



## Briefing Note

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Our ref 21514/JW/DGg  
Date 17 September 2010

### **Subject** **Proposed Aldi Foodstore, Finchale Avenue, Billingham**

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#### 1.0 **Introduction**

1.1 This note has been prepared by Nathaniel Lichfield and Partners (NLP) on behalf of Stockton-on-Tees Borough Council. It provides a review of the current planning application made by Aldi Stores Ltd (Aldi) for a new discount foodstore, comprising 1,540 sqm gross/990 sqm net sales floorspace, on land east of Finchale Avenue, Billingham.

1.2 This note is based on a review of the Planning and PPS4 Statement, prepared by Turley Associates to accompany the application, against the key planning policy issues relating to new retail development. It also takes into account relevant national and local planning policy, as well as the Stockton and Middlesbrough Joint Retail Study, prepared by NLP and White Young Green (WYG) in 2008, and existing commitments/current proposals for new retail development in the area. Regard has also been had to the decision of the Secretary of State, in refusing planning permission for a proposed new Morrisons superstore in the same location, on appeal.

#### 2.0 **Context**

##### **Planning Policy Statement 4 (PPS4): Planning for Sustainable Economic Growth (December 2009)**

2.1 PPS4 was published in December 2009, and applies to all forms of economic development, which includes main town centre uses, such as retail. It seeks to promote the vitality and viability of town centres, by focusing new economic growth and main town centre uses therein, and providing a wide range of services in an attractive environment.

2.2 PPS4 makes clear that all applications for economic development, including retail, should be assessed against a number of impact considerations, set out at Policy EC10.2. These relate to:

- limiting carbon dioxide emissions, and minimising vulnerability/providing resilience to, climate change;

- accessibility by a choice of means of transport, including walking, cycling, public transport and the car, and the effect on local traffic levels and congestion;
- whether the proposals secure high quality and inclusive design;
- the impact on economic and physical regeneration in the area, including deprived areas and social inclusion objectives; and
- the impact on local employment.

2.3 PPS4 also requires that proposals for main town centre uses which are not located within an existing centre, and which are not in accordance with an up-to-date development plan strategy, should be subject to two tests, including:

- the sequential approach to site selection; and
- the impact arising from the development, taking into account a number of criteria, in addition to those set out above.

2.4 The new impact test includes a number of criteria at Policy EC16.1, in addition to those set out above. These additional criteria relate to the following:

- the impact upon existing, committed and planned public and private investment in centres;
- the impact on town centre vitality and viability, including local consumer choice and the range and quality of the comparison and convenience retail offer;
- the impact on the prospect of allocated sites outside town centres being developed;
- the impact on in-centre trade/turnover and on trade in the wider area, taking account of current and future consumer expenditure capacity in the catchment area;
- whether the proposal is of an appropriate scale in relation to the size of the centre and its role in the hierarchy of centres; and
- any locally important impacts on centres.

2.5 Policy EC17.2 states that, where no significant adverse impacts have been identified under policies EC10.2 and EC16.1, planning applications should be determined by taking account of:

- a the positive and negative impacts of the proposals, in terms of policies EC10.2 and EC16.1, and any other material considerations; and
- b the likely cumulative effect of recent permissions, developments under construction and completed developments.

2.6 Practice Guidance on Need, Impact and the Sequential Approach was published alongside PPS4, and provides advice in relation to methodologies and key data inputs.

### **The Development Plan**

2.7 Alteration Number 1 to the Stockton-on-Tees Borough Local Plan was published in 2006 and replaced the shopping chapter in the previously adopted plan (June 1997).

2.8 Policy S2 sets out a number of criteria against which proposals for new retail and town centre uses located outside of existing centres should be considered. These criteria reflect policy contained within the old PPS6: Planning for Town Centres (superseded by the new PPS4), and include those relating to need, the sequential approach, impact upon existing centres, scale and accessibility. Policy S13 also allocates a number of sites, including the wider Billingham Centre, for mixed use development.

2.9 The Stockton Local Development Framework (LDF) Core Strategy was adopted in March 2010. Policy CS5 defines Stockton as a Town Centre, with Billingham, Thornaby and Yarm as District Centres. It also states, inter alia, that:

- no further allocations for retail development will be made in the Borough during the lifetime of the Core Strategy;
- up to 2011, the need for additional capacity can be mostly met through committed developments and the occupation and re-occupation of vacant floorspace;
- priority to regeneration initiatives will be given to Thornaby and Billingham Centres; and
- planning applications for main town centre uses in edge or out of centre locations will be determined in accordance with national policy (i.e. that contained within PPS4).

### **Stockton and Middlesbrough Joint Retail Study (2008)**

2.10 Nathaniel Lichfield and Partners (NLP) and White Young Green (WYG) were commissioned by Stockton-on-Tees and Middlesbrough Borough Councils in 2007 to prepare the above study. The assessment of retail expenditure capacity forecast that, across Middlesbrough and Stockton as a whole, there would be convenience goods capacity in the region of £34.6m in 2011, increasing to £51.0m in 2016.

2.11 In relation to Stockton in particular, a review of the assessment contained within the study indicates that convenience goods capacity is forecast at £18.1m in 2011, increasing to £29.0m in 2016. In Billingham in particular, it was identified that existing facilities, including the Asda store located in the defined district centre, were achieving a level of turnover around £8m above

their benchmark (or expected) level. However, the study also concluded that floorspace already committed would be likely to meet all forecast expenditure capacity across Stockton as a whole.

### 3.0 **Review of Key Issues**

3.1 In refusing planning permission for the proposed Morrisons store on (part of) the same site in 1999, the Secretary of State agreed with the view of the Inspector that any such store would be out of centre, in PPS4 terms. This decision was reached primarily on the basis of the Inspector's view, that both The Causeway and Roseberry Flats form physical and visual barriers to pedestrian movement between the site and the centre.

3.2 Notwithstanding this, whilst Billingham District Centre does not have a Primary Shopping Area, the site is located on the northern side of The Causeway, which bounds the defined Billingham District Centre to the north. The site lies around 20m from the centre boundary, and 180m from the existing Asda store, which helps to anchor the centre and lies adjacent to a number of bus stands. On this basis, it is considered that any new Aldi would have potential to generate linked trips with existing retail uses located within this centre, and would function as an edge of centre store.

3.3 Given that the site lies beyond the boundary of the centre, it is necessary for the subject proposals to be considered in the context of the sequential approach to site selection (Policy EC15 of PPS4) and the various impact criteria set out in Policies EC10.2 and EC16.1. Whilst PPS4 makes clear that Policy EC16.1 normally applies to proposals over 2,500 sqm gross, it states that it is also relevant to schemes under this threshold which would be likely to have a significant impact on other centres. In this context, and given that the above statement does in any event seek to address these criteria, they are reviewed below, alongside the sequential approach and the other impact considerations set out under Policy EC10.2.

### **Sequential Approach**

3.4 The Planning and PPS4 Statement submitted provides a detailed assessment of four separate sites within Billingham District Centre, in terms of their potential to accommodate the proposed Aldi foodstore. These sites are all identified as part of a Master Plan, which has been prepared for Billingham District Centre by Stockland, the Council's preferred developer.

3.5 This statement concludes that there are no sites which are suitable, available and viable for the proposed foodstore. In particular, the assessment argues that:

- although the **Queensway/Kingsway House** site is proposed in the Master Plan for redevelopment for a new superstore of circa 3,000 sqm gross, the timescales for this are uncertain, and a store of such size would be unviable for Aldi;
- the **existing Asda store** is currently occupied, with no date set for their relocation, and until this occurs the unit is unavailable. It is also argued that it would not provide the required operational efficiencies, in terms of servicing arrangements and remote car parking provision;
- the **plot adjacent to Argos**, off Moreland Avenue, is adjacent to a Listed Building (The Forum), and a unit of the size indicated in the Master Plan may not be acceptable. They also conclude that the timescales for the unit are unknown, and it would have constrained servicing arrangements, limited parking and no visual prominence; and
- the **former Kwiksave unit/vehicle repair shop** site has no visual prominence, and any store would have to be divided onto two floors, which would be unviable, and not provide the operational efficiencies required by a deep discount operator.

3.6 The Queensway/Kingsway House site could theoretically accommodate a new foodstore of the scale proposed by Aldi, if the site becomes available. However, such development could prevent the centre from being able to accommodate a new foodstore of the scale envisaged in the Master Plan, which is central to the wider regeneration and redevelopment of the centre.

3.7 There would appear to be scope to accommodate new food retailing on the other three sites, particularly the existing Asda store and the plot adjacent to Argos. Asda have been successfully trading from their existing store, which provides a similar level of retail floorspace (around 1,300 sqm gross/800 sqm net) to the proposed new Aldi, and will become available, should they relocate on to the Queensway/Kingsway House site. The store could clearly be refurbished for re-occupation by Aldi, making use of existing car parking at Rothbury Street, immediately to the west.

3.8 In relation to the plot adjacent to Argos, there would also appear to be potential to incorporate land and buildings immediately to the north in any proposed new development. Whilst this land is currently part of the curtilage to The Billingham Arms Hotel, it lies within the ownership of Stockland, and offers potential to help accommodate a new foodstore, particularly given the existing car parking which lies to the north and north-east.

3.9 Whilst the former Kwiksave unit/vehicle repair unit is more constrained in terms of its size and the surrounding uses, and lacks the prominence of the other sites considered, it would still be visually prominent within the centre itself. However, it is not considered that it has been fully demonstrated that it would

not be suitable to accommodate new discount foodstore, or be adequately served by customer car parking.

- 3.10 In addition to the above, the site of the existing Roseberry Flats, which lie on the south side of The Causeway, but within the defined Billingham District Centre, may also offer potential for redevelopment to accommodate a new discount foodstore. This is particularly given the size of the site, and the fact that these flats are currently understood to be vacant.
- 3.11 It is therefore further discussions be held between Aldi and both Stockland and Council Officers, in order to establish whether any of the above sites could realistically accommodate such a store. In doing so, regard should be had to the requirement for flexibility in relation to scale, format, car parking and the scope for disaggregation, as set out in Policy EC15.1 of PPS4. On the basis of the information submitted, however, it is not considered that the applicants have demonstrated compliance with the sequential approach.

### **Impact**

- 3.12 As set out above, all proposals for economic development, including new retail uses, are required to be considered against the criteria set out under Policy EC10.2. Taking into account the scale and nature of the proposals, and the assessment undertaken in Section 9.0 of the applicant's Statement, it is accepted that the proposals would result in some benefits in terms of sustainability, accessibility to foodstore provision and employment creation. Subject to the design and appearance of the proposals being considered acceptable by the Council - and with the exception of any possible effect upon the regeneration of Billingham District Centre (which is considered further below) – it is not considered that the development would be likely to have any significant adverse impact in terms of those considerations set out under Policy EC10.2.
- 3.13 The Planning and PPS4 Statement also contains an assessment of the proposals against the criteria set out in Policy EC16.1 of PPS4, which relate specifically to proposed new main town centre uses. It is agreed that criteria (c) (impact on allocated sites outside town centres) is not relevant to this proposal, although in relation to criteria (f) (locally important impacts), we have given consideration to the likely impact upon Policy CS5 of the Core Strategy.

### ***Impact upon Investment in Centres***

- 3.14 It is contended in the applicants' Planning and PPS4 Statement that the proposed development of a large new foodstore in Billingham District Centre will not be compromised by the provision of a new Aldi store. It is further contended that the new Aldi would complement the redevelopment of the district centre, showing commitment by private investors, and enhancing the overall retail offer.

- 3.15 In the context of the policies contained within both the adopted Core Strategy and Alteration No. 1 to the Local Plan, the emerging proposals for the redevelopment of Billingham District Centre should be afforded significant weight in the determination of the application. Stockland are putting together their plans for the redevelopment of the centre and, even if there are no 'ready-made' sites in the current Master Plan, it would likely that such plans could accommodate a new discount foodstore. The development of a new Aldi store, particularly if located at the eastern end, could act as a second foodstore anchor to the centre, and help to increase footfall across the centre as a whole, as well as stimulate commercial interest in other sites/vacant floorspace.
- 3.16 From discussions with Council Officers, we are aware of concerns expressed by Stockland in relation to the current Aldi proposals, and their potential effect upon the wider planned redevelopment in Billingham. In particular, the approval and implementation of a new Aldi could absorb available expenditure capacity, and impact upon the ability of Stockland to attract new operators, including on the four sites identified in the current Master Plan.

***Impact on Town Centre Vitality and Viability***

- 3.17 The likely impact of the proposed new Aldi store upon the vitality and viability of existing centres, including Billingham, should be viewed in the context of the current health of the centre, including the range of existing uses it contains. Against this background, it is considered unlikely that the new store would have any significant impact upon the range of existing uses contained within the centre, or its wider vitality and viability. This reflects the limited number of uses within the centre which would compete with the new Aldi, and the fact that the majority of the trade diversion would be likely to be experienced by the existing Asda, which is currently performing strongly, and Tesco at Leeholme Road, which is in an out-of-centre location.

***Impact on In-Centre Trade/Turnover***

- 3.18 The Planning and PPS4 Statement includes a quantitative assessment of the trade diversions likely to result from the proposed new Aldi store, as well as the expenditure capacity available to support new retail floorspace in Billingham. This assessment is based on the capacity assessment contained within the Stockton and Middlesbrough Joint Retail Study (January 2008), as updated with more recent growth rates. Whilst the basis for some of the detailed assumptions made in this assessment (including the growth rates used, turnover efficiency, and the turnover of the new store) is not clear, it is not considered that any of these assumptions materially affect the overall conclusions of the assessment.
- 3.19 The convenience goods trade diversion impacts forecast upon existing stores in Billingham District Centre are all relatively low (at below 10%), and unlikely to affect the overall viability of any existing stores. Such stores include Asda,

which is currently achieving a level of turnover which is around 75% above its company average.

3.20 When comparing the levels of turnover estimated to be achieved by existing facilities to their benchmark (or expected) turnovers, there would appear to be sufficient convenience goods expenditure capacity to support the turnover of the new Aldi store. However, even taking the approach that 100% of expenditure generated within the Billingham area can be retained within this area – which we do not consider to be realistic - the levels of capacity forecast (around £12m in 2015) are insufficient to be able to accommodate both the new Aldi and a large new foodstore in the centre.

3.21 It is possible that any such large store would represent a relocation of the existing Asda facility, which in itself would release additional capacity. However, any new Aldi would clearly impact upon the levels of such capacity available to support both new provision and existing retailers in the centre, including any new anchor store(s).

#### ***Appropriate Scale***

3.22 The Planning and PPS4 Statement submitted argues that the scale of the proposed new Aldi reflects the role and function of Billingham District Centre and will provide an offer comparable in scale to existing and proposed retail units. Given that the new Aldi would be similar in size to, albeit slightly larger than, to the existing Asda, and only around half the size of any large new store developed at the western end of the centre (around 3,000 sqm gross) it is not considered that the proposals raise any significant issues in terms of scale.

#### ***Locally Important Impacts***

3.23 The applicant's Planning and PPS4 Statement does not specifically address any locally important impacts set out in the development plan. Notwithstanding this, however, Policy S13 of Alteration no. 1 to the Local Plan allocates the wider Billingham Centre for mixed use development, and Core Strategy Policy CS5 also affords priority to the regeneration of the centre. As set out above, any possible effects which the proposals would have upon the demand from operators, and the ability to bring forward those sites identified in the Master Plan, should be taken into account in the determination of the subject application.

### **4.0 Conclusions**

4.1 This note has provided an assessment of the current application proposals for a new Aldi store on land at Finchale Avenue, Billingham, against the key tests set out in PPS4, including the sequential approach (Policy EC15.2) and impact (Policies EC10.2 and EC16.1).



- 4.2 On the basis of the information submitted, it is not considered that the applicants have satisfactorily addressed the sequential approach to site selection. In particular, there would appear to be scope to accommodate new food retailing on the sites identified in the Billingham District Centre Master Plan, particularly the existing Asda store and the plot adjacent to Argos.
- 4.3 The trade diversions which would result from the proposed new Aldi would be relatively low, and the new store would help to enhance consumer choice in Billingham. However, the proposed development could impact upon the ability to attract the future investment and new occupiers required in order to facilitate the regeneration of the centre, as envisaged by the adopted development plan, and including through the development of the sites identified in the Master Plan.
- 4.4 It is therefore recommended that further discussions be held with Stockland, in order to:
- explore the potential to accommodate Aldi as part of the planned redevelopment of the district centre, as well as the extent to which they have aspirations to incorporate a discount foodstore in the scheme; and
  - confirm levels of demand from operators in achieving representation in the centre, including on those sites identified in the Master Plan, and the extent to which this could be affected by the development of a new Aldi store on the application site.
- 4.5 It also recommended that discussions be held with Aldi, in order to invite the submission of further information in order to address the issues raised above, including sequentially preferable sites and operator demand.
- 4.6 Notwithstanding the above, however, on the basis of the application as it currently stands, it is not considered that the current Aldi proposals can be supported in terms of planning policy contained within PPS4.