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Our ref: 332010591

20 December 2021

Jade Ellis
Principal Planning Officer
Planning Services
Havant Borough Council
Public Service Plaza
Havant
PO9 2AX

Dear Jade,

**RE: FULL PLANNING APPLICATION REF. APP/20/01221 – PROPOSED RETAIL FOODSTORE,
LAND TO THE WEST OF B&Q, PURBROOK WAY, HAVANT**

2ND RETAIL PLANNING ADVICE

Scope of Works

Council officers have sought advice from Stantec in relation to the sequential test for retail planning matters. Specifically, following the submission of additional material by the applicant, whether or not our opinion has changed on whether the application passes the sequential test, in relation to the suitability and availability of Unit 1, Dukes Walk, Waterloooville (hereafter referred to as 'the former Waitrose unit') for the proposed development. Council officers have asked Stantec to review the report by SimplyPlanning (dated 26 October 2021).

Stantec previously provided advice to Council officers in relation to the sequential test for retail planning matters in our letter dated 10 August 2021. We were of the opinion that the former Waitrose unit is both available and suitable for the development proposed. We concluded that we were of the opinion that the application proposals do not pass the sequential test and that in the absence of additional information submitted, in relation to the former Waitrose unit, the failure of the sequential test is one reason why the application should be refused.

The applicant has since submitted the document referred to above. We set out, below, the key points from the document and our subsequent analysis of whether we consider that the former Waitrose unit is available and suitable for the development proposed.

The applicant makes a point of setting out the commercial and operational realities of a Limited Assortment Discounter ('LAD') foodstore, which includes:

- Prominent sites with main road frontage serving a compact catchment.
- A regular shaped site area (ensuring adequate product display and movement of products).

- Accessible sites with strong pedestrian and/or traffic flows.
- Sites that can deliver the following:
 - A customer orientated layout with simple, straightforward access.
 - Car parks which are located close to the store and at ground level for ease of access.
 - Parking spaces which are generously designed and clearly marked.
 - Spacious sales areas with wide aisles for a more comfortable shopping experience.
 - Ample and operationally efficient warehouse space to ensure constant product availability.
 - Logical store layouts with simple merchandising, ensuring customers can find the same products in the same place in each store.
 - Sites must be capable of being serviced by an HGV which can enter and leave the site in a forward gear.

In our view, the above list of requirements for a LAD foodstore are 'ideal' requirements rather than 'must have' requirements. We consider that the applicant needs to demonstrate some flexibility on issues such as format and scale. The former Waitrose unit is clearly not an ideal fit from Lidl's perspective. Based on developments up and down the country, Lidl clearly prefers to build new foodstores that meet the company's ideal requirements. However, this is not a reason for the application to pass the sequential test. For example, Aldi recently relocated to a larger unit at Central Retail Park in Havant and Lidl recently occupied a former Homebase unit at Hedge End Retail Park, near Southampton. That being said, for the reasons given below, on balance, the applicant would need to demonstrate too much flexibility in its requirements for the former Waitrose unit to be considered suitable for the application proposals.

The applicant states that it is clear the former Waitrose unit has been designed to form an anchor to Dukes Walk. Based on information available within the public domain, the unit has a sales area of c.2,168 sq.m. The sales area is c.912m sq.m larger than that proposed. Even when allowing for appropriate flexibility in respect of format and scale, there can be no credible assertion that the former Waitrose unit (as existing) is not suitable for the broad type of development proposed. It far surpasses the modest operational requirements of a LAD.

Lidl can and does seek larger unit sizes than the scale of the application proposals. However, the key point is the floorspace proposed by the application proposal, as opposed to the operator's requirements. We are in agreement with the applicant that the application proposal requires a much smaller floorspace footprint than that provided by the former Waitrose unit. Because of this, Lidl would have to share the former Waitrose unit with another tenant, meaning subdivision of the unit would need to occur. We appreciate that this might not be a suitable scenario for the application proposals.

The applicant has drawn up two options of how the former Waitrose unit could accommodate a Lidl foodstore. Option 1 has been discounted for several reasons including shared unloading areas, split level servicing, no opportunity for palletised goods to arrive direct to the sales floor, shared goods lifts, no separate staff access to the bakery, not ideal cash handling procedures, structural columns, obsolete floorspace, irregular sales floor layout and lack of prominence and limited back of house space of separate unit. Likewise, Option 2 has been discounted due to a smaller foodstore being proposed, lower ground warehouse for unit 2, highly convoluted access arrangements, lack of meaningful prominence and a lack of full product range. It should be noted that whilst Lidl prefers to build new 'standalone' foodstores that meet the company's ideal requirements, Lidl clearly has a track record in the conversion of existing buildings, as well as occupying existing units on retail parks.

Whilst, in isolation, a degree of flexibility might mean that these options for the former Waitrose unit could make the unit suitable for the application proposals, on a cumulative basis, we are of the view that these options render the former Waitrose unit unsuitable for the development proposed. Key issues

that are likely to be a problem are the lack of opportunity for palletised goods to arrive direct to the sales floor and the structural columns situated in the existing unit. This would have an adverse effect on the efficiency of the foodstore contrary to the operator's model.

The applicant states that there is no opportunity to provide a dedicated car park for the sole use of Lidl customers. The applicant argues that customers must rely on a pay and display car park and that there is a high risk of shoppers being deterred from using the store. The applicant argues that when this location is in full occupancy, parking capacity is under-provided for having regard to the Council's own parking standards and that lack of car parking could put off customers.

Stantec is aware of LAD foodstore operators operating at shared car parks. Three examples are Aldi, operating at Central Retail Park in Havant; Aldi, operating at Crostons Retail Park in Bury; and Aldi, operating at Two Saints Retail Park in Ormskirk. Dedicated car parking may be an ideal requirement for Lidl but, in the real world, LAD foodstores do operate with shared car parking, as the small selection of examples highlighted above confirms. We understand that the current car parking arrangement at Dukes Walk, or at least when Waitrose was in operation, was that customers of Waitrose paid for car parking using a pay and display machine and when shopping in store, presented their car parking receipt at the checkout and received a refund for two hours car parking if they spent £5 or more.

We are aware that in some of its foodstores, for example Lidl in Taunton, customers' vehicles are photographed using an ANPR system and, after purchasing their shopping, customers validate their parking before leaving the store. Customers scan their till receipt, then enter the registration number of their vehicle. People who don't follow the procedure or who park for more than 90 minutes face a £90 charge. Also, at Lidl, Goldsmith Avenue, Portsmouth, customers can validate their registration number after paying for their shopping. We are of the view that customers paying for parking, and then getting a refund in store, is not much more effort than customers having to scan their till receipt and enter their car registration number of their vehicle in store. If anything, the latter process is likely to involve more queueing time for customers. It is clear that LAD foodstore operators, including Lidl, operate at car parks which involve car parking restrictions. Car parking restrictions at Dukes Walk would not put off customers as Lidl is able to operate with parking restrictions elsewhere, and customers are unlikely to be deterred if their parking charges are reimbursed or waived. This is one area where we disagree with the applicant. Whilst the car parking situation is not ideal, with a degree of flexibility, it would not render the former Waitrose unit as being unsuitable for the application proposals.

The applicant argues that because the existing Waitrose lease runs until 23 January 2026, the former Waitrose unit is not available. The applicant states that Lidl (and any second tenant) would not be willing to offer a rent at anything like the current passing rent and that there is no commercial logic to the landlord accepting such a reduction in income.

A letter from Columbia Threadneedle Investments states that, given a commercially viable option, they would surrender the existing lease and grant a new lease on market terms. A follow-up email from Columbia Threadneedle Investments states that John Lewis is actively trying to locate a replacement tenant for the former Waitrose unit; the existing tenant has tabled a surrender offer; and that Columbia Threadneedle Investments would not insist any future letting would be at the current level. This points towards the former Waitrose unit being available.

Conclusion

We have thought long and hard about whether the former Waitrose unit is or is not suitable for the application proposals. We reluctantly accept that the former Waitrose unit is probably not suitable for the development proposed. On the face of it, a former foodstore unit in a town centre should be able to physically accommodate a LAD foodstore of a smaller footprint. Having given this issue considerable

thought, we have concluded that despite there potentially being a solution to the car parking issue and other compromises could potentially be reached, the applicant's supplementary submission does provide compelling reasons which demonstrate that the former Waitrose unit is not suitable for the proposed development.

We trust this advice is of assistance to the Council. If you have any queries, then please do not hesitate to contact me.

Yours sincerely,

Bernard Greep
For and on behalf of
STANTEC UK LIMITED