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Our ref: 61599/01/PW/PW/25878804v2
Your ref:

Dear Ms Jones

Application Ref. 2019/0366/FUL – Proposed Aldi store retail critique

The Council has commissioned Lichfields to review the response to the Retail Critique (6th April 2022) submitted by Avison Young (AY) on behalf of Aldi Stores Limited. AY's response letter dated 18th August 2022 includes updated retail impact assessment estimates (Revised July 2022) and revisits the sequential test.

Lichfields' Retail Critique 6th April 2022 concluded AY had under-estimated trade diversion and impact on facilities in Skelmersdale town centre. The Concourse Centre was seen as vulnerable to further reductions in footfall and trade, particularly if the existing Aldi closed. The potential closure of the existing Aldi store was a significant concern in terms of a potential large void within the Concourse Centre and the loss of an anchor store.

In relation to the sequential test, the Retail Critique concluded the applicant had not demonstrated the existing Aldi store could not be extended into neighbouring units. The report advocated further discussion between Aldi and the owners of the Concourse Centre to resolve these issues.

Sequential Test

AY's response indicates the Lidl and B&M stores at the Tawd Valley Centre in Skelmersdale town centre commenced trading in June 2022 and therefore this opportunity site is not available and can be dismissed accordingly. Lichfields' Retail Critique previously concluded this site was not available.

In relation to the potential expansion of the Aldi store in the Concourse Centre, AY suggests the situation has changed significantly since April 2022. Aldi has engaged with The Skelmersdale Partnership, and we understand legal discussions are now well advanced and a new lease will ensure Aldi remains in occupation at Unit 100 until at least 2031. It is not clear when the new lease will be signed and this should be confirmed by the applicant, because at present there is no guarantee this will be in place before the Council determines the planning application.

The current lease was due to expire in 2025. D2 Planning has withdrawn The Skelmersdale Partnerships' previous objections to the Aldi planning application at Pennylands House. So hopefully the new lease will be completed soon. However, it is not clear whether the new lease will require Aldi to keep their store open until the end of the lease. In theory Aldi could choose to continue to pay rent to the end of the lease but close the store beforehand. It would be helpful to establish whether this form of clause is contained within the proposed new lease. If this is not possible, then the Council could consider a S106 agreement which requires Aldi to keep an operational store in the Concourse until the end of the lease in 2031. This agreement would need to be signed by the Council, Aldi and the Skelmersdale Partnership.

In terms of the potential to expand the existing Aldi store into Units 102 and 104, we understand Unit 102 is still occupied by the West Lancashire Wellbeing Hub Health Centre and Unit 104 is occupied by Field Fresh on a long lease. Details of the lease arrangements have not been provided, but it appears The Skelmersdale Partnership is no longer promoting Aldi's expansion into these adjacent units as an alternative sequential option. Furthermore, The Skelmersdale Partnership is not suggesting an enlarged Aldi store can be accommodated elsewhere in the Concourse Centre.

Based on the information provided, these adjacent units do not appear to be available within a reasonable period of time and this opportunity can now be discounted.

Retail Impact Test

Population and expenditure

AY provides an updated RIA as set out in Appendix II. The update adopts the latest Experian population and expenditure data. The base year (2022) population in the catchment area has reduced from 129,927 to 128,874. The design year population (2025) is now 129,443 compared with 130,765 previously adopted by AY. As indicated in Lichfields' previous critique, Experian's population and expenditure data is a widely used and recognised source of information.

AY previously adopted Experian's Retail Planner Briefing Note 17 (October 2020) to project expenditure and deduct non-store retail trade (special forms of trading – SFT). The update now, correctly, adopts the latest Retail Planner Briefing Note 18 (January 2022).

Lichfields has adopted Experian latest expenditure projections and SFT deductions from Retail Planner Briefing Note 18 and our estimates produce slightly lower results to those shown in AY's updated Table 2c. Lichfields' convenience goods expenditure per capita figures are 2.3% lower in 2022 and 2025.

Lichfields' results for comparison goods expenditure projections are slightly higher than those shown in AY's updated Table 10c. Lichfields' comparison goods expenditure per capita figures are 1.8% higher in 2022 and 2025.

Turnover of the proposed development and commitments

As before, the sales area of the Aldi store is 1,315 sq.m net of which 80% will be convenience goods sales, consistent with recent Aldi applications assessed by Lichfields. AY's updated convenience goods turnover for the Aldi store is £11.59 million in 2020, based on an average sales density of £11,017 per sq.m net (Source: GlobalData 2021). The comparison goods turnover is £2.06 million in 2020 based on

an average sales density of £7,829 per sq.m net. AY has not under-estimate the turnover of the proposed Aldi store.

The trade counter unit (372 sq.m) is expected to have a comparison goods turnover of £1.43 million in 2025, which is reasonable for a unit of this size.

AY's estimate the combined convenience goods turnover of the Lidl/B&M commitment and the proposed Aldi store is £24.12 million at 2025. AY's convenience goods turnover for the new Lidl store is £8.84 million in 2021, based on an average sales density of £8,739 per sq.m net, consistent with GlobalData's latest 2021 estimate. The convenience goods turnover for the new B&M store is £1.81 million in 2021, based on an average sales density of £3,635 per sq.m net. AY has not under-estimated the turnover of these new stores.

Trade draw

AY provides revised estimates of the zonal convenience goods trade draw of the proposed Aldi store in Table 8a in Appendix II. As before, AY estimates the majority (70%) of the convenience goods trade will come from the local Skelmersdale area (Zone 3b), with the next highest trade draw from Zone 3a (20%). In total 90% of trade is expected to be drawn from the primary catchment area (£10.7 million). AY has not under-estimated the new store's trade draw from residents in the PCA (Zone 3a and 3b).

AY's updated Table 8b in Appendix II sets out the distribution of trade draw to the proposed Aldi store by zone and from each shopping destination. Tables 6a and 6b set out the distribution of trade draw to proposed commitments, including Lidl/B&M in the Tawd Valley Centre scheme (now completed). AY estimates that the majority (70%) of the convenience goods trade of the Lidl and B&M stores will come from residents in the local Skelmersdale area (Zone 3b). In total 90% of trade is expected to be drawn from the primary catchment area (£9.84 million). AY has not under-estimated these commitments' trade draw from the PCA.

Convenience goods trade diversion to commitments and proposed Aldi store

AY's revised estimates of convenience goods trade diversion to commitments and the proposed Aldi is set out in Tables 6b, 7b and 8b in Appendix II. The cumulative impact results are summarised in AY's revised Table 9.

AY estimates that £5.78 million of the Lidl/B&M's convenience goods turnover drawn from PCA residents (£9.84 million in total) will be diverted from existing facilities within Zone 3b in the PCA, which is only 59% of total PCA turnover.

AY estimates that £6.0 million of the proposed Aldi's convenience goods turnover will be diverted from existing facilities within the PCA, which is only 56% of total PCA turnover (£10.7 million). As previously suggested, these trade diversion assumptions appear inconsistent with the trade draw estimates. A disproportionately high level of trade (41% and 44% respectively) is still estimated to be drawn from facilities outside of the Zone 3b, and conversely a disproportionately low draw from facilities within the zone.

Lichfields continues to believe at least 80% of the proposed Lidl, B&M and Aldi stores' PCA turnover is more likely to be diverted from existing/proposed facilities within Zone 3b rather than 59% or 56%. As a



result, we believe AY continues to under-estimated trade diversion, solus and cumulative impacts on Skelmersdale town centre and Sandy Lane local centre.

Impact sensitivity analysis

As indicated in the previous retail critique, an impact sensitivity analysis is still required based on the following changes:

- 1 Base year (2022) and design year (2025) turnover levels should be reduced by 2.3% to reflect Lichfields’ adjusted Experian projections.
- 2 80% of the proposed Lidl, B&M and Aldi stores’ PCA turnover will be diverted from existing/proposed facilities within Zone 3b.

The proposed new lease agreed with The Skelmersdale Partnership suggests Aldi will remain in the Concourse Centre until at least 2031 and therefore it is unnecessary to assess the potential implications of the existing Aldi store closing at the end of 2025.

If the Experian expenditure figures are adjusted by 2.3%, then the design turnover levels are shown in Table 1 below. The revised design year turnovers with commitments implemented are shown in Table 2. Table 2 assumes increased trade diversion (80% in Zone 3b rather than 59%) as outlined above. Table 3 shows revised design year turnovers with commitments and the new Aldi.

A summary of Lichfields’ sensitivity impacts are shown in Tables 4 and 5. The cumulative impact figures in Table 5 show the overall percentage change in turnover in 2025 assuming no development compared with all proposed developments implemented. Lichfields’ sensitivity analysis suggests marginally higher levels of cumulative impact than AY’s figures.

Table 1 Design year turnovers in Zone 3b - £M

	2025 – design year
Asda, Ingram Road	48.78
Aldi, Concourse	10.41
Iceland, Concourse	3.47
Other Skelmersdale TC	11.05
Other Zone 3B	5.54

Table 2 Design year 2025 turnovers in Zone 3b with commitments - £M

	No development 2025	Commitments trade diversion	Post commitments turnover 2025	% Impact
Asda, Ingram Road	48.78	-4.28	44.50	-8.8
Aldi, Concourse	10.41	-2.52	7.89	-24.2
Iceland, Concourse	3.47	-0.29	3.18	-8.3
Other Skelmersdale TC	11.05	-0.53	10.52	-4.8
Other Zone 3B	5.54	-0.27	5.27	-4.9
Lidl/B&M commitments	n/a	+10.09	10.57	+100.0

Table 3 Design year 2025 turnovers in Zone 3b with commitments and new Aldi development - £M

	Post commitments turnover 2025	New Aldi trade diversion	Post development turnover 2025	% Impact
Asda, Ingram Road	44.50	-3.49	41.01	-7.8
Aldi, Concourse	7.89	-2.87	5.02	-36.4
Iceland, Concourse	3.18	-0.33	2.85	-10.4
Other Skelmersdale TC	10.52	-0.61	9.91	-5.8
Other Zone 3B	5.27	-0.30	4.97	-5.7
Lidl/B&M commitments	10.57	-0.96	9.61	-9.1
New Aldi development	n/a	+10.98	10.98	

Table 4 Design year 2025 turnovers scenario summary - £M

	No development	Post commitments turnover	Post Aldi turnover
Asda, Ingram Road	48.78	44.50	41.01
Aldi, Concourse	10.41	7.89	5.02
Iceland, Concourse	3.47	3.18	2.85
Other Skelmersdale TC	11.05	10.52	9.91
Other Zone 3B	5.54	5.27	4.97
Lidl/B&M commitments	n/a	10.57	9.61
New Aldi development	n/a	n/a	10.98

Table 5 Design year 2025 impact summary (% reduction in turnover)

	% Commitments solus impact 2025	% New Aldi solus impact	% Cumulative impact Lichfields	% Cumulative impact Avison Young
Asda, Ingram Road	-8.8	-7.8	-15.9	-11.2
Aldi, Concourse	-24.2	-36.4	-51.8	-36.2
Iceland, Concourse	-8.3	-10.4	-17.9	-12.4
Other Skelmersdale TC	-4.8	-5.8	-10.3	-7.2
Other Zone 3B	-4.9	-5.7	-10.3	-7.2
Lidl/B&M commitments	+100.0	-9.1	-9.1	-6.6
New Aldi development	n/a	+100.08	+100.0	+100.0

AY provides a broad brush analysis of comparison goods impacts shown in Table 11 in Appendix II. The comparison goods turnover of the scheme is £3.78 million and half of this turnover (£1.89 million) is expected to be diverted from Skelmersdale town centre. This assumption is reasonable based on comparison goods shopping patterns within the study area. This trade diversion results in a -3% impact on Skelmersdale town centre in 2025. This level impact (-3%) is not significant in the context of projected comparison goods expenditure growth between 2022 and 2025. A significant element of the

trade diversion will come from the Asda store, the proposed Lidl and B&M stores rather than small shops in the town centre.

Implications for designated centres

Skelmersdale Town Centre

AY has not undertaken a new health check of Skelmersdale town centre. The previous assessment was based on a survey in November 2021. At that time, AY indicated the number of vacant units was 17, a vacancy rate of 17.9% compared with the UK average of 14.1%. However, D2 Planning on behalf of The Skelmersdale Partnership suggested there were 32 vacant units. The Skelmersdale Partnership has now withdrawn their objection and presumably the shop vacancy rate in the Concourse Centre is no longer a cause for concern now Aldi's presence in the centre has been secured until 2031.

Lichfields' sensitivity impact analysis suggests the combined convenience goods turnover of Skelmersdale town centre is £73.71 million in 2022, with two thirds of this trade attracted to the Asda superstore to the north of the centre, which is separate from the Concourse Centre. The base year convenience goods turnover of the Concourse Centre is £24.93 million, including Aldi's turnover of £10.41 million.

The convenience goods turnover of Skelmersdale town centre is projected to increase to £76.66 million when the Tawd Valley Centre commitment is implemented by 2025. Despite this increase of £2.95 million, there will be a significant redistribution of trade within the town centre i.e., £4.28 million from Asda, £2.52 million from the existing Aldi and £0.82 million from the rest of the Concourse Centre to the Lidl and B&M stores. The post commitments convenience goods turnover of the Concourse Centre is £21.59 million, a -13.4% reduction from the base year turnover (£24.93 million). The existing Aldi store's residual turnover at 2025 (£7.89 million) is still above the company average benchmark turnover of £7.81 million (709 sq.m net convenience sales at £11,017 psm).

The proposed new Aldi store will further reduce the convenience goods turnover of the Concourse Centre from £21.59 million to £17.78 million, a -28.7% reduction from the no development turnover (£24.93 million). AY's own figures suggest a higher residual turnover of £20.4 million in 2025,

Lichfields' sensitivity analysis suggests the residual turnover of the existing Aldi store in the Concourse Centre will be £5.02 million, which is 35.7% below the company average benchmark turnover (£7.81 million). However, we understand Aldi is expected to renew their lease for this store up until 2031, despite the significant reduction in turnover.

Even if the Aldi store remains open in the Concourse Centre, the -28.7% reduction in convenience goods turnover attracted to the Concourse Centre from £24.93 million in 2022 to £17.78 million in 2025 is likely to lead to a reduction in footfall, which could have knock on implications for other shops and services in the centre. The decrease in footfall and linked trips caused by the £7.15 million reduction in convenience goods trade in the Concourse Centre may be offset by the additional convenience goods trade attracted to the new Lidl and B&M stores. The combined convenience goods turnover of the Lidl and B&M is £9.61 million in 2025, but the proportion of trips linked with the Concourse Centre is likely to be much lower than linked purpose trips within the centre. There is still likely to be a net reduction in footfall and linked trips in the Concourse Centre. However, The Skelmersdale Partnerships now appears to be confident any net reduction in footfall and linked trips will not have a significant adverse impact on the Concourse Centre because Aldi will retain their store in the Centre.

In terms of impact on committed/planned investment, Lichfields' impact sensitivity figures suggest the turnover of the Tawd Valley Centre commitment will reduce from £10.57 million to £9.61 million due to the new Aldi. This planned investment has now been successfully implemented. Based on the impact estimates, it is unlikely either Lidl or B&M would be forced to close their new stores.

In overall terms, customer choice and retail provision within Skelmersdale's town centre boundary has improved following the successful completion of the Tawd Valley Centre commitment, which will be consolidated by Aldi's decision to enter a long term lease for their existing store to 2031.

Sandy Lane Local Centre

Previous representations implied the Co-op store could close, but limited information about the expected level of trade diversion, the current performance of the Co-op store and existing linked trips generated by the Co-op store to rest of the Local Centre were provided.

Lichfields' sensitivity impact analysis suggests the convenience goods turnover of other facilities in Zone 3b including Sandy Lane Local Centre is £5.54 million in 2022. The impact of commitments will reduce this turnover to £5.27 million, an impact of -4.9%. The cumulative impact with the proposed Aldi store is -10.3%. As before, there is no evidence that suggests the Co-op store will become unviable following a -10.3% reduction in trade. If the Co-op store remains trading, as suggested by the residual turnover figures, then there will be no reduction in local consumer choice within the Local Centre itself, and residents will have access to a new Aldi store. At worst, the net effect on linked trips is still likely to be neutral and no significant adverse impact is envisaged on Sandy Lane Local Centre in terms of the loss of trade for other shops and services.

Conclusions

The Skelmersdale Partnership is no longer promoting Aldi's potential expansion into these adjacent units as an alternative sequential option. Based on the information provided, sequential opportunities in Skelmersdale town centre can now be discounted and the sequential test has been satisfied.

Lichfields' impact sensitivity indicates the level of impact may be marginally higher than these suggested by the applicant. Lichfields' cumulative impact figures suggest a -28.7% reduction in convenience goods turnover attracted to the Concourse Centre and the existing Aldi store is likely to trade significantly below the company average. However, if Aldi retains their store up to 2031, despite the significant reduction in turnover, then the knock on impact on the Concourse Centre will be reduced. The Skelmersdale Partnerships now appears to be confident any net reduction in footfall and linked trips will not have a significant adverse impact on the Concourse Centre, with Aldi retained.

It is important Aldi's presence in the Concourse Centre is secured in the long term to ensure impact on Skelmersdale town centre is not significant, recognising the Tawd Valley Centre has recently improved the attraction of the centre. Further details of the Aldi lease arrangements in the Concourse Centre should be provided.

Yours sincerely



Peter Wilks
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