considered to be suitable or available for development.

- 5.14 A visit to the West Town and Rails Lane local centres did not identify any potential sequential sites, including vacant retail units of sufficient scale to meet the requirements of a Lidl store.

Conclusion

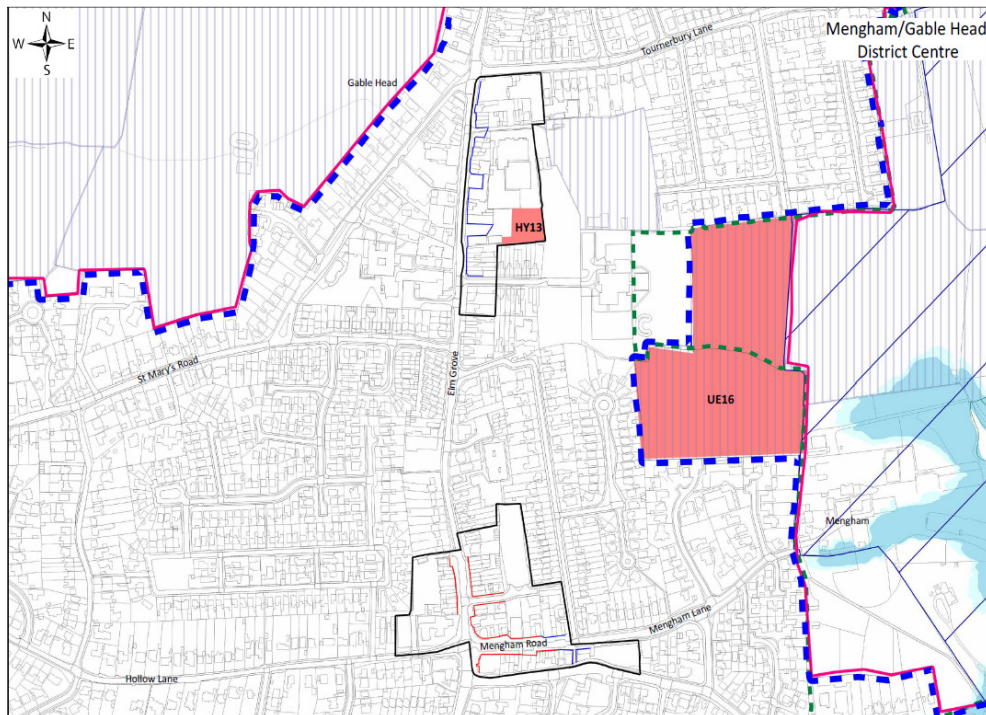
- 5.15 Whilst the sites in the above assessment have all been identified as potentially sequentially suitable, the analysis demonstrates that by virtue of their lack of availability or suitability, none can accommodate a reduced scheme. We therefore conclude that the application site is the only site that is suitable and available for the broad type of development proposed; and that it is the only site suitable for the development proposed.
- 5.16 The application site is considered to be the most sequentially preferable site situated close the Hayling Island community. Furthermore, it will act to 'claw back' trade to Hayling Island, provide competition to the out-of-centre foodstores on the mainland and will provide local residents will access to fresh, healthy and affordable food.

6. Qualitative Assessment

- 6.1 To assist in determining the likely economic impact of the proposed development, this section of the report establishes the baseline health of the defined centres within the catchment area, namely Mengham/Gable Head district centre, Rails Lane local centre and West Town local centre. The assessment is based on published data and an occupier survey undertaken by Turley in January 2017.
- 6.2 The Primary Catchment Area (PCA) of the proposal (as outlined in the impact analysis at Section 7) has been determined on the basis of existing shopping patterns and the characteristics of the proposal (i.e. a discount foodstore), and is shown on the Plan attached at **Appendix 1**.
- 6.3 The town centre health check addresses the key measures of vitality, attractiveness and viability identified in the PPG.

Mengham/Gable Head District Centre

- 6.4 Mengham/Gable Head district centre is Hayling Island's main retail centre and is formed by two areas, as shown on the extract from the Havant Proposals Map below.



- 6.5 The northern part of the centre is linear and based around Elm Grove, approximately 800 m south of the application site.
- 6.6 The southern part of the centre is approximately 300 m to the south and approximately 1.3 km from the application site. It is based on Elm Grove and Mengham Road. This part of the centre predominantly comprises primary frontage. The 'northern centre' is more secondary in emphasis.

Diversity of Uses

- 6.7 The table below illustrates the diversity of uses represented within the Mengham/Gable Head District Centre at the time of Turley's survey in January 2017.
- 6.8 Mengham/Gable Head district centre as defined by the Goad Town Centre Report differs marginally from the area identified within the adopted Havant Borough Council Local Plan. For clarity, we have followed the boundary defined by the Local Plan.
- 6.9 An updated land use plan of Mengham/Gable Head district centre can be found at **Appendix 2**.

Use Class	No. of Units	%
A1 Retail Convenience	6	7.5
A1 Retail Comparison	31	38.75
A1 Retail Other	11	13.75
Total A1 Retail Units	48	60
A2 Financial/Professional	7	8.75
A3-5 Food and Drink	7	8.75
Total Non-Retail Units	14	17.5
Sui Generis	6	7.5
Vacant	8	10
Other	4	5
Total Other	18	22.5
Total	80	100

- 6.10 As demonstrated in the table above, Class A1 comparison goods units represent the most dominant town centre use, accounting for 38.75%. This is slightly lower than the Goad national average for comparison outlets of 42.8% (December 2016).
- 6.11 In terms of the convenience sector, Class A1 convenience retail units account for a total of 7.5% of all town centre uses. Although this is lower than the Goad (December 2016) national average of 11.21%, the centre is well serviced in terms of convenience retailers including a Co-operative supermarket, a Sainsbury's Local convenience store, a greengrocer, a newsagents, a bakery and a butcher. There is also a Co-operative supermarket on Selmore Road, adjacent the district centre boundary.
- 6.12 With regard to other facilities, the table demonstrates that the district centre is also served by a range of other uses, including takeaways and restaurants, estate agents, barbers, hairdressers and major banks. These facilities all contribute to the diversity of the centre and its overall vitality and viability.

Retail Representation

- 6.13 Main food shopping provision within the centre comprises a Co-operative supermarket and Sainsbury's Local convenience store, together with a number of smaller convenience stores.
- 6.14 The centre's retail offer is considered to be good for a centre of this scale, with a number of high quality local independent and national retailers represented. The centre has a low proportion of charity shops (approximately 3.75%).
- 6.15 The district centre has a good service offer with several estate agents and high street banks including TSB and Barclays.

Proportion of Vacant Street Level Property

- 6.16 In January 2017, there were only 8 vacant units located within the centre, equivalent to 10% of all town centre units. This is below the Goad (December 2016) national average of 11.19%.
- 6.17 It is important to note that there will very rarely be circumstances where no vacancies are found within a centre at a given centre at a point in time, as shop leases expire and/or businesses relocate. Likewise, a range and choice of vacancies can assist in facilitating the movement of businesses within (and to) a town centre.

Commercial Yields and Rental Value

- 6.18 Average retail rents on Hayling Island are £219/sq. m. (£20.36/sq. ft.) currently based on data derived from CoStar (January 2017). These figures compare with an average retail rent of £136/sq. m. (£12.63/sq. ft.) for the Havant Borough Council submarket area. The approximate rental values for the district centre reflect the size and role of the centre in the shopping hierarchy, and its healthy performance relative to retail destinations in the Havant submarket area.
- 6.19 There is no up-to-date, published data currently available regarding commercial yields or 'Zone A' rental values within Mengham/Gable Head district centre.

Pedestrian Flows

- 6.20 We are not aware of any recent footfall surveys.
- 6.21 Our observations in January 2017 are that the centre is busy and vibrant. Pedestrian activity was highest around the southern part of the district centre, which is expected as this contains the centre's primary retail frontage.

Accessibility

- 6.22 The centre is well connected to surrounding residential areas and is accessible on foot.
- 6.23 There are two main 'Pay and Display' public car parks located in the southern part of the centre (providing 225 spaces in total). During our site visit these appeared to be well used. There is also a smaller 'Pay and Display' car park to the south of Mengham Lane and the Co-operative supermarket has its own car park. On-street parking is also available and was well used at the time of the visit.

- 6.24 Bus stops are located on Elm Grove providing a regular service linking the centre to the wider island and Havant Town Centre.

Environmental Quality

- 6.25 The centre's environmental quality is good, although the appearance of the southern part of the district centre is more attractive. This is partly due to two vacant sites within and adjacent the centre (the Hayling Billy public house and Pullingers Interiors).
- 6.26 There is a variety of specialist convenience and comparison shops. Overall the majority of units have good quality shopfronts, with only a small number requiring improvement.

Perceptions of Safety and Occurrence of Crime

- 6.27 In November 2016, there were 84 reported crimes on Hayling Island, compared with 64 in November 2015, 71 in November 2014 and 90 in November 2013 (source: Police.uk). The majority of crimes relate to shoplifting and anti-social behaviour. Levels of crime have therefore remained fairly constant since 2013.
- 6.28 Notwithstanding this, crime and fear of crime do not appear to be a disincentive to people visiting the district centre. There is limited evidence, for example, of graffiti and damage to property. Overall, the shopping environment is concluded to be 'safe' on the basis of available evidence.

Conclusions

- 6.29 The key findings of our assessment of the centre's vitality and viability are:
- Comparison retailing is the most prevalent town centre use;
 - Although the convenience offer is below the Goad national average in percentage terms, the centre benefits from a range of convenience retailers including a Co-operative supermarket, Sainsbury's Local and a number of independent units;
 - There is a lower than national average vacancy rate within the centre; and
 - The centre is easily accessible by car and public transport and also appears to be a safe and accessible place to shop for pedestrians.
- 6.30 Overall, Mengham/Gable Head district centre is performing well. The centre has a good convenience offer, as well as a range of comparison retailers, services and restaurants. It is concluded that the centre does not exhibit obvious weaknesses and is not considered susceptible to impacts associated with the application proposal.

West Town Local Centre

- 6.31 West Town local centre is located approximately 1.6km to the south west of the application site.
- 6.32 The centre has a wide range of units for its size. The convenience offer includes a Tesco Express store, a butchers and a bakery. Other businesses trading in the centre include a pharmacy, takeaways, hairdressers and a car servicing centre.
- 6.33 At the time of the visit in January 2017, vacancies were very low.

- 6.34 Pedestrian activity was concentrated around the western half of the centre which contains the majority of the retail units, including a Tesco Express store.
- 6.35 The environmental quality of the centre is considered to be good.
- 6.36 The centre is well connected to surrounding areas and is accessible on foot, by car (with on-street car parking and the car park adjacent the Tesco Express store well used at the time of the visit) and public transport.
- 6.37 Overall, West Town local centre appears to be performing well, meeting the day-to-day needs of local residents.

Rails Lane Local Centre

- 6.38 Rails Lane local centre is located approximately 2.7 km to the south east of the application site.
- 6.39 The centre is located adjacent to the beach, and a number of the units appear to operate seasonally and were closed at the time of the visit. These tourist shops and facilities include an arcade, gift shops and ice-cream parlours. The centre provides for the needs of local residents by way of a Post Office branch, public houses, a combined car dealership and petrol filling station, takeaways and a Best One convenience store. The retail offer is considered to be good given the size and nature of the centre.
- 6.40 At the time of the visit in January 2017 there were 4 vacant units, however, it was not possible to ascertain whether some of these were tourism-related and closed for the winter.
- 6.41 The centre was reasonably quiet at the time of the visit with most activity seen around the Post Office and Best One store.
- 6.42 The environmental quality of the centre is considered to be good, with an area of public open space. To the south of the centre adjacent the beach there is evidence of investment in the public realm, including areas of landscaping and play space.
- 6.43 The centre is well connected to surrounding areas and is accessible on foot, by car (with on-street car parking) and public transport.
- 6.44 Overall, Rails Lane local centre is considered to be performing well. It is anticipated that during the tourist season, the centre will be busier and more vibrant and the perception more positive.

7. Impact Assessment

- 7.1 This section of the report sets out our assessment of the retail economic implications of the proposed Lidl store.
- 7.2 The policy context is provided by the National Planning Policy Framework (NPPF) and the Havant Borough Council Core Strategy (2011). Full details of the policy background are set out in the policy section above.
- 7.3 The impact analysis is presented as a series of tables, which are included in **Appendix 3**.

Assessment

- 7.4 The proposed development is a discount foodstore with a gross floorspace of 2,186 sq. m. and a net sales area of 1,340 sq. m. The application is submitted on the basis that Lidl will be the end-user, and this is reflected in our assumptions below.
- 7.5 The assessment directly addresses the policy context as set out in Section 4, including the impact 'test' identified at Paragraph 26 of the NPPF. In this case, there is no floorspace threshold specified in policy at a local level that requires the submission of a Retail Impact Assessment (RIA). The NPPF paragraph 26 'default' threshold of 2,500 sq. m. therefore applies. The scale of the proposal (2,186 sq. m.) falls below this threshold and hence there is no formal requirement in policy to assess the impact of the development on the existing town centre.
- 7.6 We have nevertheless undertaken a 'proportionate assessment' which directly addresses the policy context as set out in Section 4 above, including the criteria identified at Paragraph 26 of the NPPF.

Supporting Data

- 7.7 The Council's retail evidence base dates from 2009 (the 'Town Centres, Retail and Leisure Study' prepared by NLP). The analysis contained in this report is based on a household survey dating from 2008. Whilst useful in a general sense, the survey and the analysis based upon it are considered to be out-of-date and inappropriate for the purposes of identifying store/centre turnovers and apportioning impacts.
- 7.8 In the absence of an up-to-date Council study, our analysis is based on data from a more recent household survey undertaken in 2014 in support of the Portsmouth Retail Study. This survey was undertaken by NEMS, an accredited market research agency, in June 2014, and features 15 'survey zones' which cover a wide area, extending from Locks Heath in the west to Chichester in the east. A plan showing the extent of the study area is included at **Appendix 1**.
- 7.9 The household survey is based on a sample of 1,500 telephone interviews with a minimum of 100 interviews per zone. The survey questions explore shopping patterns for convenience goods and comparison goods (based on COICOP definitions). Shopping locations were explored in greater detail in survey questions relating to

convenience goods, with respondents asked to identify destinations for both main and top up-shopping.

- 7.10 The application site is situated in household survey Zone 8 – ‘Hayling Island’. The household survey indicates that convenience stores on Hayling Island draw 100% of their trade from this survey zone. As such, based on existing shopping patterns and the characteristics of the proposal (i.e. a discount foodstore), the Primary Catchment Area (PCA) of the proposal is defined as Zone 8 of the Study Area. There is, however, a significant outflow of trips and spending to larger stores located outside of this area, particularly in respect of ‘main food’ shopping. This catchment area is nevertheless considered to provide a robust basis for the analysis taking into account the scale and characteristics of the proposal; its location relative to competing stores and facilities; and its relationship to existing Lidl stores in the Borough. Our judgements relating to trade draw are therefore based on known trading characteristics drawn from survey outputs, significantly improving the accuracy and robustness of the analysis.

Hayling Island Existing Shopping Patterns

- 7.11 The market share analysis derived from the household survey (summarised in Figure 1.1 below) indicates that stores on Hayling Island draw only 20% of household shopping trips (relating to food and grocery shopping) from the PCA (Zone 8). The majority of respondents living on Hayling Island undertake their convenience goods shopping at locations on the ‘mainland’, notably at Tesco Extra in Havant (29%); Asda in Bedhampton (9%) and Tesco Express in Farlington (8%). The ALDI store in Havant also features as an important convenience shopping destination for residents of Hayling Island, drawing 5% of total household shopping trips from Zone 8 on aggregate.

Figure 7.1: Market shares of existing convenience goods destinations (2015)

Location/Store	% of Market Share from PCA
<u>Havant Borough Council</u>	
Hayling Island	20%
Havant Town Centre	5%
<u>Edge/Out of Centre</u>	
Tesco Extra, Havant	29%
Asda, Bedhampton	9%
ALDI, Havant	5%
<u>Portsmouth City Council</u>	
Sainsbury's, Farlington	3%
Tesco Express, Farlington	8%
Asda, Fratton District Centre	4%
Other Stores	15%
Internet	2%
Total	100%

- 7.12 The market share analysis demonstrates the significant outflow of trips and spending currently to alternative destinations outside of Hayling Island (such as in Havant, Farlington and Bedhampton); the potential to 'claw back' expenditure to Hayling Island through improvements in the choice and range of shopping provision (such as would occur through the development of the Lidl store); and the clear sustainability benefits arising.

Methodology

- 7.13 Drawing on available published data, we have adopted a conventional step-by-step, trade draw methodology to assess impact. This is based on an estimate of store turnover (and supporting catchment area expenditure) in the 'design' year, and a series of judgements relating to the proportion of turnover estimated to be diverted from existing centres and stores.
- 7.14 These judgements reflect factors such as scale, nature of retail offer, location/distance, and the extent of 'trading overlap' (or competition), underpinned by the principle of 'like competing with like'. Proximate facilities with a similar catchment, and trading in the same market sector, will experience the greatest impacts applying these assumptions. Conversely, distant facilities of a differing scale and nature (such as local facilities and convenience stores catering for day-to-day needs) will be far less likely to experience diversion of trade.
- 7.15 This methodology is widely applied in retail assessment work and is based on the approach advocated in the Planning Practice Guidance (PPG, paragraph 17 – ID: 2b - 017-20140306). The approach is considered to be logical, robust and transparent. It represents a proportionate approach in this case given the scale and nature of the proposal.
- 7.16 There are five main steps underlying this approach:
- 7.17 **Step 1:** establish the state of existing shopping centres and current patterns, and base and design years (the time frame for assessing impact, focussing on the first five years).
- 7.18 **Step 2:** examine the no development scenario.
- 7.19 **Step 3:** assess the proposal's turnover and trade draw (drawing on information from comparable centres and careful consideration of likely catchments and trade draw).
- 7.20 **Step 4:** assess the impact on existing centres and facilities based on a range of plausible scenarios (which may require 'breaking the study area down into a series of zones').
- 7.21 **Step 5:** set out the impact of the proposal clearly, and assess the implications for existing centres i.e. the consequences of impact.
- 7.22 Supporting tables applying this methodology are included as **Appendix 3**.
- 7.23 The majority of the proposed Lidl store's floorspace (80%) will retail convenience goods. Comparison retailing will be limited in scale and ancillary to the main function of the

store as a food and grocery outlet. Comparison trading achieves lower densities than convenience floorspace, and this element of store turnover is negligible at approximately £1.07 million in 2022 (see below). For these reasons comparison goods impacts have not been assessed specifically in our assessment, the analysis instead focussing on the implications of the proposal for existing convenience facilities. Comparison turnover has, however, been considered in broad terms in relation to estimated expenditure growth in the study area.

Commitments

- 7.24 Having regard to paragraph 16 of the PPG (ID: 2b-016-20140306), impacts should also be assessed cumulatively with recent developments. Although not stated explicitly in the PPG, this is interpreted as including commitments (developments that benefit from extant planning permissions).
- 7.25 In any event, we not aware of any outstanding retail commitments that should be taken into account as part of this assessment.

Step 1: Current Shopping Patterns, Base and Design Years

- 7.26 **Base, design and price years:** 2017 (the current year) has been adopted as the base year for the assessment. The design year is 2022 reflecting guidance at paragraph 26 of the NPPF. All monetary values are expressed in 2015 prices.
- 7.27 **Shopping Patterns and Study Area (Appendix 3, Tables 1 - 5):** the Study Area has been defined based on Zones 1 to 17 of the household survey area (Zones 3 and 14 were omitted from the survey). Although the PCA of the proposal has been determined as Zone 8 of the Study Area only, all of the zones have been included in the analysis to provide a full understanding of shopping patterns and turnovers of shopping destinations in Havant Borough Council and the wide area. Based on existing shopping patterns, our assessment assumes that 90% of trade will be derived from residents living within Zone 8.
- 7.28 Table 1 shows the available convenience goods expenditure generated by the resident population within the PCA. From 2017, total available convenience goods expenditure in the catchment area is projected to increase by +£1.75 million to £38.78 million in 2022. The corresponding estimated growth in comparison goods spending is +£21.31 million between 2017 and 2022, increasing to £90.13 million in 2022 (Table 2).
- 7.29 Table 3 shows the total available convenience and comparison goods expenditure by zone across the household survey Study Area. From 2017, the total available convenience goods expenditure in the Study Area is projected to increase by +£79.56 million to £1,424.41 million in 2022. The corresponding estimated growth in comparison goods spending is +£651.56 million between 2017 and 2022, increasing to £2,656.34 million in 2022 (Table 4). Forecast expenditure growth in support of new retail development in the Study Area is therefore substantial.
- 7.30 **Current shopping patterns:** are derived directly from the NEMS household survey. Market shares by zone relating to main and top-up spending patterns for convenience

goods, are shown in Table 5. This data forms the basis for the 'no development scenario'.

Step 2: Examine the 'no development scenario' (Tables 6 - 8)

- 7.31 Estimates of the convenience goods turnovers of centres in the Study Area at 2017 and 2022 are set out in Tables 6 & 7. These estimates are based on the convenience goods expenditure analysis in the Study Area (Table 3) and the market shares derived from the household survey (Table 5).
- 7.32 Based on this analysis, convenience floorspace on Hayling Island is trading at approximately £8.90 million at 2017, rising to £9.32 million at 2022. Convenience goods floorspace at the Havant town centre (located 5.5 km from the proposal site) is trading at approximately £15.51 million at 2017, rising to £16.37 million at 2022. These figures include a 15% allowance for inflow, based on an assumption of tourism inflow to Hayling Island and on figures derived from the Havant Borough Council 'Town Centres, Retail and Leisure Study' (2009).
- 7.33 It has not been possible to derive market shares for the individual stores located within Mengham/Gable Head district centre on Hayling Island as they are not individually identified in the household survey results.
- 7.34 We have nevertheless sought to quantify the turnover of these centres in a way that is consistent with our survey-derived model and generated expenditure in the Study Area. Turnovers for these stores have been calculated by apportioning the net convenience floorspace of each convenience goods retailer (derived from the Valuation Office Agency) to the 'Hayling Island' market share category in the household survey results (Table 8).
- 7.35 In applying this method, we anticipate that the resultant turnovers for these stores will be significant underestimates. This is on the basis that surveys tend to underestimate the turnover of less frequently visited stores through under-recording in the household survey, as these smaller facilities will only very rarely be identified as principal or secondary retail destinations. However, in the absence of other sources of information, the resulting turnover estimates are still considered appropriate for the purposes of this assessment.

Step 3: Assess Turnover and Trade Draw (Tables 9 - 10)

- 7.36 **Turnover of proposal (Appendix 3, Table 9):** convenience and comparison goods turnover estimates for the application proposals are based on data published by Verdict (2015), which has been used to calculate sales densities. As indicated above, the operator is Lidl and the turnover has therefore been calculated applying a Lidl average sales density.
- 7.37 Applying a turnover ratio of £3,638/sq. m. to net convenience floorspace generates a total convenience turnover estimate of £3.90 million in 2017, increasing to £3.98 million per annum in 2022 with allowance for floorspace efficiency increases. Including comparison goods sales, turnover increases by £1.07 million generating a total estimated store turnover in 2022 of £5.05 million per annum. A significant majority of

forecast turnover (79%) is therefore convenience goods sales, clearly demonstrating the ancillary nature of the proposed store's comparison goods retail function.

- 7.38 Of the convenience goods turnover derived from the total Study Area (£3.98 million in Table 9), we anticipate that 95% of the turnover will be derived from residents of Zone 8 (Hayling Island) and 5% will be derived from the residents of Zone 7 (Havant).

Step 4: Assess Impacts (Appendix 3, Table 10)

- 7.39 Table 10 sets out Turley's estimates of trade drawn to the proposal from existing centres and stores. This analysis forms the basis for the impact calculation and is based on the methodology outlined above, in particular the strength, proximity and nature of competing provision; and the premise that 'like competes with like'.
- 7.40 Nearby stores which are currently being used heavily by island residents for main food shopping, such as the Tesco Extra at Solent Road in Havant and the Asda at Larchwood Avenue in Bedhampton, are estimated to experience the greatest competitive effects (and trade diversion) following the introduction of the new Lidl store. Similarly, the proposal is likely to draw a higher proportion of its turnover from directly competing discounter stores, notably from the ALDI at Park Way, Havant. Minor and top-up shopping facilities in nearby areas, such as the convenience retailers within the nearby Mengham/Gable Head district centre are, in contrast, forecast to experience lower levels of trade diversion.
- 7.41 We estimate that the trade diversion to the proposed Lidl foodstore from the district centre will be low. There is limited 'trade overlap' between the small convenience stores in the local centre and the discount foodstore offer of the Lidl proposal. The resulting impact on convenience goods sales of -4.4% in 2022 on the district centre is not considered to be significant and, in our view, will not affect the centre's overall function as a local shopping destination.
- 7.42 The introduction of the Lidl store will bolster Hayling Island's convenience goods offer. Although the proposal will result in some diversion of trade from the district centre (the 'absolute loss' of trade presented in our analysis), it will act to 'claw back' trade attracted to other stores on the mainland. In particular, the proposal will draw expenditure from the out-of-centre Tesco Extra in Havant and Asda store in Bedhampton, which are major destinations for the Island's residents. We anticipate that a proportion of customers making the trip to the Lidl store on Hayling Island, who formerly visited stores further away, are likely to make 'linked trips' stores in Mengham/Gable Head district centre to complete their main food shopping. Beneficial impacts associated with clawback, increased convenience goods trade retention in Hayling Island, and spin-off through linked trips, are therefore anticipated.
- 7.43 We have not assessed comparison goods impacts in detail for the reasons indicated above. Comparison goods expenditure growth alone in the PCA over the five year period (£17.12 million) is significantly higher than the projected comparison goods turnover of the Lidl store in 2022 (£1.07 million), an indicator that impacts on shopping patterns and centres are likely to be negligible. We therefore conclude from these figures that the comparison goods turnover of the store will have a negligible impact on existing retailers and centres in the catchment area.

Sensitivity Testing (Appendix 3, Tables 11 and 12)

- 7.44 In order to test the turnover assumptions made in the impact assessment, we have adopted a sensitivity test, applying a higher sales density to calculate scheme turnover. The analysis is set out in Tables 11 and 12 of Appendix 3. Whilst we maintain the original figure in the assessment (Table 9) is more appropriate (derived from Verdict 2015 data) the higher figure has nevertheless been applied for the purpose of the sensitivity test.
- 7.45 Table 11 indicates that the higher sales density figure of £4,500/sq. m. results in an estimated convenience turnover of the application proposal of £4.82 million in the base year (2017). This increases to £4.92 million in the design year (2022), of which £4.68 million (95%) would be drawn from the study area.
- 7.46 Impacts are shown in Table 12. The sensitivity test indicates that an increase in the turnover of the proposal based on use of a higher sales density would result in an impact on Mengham/Gable Head district centre of -5.5% in 2022. This represents an decrease of 1.1% compared with the original analysis (Table 10).
- 7.47 In conclusion, whilst we maintain that the higher sales density is unrealistically high for the proposal, the sensitivity test indicates that the hypothetical increase in turnover would have a negligible effect on the impact of the development.

Step 5: Consequences of impact

- 7.48 The consequences of impact having regard to the key components of the NPPF impact test (vitality and viability, consumer choice and investment) are considered in detail in Section 8.

8. Consequences of Impact

- 8.1 The Planning Practice Guidance (PPG) (paragraph 017 – ID: 2b -017-20140306) requires the ‘likely impact’ of proposals to be set out ‘clearly’ in respect of both ‘quantitative and qualitative issues’. Conclusions relating to impact, such as the likely consequences for the vitality and viability of existing town centres, should also be ‘proportionate’.
- 8.2 The PPG also confirms that a judgement as to whether impacts are significant ‘can only be reached in light of local circumstances’. Where indicators, such as vacancy levels and limited retailer demand, suggest poor or under-performance, the PPG indicates that, ‘even modest trade diversion....may lead to a significant adverse impact’.
- 8.3 By implication, the corollary also applies: robust centres characterised by positive performance indicators are capable of withstanding greater levels of trade diversion without significant adverse impacts arising. Impacts significantly greater than those forecast in this case are frequently accepted by Inspectors in granting planning permissions for out-of-centre developments.
- 8.4 This approach is demonstrated clearly in an appeal decision relating to a mixed-use proposal, incorporating a supermarket, in Shipston-on-Stour, Warwickshire (APP/J3720/A/13/2194850 – 23 February 2015). In this case, impacts of 40%+ were not considered by the Inspector to be significantly adverse, even though the closure of a town centre store was a probable outcome of granting planning permission.

Step 5: Consequences of Impact

- 8.5 The local context, the health and role of centres, the nature of the proposal (relative to existing centres), future investment prospects etc., are, together with the scale of diversion, of key importance when forming judgements about the significance of impacts. These are among a range of qualitative issues to which the PPG refers.
- 8.6 Drawing on the analysis presented above, the description of development in the PRS and the supporting appendices, the following issues are considered material when assessing the consequences and significance of impacts in the case:
- 8.7 **Nature of the proposal:** the proposed development involves the erection of a discount foodstore. The PPG highlights the significance of ‘like-for-like’ comparisons when assessing impacts, which is identified as a ‘guiding principle’. The PPG states that retail uses tend to compete with their most comparable competitive facilities (paragraph 016 – ID: 2b -016-20140306).
- 8.8 Lidl stores retail discount convenience and comparison goods, draw trade from smaller catchment areas than established town and district centres, and have differing patterns of draw and trading characteristics. Applying the PPG ‘like-for-like’ principle, these factors will influence the extent to which discount foodstores and centres compete, limiting trade diversion and percentage impacts.

- 8.9 As detailed in the economic analysis, the proposal is likely to draw a higher proportion of its convenience goods turnover from directly competing stores, notably the ALDI at Park Way, Havant. Nearby stores which are currently being used heavily by the island residents, such as the Tesco Extra at Solent Road in Havant and the Asda at Larchwood Avenue in Bedhampton, are estimated to experience the greatest competitive effects (and trade diversion) following the introduction of the new Lidl store. As the proposed Lidl store will draw the majority of its trade from competing stores in out-of-centre locations, there will be limited trading overlap between the proposal and existing centres. This is reflected in the analysis above and the tables in **Appendix 3**.
- 8.10 Comparison goods trade draws have not been examined in detail for the reasons indicated above. Lidl stores include only a limited amount of non-food floorspace (around 20%). This element of the store mostly retails 'weekly specials', with the range of goods sold as special purchases varying constantly and widely, often following a seasonal theme. This trading format differs from conventional foodstores and larger supermarkets, which frequently allow 30%-50% of floorspace specifically for comparison goods, often selling a consistent range of goods. The extent to which a Lidl store competes with town centre locations and conventional foodstores is limited by these factors.
- 8.11 These qualitative factors will influence the extent to which competition with the proposal, and impacts, will be significant or otherwise. In neither case is the application proposal a direct competitor.
- 8.12 **Health of centres:** having regard to the outputs of our retail impact and health check assessments, and the nature and function of the nearby centres' retail offer, we do not consider that the Lidl proposal would undermine the vitality or viability of the centres, or their future investment prospects and performance. None of the nearby centres can be characterised as weak or particularly susceptible to the effects of competition. The consequences for the centres are well within acceptable parameters, and are not of an order of 'significance' that would lead to conflict with the NPPF.
- 8.13 The significance of impact, rather than evidence that some trade will be diverted from existing centres, is the primary consideration. In this case, our analysis indicates that the Lidl store will divert some expenditure from the existing centres, but not to the extent that such impacts could be considered 'significantly adverse'. When considered in isolation, the maximum level of assessed impact is -4.4% on Mengham/Gable Head District Centre. This relates to the convenience goods sector only. Impacts on total turnover (convenience and comparison goods combined) will be substantially lower.
- 8.14 **Investment Impacts:** the stage that investment proposals have reached is a material consideration in assessing whether impacts are significant and/or adverse. Proposals at an early stage and/or where detail is limited, and where retail mix/retailers are unknown, have limited weight when applying the impact test.
- 8.15 We have, in any event, been unable to identify any committed or planned public or private investment in nearby centres on which the proposal could potentially impact. We conclude that impacts on planned investment are neither significant nor significantly adverse.

- 8.16 The levels of impact identified in our quantitative assessment are low in absolute and percentage terms. This level of diversion would not in our view deter future investment in any centre or undermine investor confidence.

Conclusions

- 8.17 We have assessed the impact of the proposal having regard to the policy considerations set out in Section 4 above. As outlined above, the key test in national policy is set out at Paragraphs 26 and 27 of the NPPF. We have considered the implications in policy terms of the retail development being proposed. We draw the following key conclusions:

- On the basis of our analysis we conclude that impacts associated with the proposal in the design year (2022) are low and represent no threat to the vitality and viability of nearby centres.
- The proposal represents no threat to investment on the basis of the impact and expenditure analysis set out in **Appendix 3**.
- Assessed impacts are not 'significantly adverse' and the proposal is accordingly in compliance with retail guidance in the NPPF.

- 8.18 On the basis of the above analysis, we conclude that the application proposal complies with the test of 'impact' set by paragraph 26 of the NPPF.

Appendix 1: Catchment Plan