



NEXUS
PLANNING

East Lindsey Retail Study 2021

Assessment of Impact

On behalf of East Lindsey District Council

April 2022

Contents

1 Introduction	2
Introduction and Scope	2
2 The Impact Assessment.....	Error! Bookmark not defined.
Impact of the Proposal on Town Centre Vitality and Viability	5
The Identified Likely Impact.....	8
3 Summary and Conclusions.....	Error! Bookmark not defined.

Appendices

Appendix 1 - Retail Impact Assessment

1 Introduction

Introduction and Scope

- 1.1 Nexus Planning has been instructed by East Lindsey District Council (hereafter referred to as 'the Council') to undertake a new Authority-wide Retail Study ('the Study'). The primary focus of the Study is to establish the current position in respect of the need for additional retail facilities in East Lindsey, and to consider the vitality and viability of the District's defined centres.
- 1.2 The purpose of this report is to consider the likely resultant cumulative impacts of foodstores coming forward in the four settlements where capacity to support additional convenience goods floorspace was identified in the main Study, namely Horncastle, Spilsby, Skegness and Louth. The Study identifies a limited requirement for additional comparison goods floorspace, identified towards the end of the study period (at 2036).
- 1.3 This report should be read alongside the wider Study, which provides detail on the current health of the defined centres within East Lindsey, reflects on the performance of existing stores and destinations within the settlements and provides future capacity figures based on the existing performance of destinations within each of the individual settlement areas.
- 1.4 Those settlements in particular which are identified as benefitting from some capacity to support additional convenience goods floorspace are Horncastle, Spilsby, Skegness and Louth. In respect of the first three, this is partly due to the level of inflow of tourism expenditure and to a lesser extent, the current performance of stores. For example, in Skegness the principal reason for the identified capacity is due to the identified overtrading of the Aldi store on burgh Road, and the tourism inflow then further grows this surplus of convenience expenditure.
- 1.5 In terms of Louth however, whilst tourism inflow is part of the reason for the level of identified capacity, the level of over-trading of stores is higher even when considered on the basis of resident expenditure only.
- 1.6 As such, it is important to acknowledge the above in planning for the future needs of the authority area, and whilst planning for the whole catchment is important (both residents and visitors), it may be wise to take a cautious approach, perhaps reflecting the future uncertainty in respect of expenditure inflow from visitors.

- 1.7 Specifically, and as set out at Section 7 of the Retail Study, the level of capacity identified within Horncastle is for up to 1,900 sq.m of additional convenience floorspace, within Spilsby is for up to 1,600 sq.m of convenience floorspace, within Skegness is for up to 2,200 sq.m of convenience floorspace and for Louth the identified capacity is for up to 5,100 sq.m, at the test year of 2036. As set out above, the Study does not identify any capacity for additional comparison goods floorspace in the short to medium term and therefore we have not undertaken an assessment of impact of comparison floorspace on the centres as part of this exercise. Should any proposal (either for convenience or comparison goods floorspace) come forward, they should be assessed appropriately against the relevant policy requirements.
- 1.8 It is important to consider the nature of foodstores which realistically could be delivered in the centres having regard to the existing commercial market, the type of operators actively seeking new premises and representation within the authority area, and those which will realistically deliver a new facility which could meet the day-to-day convenience needs of residents. In this regard, the capacity identified within Louth is for significantly more convenience floorspace than Spilsby, Skegness and Horncastle, but it is highly unlikely that a store with that level of convenience floorspace could be delivered and supported in practice, particularly having regard to the current commercial climate. We therefore undertake the impact assessment within Louth on the basis of a slightly smaller level of convenience floorspace.
- 1.9 Whilst the four settlements are located some distance from each other, due to the relatively rural nature of some parts of the authority area and in some cases, a lack of choice of foodstores, residents will often travel greater distances to meet their retail needs when compared to a more urban and built-up area. As such, a new foodstore in for example Horncastle, may also have implications on existing destinations in Spilsby, and vice versa.
- 1.10 It follows therefore, that it is important to also take account of the cumulative position, which assumes that three foodstores come forward in each of the four settlements, and the resultant cumulative impacts.
- 1.11 The remainder of this report therefore sets out the methodology adopted in approaching the hypothetical impact assessment, and provides further justification in respect of the assumptions applied.
- 1.12 Accordingly, our report is structured as follows:

- **Section 2** – summarises the methodology adopted in respect of the impact assessment, and the key findings;
- **Section 3** – provides our overall summary and conclusions.

2 The Impact Assessment

Impact of the Proposal on Town Centre Vitality and Viability

- 2.1 In order to inform judgements in respect of the likely impact of proposals on established centres, it is necessary to consider the likely diversion of expenditure that may occur when the proposed development is implemented and trading patterns have been established.
- 2.2 Whilst the NPPF sets out the second part of the impact test, paragraph 017 of the Town Centres PPG establishes a checklist for its application in practice.
- 2.3 The checklist identifies the following steps:
 - establish the state of existing centres and the nature of current shopping patterns at base year;
 - determine the appropriate time frame for assessing impact, focusing on impact in the first five years, as this is when most of the impact will occur;
 - examine the 'no development' scenario;
 - assess the proposal's turnover and trade draw;
 - consider a range of plausible scenarios in assessing the impact of the proposal on existing centres and facilities;
 - set out the likely impact of that proposal clearly, along with any associated assumptions or reasoning, including in respect of quantitative and qualitative issues; and
 - any conclusions should be proportionate; for example, it may be sufficient to give a broad indication of the proportion of the proposal's trade derived from different centres and facilities in the catchment area and the likely consequences to the viability and vitality of existing centres.
- 2.4 Using the above checklist as a guide, we set out below our methodology and conclusions in respect of the retail impacts arising from the proposal. Tables providing our step-by-step retail impact assessment are provided at Appendix 1.
- 2.5 In the first instance, we have updated the pre-development turnovers of existing destinations at the test year using the population and expenditure calculated within the capacity tables. The same process has been undertaken for the benchmark turnovers of destinations within the Study Area,

using the forecasted growth in floorspace efficiency from the Retail Planner Briefing Note. This also enables us to understand the performance of stores (the level of over or under trading) particularly once any trade diversion to the hypothetically proposed stores has been taken account of.

- 2.6 The assessment does not consider the additional comparison goods turnover that will arise in the assessment of trading impacts. The non-food impacts would likely be imperceptible. They are expected to fall mainly on the comparison goods offer of other supermarkets although, by virtue of the frequently changing nature of the goods sold, impacts will similarly vary week to week and will be transient.

Determine the Appropriate Time Frame for Assessing Impact

- 2.7 Paragraph 017 of the Town Centres PPG indicates that the design year for the testing of impact should equate to the year when the proposal has achieved a 'mature' trading pattern and that this is conventionally taken as the full second year of trading after the opening of a new retail development.
- 2.8 In light of this being a hypothetical exercise and no foodstore is yet proposed, or indeed an application submitted or determined, we have adopted a test year of 2026 being five years from the date of the publication of this Study.

Proposal Turnover and Trade Draw

- 2.9 As set out above, this impact exercise has adopted three different scenarios in terms of proposed floorspace in each of the four settlements. In respect of the proposal in Louth, we have adopted a slightly lower convenience floorspace figure to better reflect the commercial market and what could come forward in practice. In this regard, the 'top four' convenience operators (Tesco, Morrisons, Sainsbury's and Asda) are not typically delivering large foodstores (although some are seeking smaller opportunities) and instead the market is very much being driven by the likes of Aldi and Lidl. As such, we have assumed that the largest type of foodstore would be reflective of the typical floorspace requirement being delivered by the discount market.
- 2.10 In considering the impacts arising from a development of this nature, it is important to note that no specific retailer is formally associated with any of the proposals and, as such, the proposed units could theoretically be occupied by a range of convenience operators.
- 2.11 Table 2.1 sets out the estimated convenience turnovers of the four foodstores. We have adopted the minimum net sales area identified at 2021 within the Retail Study (other than for Louth, which we

have adopted a lower figure than that which is identified for the reasons as set out above). These figures have been used to ensure that the level of capacity is not over-estimated. We have then adopted an average sales density for the proposed convenience floorspace based on the average sales densities identified for Aldi and Lidl as set out at Table 5 of the capacity assessment presented as part of the main Study.

Table 2.1: Estimated Convenience Goods Turnover of Proposals in Settlements at 2021 and 2026

Floorspace	Net Sales Floorspace (sq.m)	Sales Density (£ per sq.m)	2021 Turnover (£m)	2026 Turnover (£m)
Convenience Floorspace - Spilsby	1,100	9,878	10.9	11.4
Convenience Floorspace - Horncastle	1,300	9,878	12.8	13.4
Convenience Floorspace - Skegness	1,400	9,878	13.8	14.5
Convenience Floorspace - Louth	1,800	9,878	17.8	18.6

2.12 As set out above, given the limited turnover of the comparison goods floorspace proposed as part of the foodstores, we have not undertaken a full impact assessment of this element of the development. Any trade diversion as a result of the proposed comparison floorspace would be spread over a number of destinations and would be of no material consequence in practice.

2.13 We have assessed the likely patterns of convenience goods trade diversion to the hypothetical proposals having regard to existing trading patterns throughout the catchment and the principle identified at paragraph 016 of the Town Centres Planning Practice Guidance that 'Retail uses tend to compete with their most comparable competitive facilities' (often referred to as 'like competes with like').

Assessing the Impact of the Proposal

2.14 It is widely accepted that competing facilities with a similar offer, which are located close to the application proposal, are likely to be the subject of greater trade diversion impacts. In this context, it is necessary to review the trade draw of competing facilities to understand current shopping patterns, and identify those shoppers who may be tempted to visit new facilities.

2.15 The analysis of shopping patterns is included at Section 4 of the Retail Study. Through the analysis, we are able to see where residents of each zone are currently choosing to meet their convenience

goods needs. In this regard, we are able to assess the principal destinations from which trade will be diverted. These are based on our professional judgements.

The Identified Likely Impact

- 2.16 Our detailed convenience goods trade diversion assessment is set out at Table 2 of Appendix 1. We also provide a cumulative impact assessment based on the assumption that all three foodstores come forward. This is of course a worst case scenario, and is unlikely to happen in practice, and particularly in the short term. However, it is of relevance to consider the cumulative position should this situation occur and to provide further advice to the Council to help guide the plan making process.

Assessment of Impact in Spilsby

- 2.17 In terms of Spilsby, we have assumed that the majority, or 40% of the trade from a proposed foodstore would be diverted from the Sainsbury's superstore located on Boston Road. The Sainsbury's within Spilsby is identified as overtrading considerably when compared to its benchmark average, and following the assumed diversion set out within the impact assessment, would continue to trade well post diversion. However, based on the level of diversion estimated by us, we envisage that the solus impact on the store could be as high as -25.6%.
- 2.18 In this regard, the Sainsbury's store within Spilsby is situated within the defined centre, and therefore the impact on the store, and the associated implications in terms of reduced linked-trips and footfall between the store and the wider town centre needs to be considered.
- 2.19 However, subject to a proposed store coming forward within or on the edge of Spilsby (subject to identifying a suitable site), then any proposal would also seek to benefit the town centre through linked-trips, and indeed could result in an increase in footfall through drawing back convenience shopping trips into the centre through the delivery of a new store, providing an alternative offer and choice for residents. Furthermore, a store within or on the edge of the centre would also result in an overall increase in town centre turnover, therefore reducing any impacts on the overarching vitality and viability of the centre as a whole.
- 2.20 Based on current shopping patterns, we also consider a store proposed in Spilsby would divert trade from key destinations within Skegness (principally the Aldi, Morrisons and Tesco Superstore). Of these three stores, only the Aldi is estimated to be trading above benchmark, albeit it is important to note that the survey derived turnovers do not account for the level of tourism inflow. In any event, none of the main foodstores within Skegness are located outside of the defined centre and therefore do

not afford policy protection. Consideration in respect of any potential loss of linked trips between foodstores and the town centre is of relevance but is unlikely to be at a level which could cause a significant adverse impact on the town centre. Should a proposal come forward however, this would need to be considered in detail.

- 2.21 Overall, whilst we consider the potential impact to be high on the in-centre Sainsbury's in Spilsby and that there would be a loss of linked-trips between the store and the centre as a result of a new store, if delivered outside of the town centre. However, the wider benefits of delivering a store within or on the edge of the centre through the continued encouragement of linked-trips and retaining expenditure within the centre could outweigh and potential harm.

Assessment of Impact in Horncastle

- 2.22 In terms of Horncastle, we have assumed that the highest level of trade will be diverted from the Tesco Superstore located on Watermill Road in Horncastle, with an estimated solus impact of -28.4%. The Tesco store is situated in an edge of centre location, and therefore in a similar manner to the stores within Skegness, afforded no policy protection. However, given its location and proximity to the town centre in Horncastle, consideration must again be given to the potential implications in terms of impact on linked-trips between the Tesco and the town centre, and how a proposed store could in effect ensure that trade is not directly lost from the town centre even if an alternative store was delivered.
- 2.23 Should a suitable site be identified within or on the edge of Horncastle, then there would be a real opportunity to not only increase consumer choice within Horncastle, but also help to ensure any linked-trips and associated expenditure were not lost from the centre, and indeed, help to draw expenditure back into the centre which would otherwise be spent elsewhere in the authority area.

Assessment of Impact in Skegness

- 2.24 Turning to Skegness, we have assumed that the highest level of trade will be diverted from the Aldi foodstore on Burgh Road and the Lidl foodstore on Richmond Road. The level of diversion estimated by us for these two stores is -11.2% and -23.0% respectively. As noted above, both of these stores are located outside of the defined centre and are therefore afforded no policy protection.
- 2.25 However, as was the case in Horncastle, given the proximity of a number of the foodstores to Skegness town centre consideration should be given to the potential implications in terms of impacts on linked-trips between the Lidl, Morrisons and Tesco foodstores. Similarly, as with Horncastle,

consideration must also be given to how a proposed store could in effect ensure that trade is not directly lost from the town centre even if an alternative store was delivered.

- 2.26 The above must also be considered alongside our recommendations made within the Retail Study that Skegness is well served by a range of national multiple convenience operators and that from a qualitative perspective, there does not appear to be an immediate requirement to increase the main food convenience shopping provision within the town.

Assessment of Impact in Louth

- 2.27 Finally, in terms of Louth, on the basis that the settlement could support a larger foodstore than in Spilsby and Horncastle, the resultant impacts on existing destinations will inevitably be higher. As set out above, we have assumed that a mid-size foodstore could realistically come forward given the current commercial market and the nature of operators who are actively seeking to expand their portfolio.
- 2.28 On this basis, and taking account of existing shopping patterns within Zone 7 (i.e. where residents are currently choosing to meet their shopping needs) we have assumed that the highest proportions of trade will be diverted from the Aldi and Morrisons in Louth, both of which are recorded as overtrading within the Study. Based on the level of diversion estimated by us, we envisage that the solus impact on these two stores could be -14.4% and -16.4% respectively. Of particular relevance here is the significant identified overtrading of the Aldi store and its ultimate continued strong performance post development. The Aldi store is situated in an out of centre location and affords no policy protection. However, the Morrisons store is situated in an edge of centre location in planning policy terms, located within the defined town centre boundary but outside of the defined primary shopping area. Whilst the store is therefore not in-centre and does not afford the same policy protection as a store within the primary shopping area, given its location and clear linkages within the town centre, loss of expenditure from the store could be of concern.
- 2.29 However, as is the case with the previous settlements, should a suitable site be identified within or on the edge of Louth, then there would be a real opportunity to not only increase consumer choice within the centre, but also help to ensure any linked-trips and associated expenditure were not lost from the centre, and indeed, help to draw expenditure back into the centre which would otherwise be spent elsewhere in the authority area. In fact, the overarching end position could be to enhance the centre, rather than jeopardise its future performance, subject to the suitable scheme and site being identified.

3 Summary and Conclusions

- 3.1 Nexus Planning has been commissioned by East Lindsey District Council to undertake an assessment of the resultant cumulative impacts in a circumstance where three foodstores come forward in the four settlements, Horncastle, Spilsby, Skegness and Louth, where the 2021 Retail Study identified additional capacity to support additional convenience goods floorspace.
- 3.2 The purpose of this assessment is to provide the Council with the evidence to understand the implications on Horncastle, Spilsby, Skegness and Louth, should proposals for additional convenience floorspace come forward.
- 3.3 Our assessment has taken account of the existing provision of convenience operators in each centre and the wider District, and provides a detailed analysis of existing shopping patterns from those residents who we consider would visit a new store should it be located in the four identified centres.
- 3.4 There is no doubt that a new convenience operator in any of the four town centres would have implications on the turnovers of existing stores, in fact all retail proposals will have some impact on town centres given that they need to divert their trade from somewhere.
- 3.5 However, in assessing the merits of the proposal, the wider positive benefits need to be considered. In particular, additional convenience goods floorspace could deliver:
- An increase in the level of available expenditure within the town centre and create additional opportunities to encourage linked-trips with existing operators in the centre;
 - A diversification of the overall convenience offer in the town centres, providing an alternative fascia to specifically meet the needs of the local demographic population; and
 - An addition to the overall range of operators available within walking distance of the range of business operations within the town centre, increasing choice.
- 3.6 In considering the potential implications of new convenience floorspace in the four centres, the Council would need to assess the developments on their own merits. This is particularly of relevance when considering the magnitude of impact arising from a retail proposal, which could be altered dependent on the location of the new store, the proximity to the defined centre, any other relevant commitments coming forward and the current health of the relevant defined centres. As such, determining whether a scheme were to have a significant adverse impact, in accordance with the

requirements of the local plan and NPPF would need to be considered and concluded at the time of submission, having regard to the most up to date information and data at that time.

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