



Retail and Planning Statement

On behalf of:

Hinton Properties (Cheltenham) Limited

In respect of:

Proposed Mixed-Use Commercial Development, Grovesfield Way, Cheltenham

Date:

September 2016

Reference:

GES/1640CA/R0001v2

Contents

| | | |
|------------|--|-----------|
| 1.0 | Introduction | 2 |
| 2.0 | Site description and planning history | 3 |
| 3.0 | The application proposal | 4 |
| 4.0 | Planning policy context | 7 |
| 5.0 | Benefits of the proposal | 11 |
| 6.0 | Qualitative assessment | 13 |
| 7.0 | Sequential test | 28 |
| 8.0 | Town centre impact | 36 |
| 9.0 | Conclusion | 45 |

1.0 Introduction

- 1.1 DPP has prepared this Retail Statement on behalf of Hinton Properties Limited in support of a hybrid proposal that comprises a full planning application for a mixed-use commercial development of 2 no. Class B1 office blocks (4225m²), a Class D1 day nursery (502m²), a Class A1/A3 coffee shop/drive-thru (204m²) and a Class A1 foodstore totalling 1741m², together with associated car parking, servicing and landscaping, in addition to an outline planning application for two office blocks (6176m² and 1858m²) on land adjacent to the new BMW Car Dealership that is nearing completion at Grovefield Way, Cheltenham.

- 1.2 This Statement addresses the retail elements of the application proposal in the context of relevant national and local planning policy, and should be read in conjunction with the accompanying technical reports presented to the Council as part of the application submission.

- 1.3 This Section provides a short introduction, while Section 2 describes the site and its surroundings. Section 3 describes the application proposals and Section 4 sets out the retail policy context against which the application falls to be considered. Section 5 examines the planning merits associated with the proposal, whilst Section 6 reviews the overall health of retail centres within the surrounding area. Section 7 assesses the proposal against the sequential test and Section 8 deals with impact. Finally, our summary and conclusions are provided at Section 8.

2.0 Site Description and Planning History

Site description

- 2.1 The application site is located on the western side of Cheltenham, approximately 4.5km from Cheltenham town centre. The site is bounded to the east by Grovefield Way, which connects to Hatherley Lane and the A40 (Gloucester Road) to the north, and with Cold Pool Lane and The Reddings to the south. Junction 11 of the M5 is located approximately 2kms to the west.
- 2.2 Access/egress to the site will be taken from the new highway infrastructure serving the new BMW Car Dealership, which is currently under construction, which links directly with Grovefield Way.
- 2.3 Directly opposite, beyond Grovefield Way, is a major housing area, whilst within a few hundred metres to the north east is a well-established retail area comprising an Asda food superstore together with three retail warehouses (B&Q, Home Bargains and Pets at Home).

Planning history

- 2.4 Outline planning permission was granted for the development of 22000m² of Class B1 uses on 16 acres of land, including the subject site, in 2007 and, more recently, in 2014, full planning permission was granted for a BMW/ Mini Car Dealership totalling 7500m² on 4.5 acres of the land covered by the 2007 permission. Outline planning permission has also been granted for the balance of 11.5 acres for the development of 16800m² of Class B1 employment uses.
- 2.5 This current hybrid planning application is for a mixed commercial development that will effectively replace 9814m² of the consented 16800m² of B1 uses with 6680m² of alternative commercial floorspace. The remaining land is the subject of the outline proposal for two office blocks totalling 6176m² and 1858m² respectively.
- 2.6 The principle of commercial development at the subject site is therefore well established and should, in our view, be afforded due weight, as should the nearby strategic housing allocation in the emerging Joint Core Strategy for some 1000 new dwellings.

3.0 The Application Proposal

Background

- 3.1 ALDI's nearest store to the current proposal, which has recently received consent for a 331m² extension, is located on Tewkesbury Road, approximately 4.5kms to the north east of the subject site. This store, which is situated within the adjoining Tewkesbury Borough Council, is not, however, well located in order to conveniently serve the convenience shopping needs of those existing and proposed local residents in the south western part of Cheltenham who wish to take advantage of the quality and exceptional value provided by ALDI. Importantly, the proposed new store is regarded by ALDI as being ideally situated in order to meet their confirmed requirement for a new, second store in Cheltenham that will complement their existing Tewkesbury Road store whilst providing new and improved convenience shopping facilities for the benefit of those local residents for whom a new store at Grovefield Way would be more conveniently located.
- 3.2 With regard to the proposed coffeeshop/drive-thru, this unit too is supported by a named-operator – Costa Coffee, who similarly regard the subject site as being ideally placed to meet their requirement for a new drive-thru coffee shop in Cheltenham. The subject site's locational credentials, particularly its proximity to existing and proposed major commercial and housing development, coupled with its overall good accessibility and the proposed unit's visual prominence at the entrance to the wider development site, are all important factors in this regard.
- 3.3 Whilst Costa Coffee are currently represented within Cheltenham town centre, the proposed drive-thru format is functionally very different to the conventional coffee shop format found in the town centre. As such, the two formats complement each other and, importantly, they will cater for essentially different market segments, which is clearly material in the context of any potential concerns in terms of town centre impact.
- 3.4 The proposed foodstore and coffee shop will therefore meet both a consumer and operator "need" for new and improved facilities at a location ear-marked for future major growth. Furthermore, it is also evident from the accompanying Transport Assessment that the subject site is accessible by a range of transport modes.
- 3.5 Taking into account the foregoing, it is considered that the proposed foodstore and coffee

shop will serve to enhance consumer choice and complement the major commercial and housing development proposed/approved as part of this “strategic growth area” for Cheltenham.

The application proposal

3.6 The hybrid application proposes the development of a committed commercial site at Grovefield Way for a mixed use scheme comprising:

- 1 no. Class A1 foodstore;
- 1 no. Class D1 day nursery;
- 1 no. Class A1/A3 drive-thru coffee shop;
- 4 no. Class B1 office blocks;
- 346 dedicated car parking spaces, including 14 disabled parking spaces; and
- 74 cycle parking spaces in respect of the detailed proposal

3.7 With regard to cycle and car parking within the outline element of the proposal, this will be provided with reference to the Gloucester County Council Draft Parking and Demand Management Strategy and the extant planning consents for Class B1 offices. Within the detailed element of the proposal, the proposed units will provide a total floorspace of 6672m² gross, comprising two Class B1 office blocks (4225m²), a foodstore (1741m²), a coffee shop (204m²), and a day nursery (502m²). The corresponding Class B1 floorspace total within the outline proposal is 8034m².

3.8 Importantly, both ALDI and Costa Coffee are contractually committed to the proposed development and therefore there is the certainty that both these specific operators will be represented at the subject site in the event that the Council’s support is forthcoming for the further investment and development in Cheltenham proposed by Hinton Properties.

3.9 The interest from ALDI relates to the unit of 1741m² (gross) together with adjacent customer car parking. In two very important respects, therefore, this proposal meets ALDI’s business/operational requirement for a store of a certain size in order to present its full product range, whilst also providing associated parking. Whilst ALDI already have an out of centre store at Tewkesbury Road, where the potential exists for this store to benefit from the 4000 new homes associated with the North West Cheltenham Urban Extension, they are committed to securing a second, complementary store in the town which would enhance

consumer choice and competition, whilst not unacceptably impacting up on their existing store. The Grovefield Way site is considered ideal in this respect and, importantly, there are no sequentially superior sites available and suitable that could otherwise accommodate Aldi's requirement for such a new store in Cheltenham.

The ALDI Foodstore

- 3.10 ALDI's aim is to provide high-quality products at discounted prices and within a pleasant shopping environment. Since arriving in the UK at the start of the 1990s ALDI's position within the food retail market has now reached the stage where their simple value for money philosophy is widely understood and accepted. ALDI does not necessarily sell goods at the lowest possible prices, but rather retail the highest quality goods at the lowest possible prices. Discounted prices are generally achieved through bulk buying and economies of scale, limiting the number of lines offered and concentrating on own label products and maximising efficiency in the operation of the stores.
- 3.11 Prices are not lower because the quality of goods sold is reduced. Indeed, ALDI regularly receive widespread recognition of the quality of the own label products, regularly winning awards including, 'Which?' Supermarket of the Year, 'The Grocers' – Discounter of the Year and various blind tasting tests.

ALDI Trading Policy

- 3.12 ALDI's function is as a supermarket that can act as either a bulk food shop destination or a 'top-up' shopping convenience store, although the emphasis is on providing for those wishing to carry out a basic weekly shop, which most frequently (according to most shopping surveys) involves use of the private car. Through their unique retail offer (involving primarily own label products) ALDI stores also contribute to enhancing the overall range and choice of convenience goods available within their catchments.
- 3.13 ALDI stores are modest-scale supermarkets, selling a deliberately restricted product range consisting of approximately 1,500 lines. This is limited in comparison with other grocery stores and supermarkets, which can carry anything between 2,500 and 40,000 product lines, with superstores often carrying up to 60,000 lines. The result is that ALDI do not stock numerous types of one product (e.g. petfood, bread ranges etc), but rather provide one line (and most often one size) of a given product.

- 3.14 This limited selection of goods includes:
- pre-packed seasonal fruit and vegetable lines;
 - general tinned, bottled and pre-packed groceries;
 - frozen and chilled goods;
 - beers, wines and spirits;
 - pre-packed bread, morning goods and cakes;
 - a limited everyday range of non-food household items.
- 3.15 ALDI sell only a limited range of branded goods, which are only sold when, in ALDI's opinion, the brand offer cannot be 'bettered'. Local and regional sourcing of products, particularly for fresh produce and bakery goods, is an important element within the range.
- 3.16 ALDI do not sell cigarettes or lottery tickets and stock only a small range of branded wines and spirits, as well as a limited range of breadlines and a small number of boxed cakes. The ALDI store format does not include a specialist butcher, fishmonger, bakery, delicatessen or a chemist, which are commonplace with larger supermarket chains.
- 3.17 This is an important distinction with ALDI and crucial to understanding how stores operate. In practice this means that, unlike larger supermarket formats, ALDI does not offer a 'one-stop-shop' meaning that, when shopping at ALDI, customers will also have to visit other shops and services to complete their shopping trip. Further, stores have only a limited amount of non-food floorspace (around 20%), which mostly contains weekly specials. This is a further difference to larger supermarkets, which can have between 30%-50% non-food floorspace.
- 3.18 On this basis, ALDI complements, rather than competes with, existing local traders and generates considerable propensity for linked trips and associated spin-off trade. Store opening hours are also more limited than traditional convenience shops/newsagents, which further limits direct competition with such outlets.
- 3.19 In this way, the introduction of an ALDI offers considerable benefits to the areas a new store will serve, increasing spin-off trade as well providing physical and economic regeneration. Stores will not only increase main food shopping choice in a locality generally but, by providing an accessible store offering unrivalled value for money, will specifically help those members of the local community on restricted budgets.

Merchandising Layout, Parking & Store Equipment

- 3.20 Crucial to the business model is a tried and tested store format, which the Company has developed to enable goods to be handled, displayed and sold efficiently, thus enabling stores to compete effectively and provide the award winning offer. Store layouts are eminently practical and reflect the Company's philosophy of offering unrivalled value for money through cost effective management. Although the ambient internal shopping environment is high quality, there is no unnecessary expenditure on elaborate shop fittings with resultant savings being reflected in low prices.
- 3.21 Merchandise is sensibly displayed in specially designed cases to eliminate stocking time and allow easy and efficient re-stocking. ALDI make enormous efficiency gains in this area and pass these directly to the customer. Goods themselves are unloaded directly into the store (approximately 2-3 deliveries per day) via a dock leveller and can be transferred directly to the shop floor to go on display.
- 3.22 The internal store layout and operation has been designed to be efficient and practical for use by customers; these matters are routinely reviewed and monitored and adjustments made to the model as required. Retail is, of course, a constantly evolving and dynamic sector and ALDI are committed to improving operations and shopping experience to meet the demands and expectations of customers.
- 3.23 Features included to facilitate this are:
- Long till conveyors that hold a customer's full shop so as to allow goods to be unloaded, scanned and then packed quickly by customers.
 - Level store access, automatic entrance doors, and wide aisles and checkouts for easy access by all (the design and layout of new ALDI stores also complies with the requirements of the Disability Discrimination Act).
 - Gondolas and shelving that allow goods to be easily reached.
 - Weekday store opening hours of 8am-10pm, and Sunday opening times to enable general flexibility in choice of shopping (within Sunday trading laws).
- 3.24 It is the above core philosophy that underpins ALDI's operator model and is fundamental to their store development and profitability. Both the Company's stores and their distribution warehouses are laid out to reflect the internal shop layout, which ensures efficient loading,

unloading and stocking of shelves. This requires a consistent floorspace proportion and layout regardless of store location.

- 3.25 Although the Company has developed stores of different sizes since arriving in the UK, with the newer stores being larger than the early generation stores, all ALDI stores have a consistent proportion and layout. ALDI strives to ensure that all of the stores can stock the full range of goods (and the Company are currently undertaking a programme of extending their smaller stores), although the amount of circulation space within some of the smaller stores is reduced. The key factor is that each store displays its range of goods in the same way and this is a fundamental efficiency factor in the operation, which enables prices to be kept very low.
- 3.26 Stores are required to have adjacent car parking facilities. In particular, customers wishing to undertake a 'weekly' shopping trip, or those purchasing large and heavy items, and less able-bodied customers, must have the opportunity to take their goods home by car irrespective of the accessibility of the store location via sustainable modes of transport.
- 3.27 ALDI recognises the need for flexibility in promoting sites for development and pursue non-standard stores where this will assist in meeting planning policy requirements. When considering the scope for flexibility, however, the inherent nature of ALDI's operation as a discount food retailer must be borne in mind. Accordingly, there are a number of key areas where it is not possible to alter the core design of the store; as to do so would undermine the operational efficiency of the business and hence its viability.
- 3.28 Specific areas of the design and layout of an ALDI store are as follows:
- **Retail sales area:** this is the most critical aspect of store building design. A 1,254 sq m floor area is required to provide approximately 1,500 product lines, and the dimensions of the retail area are determined by the need to ensure that adequate and consistent product display space is provided. The retail sales area is also specifically designed to enable efficient transfer of products (it has been demonstrated that a rectangular store design is necessary for appropriate stock transfer, retail display and security). In view of its central importance to the trading and operational success of ALDI's business, the size and proportions of the net retail floor area is the area where it is not possible for ALDI to depart from their core design as to do so would undermine trading viability.
 - **Storage and ancillary non-retail floorspace:** where the size and shape of a particular site requires less than optimal configuration, ALDI can exhibit some flexibility, such as the

location of the service pod and size of the storage area, although in all cases adequate levels of storage will be required.

- **Urban design:** ALDI recognises that the external appearance of its buildings needs to respond to their design context. In appropriate circumstances ALDI is able to be flexible regarding siting, the exterior design and external finishes.
- **Parking:** ALDI is committed to ensuring that its stores are accessible by a variety of modes of transport and seek to locate stores where they are accessible to pedestrians and by public transport. In recognition of the fact that most customers will wish to travel by car, and that many customers visit ALDI to carry out a weekly shop, ALDI normally seeks parking provision in line with local parking standards, subject to maintaining overall store viability.

3.29 In terms of new employment opportunities, an important material consideration given the priority afforded to job creation and economic growth, Aldi has confirmed that the new store would create approximately 30-40 new full and part-time jobs (26 full time equivalents).

3.30 The second named-operator associated with the proposed development is Costa Coffee, who would occupy the unit totalling 204m² (gross). As previously indicated, this current proposal includes a drive-thru facility which distinguishes the format from their traditional coffee shop that is located in Cheltenham town centre at The Promenade.

3.31 Importantly, the Grovefield Way operation will serve a different catchment and perform a different yet complementary role to Costa Coffee's operation in the town centre, which will continue to provide for the refreshment needs of workers based in the centre and visitors to Cheltenham.

3.32 With regard to job creation, the new Costa Coffee unit would deliver 18-20 full-time employment opportunities, thereby providing a further boost to the local economy.

3.33 Overall, therefore, the proposed foodstore and coffee shop will deliver up to 60 new full and part-time employment opportunities at an accessible location. This major benefit is addressed further in Section 5 of this Statement.

4.0 Planning policy context

- 4.1 This section of the report identifies the national and local planning policies relevant to the application.

National Planning Policy Framework (“NPPF”)

- 4.2 The underlying premise or ‘golden thread’ running throughout the NPPF is an overall presumption in favour of sustainable development. In order that sustainable development proposals may go ahead without delay and positive growth, which contributes to economic, environmental and social progress for this and future generations is achieved, this premise should form the basis of every planning decision. Put simply, planning should operate to encourage rather than impede sustainable growth, and specifically Paragraph 197 of the NPPF states:

“In assessing and determining development proposals, local planning authorities should apply the presumption in favour of sustainable development”.

- 4.3 Furthermore, Paragraph 17 states that the planning system should proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth.
- 4.4 Paragraphs 18-22, which focus on “Building a strong, Competitive Economy” are prefaced by the advice that the “Government is committed to strong economic growth in order to create jobs and prosperity”. Paragraph 19 states that the “Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth. Therefore significant weight should be placed on the need to support economic growth through the planning system”.
- 4.5 With regard to retail proposals that are not located in-centre, the NPPF contains two key tests relating to the sequential approach towards site selection and retail impact.

- 4.6 Paragraph 24 states that a sequential test should be applied to the consideration of 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. They should require applications for main town centre uses to be located in town centres, then in edge of centre locations and only if suitable sites are not available should out of centre sites be considered. When considering competing edge of centre and out of centre proposals, preference should be given to accessible sites that are well connected to the town centre.
- 4.7 With regard to impact, Paragraph 26 states that when assessing applications for retail, leisure and office development outside of town centres, which are not in accordance with an up-to-date local plan, local planning authorities should require an impact assessment for developments that are over a proportionate, locally set floorspace threshold. In instances where no local threshold has been set, the default is 2,500 sq m and such assessments should consider the impact of the proposal on in-centre investment and in-centre vitality and viability up to five years from the time the application is made.
- 4.8 In terms of decision-making and individual planning applications, Paragraph 27 advises that “where an application fails to satisfy the sequential test and is likely to have a significant adverse impact on one or more of the above factors, it should be refused”.

Local planning policy

- 4.9 The Local Development Framework comprises the Local Plan 2nd review (“Local Plan”) (adopted June 2006).

Local Plan 2nd review

- 4.10 The application site lies within the settlement boundary of Cheltenham and is not allocated for any particular use.
- 4.11 Policy RT1 of the Local Plan states that retail development will be permitted, subject to the availability of suitable sites or buildings suitable for conversion, which relate to the role and function of retailing centres and their catchments only in the following sequence of locations:

1. The Central Shopping Area;

2. The Montpellier Shopping Area or the High Street West End Shopping Area;
 3. Elsewhere within the Core Commercial Area;
 4. District or neighbourhood shopping centres; and
 5. Out-of-centre sites which are accessible by a choice of means of transport.
- 4.12 In considering the location of retail development, developers and operators should demonstrate flexibility and realism in format, design, scale and car parking.
- 4.13 Policy RT7 states that retail development outside of defined Shopping Areas will be permitted only where a need for the additional floorspace has been demonstrated and the proposals individually or in conjunction with other completed and permitted retail development, would not harm the vitality and viability of the town centre as a whole or of a district or neighbourhood centre. Clearly, the first test is no longer a policy requirement following the Government's abandonment of the "need test" for development management purposes.
- 4.14 Policy CP5 states that development will only be permitted where it is located and designed so as to (A) minimise the need to travel; (B) provide adequate accessibility to the site for vehicles, including public transport, pedestrians, cyclists and people with disabilities; (C) meet travel demands in safe and energy efficient ways; and (D) provide a level of parking that will encourage walking, cycling and public transport and discourage use of the private car.
- 4.15 The Cheltenham Borough Local Plan will ultimately be replaced by the adopted Joint Core Strategy and the new Cheltenham Plan.

Joint Core Strategy

- 4.16 The Joint Core Strategy (JCS) provides the strategic planning framework and allocations for the three host authorities – Cheltenham Borough Council, Tewkesbury Borough Council and Gloucester Council – which was the subject of Hearings between May 2015 and April 2016. Most recently, in May 2016, the Inspector published her Interim Report and, importantly, has recommended an immediate review of key elements of the JCS, including its retail policy with reference to, for example, market shares and town centre boundaries, and housing allocations. It is anticipated that Main Modifications to the JCS will be published in October 2016, following which public consultations will be undertaken prior to any adoption.
- 4.17 Policy SD1 of the JCS reiterates the national policy "Presumption in Favour of Sustainable

Development”, whilst Policy SD2 confirms that employment related developments will be supported whilst Paragraph 4.2.7 states that “Employment uses such as retail and leisure facilities are predicted to provide a significant proportion of the projected job growth across the area; potentially two-thirds. Turning to retailing specifically, Policy SD3 sets out the Retail Hierarchy and defines Cheltenham as a Key Urban Area. Although this policy refers to District Plans as having the responsibility for defining town centres and other retail frontages, it is our understanding that the former will now be defined by the JCS process in light of the Inspector’s Interim Report. In terms of specific development control advice, in-centre development of an appropriate scale is favoured whilst proposals out of centre “will be robustly assessed against the requirements of the sequential test and impact test, as set out in national guidance or locally defined impact assessment thresholds as appropriate”.

- 4.18 With regard to the latter, there is no locally determined threshold for impact assessments in relation to Cheltenham and therefore the default position is that the 2500m2 threshold identified in the NPPF applies.

Conclusions on planning policy

- 4.19 Assessed in terms of the relevant objectives and general principles of the NPPF and the relevant provisions of the Local Plan, we conclude that:

- The principle of commercial development at the application site is well established, as evidenced by the site’s relevant planning history and, moreover, there is substantial further retail development nearby, most notably an Asda superstore. Furthermore, there is also major commercial and housing development proposed in this “growth area” of the town.
- The subject site benefits from good overall accessibility by a range of transport modes;
- There are no sequentially preferable sites that are available and suitable in terms of accommodating the proposed development, subject to a reasonable degree of flexibility;
- The proposal will provide new and improved shopping and service facilities that will increase choice and competition – to the benefit of consumers – whilst not causing a significant adverse effect in terms of the vitality and viability of surrounding retail centres;
- The proposal will reinforce Cheltenham’s overall reputation as an important sub-regional centre where growth can be accommodated and new investment and development welcomed;
- By providing a new ALDI store that is closer to local residents than Aldi’s existing store at

Tewkesbury Road and, indeed, several other out of centre stores elsewhere in Cheltenham, the proposal will assist in reducing shopping trips to a range of stores elsewhere, with associated sustainability benefits; and

- In the event that consent is forthcoming, the foodstore and coffee shop elements of the proposal will deliver up to 60 certain new employment opportunities, to the benefit of the local economy.

5.0 Benefits of the proposal

- 5.1 The following section assesses the benefits of the proposal against the key planning policy requirements.

Regeneration of a committed commercial development site within the urban area

- 5.2 The application site is currently contributing nothing to the local economy. In sharp contrast, the development of the site will enhance the environmental quality of the area and create jobs at a widely accessible and sustainable location.

Employment

- 5.3 The foodstore and coffee shop elements of the proposed development will provide up to 60 new employment opportunities at an accessible location. It is also envisaged that the majority of these jobs will be recruited locally providing a major boost to the area's economy. This is, we believe, an important material consideration which should be afforded weight accordingly in the determination of the proposal's overall degree of acceptability.

Improved retail provision and increased choice and competition

- 5.4 As noted previously, ALDI's existing store is located some 4.5kms away on Tewkesbury Road, and therefore the new ALDI store will remedy an existing qualitative deficiency by providing for local residents within this part of Cheltenham a more conveniently located discount foodstore. Moreover, the new store will also provide an alternative to the nearby out of centre Asda store for local consumer's convenience shopping, thereby introducing increased choice and competition from which consumers benefit.
- 5.5 The proposed development will provide two modern retail/service units, one comparatively large and with dedicated on-site car parking and the other with a drive-thru facility associated with the proposed coffee shop. The contractual commitment of both operators to the scheme clearly demonstrates their requirement for new outlet in Cheltenham to complement their existing representation in the town. As such, a grant of planning permission will facilitate the

provision of new facilities that will be available for prospective occupiers – who would not otherwise be able to find suitable representation within Cheltenham town centre or at any other sequentially superior site.

- 5.6 By improving the range of retailers/service providers represented locally, the proposal will assist in reinforcing Cheltenham’s overall reputation as an important sub-regional centre where economic growth is welcomed and the business requirements of specific operators can be successfully met, with clear economic and consumer benefits.

Increased linked trips

- 5.7 The application site is located in close proximity to several food/non-food retailers and, moreover, is situated within a “growth area” for both major commercial and residential development. Furthermore, a day nursery is proposed as part of the overall mixed use scheme. The proposed development will, therefore, complement existing and emerging facilities and has the potential to encourage new linked trips with other businesses in the area – with associated sustainability benefits.

Summary

- 5.8 In summary, we conclude that the proposal will deliver a number of benefits to the local area and, in doing so, will assist in the realisation of a number of key objectives of national and local planning policy. These benefits are, we believe, important material considerations, particularly in a situation such as this where there is no evidence that the proposed foodstore and drive-thru coffee shop would have a significant adverse effect on any interests of acknowledged importance – as demonstrated in the following Section of the Statement.

6.0 Qualitative assessment

- 6.1 For the purpose of determining the likely economic impact of the application proposal, this Section outlines the key characteristics of Cheltenham town centre and other relevant designated centres, employing the key measures of town centre vitality, attractiveness and viability. In order to assist in this exercise, we have taken into account our late 2014 “health check” findings associated with the then proposed mixed commercial development at the BMW dealership site on Tewkesbury Road. We have also re-visited (August 2016) a number of centres in order to ascertain whether any material changes have occurred during the interim.
- 6.2 Cheltenham town centre is defined as a ‘Core Commercial Area’ on the Local Plan Proposals Map and is split into three distinct Shopping Areas – namely, the Central Shopping Area; Montpellier Shopping Area and the Lower High Street Shopping Area. For the purposes of assessing the overall health of Cheltenham town centre, the key characteristics of each Shopping Area is considered in further detail below.

Central Shopping Area

- 6.3 The Central Shopping Area includes High Street, Regent Street and the Promenade. The Shopping Area also includes two covered shopping arcades (Regents Arcade and Beechwood Shopping Centre – the latter currently being developed for a new John Lewis Department store), along with a number of smaller side streets. The Primary Shopping Frontage, as defined within the adopted Local Plan, includes the central portions of High Street, The Promenade and Ormond Place.

Diversity of uses

- 6.4 Our previous “health check” survey demonstrated that almost half the total number of units in the centre are accounted for by comparison goods retailers – a clear reflection of Cheltenham’s primary role as a sub-regional centre for fashion and related non-food retailing. With regard to service uses, these too are comparatively significant, accounting for a further one third of all units in the centre. Together, these comparison and service uses make a major positive contribution towards the centre’s vitality and viability.
- 6.5 In sharp contrast, convenience goods operators accounted for just 5% of the total 524

businesses represented, demonstrating the centre's subordinate role in terms of food shopping. Convenience retailers represented included; Lidl, Tesco Metro, Iceland, Sainsbury's "Local" and an M&S Food Hall, together with a comparatively diverse range of smaller, often "specialist" independent retailers. Based on our August 2016 re-visit, there has been little material change in terms of the scale and nature of convenience retailing within the town centre. Whilst during the interim, a Morrisons "Local" has closed, this was accounted for by national factors specific to this particular format rather than being a reflection in some way of the town centre's overall vitality and viability. Another change relates to Tesco's presence in the town centre. Tesco previously traded from a Metro format store of approximately 800m² in that part of High Street falling within The Brewery Phase 2 development. Whilst Tesco has largely withdrawn nationally from the Metro format, it has committed to maintaining a presence in Cheltenham town centre by taking Unit E (approximately 300m² net) within the Phase 2 development which is currently under construction, from which it will trade its Express format. Consequently, whereas the former Metro catered for both main and top-up shopping, as evidenced by the household survey commissioned by CgMs in connection with the then Morrisons proposal at North Place, the Express format that will commence trading shortly will, as with most other convenience stores situated in the town centre, be orientated towards fulfilling a basket/top-up shopping role.

- 6.6 Examples of the smaller, "specialist" convenience businesses represented in the centre include: Tea Too, Willards of Chelsea, Jessica's Sweet Shop, Millie's Cookies, Cheeseworks, Hotel Chocolat and Holland & Barrett. Furthermore, there are also several "specialist" Eastern European foodstores based in the High street area. It is also evident that many of these smaller convenience stores benefit from the footfall associated with comparison shoppers visiting the centre and the substantial number of employees based within and adjacent to the centre.
- 6.7 These findings are of particular importance in the context of the proposed trade draw associated with the proposed ALDI store, as the vast majority of the convenience turnover attracted to these in-centre stores will be unaffected by those main food shoppers switching from other larger foodstores elsewhere in Cheltenham to the new discount store at Grovelfield Way.
- 6.8 Significantly, in addition to the retail/service uses referred to above, it is noteworthy that the £30 million regeneration scheme at 233-269 High Street is nearing completion, as is the John Lewis Department store development. The former scheme is designed as a mixed use development and will form Phase II of the adjoining Brewery Development which already includes a good mix of restaurants, bars and a cinema. This regeneration scheme will, together

with the John Lewis development, further reinforce and enhance the overall role and attraction of the town centre within the sub-regional shopping hierarchy.

Proportion of vacant street level property

- 6.9 At the time of our October 2014 survey, we identified a vacancy rate of 12.9%, which broadly corresponded with the GOAD national average of 12.5%. As such, we concluded that this gave no grounds for concern as a large number of these vacancies were recorded at the north-western end of High Street which was then the subject of a multi-million pound redevelopment scheme which would rejuvenate the north-western part of High Street, reducing the overall number of vacancies within the Central Shopping Area and providing new and improved floorspace which would assist in enhancing the centre's overall role and attraction. Clearly, this scheme has proceeded and, as a consequence, the previously identified vacant properties have been demolished. This, together with an improving economic backcloth, has resulted in a material reduction in the number and proportion of vacant units in the town centre. Our August 2016 visit indicates that the current vacancy rate is about half that recorded in 2014 – which is further encouraging and indicative of improved operator demand for suitable units.

Conclusions

- 6.10 The key findings of our previous assessment of the centre's vitality and viability were:
- Cheltenham's Central Shopping Area performs strongly as a comparison goods shopping centre, with an above average representation of comparison goods retailers. In sharp contrast, convenience businesses account for just 5% of businesses represented in the centre, which is significantly below the national average of 9%;
 - Of the convenience businesses represented in the centre, the majority are comparatively small and most fulfil an essentially top-up/basket shopping role;
 - The centre demonstrates healthy foot-fall, attracting a large number of shoppers from a comparatively extensive catchment along with visitors from further afield;
 - There is investor and developer confidence in the centre as evidenced by building refurbishment, The Brewery Phase 2 regeneration and the John Lewis Department store development;

- The town centre is accessible by a choice of means of transport and is served by ample parking; and
- The town centre is an important leisure, cultural, tourist and employment centre. These diverse uses reinforce Cheltenham's role and attraction and contribute positively to its vitality and viability, as does the centre's overall environmental quality.

6.11 Taking into account our previous findings and our re-visit in August 2016, we re-affirm our conclusion that the baseline health of Cheltenham is robust and improving – a view shared by DPDS in its 2011 Retail Study and CgMs in their 2012 retail assessment in support of the then proposed Morrisons store at North Place. These findings and, in particular, the centre's demonstrable role in terms of convenience goods retailing, provide a contextual back-cloth against which to consider the likely impact of the proposed ALDI store at Grovefield Way.

Montpellier Shopping Area

- 6.12 The Montpellier Shopping Area is separate to the Central Shopping Area and is an attractive and healthy centre which is renowned for its independent specialist shops.
- 6.13 The centre is generally linear in form, extending from north to south along Montpellier Street. The Shopping Area also contains 'The Courtyard', a two level shopping centre. There are just a few national multiple retailers and service providers represented within Montpellier.

Diversity of uses

6.14 Our 2014 survey confirms that this centre too is dominated by comparison goods businesses, these accounting for almost 60% of all operators represented – a reflection of Montpellier's reputation as an attractive and "up-market" retail destination with a high proportion of independent and specialist comparison retailers. Similarly, service uses were also well represented, accounting for 37% of all units. With regard to convenience goods businesses, these accounted for just 2 units (2.5%), the same proportion that were found to be vacant. Both in terms of convenience units and vacancies, the respective proportions recorded for Montpellier were substantially below the relevant national averages of 9% and 12.5% respectively.

- 6.15 Our re-visit to the centre in August 2016 reveals little change other than there is not a single vacancy in this centre. With regard to convenience retailing specifically, there is one national multiple represented, namely, the Coop. Their store, however, is comparatively very small, totally just 105m² (net). This store's retail offer is therefore very limited and restricted to basket shopping associated with a localised catchment and locally based workers. As such, neither this store nor the centre overall, has any relevance in the context of the proposed ALDI store.

Lower High Street Shopping Area

- 6.16 The Lower High Street Shopping Area includes the area extending west of Ambrose Street towards the disused Honeybourne Line railway bridge. This area of the town centre is mainly characterised by pubs, cafes, takeaway food outlets and service facilities including hairdressers and launderettes, which serve the immediate surrounding residential areas together with an element of pass-by trade. Of the 9 convenience outlets identified in our survey, these include a Premier Express, along with a range of local newsagents and a number of ethnic independent stores – all of which serve a localised catchment focused on the St Paul's area.
- 6.17 As with Montpellier, this centre has no material relevance in the context of the current ALDI proposal. Regardless of whether an ALDI store is developed at Grovefield Way, this centre and the convenience goods sector within it, will continue to serve a localised catchment population.

Conclusions

- 6.18 The Shopping Area of Lower High Street is considered to be relatively popular, serving a limited range of retail/service needs. We would add that this centre is likely to benefit in the longer term from the regeneration associated with The Brewery development, that is likely to increase footfall in this area too. Our findings in relation to the centre at present are corroborated by DPDS in its 2011 Retail Study. The study assesses the Centre and concludes that:

“The centre is considered remote from the town centre and serves a dual role as the local centre for the St Paul's area and as a location for specialist shops (both convenience and comparison) which are reliant on low rents... Whilst the centre has suffered from a lack of investment over a long period, there are signs of recent

investment and improvement stretching out from the High Street end which contributes to an improved impression of the southern extent of the Shopping Area”.

District Centres in Cheltenham

6.19 Below we outline the key convenience retailing-related characteristics of the three district centres in Cheltenham - Coronation Square, Caernarvon Road and Bath Road.

Coronation Square District Centre

6.20 The existing centre was built in the late 1960s/early 1970s and is located approximately 2.5km to the west of Cheltenham’s Central Shopping Area. A large car park exists to the rear of the centre off Amberley Road, whilst a number of pedestrian walkways provide linkages through the centre.

6.21 DPP’s October 2014 survey identified 4 convenience units, 4 comparison units, 8 service units and 18 vacant units at the district centre. One of the convenience goods units was accounted for by the Iceland store that was then under construction. The service uses included a comparatively large number of takeaways and betting shops, whilst the centre’s comparison offer was concentrated towards the value end of the market, which included a number of charity shops.

6.22 Our re-visit to this centre in August 2016 confirms that the number of convenience outlets remains unchanged. Retailers represented include: Farmfoods, Iceland, McColls and Greggs. The first two are comparatively small (approximately 250m² net) and specialise in the sale of frozen and chilled food products, whilst McColls sells essentially confectionery, soft and alcoholic drinks and crisps and, as such, sells very little traditional food products. Similarly, Greggs offer is very much targeted at providing snacks. It is also clear from the scale and nature of this centre’s convenience retail offer that it is limited, and that its primary catchment is focused on the local housing estate. These characteristics will inevitably limit the extent to which the proposed ALDI store, some 4.5kms away, will divert trade from this particular centre.

6.23 With regard to comparison businesses, there is one additional operator now present in this centre, namely, W H Smith with its “Local” brand. With regard to vacancies, there has been an improvement as a result of several lettings subsequent to our 2014 survey. Notwithstanding,

there remains a number of vacancies which detract from the overall role and appearance of this centre, the largest of which appears to be an 'L' shaped unit totalling about 585m².

- 6.24 In summary, therefore, Coronation Square District Centre mainly caters for the day-to-day convenience shopping and service needs of local residents. Comparison goods provision is very limited, which reflects the centre's primary role as a local top-up shopping and service centre, serving an essentially localised catchment. The proposed ALDI store, with its emphasis on providing a comparatively wide range of convenience goods – sufficient to allow for a full weekly shop – will not compete “head to head” with two businesses that specialise in the sale of frozen and chilled products. Furthermore, there will not be any direct competition with the two other small convenience businesses represented at Coronation Square. We would add that some local residents from the adjacent housing areas, already have the choice of shopping at ALDI's existing store on Tewkesbury Road.

Caernarvon Road

- 6.25 The Caernarvon Road district centre comprises just 7 units and is dominated by the Morrisons superstore which, before the Asda development at Hatherley Lane, was the largest foodstore in south west Cheltenham. As evidenced by the CgMs household survey findings, this superstore is popular with local residents, and performs both a main and top-up shopping role. Furthermore, based on our up-dated expenditure projections, this store is trading well relative to the latest Morrisons company average turnover figure. The six other businesses represented in this centre include: an opticians, a public house, dry cleaners, a motor accessories retailer, a stationers and a bridal wear shop. Overall, the centre at Caernarvon Road is very popular, as evidenced by our observations and the CgMs household survey findings.

Bath Road

- 6.26 Bath Road district centre benefits from its location on a busy arterial route to/from the town centre, which is located about 1km to the north. The centre, which comprises a mix of some 75 units, is dominated by predominantly independent service and comparison uses, with convenience outlets accounting for 11 units. No units were recorded as vacant during our survey in August 2016, an indication of this centre's attraction to both retailers and shoppers. With regard to convenience businesses specifically, multiples represented at Bath Road include the Coop and Sainsbury's “Local”. Each of these shops is comparatively small (375m²

net and 305m² net respectively), with each fulfilling an essentially top-up/basket shopping role in relation to a localised catchment whilst also benefitting from pass/by motorised trade associated with the busy main road, as do the other small convenience businesses situated on Bath Road. The fact that there are only 2 trolleys available at Sainsbury's and just 6 at the Coop, reinforces the conclusion that these stores do not fulfil a main (bulk) food shopping role. Other convenience businesses represented at this centre include: The Natural Grocery Store (organic/natural food), 2 traditional butchers, an organic foodstore, and a bakers/coffee shop – all of which fulfil an essentially “specialist” shopping role. The nature of this retail offer is a material consideration when considering the likely effect of the proposed ALDI store on this particular centre. Given its predominantly top-up/basket shopping role, its localised catchment, the “specialist” nature of several of the convenience businesses represented, and the principle that “like effects like”, it can reasonably be concluded that this centre is of little, if any, real relevance in the context of the likely effect of the proposed ALDI store at Grovfield Way.

Out-of-centre convenience retail provision

- 6.27 In net floorspace terms, the Tesco store at Colletts Drive is the largest foodstore in Cheltenham (5749m²), whilst the Sainsbury's store on Tewkesbury Road is closely ranked second (5729m²). Ranked third is the most recently developed superstore in Cheltenham, namely, Asda at Hatherley Lane, which has a net sales area of 3876m². Waitrose also has an out of centre store in Cheltenham, its Food and Home store, which is situated at Honeybourne Way. Its convenience goods floorspace totals 2800m² (net). As indicated, its overall retail offer includes a major element of John Lewis homeware and furnishings. Sainsbury's have a second out of centre store in Cheltenham, located at Priors Road, some 2.5 kms to the north east of the town centre. Likewise, M&S also have two convenience outlets in Cheltenham, as represented by their Food Hall format at the Kingsditch Retail Park as well as in the town centre.
- 6.28 As previously stated, ALDI has an existing store at Tewkesbury Road, which has recently been granted consent for an extension totalling 331m², which will increase the size of the store to 1421m². The current proposal, in essentially serving the south western part of Cheltenham, will complement this existing provision and, in so doing, will deliver a number of consumer and economic benefits.

Conclusion

- 6.29 Whilst a small number of stores within the town centre fulfil both a main and top-up shopping role, as evidenced by observations and the findings of the CgMs household survey, the centre's convenience retail offer is very much orientated towards providing top-up/basket and other specialist convenience shopping associated with shoppers and workers who are in the town centre for primary reasons other than food shopping. Importantly, the town centre exhibits a distinct role and function in terms of convenience shopping, a clear reflection of the absence of any food superstores catering for main (bulk) food shopping.
- 6.30 Similarly, centres such as Bath Road and Coronation Square provide convenience retail offers that are geared towards catering for the top-up/basket shopping needs of their localised catchment areas.
- 6.31 Given the absence of any main (bulk) food superstores in the centres referred to, it is perhaps unsurprising that there are several such stores in Cheltenham which occupy out of centre locations. Furthermore, to the extent that food discounters are represented in Cheltenham, Lidl occupies an increasingly dated "first generation" store beneath a multi-storey car park to the rear of the retail core, whilst ALDI's existing store is located in what is effectively the north west part of the town. The proposed investment and development at Grovefield Way, and the likely trading effects of the new store should, in our view, be viewed in light of the above considerations.

7.0 Sequential test

7.1 As the proposed development is located out of centre in retail policy terms, it is necessary to demonstrate that there are no suitable, available and viable sequentially preferable sites that could accommodate the proposed development.

7.2 It is, however, important at the outset to correctly interpret and apply the sequential test, taking into account case law and relevant appeal decisions. For example, as highlighted in the Dundee (March 2012) case, the Supreme Court ruled that “suitable” means “suitable for the development proposed by the applicant”, subject to the applicant having demonstrated reasonable flexibility in terms of scale and format – an approach endorsed by the Secretary of State in the Rushden (June 2014) and Exeter (June 2016) decisions. Ultimately, whether sufficient flexibility has been demonstrated is a matter of judgement, albeit the purpose of flexibility is not to require the application to be transformed into something significantly different – a view also reflected in the aforementioned decisions. Furthermore, nor is it the purpose of national and local planning policy to require a developer/retailer to compromise their “real world” proposal to the extent that it no longer meets their business requirement and, as a consequence, becomes unviable. Moreover, it is also clear that the requirement for flexibility in applying the sequential test also applies to Local Planning Authorities. The Rushden decision also confirms that there is no policy requirement to disaggregate elements of the proposed development onto smaller, sequentially preferable sites. With regard to “availability”, whilst neither the NPPF nor the PPG provide any elaboration, the Rushden decision clearly points towards the requirement for a site to be currently available rather than have some uncertain prospect of becoming available at a future date. The three decisions referred to above, assist in demonstrating how the sequential test should be lawfully and properly applied.

7.3 In order that the sequential test is properly applied, it is therefore necessary to consider the form of development for which planning permission is sought. Essentially, the application proposal is for four office blocks, a day nursery, a drive-thru coffee shop and a food store, together with associated car parking, servicing and landscaping. The sensible application of the sequential test would be to consider potential sequentially preferable sites within Cheltenham that could accommodate that part of the development which comprises “main town centre uses”. On the basis of the site’s planning history, we do not consider it necessary to apply the sequential test to the proposed office development. Furthermore, we do not regard the proposed day nursery as representing a “main town centre use” on the basis that it is intended to serve a localised catchment and therefore it would be inappropriate to seek to direct the

use away from the area it was intended to serve. With regard to the proposed coffee shop, it could reasonably be contended that the express inclusion of the drive-thru meant that it did not represent a “main town centre use”. Notwithstanding, we have conducted our sequential assessment on the basis that the proposed development comprises both the food store and coffee shop together with associated parking/servicing. Whilst we do not consider it likely that any in-centre location in Cheltenham could satisfactorily accommodate a drive-thru, such an arrangement might be possible in relation to an appropriately located edge of centre site.

Availability

- 7.4 The NPPF (Paragraph 24) helpfully sheds light on the correct interpretation of this aspect of the test, and simply asks whether town centre or edge of centre sites are “available”. Importantly, it does not, therefore, ask whether such sites are likely to become available during the remainder of the plan-period or over a period of some years. Put simply, the correct approach is to ascertain whether a site is currently available rather than speculate if a site may become available at some indeterminate future date. Importantly, this approach was adopted by the Inspector in the Rushden case and subsequently endorsed by the Secretary of State.

Suitability

- 7.5 Suitability relates to whether the proposed development, subject to the requirement for flexibility, can be reasonably and successfully located at a particular site. There are a number of key considerations in this respect.
- 7.6 Firstly, as previously indicated, the test is only relevant in the context of the “need” the proposed development will meet – in this case, essentially discount food shopping for local residents within south west Cheltenham and the “refreshment needs” of pass-by motorists and a more localised catchment comprising both local residents and workers based in the area. Examining sites further afield, that would meet an essentially different “need”, would therefore be irrelevant, as confirmed in the Braintree High Court case (1998).
- 7.7 Secondly, the business requirement of any contractually committed named-operator is a material consideration, albeit subject to the requirement for flexibility which, as noted above, does not require the application proposal to be transformed into something significantly different to that which has been conceived and formulated in the “real world”. In considering potential sequentially preferable sites, we have taken into account the size of the application

site (1 hectare) and considered sites of about 0.8-9 ha as representing potential alternative development opportunities capable of accommodating the “proposed development”.

7.8 **Viability**

7.9 Sites should not present any obvious economic obstacles to the proposed development.

Assessment

7.10 For the purposes of sequential testing, the following centres/sites have been considered, namely,

Cheltenham Central Shopping Area – Vacant Units and Development Sites

7.11 At the time of our re-visit to the town centre in August 2016, there was a range of vacant units within the CSA, both in terms of size, configuration and location. In reviewing these vacant units, it is clear that they are far too small to accommodate the proposed development, or significant part thereof. Whilst some vacancies lie adjacent to one another, even when combined they do not remotely provide the scale of floorspace required to accommodate the foodstore/coffee shop elements of the proposed development at Grovefield Way.

7.12 Furthermore, the historic fabric of the CSA constrains the potential for larger scale development within the centre of Cheltenham. The proliferation of historic and, in many cases, Listed Buildings, which the Council would seek to preserve, will inevitably constrain the development potential of many sites, particularly in the event of a development proposal similar in scale to that currently proposed and with a similar amount/type of dedicated customer car parking and servicing.

7.13 Whilst there are no sites allocated in the development plan for retail development in the CSA, we are, however, aware of one major mixed-use redevelopment that is under construction at Nos 233-69 High Street at the north west edge of the CSA. This site, which is sandwiched between High Street and The Brewery development, comprises a major element of replacement retail floorspace over two storeys (the net increase being 1134m² gross), together with residential accommodation and a Premier Inn hotel. We understand that two previous on-site retailers, namely, Tesco and Wilko, will be accommodated within the new

development (the latter having commenced trading in their new unit). Whilst an element of the retail floorspace is currently unlet, the development company has, nevertheless, been sufficiently confident to proceed with this development on the basis that this floorspace will attract new retailers seeking representation in the centre of Cheltenham. With regard to the currently unlet floorspace, we note that the following units are available: Unit C – 64m² (Gr Fl) and 976m² (1st Fl); Unit D – 567m² (Gr Fl); Unit F – 411m² (Gr Fl) and 879m² (1st Fl); Unit G 380m² (Gr Fl) and 372m² (1st Fl); Unit H – 400m² (Gr Fl) and 400m² (1st Fl); and Unit J – 1025m² (Gr Fl) and 1025m² (1st Fl). Taking each of these in turn, Unit C is too small and only 6% of the floorspace is on the ground floor; Unit D does not remotely meet the floorspace requirement; Unit F is far too small and only a third of the floorspace is on the ground floor; Unit G is not remotely large enough; Unit H is similarly far too small; and whilst Unit J offers in excess of 2000m² of floorspace, 50% of it is on the first floor. None of these vacant units represent suitable and viable alternative opportunities.

7.14 Turning to The Brewery Phase 1 development, there are two vacancies available; Unit 5 – 530m² (Gr Fl) and 817m² (1st Fl); and Unit 12 – 449m² (Gr Fl). The former is too small and only 40% of the floorspace is situated on the ground floor, whilst Unit 12 does not remotely meet the floorspace requirement. Neither of these available units therefore represent sequentially preferable alternatives to the Grovefield Way site.

7.15 Furthermore, both our operators require dedicated on-site customer car parking, which is regarded as an essential element of the Grovefield Way proposal. Clearly, main (bulk) food shopping could not be undertaken without customer car parking being available adjacent to the store. Significantly, the current High Street scheme is deficient in this key operational respect. In summary, the vacancies available within Phases 1 and 2 of The Brewery/High Street development do not represent suitable, sequentially preferable alternatives capable of accommodating the proposed development at Grovefield Way.

7.16 A second major regeneration opportunity is at North Place/Portland Street, which is located in the northern part of the CSA. This 3.2 hectare edge of centre site, previously owned by the Council, was granted full planning permission in August 2013 for a comprehensive regeneration proposal comprising a food superstore (5792m²), 143 dwellings, multi-storey car park and associated works. Morrisons, who were the anchor tenant driving this major development forward has, however, formally withdrawn from this scheme as a result of a strategic re-appraisal of their development programme and corporate priorities. Furthermore, Morrisons position has recently been upheld by a Tribunal Hearing and, as a consequence, this superstore-led major mixed use scheme has been abandoned. Whilst it may therefore appear

that this site, which is in two separate ownerships, is now available for an alternative development that could comfortably include the significantly smaller “proposed development” at Grovefield Way, this is not, in our view, likely to be the case for a number of important reasons. Firstly, as set-out in Section 8, we consider it very unlikely that this site’s regeneration will, for the foreseeable future, include a major foodstore, including one of broadly the size currently proposed at Grovefield Way. Furthermore, it is our understanding that the two constituent sites were purchased for substantial amounts of money and, as a consequence, their owners have particular expectations in terms of the development value of their respective sites. This could, therefore, have a major impact on the actual availability of this site and the likelihood of a viable scheme, including a foodstore, coming forward in the foreseeable future. It is also our understanding that any development of this overall site would still be contractually required to provide both the public car parking and affordable housing that was included within the previous “Morrisons scheme”. This requirement too is likely to have a major impact on the nature of any regeneration proposal and its overall viability. Given this set of circumstances, it is very likely, in our view, that in order to progress a deliverable comprehensive redevelopment proposal, the planning and development of the North Place site will need to be thoroughly reviewed and a new planning brief prepared, in collaboration with the site’s owners, to assist in promoting a major mixed use scheme that is viable and deliverable. Whilst the materially smaller application proposal could, in theory, be accommodated on the North Place site, for the reasons indicated, we do not consider this to be a realistic possibility and, as such, we conclude that this site can reasonably be discounted as an available and viable development opportunity capable of accommodating the “proposed development” incorporating a discount foodstore and drive-thru coffee shop.

- 7.17 A third potential development opportunity within the CSA that has been referred over a number of years as having the potential to build on the strength of The Promenade, is the Municipal Offices/Royal Well area. Whilst this area may offer new commercial opportunities, these are more likely to be medium term and, moreover, would be dependent upon the Council re-locating to new offices which, it is understood, is being progressed. Furthermore, to the extent that this location may, in the future, provide a retail opportunity, it will almost certainly be for “high value” fashion/comparison retailing aimed at enhancing Cheltenham’s position within the sub-regional shopping hierarchy. Importantly, therefore, this potential opportunity is neither available nor suitable in terms of accommodating the proposed discount foodstore and coffee shop. Moreover, it is considered very unlikely to represent a viable development opportunity for a scheme comparable to that proposed at Grovefield Way given the likely major investment/development interest such an opportunity would attract if presented to the market. For the reasons presented, we not consider that this future potential development opportunity should prevent the Grovefield Way proposal from proceeding on

sequential test grounds.

Lower High Street Shopping Area – Vacant Units and Development Sites

- 7.18 Whilst our survey has identified a number of vacancies in this designated area falling within the north western part of the Core Commercial Area, none are remotely big enough to accommodate the proposed development. Furthermore, there are no retail sites allocated in the development plan and we are not aware of any redevelopment opportunities of sufficient scale and nature to accommodate the “proposed development”.

Montpellier Shopping Area – Vacant Units and Development Sites

- 7.19 Our survey has not identified a single vacancy in this designated shopping area located in the southern part of the Core Commercial Area. Furthermore, we are not aware of any major redevelopment opportunities within this area – which is reflective of its heritage credentials.

Other Vacancies and Development Sites within the Core Commercial Area

- 7.20 As noted above, none of the vacancies either within the Phase 1 or Phase 2 of The Brewery development represent suitable opportunities for the “proposed development” and, as such, can reasonably be discounted from our sequential search.

- 7.21 Turning to development sites within this area, we are aware of the following sites.

The Former Haines and Strange Garage/Odeon Cinema Site

- 7.22 Whilst this site has previously been considered as potentially relevant in the context of earlier development proposals, it has now been built-out and can therefore be discounted.

Land at St George’s Place/St James’ Square

- 7.23 We also believe there may be a redevelopment opportunity at St George’s Place/ St James’ Square, where a 0.66 ha edge of centre site is currently partly used as a car park. Fundamentally, we do not believe that this site is of sufficient size to accommodate the

proposed development, even allowing for a reasonable degree of flexibility. On the basis of the site's present part use as a car park, we would also question its current availability and, moreover, we understand that any redevelopment would need to make provision for replacement car parking, a further consideration that would undermine this site's potential in terms of accommodating the Grovefield Way "proposed development".

- 7.24 Rather than represent a suitable and viable retail development opportunity, we consider this site to have far more potential for residential development. In this regard, we note that the Council's Strategic Housing Land Allocation Assessment (SHLAA), identifies this site as having the capacity to accommodate a minimum of 8 dwellings and, moreover, we understand that an application for residential development has been submitted to the Council for determination.
- 7.25 In summary, we do not regard this site as representing a suitable, available and viable development opportunity that is capable of accommodating the "proposed development", even allowing for a reasonable degree of flexibility.

Conclusion

In summary, both the NPPF and case law demonstrate that it is the "application proposal" that is relevant for the purposes of applying the sequential test and, in this particular case, the proposal relates to a mixed use development comprising retail, coffee shop, day nursery and office uses together with associated car parking and servicing. By focusing on the "main town centre uses" element of the overall proposal, whilst allowing for a reasonable degree of flexibility and the requirement for a site to be available now, we have been unable to identify a sequentially superior site that is capable of accommodating the proposed development. A rejection of the application proposal on sequential grounds would not, therefore, have the effect of re-directing the proposal to a sequentially preferable site. Such a refusal would simply mean that the benefits and employment opportunities associated with the proposal would be denied to the local community. The application site is demonstrably the most appropriate location for the proposed "economic development".

8.0 Town Centre Impact

8.1 At the outset it is important to note that in this particular case the applicant is not required to undertake an impact assessment because there is no floorspace threshold set-down in the development plan and the proposed foodstore is materially smaller than the default threshold of 2500m² (gross) stipulated in the NPPF. The willingness of the applicant to undertake such an assessment to assist the Council should appropriately be seen in this light, as should the proportionate approach adopted.

8.2 The two impact tests set out in the NPPF, require relevant retail proposals to assess their likely effects on firstly, planned in-centre investment and, secondly, town centre vitality and viability, including local consumer choice and in-centre trade. Furthermore, it is important to note that the relevant test in the NPPF is not whether a proposal would affect a planned investment or result in trade diversion from a particular centre but, rather, whether such a proposal would have a “significant adverse impact” on either planned investment or a centre’s overall vitality and viability. We consider each of these tests below.

(1) Effect on Planned In-Centre Development

8.3 The NPG that accompanies the NPPF identifies several considerations of relevance when considering the likely effect of a proposal on planned investment in nearby centres. These include:

- The policy status of the investment (ie. whether it is outlined in the Development Plan);
- The progress made towards securing the investment (eg. if contracts are exchanged); and
- The extent to which an application is likely to undermine planned developments or investments based on the effects on current/forecast turnovers, operator demand and investor confidence.

8.4 Whilst we do not know of any relevant public sector planned investments in any of the relevant centres in Cheltenham, we are aware of The Brewery Phase 2 mixed-use development that is now substantially complete and the John Lewis development at the former Beechwood Centre. With regard to the former, this important private sector-led major regeneration scheme at Nos 233-269 High Street, comprises some 10,000m² (gross) of Class A1 retail floorspace together with a 104 bed Premier Inn hotel, 34 two bed apartments and major public realm improvements including an extension of the pedestrianisation scheme along High Street at this

point. Given the substantial amount of existing retail floorspace on-site, the net increase in retail floorspace totals approximately 1100m² (gross), which equates to about 750m² (net). It is also our understanding that the scheme will accommodate a number of retailers that have been displaced by the redevelopment, including Wilko and Tesco.

- 8.5 Clearly, this major mixed-use redevelopment is well underway (with operators such as Wilko and Premier Inn already trading) and its future overall success is not dependent upon convenience goods retailing. Furthermore, it is also relevant that this scheme commenced in the full knowledge that at that time the North Place consent existed and it was expected that the “Morrisons scheme” would be implemented. The fact that the Phase 2 development is well underway, with some commercial floorspace still available to let, clearly demonstrates the investor/business confidence the applicant, NFU Mutual Insurance Society Limited, has in securing operators as the scheme progresses – a view which is considered reflective of Cheltenham town centre’s credentials as a strong and attractive sub-regional shopping centre that continues to perform well in terms of investor confidence and retailer demand. This position, in turn, is reflective of the existing and forecast spending power available in the area that is underpinning the town centre’s robust turnover and appeal to investors and retailers.
- 8.6 Taking into account the investor confidence underpinning this major mixed use scheme, together with the enhanced overall role and attraction of the Brewery development as a whole following the completion of Phase 2, and the forecast levels of consumer spending power that will be available in the Cheltenham area to support existing and new retail floorspace, it is, in our view, inconceivable that the Brewery Phase 2 development could be materially harmed and jeopardised by the current proposal at Grovefield Way. The fact that DPDS concluded in 2015 that the then three retail units proposed by Hinton Properties at Tewkesbury Road, would not undermine the Phase 2 development, reinforces our conclusion in relation to the impact of the current Grovefield Way proposal.
- 8.7 As indicated previously, whilst a planning permission exists for a major mixed-use scheme at North Place, which includes, a food superstore. (5800m² gross), this proposed development is no longer supported by Morrisons following its abandonment of this development opportunity. Furthermore, given the representation and location of other foodstore operators in Cheltenham, coupled with the severely curtailed development programme of the major foodstore operators, we consider it unrealistic to expect the current consent to be implemented. However, the lack of any progress in implementing the relevant North Place consent will be for the reasons indicated and not because of any prejudicial effect of a consented and substantially smaller discount foodstore at Grovefield Way. Consequently,

there are no reasonable grounds for believing that the consented regeneration proposal at North Place could be materially harmed in some way by the application proposal at Grovefield Way.

8.8 Whilst we are not aware of any specific current major investment proposal in respect of the Coronation Square District Centre, located some 2.5kms west of the town centre, we are aware that its convenience role has recently changed following the refurbishment and occupation of the former Coop store by Iceland – a major investment decision taken, no doubt, in the full knowledge of the widely publicised “Morrisons development” at North Place and, presumably, the then extant consent to extend the existing Aldi store at Tewkesbury Road. Iceland’s decision is, in our view, reflective of the fact that Coronation Square is successful in serving a localised catchment and is able to co-exist “alongside” other larger foodstore developments elsewhere in Cheltenham.

8.9 In the past, a priority in relation to this centre had been to attract a large anchor foodstore whilst reducing the number of retail units and increasing residential and service uses. As such an objective was unachievable during a period of major growth and development within the grocery sector, it is very difficult to see it being realised in the foreseeable future given the very limited appetite for such development amongst the major foodstore operators. Consequently, and taking into account the absence of any current specific investment and development proposal at Coronation Square, we conclude that any further planned investment at this particular centre would not be put at risk by the current Grovefield Way proposal.

(2) Impact on In-Centre Vitality and Viability

8.10 In undertaking our quantitative assessment, we have taken into account the relevant findings of the Gloucester/Cheltenham/Tewkesbury Joint Core Strategy Retail Study 2011-31, prepared by DPDS in December 2011, together with their more recent May 2014 Update, particularly with regard to the population and local expenditure updates. We have also taken into account the CgMs retail impact assessment undertaken in 2012 in support of the then proposed Morrisons store at North Place and, in particular, the findings of their household survey which post-dates that used to inform the DPDS 2011 Retail Study. Consequently, the 2012 survey sheds light on convenience shopping patterns following the opening of the Asda store at Hatherley Lane. Furthermore, whilst this latter survey was undertaken some 4 years ago, there have been few, if any, significant changes “on the ground” during the interim that might otherwise cast doubt on the broad usefulness of the survey. Whilst, for example, there is no

longer a Coop store at Coronation Square, this has simply been replaced by an Iceland store of similar size and, whilst the Tesco Metro store has closed in order to make way for The Brewery Phase 2 development, it will be replaced shortly by a Tesco Express store. In reality it is considered likely that the overall convenience goods turnover of the town centre will have experienced a small decline, although both the Lidl store and a number of other smaller convenience stores in the town centre are likely to have benefitted from the closure of the Tesco Metro. Given this position and the national guidance that a proportionate approach to retail impact should be used, together with the fact that the current proposal falls below the NPPF default floorspace threshold that would otherwise trigger the need for a retail impact assessment, we conclude that the CgMs household survey can be used to provide a broad guide to convenience shopping patterns in Cheltenham.

- 8.11 In terms of Cheltenham specifically, the Study concludes that “the town centre represents the main centre in the Joint Core Strategy area and performs a wider sub-regional role, which reflects its ranking within the top 25 retail centres in the country. The centre supports a quality offer of retail provision complemented by good levels of services, an attractive shopping environment, and good levels of retailer representation and commercial demand. The strength of the town centre is further supported by the high levels of satisfaction noted from the NEMS survey”. These comments clearly “paint the picture” of a vital, viable and attractive centre, which provides a useful context for examining the likely impact of the proposed development.

Base and Design Year

- 8.12 A base year of 2016 is adopted, together with a design year of 2021 – some five years from the date of the application, as endorsed in Paragraph 26 of the NPPF.

Price Base

- 8.13 All monetary values are expressed in constant 2009 prices in order to be consistent with the price base adopted by DPDS in their respective retail studies.

Population

- 8.14 The previously accepted approach adopted by CgMs, focused on two of the zones used in the wider DPDS Study, namely, Zones 1 (Cheltenham) and. 2 (Bishops Cleeve). We have focused on the same zones and our population forecasts for each at our base and design years are

sourced directly from the DPDS 2014 Update. These show in Table 1 that at 2016 the population forecast for both zones is 136,028, which is forecast to increase by 4913 to 140,941 by 2021.

Expenditure: Convenience Goods

- 8.15 Table 2 shows the local expenditure per capita levels for each zone at 2016 and 2021, these having been sourced from the DPDS Retail Study Update (2014), projected forward from 2013 in line with Experian Retail Planner Briefing Note 13 (October 2015). Table 3 shows that total convenience goods spending power is forecast to be £235.7 million in 2016, and is forecast to increase by £6.7 million to £242.4 million by 2021.

The Proposed Retail Development: Turnover Estimate

- 8.16 As set out in Section 3 of this Report, the proposed foodstore totals 1741m² (gross), of which ALDI has confirmed that 1254m² would represent retail sales floorspace. On this basis, the convenience goods sales area would be 1003m² (80% of the total net) and the corresponding comparison goods sales area would total just 251m².
- 8.17 For the purposes of forecasting the likely turnover of the proposed development, we have assumed, as is typically the norm in such assessments, that the proposed new store would turnover at the relevant ALDI benchmark turnover level. Taking into account the latest benchmark figures taken from Mintel 2016, the current convenience goods sales density would be £9541/m² which, by 2021, would remain unchanged given the relevant Experian advice on the floorspace efficiency increases (October 2015). Conversely, the comparison goods sales density would increase to £10750/m² in line with the relevant Experian advice. As such, the respective convenience and comparison goods turnover of the proposed store in 2021 would be £9.57 million and £2.7 million (Table 4A).

Estimated Turnover of Relevant Convenience Retail Provision

- 8.18 Taking into account the forecast convenience goods expenditure available within the two study area zones (1 and 2) in 2016 and the shopping patterns identified by the CgMs household survey, we have estimated the turnover of relevant stores in 2016 derived from these two zones. As demonstrated by the DPDS household survey of a substantially wider area, stores within Cheltenham also benefit from expenditure inflows from areas outside Zones 1 and 2.

Our turnover estimates, which are predicated on a main food/top-up shopping split of 70/30, as in previous relevant Cheltenham assessments, therefore under-estimate the total turnover of the stores considered. Furthermore, the 2016 turnover estimates presented in Table 5 have been adjusted (primarily to the benefit of other town centre stores) to reflect the closure of the town centre Tesco Metro as a result of The Brewery Phase 2 development, whilst the 2021 estimates have similarly been adjusted to reflect the opening of the “replacement” new Tesco Express store within the Phase 2 development, which it is assumed would trade at the Tesco company average. The 2021 turnover estimates of relevant stores are predicated on a constant market share approach, as previously used by DPDS and CgMs in their respective assessments.

- 8.19 With regard to the town centre, its convenience goods turnover in 2021 is estimated to total £24.9 million, with Tesco, M&S and Iceland all trading well in relation to benchmark levels (not allowing for any expenditure inflow from beyond Zones 1-2), whilst there are no grounds for believing that the other, smaller and more “specialist” convenience stores referred to in Section 6, are similarly not trading well in light of the town centre’s overall role and attraction within the sub-regional shopping hierarchy.
- 8.20 With regard to food superstores elsewhere in Cheltenham, the Morrisons store at the Caernarvon Road district centre has an estimated turnover derived from Zones 1-2 of almost £31 million which, allowing for expenditure inflow, would total approximately £39 million – which compares very favourably with the company benchmark turnover for this store of almost £29 million. Moreover, several of the out of centre superstores elsewhere in Cheltenham are similarly trading well in relation to their respective company averages, including Tesco (Collets Drive), Sainsbury’s (Tewkesbury Road and Priors Road) and Waitrose (Honeybourne Way).

Estimated Trade Diversion

- 8.21 Prior to estimating the trade diversion associated with the proposed ALDI store, we have taken into account two extant foodstore consents; firstly, the approved ALDI store extension on Tewkesbury Road and the consented Morrisons superstore at North Place. Whilst the former is expected to be implemented, as confirmed by ALDI, a Morrisons superstore will no longer be developed following Morrisons withdrawal from the North Place scheme. Furthermore, we consider it very unlikely that one of the other leading foodstore operators will commit to implementing the North Place consent, for the reasons previously stated. Notwithstanding, we have considered the cumulative impact that would arise in the very unlikely event that a food superstore is developed at North Place.

- 8.22 For the purpose of estimating the turnover of the consented ALDI extension, we have assumed that the additional sales floorspace would trade at the full company average turnover (Table 4B). On the basis that such additional floorspace typically trades significantly below the relevant benchmark level, the approach we have adopted is considered to be very robust. Our turnover estimates for the additional convenience and comparison goods floorspace are therefore £2.5 million and £0.67 million respectively.
- 8.23 With regard to the consented superstore at North Place, given the absence of any committed named-operator, we have assumed that the store would achieve a turnover commensurate with the average turnover of the five leading foodstore operators in the UK. On this basis, the convenience turnover of this hypothetical store would be £24.3 million based on a convenience sales area of 2474m² as per the consented store. In determining the likely trade draw of this store, we have taken into account both the previous CgMs assessment and our own judgement. We would add that cumulative impact needs to be considered correctly. Where planning permissions have been granted, their impact on the town centre and other relevant retail provision has been considered by the Council to be acceptable. The key issue, therefore, in this particular case, is whether the current proposal tips the balance from an acceptable position in impact terms to one that is considered unacceptable. Furthermore, in its consideration of the earlier Morrisons proposal, the Council concluded it was likely that CgMs had under-estimated the spin-off economic benefits associated with the increase in footfall in the town centre associated with a new superstore at North Place, the net effect of which would be to reduce the impact of the new store on the town centre.
- 8.24 Table 6 sets out sequentially, the impact associated with the ALDI extension, followed by the estimated trade diversion to the new store at North Place, before adding the estimated trade diversion related to the proposed ALDI store at Grovefield Way. The last column of the table, identifies the estimated residual turnover of relevant stores. In terms of the percentage impact, both solus and cumulative, this is set out in Table 7.
- 8.25 In terms of the town centre specifically, the proposed ALDI store is estimated to have a solus impact of just 1.2%. This, in our view, would have an imperceptible effect on the sustained vitality and viability of the centre's convenience goods businesses, which would continue to trade well and benefit from footfall in the centre associated with Cheltenham's sub-regional role and attraction as a visitor destination. As noted above, cumulative impact must be considered in its correct context and, as such, it is very difficult to see how the Council could find the North Place proposal acceptable, with an estimated trade diversion from the town centre of £1.5 million, whilst concluding that the current ALDI proposal, with its estimated

trade diversion of £0.31 million, represented the “straw that broke the camel’s back” and amounted to a “significant adverse effect” that justified the refusal of planning permission. Furthermore, such a cumulative impact of 7.7% should appropriately be considered in the light of our comments above regarding the very limited prospect of implementation of a superstore development at North Place and our commentary below regarding the comparison goods turnover of the town centre and the ALDI proposal’s likely effect on the town centre as a whole. Also relevant in this very unlikely scenario, is the Council’s previous view that a superstore development at North Place could be expected to facilitate linked shopping trips to the centre with associated spin-off economic benefits that would ameliorate the direct trade diversion attributable to the new superstore.

8.26 Turning to the comparison goods element of the proposed ALDI store, the benchmark turnover, as indicated in Table 4A, would be £2.7 million. In terms of the likely trade draw, it is widely accepted in retail planning that a major proportion of a new foodstore’s comparison goods turnover can reasonably be expected to be derived from other food superstores associated with those shoppers who switch their convenience shopping to the new store. In addition, some of the comparison goods turnover of the new store will also be derived from out of centre non-food stores in Cheltenham. Consequently, we have assumed that 75% of ALDI’s comparison goods turnover would be derived from these latter sources, with the balance of 25% being derived from the town centre – a robust assumption in our view, which we have also applied to the approved ALDI extension. On this basis, the trade diversion from the town centre to the extended store would amount to £0.17 million (£0.67 million x 0.25).

8.27 In our 2015 retail assessment in support of the proposed mixed use development at the BMW dealership on Tewkesbury Road, we identified a town centre comparison goods turnover of £612 million in 2019, whilst also noting that this turnover was increasing by approximately £20 million per annum in light of local population and expenditure growth. For the purpose of this element of our assessment, we have therefore adopted a 2021 town centre turnover of £650 million.

8.28 In April 2012, the Council granted consent for two retail units adjacent to the B&Q store at the Golden Valley Retail Park. These units, which total 1700m², have been occupied by Home Bargains and Pets at Home. For the purposes of our assessment, we have adopted the trade diversion figures previously submitted and accepted. Expressed in 2009 prices and projected forward to 2021, the respective comparison and convenience goods trade diversions from the town centre are £1.0 million and £0.14 million. Furthermore, the corresponding trade diversion figures associated with the Morrisons superstore at North Place, approved in August

2013, would be £0.67 million and £1.55 million in 2021. The total estimated trade diversion associated with these two schemes therefore amounts to £1.67 million (comparison goods) and £1.69 million (convenience goods). With regard to the more recently consented scheme at the BMW site on Tewkesbury Road, this was estimated to result in a trade diversion of £6.8 million from the town centre in 2019. Projected forward to 2021, this would equate to a trade diversion of £7.03 million.

8.29 If these trade diversions are added together, the cumulative trade diversion would amount to £8.87 million (comparison goods) and £1.79 million (convenience goods) which, collectively, totals £10.66 million and equates to a percentage impact of just 1.58% on the basis that the total turnover of the town centre amounts to £675 million (£650 million comparison goods and £25 million convenience goods). As noted previously, this level of impact has been found to be acceptable by the Council.

8.30 Turning to the current ALDI proposal, this is estimated to result in a total trade diversion of £0.98 million (£0.31 million convenience goods and £0.67 million comparison goods) from the town centre which, in terms of solus and cumulative impact, amounts to 0.14% and 1.72%. Taking into account the essential characteristics of the town centre's attraction and robustness, there are no grounds whatsoever for believing that such a comparatively very small percentage increase would tip the balance from an acceptable position to one which represented a "significant adverse effect". In such circumstances, the ALDI proposal is considered acceptable in terms of its likely impact on Cheltenham town centre. Importantly, we would add that the cumulative trade diversion identified will, in reality, be spread over several years as each of the schemes comes forward. In practice, therefore, the effect will be more diffuse than we have identified and will not all be absorbed by town centre retailers at the same time, as evidenced by the fact that the development at the Golden Valley Retail Park has already been completed and absorbed into Cheltenham's retail stock. Furthermore, we are also aware that in its consideration of the Morrisons proposal, the Council considered that the estimated trade diversion from the town centre would be counter-balanced by new linked shopping trips from which town centre businesses generally would benefit. The 1.7% cumulative impact figure we have identified is therefore an over-estimate because it does not take into account the likelihood of the economic benefits associated with new linked shopping trips and nor does it make any allowance whatsoever for the significant amount of expenditure attracted to the town centre associated with visitors/tourists. These factors, coupled with the relative strength and attraction of the town centre, are important material considerations in understanding the likely effect "on the ground" of the proposed development. Our estimation of cumulative impact also represents an over-estimation because, in reality, we do not expect a food superstore development to come forward at North Place for the reasons stated above.

- 8.31 With regard to the proposal's likely effect on the Morrisons superstore which anchors the Caernarvon Road district centre, this store is estimated to have a post cumulative impact turnover of about £26.5 million derived from Zones 1-2. If an appropriate allowance is made for expenditure inflow, the residual turnover of this national multiple store will be above the company benchmark of £28.7 million. On this basis, and taking into account the continued role and attraction of this demonstrably popular national multiple, its sustained vitality and viability will not be threatened in any way by the likely trade diversion associated with relevant "commitments" and the proposed ALDI store.
- 8.32 Turning to the Bath Road district centre, our qualitative assessment demonstrates that this is a well-used centre which benefits from both a localised catchment and, to a lesser extent, pass-by trade. In terms of its convenience goods businesses, these clearly perform an essentially basket/top-up shopping role and, to the extent that the Sainsbury's and Coop stores perform a main food shopping role this is likely to be associated with some shoppers undertaking a few smaller shops throughout the week. Consequently, this centre will not be subject to any harmful trade diversion and, as a consequence, its sustained vitality and viability will not be threatened in any way by either the relevant "commitments" or the proposed ALDI store.
- 8.33 With regard to the Coronation Square district centre, the CgMs household survey, like many similar surveys, tends to under-record the turnover of smaller stores whilst over-recording the turnover of larger stores. In our view, the survey has under-recorded the turnover of both Farmfoods and the Coop who were present at the time of the survey and who have since been replaced by Iceland who opened in 2015. Notwithstanding, the key findings in relation to this centre are that both the Iceland and Farm Foods stores occupy a niche position within the grocery market and serve an essentially localised catchment with an important walk-in element. Consequently, we do not anticipate that the proposed ALDI store will attract a quantifiable level of trade from this comparatively small centre.
- 8.34 We consider that the majority of the proposal's turnover will be drawn from out of centre foodstores such as Tesco (Collets Drive), Asda (Hatherley Lane) and Sainsbury's (Tewkesbury Road) – these stores alone accounting for over half (52%) of the proposal's convenience goods turnover. These stores, together with others such as ALDI (Tewkesbury Road) and Sainsbury's (Priors Road), are not afforded any policy protection and, as such, their trading performance is not material to the determination of the current planning application. Notwithstanding, none of these national multiples will experience any threat to their sustained vitality and viability.

8.35 With regard to other smaller centres and parades of local shops, none of these will be susceptible to any material trade diversion.

8.36 In light of the above analysis, there are no reasonable grounds for believing that the proposed discount foodstore would cause an adverse impact, let alone a “significant” adverse impact – the relevant NPPF test – in relation to any policy protected centre in Cheltenham. In these circumstances, the proposal is demonstrably policy compliant and, given the wide-ranging consumer and employment benefits we have identified, the “presumption in favour” should clearly apply.

9.0 Conclusion

- 9.1 This assessment has reviewed the proposed discount foodstore against the key retail policy tests set out in national and local planning policy.
- 9.2 With regard to the sequential test, good planning practice and case law demonstrates that the starting point should be the application proposal itself, subject to a reasonable degree of flexibility, and the “need” that it will meet. In this case, a sensible interpretation and application of the sequential test dictates that the “proposed development” is compliant with the relevant provisions of the NPPF.
- 9.3 Turning to retail impact, it has been demonstrated that the proposal will result in a comparatively very small increase in trade diversion from the town centre over and above that associated with relevant “commitments”. In reality, this trade diversion will, in our view, have an imperceptible impact on the sustained vitality and viability of the town centre, which is strong, popular and attractive and, moreover, is continuing to improve. Furthermore, the proposal will not remotely adversely affect any other policy protected centre in Cheltenham. We would add that we have tested a “worse case” scenario in that we have assessed the likely effect of a major food superstore being developed at North Place in line with the “Morrisons consent”. On the basis that this consent does not, in our view, represent a realistic development opportunity, our assessment of impact represents an over-estimate. Put simply, the retail impact test contained in the NPPF is comfortably complied with and there is demonstrably no evidence whatsoever to indicate otherwise.
- 9.4 In practice, the proposal will deliver a number of important retail and employment benefits at a committed commercial development site within the urban area and, as such, it clearly qualifies as a “sustainable economic development”, for which there is a presumption in favour embodied in the NPPF, unless the adverse impacts would demonstrably out-weigh the benefits. Given the major benefits identified and the absence of any material harm, the proposal should be welcomed and planning permission granted accordingly.

Appendix 1: Economic Tables

| Table 1: Population Forecasts | | |
|--------------------------------------|-------------|-------------|
| | 2016 | 2021 |
| Zone 1 | 120,348 | 124,425 |
| Zone 2 | 15,680 | 16,516 |
| Total | 136,028 | 140,941 |

Source / Notes:

- Population forecasts sourced from Table 1, Cheltenham, Gloucester and Tewksbury Retail Study Phase 1 Update (2014), DPD5.
- Zones 1 and 2 comprise "Study Area" adopted by CgMs for North Place RIA.

| Table 2: Convenience Expenditure Per Capita Estimates | | |
|--|-------------|-------------|
| | 2016 | 2021 |
| Zone 1 | 1,772 | 1,785 |
| Zone 2 | 1,891 | 1,905 |

Source / Notes:

- Per Capita estimates sourced from DPDS Retail Study Phase 1 Update (2014), projected forward from 2013 in line with Experian Retail Planner Briefing Note 13 (October 2015).

| Table 3: Total Convenience Goods Expenditure (Excluding SFT) | | |
|---|------------------|------------------|
| | 2016 (Em) | 2021 (Em) |
| Zone 1 | 206.9 | 212.3 |
| Zone 2 | 28.8 | 30.1 |
| Total | 235.7 | 242.4 |

Source / Notes:

- Tables 1 and 2.
- SFT notes sourced from Figure 5, Experian Retail Planner Briefing Note 13 (October 2015).

| Table 4A: Proposed Aldi Store | | | | | | | | |
|--------------------------------------|------------------------------------|---|--|---|--|--|---|-----|
| | Net Floorspace (m2) | Convenience Net Floorspace | Comparison Net Floorspace | Convenience Sales Density (£/m2) | Comparison Sales Density (£/m2) | Convenience Benchmark Turnover (£m) | Comparison Benchmark Turnover (£m) | |
| Gross Floorspace (m2) | 1741 | 1,254 | 1,003 | 251 | 9541 | 10750 | 9.57 | 2.7 |

Source / Notes:

- Floorspace figures sourced from application submission and advice from Aldi.
- Benchmark sales densities sourced from Mintel 2016.
- Comparison Goods Sales Density increased to 2021 in line with Table 4B, Experian Retail Planner Briefing Note 13 (October 2015).
- 2009 Prices.

| Table 4B: Consented Aldi Extension at Tewkesbury Road | | | | | |
|--|---|--|---|--|------|
| | Additional Convenience Goods Floorspace (m2) | Additional Comparison Goods Floorspace (m2) | 2021 Convenience Benchmark Turnover (£m) | 2021 Comparison Benchmark Turnover (£m) | |
| Total Additional Net Floorspace (m2) | 331 | 265 | 66 | 2.53 | 0.67 |

Source / Notes:

- Floorspace figures sourced from Aldi application.
- Benchmark Sales Densities sourced from Mintel 2016.
- Comparison Goods Sales Density increased to 2021 in line with Table 4b, Experian Retail Planner Briefing Note 13 (October 2015).
- 2009 Prices.

| Table 5: Estimated Convenience Goods Turnover of Principal Food Stores | | |
|---|-------------|-------------|
| | 2016 | 2021 |
| 1. Cheltenham Town Centre | | |
| Tesco Express | | 2.6 |
| Lidl | 3.07 | 2.76 |
| Co-op | 0.21 | 0.21 |
| Iceland | 4.81 | 4.7 |
| M&S | 5.64 | 5.4 |
| Other Stores | 10.32 | 9.21 |
| 2. District Centre | | |
| Morrisons, Caernarfon Road | 30.00 | 30.86 |
| Co-op, Bath Road | 4.26 | 4.38 |
| Co-op, Coronation Square | 1.36 | 1.40 |
| Farmfoods, Coronation Square | 0.52 | 0.53 |
| JS 'Local', Bath Road | 1.71 | 1.76 |
| 3. Other Cheltenham Stores | | |
| Tesco, Collets Drive | 32.95 | 33.9 |
| JS, Tewkesbury Road | 28.23 | 29.1 |
| Waitrose, Honeybourne Way | 23.40 | 24.07 |
| M&S, Kingsditch Retail Park | 2.00 | 2.06 |
| Aldi, Tewkesbury Road | 4.72 | 4.86 |
| Asda, Hatherley Lane | 15.97 | 16.43 |
| Co-op, Wardon Hill | 0.85 | 0.87 |
| JS, Priors Road | 20.70 | 21.30 |
| Other Stores | 8.75 | 9.00 |
| 4. Glancaster | | |
| | 5.00 | 5.14 |
| 5. Tewkesbury | | |
| | 2.10 | 2.16 |
| 6. Bishops Cleave | | |
| | 24.57 | 25.49 |
| 7. Other | | |
| | 3.40 | 3.50 |

Source / Notes:

- Shopping patterns sourced from NEMS Household Survey (June 2012), commissioned by CgMs in support of the North Place Food Superstore proposed.
- Available expenditure derived from Table 3.
- Main food and Top-Up expenditure split 70/30.

| Table 6: Estimated Trade Diversion Patterns: | | | | | | | |
|--|-------------------|---------------------------|-------------------|-----------------------------|-------------------|----------------------|-------------------|
| | Turnover Estimate | Trade Diversion Aldi Ext. | Residual Turnover | Trade Diversion "Morrisons" | Residual Turnover | Trade Diversion Aldi | Residual Turnover |
| Cheltenham Town Centre | 24.88 | 0.10 | 24.78 | 1.5 | 23.28 | 0.31 | 22.97 |
| Morrisons | 30.86 | 0.30 | 30.56 | 2.19 | 28.37 | 1.90 | 26.47 |
| Co-op/Sainsbury's, Bath Road | 6.14 | | 6.14 | 0.20 | 5.94 | | 5.94 |
| Coronation Square | 1.93 | | 1.93 | 0.20 | 1.73 | | 1.73 |
| Tesco, Collets Way | 33.9 | 0.81 | 33.09 | 6.56 | 26.53 | 1.50 | 25.03 |
| JS, Tewkesbury Road | 29.1 | 0.53 | 28.57 | 3.28 | 25.29 | 0.54 | 24.75 |
| Waitrose, Honeybourne Way | 24.07 | 0.03 | 24.04 | 3.83 | 20.21 | 0.24 | 19.97 |
| M&S, Kingsditch Retail Park | 2.06 | 0.03 | 2.03 | 0.20 | 1.83 | 0.08 | 1.75 |
| Aldi, Tewkesbury Road | 4.86 | | 7.39 | 0.55 | 6.84 | 0.51 | 6.33 |
| Asda, Hatherley Lane | 16.43 | 0.40 | 16.03 | 1.09 | 14.94 | 2.27 | 12.67 |
| JS, Priors Road | 21.30 | 0.06 | 21.24 | 1.09 | 20.05 | 0.20 | 19.85 |
| Tesco, Bishops Cleave | 21.44 | | 21.44 | 1.10 | 20.34 | | 20.34 |
| Morrisons, North Place | 24.3 | | | | | 1.45 | 22.85 |
| Other Stores | | 0.25 | | 2.43 | | 0.62 | |

| Table 7: Individual and Cumulative Impact Percentages | | | | |
|---|--------------------|------------------------|------------------|-----------------------|
| | Turnover 2021 (£m) | Residual Turnover (£m) | Solus Impact (%) | Cumulative Impact (%) |
| Cheltenham Town Centre | 24.88 | 22.97 | 1.2 | 7.7 |
| Morrisons, Caernarfon Road | 30.86 | 26.47 | 6.1 | 14.2 |
| Co-op/JS, Bath Road | 6.14 | 5.94 | | 3.2 |
| Coronation Square | 1.93 | 1.73 | | 10.4 |
| Tesco, Collets Way | 33.9 | 25.03 | 4.4 | 26.2 |
| JS, Tewkesbury Road | 29.1 | 24.75 | 1.8 | 14.9 |
| Waitrose, Honeybourne Way | 24.07 | 19.97 | 1.0 | 17.0 |
| M&S, Tewkesbury Road | 2.06 | 1.75 | 3.9 | 15.0 |
| Aldi, Tewkesbury Road | 4.86 | 6.33 | 6.9 | 14.3 |
| Asda, Hatherley Lane | 16.43 | 12.67 | 13.8 | 22.9 |
| JS, Priors Road | 21.30 | 19.85 | 0.9 | 6.3 |
| Tesco, Bishops Cleave | 21.44 | 20.34 | | 5.1 |
| Morrisons, North Place | 24.3 | 22.85 | 6.0 | |
| Other Stores | | | | |