



ALDI STORES LIMITED

Logistics North, Bridgewater Avenue, Bolton, BL5 1EE

Rachael Simpkin
High Peak Borough Council
Buxton Town Hall
Market Place
Buxton
Derbyshire
SK17 6EL

By Email:

Dear Ms Simpkin,

HPK/2021/0145 - Full planning application for the development of a Local Centre comprising a foodstore (Use Class E (a)), children's day nursey (Use Class E (f)) and flexible commercial/retail units (Use Class E and Sui Generis (hot food takeaway, veterinary surgery, public house/drinking establishment)) along with parking, access and other associated works

Land at Foxlow Farm, Harpur Hill Road, Harpur Hill, Buxton, Derbyshire

Response to Committee Resolution on behalf of Aldi Stores Ltd

I write in connection with the above site on behalf of Aldi Stores Ltd ('Aldi'). As you will be aware, Aldi will be the operator of the foodstore to which this planning application relates and we are therefore fully supportive of the proposals. Aldi is already a key investor and employer in the High Peak, with existing foodstores within Glossop, Buxton and Chapel-en-le-Frith. We are committed to relocating from our 20-year old 'first generation' Station Road foodstore in Buxton to a modern, larger replacement at Foxlow Farm (an emerging local centre).

The purpose of this letter is to provide some further information in relation to Aldi, and specifically our existing and proposed foodstores within Buxton. Having attended High Peak BC's Development Control Committee of 13th September 2021, where our planning application was deferred, we noted down a number of questions raised by Councillors and felt that it would be beneficial to the decision making process to provide clarity on these points. I would therefore be very grateful if you could share the contents of this letter with the members of your planning committee.

The questions raised are answered under the following headings. However, firstly, we set out a brief history of our Station Road foodstore and explain why it is critical for our business that we relocate to new premises in Buxton.

The history of Aldi's Station Road foodstore and the operational issues now faced

Aldi currently serves the Buxton catchment from our Station Road foodstore, which is located to the north of the town centre. This store was constructed in 1999 and is now nearly 23 years old. It is a 'first generation' store which means that it is now one of the oldest in our north-west portfolio. When originally constructed, the store had a net sales area of 720 sq. m which, at the time, was commensurate with our trading format and size requirements.



ALDI STORES LIMITED

Logistics North, Bridgewater Avenue, Bolton, BL5 1EE

However, the past two decades have seen our popularity increase dramatically, with UK consumers becoming more price conscious and appreciating the sustained quality of the Aldi offer. As a result, older stores such as Station Road have begun to suffer severe ongoing operational difficulties because they are based on a trading format which is outdated and simply too small to meet the demands of our growing customer base.

To put this into context with the Station Road store specifically; its original net sales area was 720 sq. m and whilst this was extended marginally during the 2000's to provide a net sales area of 850 sq. m, our modern format stores involve a notably larger net sales area of 1,315 sq. m. This is over 80% larger than Station Road's sales area as originally constructed, and 55% larger than the sales area as extended.

This considerable difference in size between our first generation foodstores and our latest trading format results in two key problem areas for us as a retailer:

- **Consumer Satisfaction** – Our increased popularity has meant that older stores such as Buxton – which performs very strongly for its size – has begun to suffer severe operational constraints, such as a heavily congested car park, crowded aisles, and lengthily queues at tills during peak periods. This leads to frustration for our consumers and is not what they expect from a modern Aldi foodstore. Such constraints therefore reflect negatively on our brand and over time can lead to customers choosing to shop at a different retailer locally or travelling further afield to visit a more modern format Aldi store, such as that in Chapel-en-le-Frith.
- **Viability Implications** – The cornerstone of Aldi's 'deep discount' business model is to maximise efficiencies in order to reduce costs which can in turn be passed on to the consumer. However, smaller outdated store formats such as Buxton prevent these efficiencies being realised. For example, the limited sales area prevents products being displayed on pallets and requires our staff to replenish shelves with fewer items more frequently. It also impacts upon deliveries, with the store needing to be serviced more frequently given its lack of shelf space and back-of-house storage areas. These issues are compounded by other operational costs associated with the store's age. For example, the dated and inefficient heating and cooling systems which are expensive to run and of greater harm to the environment.

Given the evident operational challenges associated with Aldi continuing to trade from first generation stores such as Station Road, it is hardly surprising that we have been seeking an alternative site for a modern format foodstore in Buxton for most of the past decade. Indeed, members should be aware that having been unable to identify any 'suitable' and 'available' town centre sites (despite extensive searches), we expressed our interest in the emerging local centre at Foxlow Farm following suggestions of its potential and suitability by High Peak Borough Council's own planning and regeneration officers. This came about through discussions regarding the Station Road store's long-term future, and in order to retain an Aldi presence within the town.

In circumstances such as this, where an existing store no longer meets operational requirements, our strong preference is to deliver a modern, fit-for-purpose replacement such as that proposed at Foxlow Farm. Recent examples of settlements where this has been successfully achieved include our store relocations in Altrincham and Leyland. However, where relocation (or on-site replacement) is not possible, and a store's operational constraints persist, we have had to take the difficult decision to close these first generation outlets without direct replacements



ALDI STORES LIMITED

Logistics North, Bridgewater Avenue, Bolton, BL5 1EE

and rely on our wider network of regional stores to serve the local customer base. Recent examples of where we have been forced to do this include the closure of older stores in Openshaw, Rochdale and Blackpool.

Accordingly, whilst our strong preference is to continue to serve Buxton from a new, fit-for-purpose modern foodstore at Foxlow Farm, if this is not possible then we cannot rule out closing our inefficient first generation store at Station Road and relying on our existing outlets in Bakewell and Chapel-en-le-Frith to serve Buxton and its surrounding rural catchment. Leaving Buxton is clearly not a scenario that either we as a retailer or, we anticipate, the residents of Buxton would want.

In summary, given our extensive searches for a new store in Buxton over the past decade, the current proposals at Foxlow Farm local centre represent the only opportunity to ensure that we can continue to trade successfully in this settlement, thereby securing existing jobs and delivering new jobs for local people. For the reasons outlined, our Station Road unit is simply not a long-term solution and will ultimately need to close.

Why can't two smaller 'City Centre' format Aldi foodstores be provided in Buxton instead of the single store format proposed?

Whilst we do operate a 'city centre' format this, as the name suggests, is only viable in certain major city centre locations and contains a very different scaled-down offer to a typical Aldi foodstore.

For example, product lines within a city centre store are reduced down to the most popular day-to-day items and some are omitted altogether – given the much more limited floorspace available. This format operates more like a convenience store, requiring a constant stream of visitors purchasing a low volume of day-to-day goods on a frequent basis. Accordingly, to be viable, this format needs to be located in extremely high footfall locations. A rural town such as Buxton simply does not generate the necessary footfall on a daily basis even in the heart of the town centre, let alone in a more peripheral location such as Station Road, or a local centre such as Foxlow Farm.

There are no examples of Aldi providing such a store format outside a major city centre (i.e. London or Manchester) and nor would it be viable for us to do so. Furthermore, we would add that the approach would in fact put Buxton residents at a considerable disadvantage, providing them with two stores which do not stock our full product range or provide the same offer that is already available in Aldi stores in other settlements.

This is ultimately likely to result in Buxton residents travelling unsustainably to larger alternatives such as our Chapel-en-le-Frith store in order to access our full product range and true 'Aldi experience'. It is also a further reason why it simply would not be viable to construct two limited-line stores – their sales expectations would be compromised from the outset by the very fact that local people knew a more complete Aldi offer was available in other settlements.

Why can't a mezzanine or first floor be installed in the Station Road foodstore to address its size constraints, rather than relocating the store altogether?

Our existing Station Road foodstore does not have the ceiling height to accommodate a mezzanine. This means that the existing building would need to be demolished and rebuilt from the ground up to achieve a mezzanine or first floor level. Such an approach would be cost prohibitive. It is not something that we could support from a viability perspective and, if we were forced to pursue it, would result in us having to close the foodstore.



Notwithstanding this fact, even if the building was capable of accommodating a mezzanine level, it would not be workable to do so from an operational perspective for the following reasons / factors:

- Firstly, there are no examples of split level sales floors across our foodstore portfolio. It is not something that would ever be viable for us to do given our business model and can be robustly ruled out.
- Secondly, our foodstore goods warehouses need to be at ground floor level such is our standardised servicing procedure. This involves goods being wheeled at-grade from the delivery vehicle into the warehouse via a 'dock-leveller' ramp. Again, there are no examples of goods being stored at upper levels in Aldi's store portfolio, as this would involve a bespoke, expensive and inefficient goods lift arrangement.
- Thirdly, whilst staff facilities could hypothetically be accommodated at mezzanine or first floor level, the area of this space typically only extends to 100 sq. m or so. Accordingly, in the case of Buxton for example, gaining another 100 sq. m would make no material difference to the overall inadequacy of the existing sales floor.

To conclude on this question, it goes without saying that we have explored all options available to deliver a larger store on the Station Road site over a number of years. This is on the basis that we own the land and therefore, if achievable, an on-site extension or replacement would be preferable and more cost effective than delivering and off-site replacement. However, the site is simply not large enough and even if we hypothetically look beyond our standard store requirements, the site is too constrained and small to accommodate the type of store that our business and customers require.

How are Aldi's foodstores typically used and, in particular, what are the trading characteristics of the Station Road, Buxton store? Who Visits?

Aldi does not have a readily available source of data regarding where our existing customers live, and how they travel to store, given that we do not operate a loyalty/rewards card programme (as some of our competitors do) to gather information about customer shopping habits. However, the following summarises our knowledge of how the Station Road store operates, and how it attracts custom based on its trading performance, offer, and our experience of similar stores across Aldi's north-west portfolio.

The core retail offer within an Aldi foodstore (approximately 80% of the net sales area) seeks to replicate the most regularly purchased items within a household's weekly or 'bulk' food shopping trip. The vast majority of products stocked are Aldi branded and through economies-of-scale these goods can be sold at heavily discounted prices without impacting upon quality. Stock is generally presented on pallets, within packing cases, to aid efficiency and reduce unnecessary overheads. Savings which can then be passed directly on to the consumer.

Our focus on stocking and selling the key products that typically make up a household's bulk food shopping trip means that we do not sell certain 'ancillary' lines that are normally found in mainstream supermarkets, including, tobacco or unwrapped bread/cakes. In addition, there is no store butchery, delicatessen or hot food-counter, and our foodstore format does not accommodate customer restaurants, or in-store franchises such as pharmacies, dry-cleaning, Post Offices, opticians or photo processing.



ALDI STORES LIMITED

Logistics North, Bridgewater Avenue, Bolton, BL5 1EE

A number of the product ranges that we choose not to stock (tobacco, freshly baked goods, hot-food) are often those that form the basis of a consumer's 'top-up' shopping trip. As such, we have found that 'top-up' shoppers only form a small proportion of our customer base, with the majority undertaking less frequent but more substantial bulk food shopping trips and a significant proportion choosing to travel by car to do so in order to allow easy transport of a full shopping trolley of goods back home.

An obvious example of an Aldi foodstore's focus on attracting bulk food shoppers is the long till conveyors that hold a full shopping trolley of goods in order to allow products to be unloaded, scanned and then packed efficiently by our customers. Such an arrangement is simply not used in supermarkets that are anticipating a large volume of limited item convenience goods shoppers – where self-scan checkouts are the modern solution.

In terms of our Buxton store, it is evident that this currently functions as described above, with a product offer very much focussed on staple food goods, long till conveyors tailored to the needs of bulk food shoppers, and no self-scanning facilities. We can also confirm that the average spend per customer in the Buxton store is currently broadly 25% above our company average¹. This means that the vast majority of our customers are undertaking larger 'bulk' food shopping trips associated with a 'weekly shop' and are more pre-disposed to travel to the store by car in order to transport their heavy bags of shopping home. The average spend per customer would have to be well below company average if this store was predominantly being as a top-up / basket shopper destination, some of which are likely to arrive by alternative means of transport.

Drawing the above together, our foodstores are primarily geared towards the needs of 'bulk' food shoppers, and the existing Buxton store is no exception. Our recorded sales data also fully supports this, with the Station Road store having a particularly high average spend per customer – a figure only achievable if the vast majority of shoppers are visiting to undertake their bulk food shopping trip. Such customers are more likely to already be driving to the store, given their need to transport multiple heavy bags of goods. This will include customers from the south of Buxton.

Accordingly, our proposed relocation site at Foxlow Farm will not result in an increase in car usage, attracting predominantly bulk food shoppers who are already likely visiting our Station Road facility by car. Meanwhile, those who currently travel to the Station Road store for smaller shopping trips, and those who may be arriving on foot/cycle, are less likely to continue to use the proposed Aldi store in favour of using other foodstore provision in the local area – including Waitrose and Iceland in the town centre. This reflects the fact that customers undertaking smaller 'top-up' food shopping trips generally do so at their closest stores/facility.

What are the sustainability credentials of the proposed foodstore when compared to the existing Station Road store?

What our Latest Generation Foodstores Provide

Our latest foodstore format, which we hope to bring to Buxton at Foxlow Farm, contains a wide range of sustainability features. These features have been developed and refined as our trading format has evolved over the past two decades. Some of the key sustainability measures that our new foodstores incorporate are as follows:

¹ Note. Monetary sales data is commercially sensitive information and cannot be disclosed, hence our reference to the percentage difference.



ALDI STORES LIMITED

Logistics North, Bridgewater Avenue, Bolton, BL5 1EE

- All internal / external lighting utilises LED technology to minimise energy demand.
- The building fabric performance of our new stores is enhanced by the use of materials with low U values. This reduces the air permeability of the development, minimising heating requirements.
- All new stores benefit from underfloor heating, which is far more efficient and environmentally sustainable than fan-driven hot air ducts historically used in foodstores.
- In our new stores all chillers benefit from doors, vastly improving their insulation and resulting in a requirement for smaller refrigeration plant.
- A pulsed water meter would be installed to monitor water use. Toilets and sinks also draw upon latest water reduction technologies.
- Electric vehicle charging points are now standard in all of our new store car parks and we install the below-ground infrastructure to expand numbers over time in-line with demand.

Notwithstanding the above measures, the most significant sustainability feature which is provided as standard on all of our new foodstores is a sophisticated **Air Source Heat Pump** 'heat recovery system'. In order to minimise energy demand in our stores, we re-use and re-cycle any waste energy where possible. The greatest area to recover energy in a foodstore is the 'waste heat' generated by the refrigeration system. This is recovered to sustainably heat the building.

The waste heat is harnessed via a CO2 refrigerant lead heat recovery system that ejects the waste heat into a low temperature hot water heating circuit which in turn provides heat to an underfloor heating array on the sales floor. This system provides 100% of the total foodstore heating demand and has totally removed the need for an independent gas heating system. The underfloor heating provides heat to the store with a high percentage of radiant heat, minimising the negative affect that the sales floor chillers have on the store heating.

With all of the energy demand required to heat the building being recovered from re-usable energy, and heating being a major part of any building's energy usage, we have actually calculated that over 40% of the energy demand for our latest foodstores is now being generated on-site by re-usable energy.

Drawing the above together, Air Source Heat Pump technology results in our foodstores being exceptionally efficient in terms off-site energy requirements (which are minimised). Re-using and reducing energy usage is clearly preferable to new energy generation in the energy hierarchy (even when generated via renewable means). Our approach is therefore evidently a far more environmentally friendly one than say an inefficient foodstore building that happens to have an on-site renewable energy source.

What our First Generation Stores Provided

Comparing the above list of latest sustainability features to that of our first generation foodstores is a short exercise, as they simply do not incorporate such measures. The Buxton store, for example, was constructed over 20 years ago when both our trading format and available technology was very different.

In short, the current store's heating, cooling, lighting and water usage systems are all far less efficient than we would like them to be, which makes the store expensive to run and of course is not preferable from an environmental



ALDI STORES LIMITED

Logistics North, Bridgewater Avenue, Bolton, BL5 1EE

perspective. The most significant difference is the lack of a heat recovery system. The Station Road store therefore relies on an inefficient gas powered heating system to cater for heating demand – something that simply isn't required in our new foodstores. This invariably results in it having a much higher energy demand per square metre of floorspace than our latest model.

Sustainability – Conclusions

I hope that the above summary has outlined the gulf between our first generation foodstores and the latest models, in terms of the sustainability features that we seek to incorporate. These measures are integral to the design, layout and construction of our modern foodstores and are not therefore features that can simply be 'retrofitted'. This again goes to the heart of why we are looking to relocate from our Station Road site, with the first generation building being inefficient, costly to run, and no longer in-keeping with our business's energy reduction objectives.

Can a 'green roof' be accommodated on this foodstore?

Unfortunately a Green Roof is not something we are able to accommodate as part of our foodstore format. A feature of all foodstores is an expansive roof area to cover a typically rectangular sales floor. Suspending this roof requires a considerable amount of steelwork and this is already one of the most expensive elements of a foodstore's construction.

As you can imagine, a 'green roof' needs to accommodate both plants and their irrigation system (i.e. water) and are therefore much heavier to suspend than the typical roof of a commercial structure. Accordingly, the amount of steel required for construction is greater, its design and fabrication would need to be bespoke and there would be knock on effects to other aspects of the build – such as the foundations and potentially building layout.

We estimate that accommodating a green roof on this scheme could increase the overall cost of construction by in the order of £1,000,000 – largely driven by the additional steelwork. Put simply, this not a cost increase that could be absorbed without making the foodstore's construction unviable. Accordingly, it is not something we can consider and, indeed, is not something we have provided on any of the 100 or so other Aldi foodstores in this region.

Conclusion

I trust that this letter has provided members of your Development Control Committee with some useful further information about Aldi and is of use in them coming to a decision on this planning application. The granting of permission will allow us to make a further, significant investment in High Peak borough – providing for residents' day-to-day food shopping requirements and creating new local jobs as part of a new foodstore which is larger and better suited to Buxton's future needs.

As this letter has outlined, given our extensive searches for a new store in Buxton over the past decade, the current proposals at Foxlow Farm local centre represent the only opportunity to ensure that we can continue to trade successfully in this settlement. We have explained in detail that our Station Road unit is simply not a long-term solution and will ultimately need to close.



ALDI STORES LIMITED

Logistics North, Bridgewater Avenue, Bolton, BL5 1EE

I do hope that committee members will follow the planning team's positive recommendation and support our planning application, given the benefits that it will bring to Buxton. However, please could you let me know as soon as possible if either you or committee members require any further information to support the application or clarification on any of these matters and I shall be pleased to assist further. I look forward to hearing from you.

Yours sincerely

Mr Stuart Parks
Property Director