



**PROOF OF EVIDENCE REGARDING THE SOCIO-ECONOMIC IMPACT OF  
THE PETERSHAM NURSERIES RESTAURANT**

**PREPARED BY  
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ON BEHALF OF  
PETERSHAM NURSERIES LIMITED**

**PINS Appeal Ref.: APP/L5810/C/24/3339372**

**Enforcement Notice Ref.: 18/0025/EN/BCN**

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## **1.0 INTRODUCTION AND CREDENTIALS**

- 1.1 I, Simon Ward BSc MRICS, have prepared this Proof of Evidence in connection with a Planning Appeal arising from Enforcement Proceedings by the London Borough of Richmond Upon Thames (the "Council") against Petersham Nurseries Ltd for operating their restaurant contrary to the conditions granted with a planning consent.
- 1.2 I am a Chartered Surveyor specialising in property market research and economic development advice, including socio-economic and demographic analysis, for public sector and private sector clients.
- 1.3 My experience (over 30 years) has been gained mainly in the fields of property research, economic development consultancy, valuation and asset management. My clients over this period have included local authorities, Regional Development Agencies, Local Enterprise Partnerships, universities, developers, investors and other businesses.
- 1.4 I graduated in 1983 with a BSc degree in Land Management from De Montford University, Leicester. I then qualified as an Associate, now Member, of the Royal Institution of Chartered Surveyors.
- 1.5 I worked as a General Practice Chartered Surveyor with Cluttons in London, undertaking commercial property management and professional work for institutional clients including the Crown Estate and Church Commissioners. I joined Hillier Parker (now CBRE) in 1985, in the Investment Department, specialising in property valuations for pension funds and valuation advice for strategic decision making on development projects. I subsequently specialised in property market research and became Head of Research and Consultancy at Vail Williams LLP where I worked on property market analysis for 15 years.
- 1.6 I am the founding director of Propernomics Limited which was established in 2010 to focus exclusively on independent property research and related economics.
- 1.7 My work includes: researching property requirements and market trends; analysing the demand and supply of premises; preparing land use studies; providing market analysis in support of public sector policymaking, including economic development; preparing development demand studies; socio-economic impact analysis; and producing evidence

for Town Planning purposes including Forward Planning and in relation to specific development proposals.

- 1.8 I confirm that I have prepared this Proof of Evidence in accordance with the declaration and statement of truth at the end of this document as required of expert witnesses by the Royal Institution of Chartered Surveyors.

## **2.0 SCOPE OF THIS PROOF AND KEY ISSUES ADDRESSED**

- 2.1 My proof of evidence is structured to address contextual issues first, then points of detail and the impact of the proposed development.
- 2.2 I start by examining the policy context from a socio-economic and business perspective. I defer to Mr Belsten of hgh Consulting regarding other Town Planning policies.
- 2.3 This is followed by an examination of relevant documents that inform policy, including the Council's underlying evidence base.
- 2.4 I also refer to the economic context and relevant reports related to the hospitality and tourism sectors.
- 2.5 I then review the operational features of the business such as its employment and supply chain arrangements and the impact on the business of evening trade. I defer to Ms Boglione, Managing Director of Petersham Nurseries Ltd, regarding detailed company matters and the ethos of the business.
- 2.6 I then draw conclusions regarding the impact of granting planning permission as proposed by the Appellant.
- 2.7 The methodology for my work comprised:
- Desk based policy and literature review.
  - Site visit to Richmond town centre and Petersham Nurseries.
  - Analysis of staffing, the supply chain and other issues related to evening trade.
  - Reporting my findings in this proof of evidence.
- 2.8 Each of the following chapters of my proof has a summary, which is carried forward to an overall summary and conclusions chapter. I have also prepared a Summary Proof.

### 3.0 POLICY CONTEXT

- 3.1 This chapter examines the Town Planning policy context for the proposed development, focusing on economic development and socio-economic considerations.

#### National Planning Policy Framework (NPPF)

- 3.2 Alongside other considerations, including social and environmental objectives, the NPPF sets out an economic objective which is: “to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure”.
- 3.3 Paragraph 38 calls upon Local Planning Authorities to “approach decisions on proposed development in a positive and creative way”. It also references “economic” considerations as a criterion, amongst others, to be used in decision making: “They should use the full range of planning tools available, including brownfield registers and permission in principle, and work proactively with applicants to secure developments that will improve the economic, social and environmental conditions of the area. Decision-makers at every level should seek to approve applications for sustainable development where possible.”
- 3.4 Chapter 6 of the NPPF endorses “building a strong, competitive economy”. Paragraph 85 states: “Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future.”
- 3.5 Paragraph 87 says: “Planning policies and decisions should recognise and address the specific locational requirements of different sectors”. In the case of Petersham Nurseries I note that it is a unique location that serves its current purpose, including a restaurant, extremely well. I comment further in chapter 6 on how the restaurant has evolved as part of a successful formula due to the nature of its location.

- 3.6 At paragraph 88 the NPPF recognises the importance of supporting a prosperous rural economy. This is relevant to the extent that the restaurant buys products from rural businesses as part of its supply chain.
- 3.7 Paragraph 123 of the NPPF encourages the effective use of land in meeting the need for homes and other uses. The next chapter of my proof refers to the need for hospitality floorspace. Notably paragraph 128 says decisions should support development that makes efficient use of land, taking into account (inter alia): e) “the importance of securing well-designed and beautiful, attractive and healthy places”. I note from public feedback that Petersham Nurseries is regarded as exceptionally attractive for its design, aesthetics and the sense of wellbeing that is felt by visitors and staff.
- 3.8 Paragraph 131 goes further, saying: “The creation of high quality, beautiful and sustainable buildings and places is fundamental to what the planning and development process should achieve. Good design is a key aspect of sustainable development, creates better places in which to live and work and helps make development acceptable to communities.”

#### London Plan (March 2021)

- 3.9 Like the NPPF, the London Plan recognises the need for more jobs alongside other priorities. The foreword states (page XII): “we need to build tens of thousands of new homes – along with space for new jobs – every single year”. Page XIII includes the mayor’s vision for “a city with an economy that supports more and better paid jobs – spread across the capital”.
- 3.10 Chapter 1 introduces six “Good Growth” objectives under the following headings. I have added bullet points for the matters relevant to my proof.

#### GG1 Building strong and inclusive communities

- The text for policy objective GG1 encourages those involved in planning and development, inter alia, (part D) to “ensure that London continues to generate a wide range of economic and other opportunities, and that everyone is able to benefit from these to ensure that London is a fairer, more inclusive and more equal city”.
- Part F suggests that Good Growth can include providing places and opportunities for people to interact and build relationships during the daytime, evening and night time.

### GG2 Making the best use of land

- Paragraph 1.2.5 states: “All options for using the city’s land more effectively will need to be explored as London’s growth continues, including the redevelopment of brownfield sites and the intensification of existing places, including in outer London.”
- Paragraph 1.2.6 adds that developments should be of “high quality”. Paragraph 1.2.7 endorses “distinctive, attractive and cherished places”.
- Policy GG2 says that those involved in planning and development must... “C - proactively explore the potential to intensify the use of land to support additional homes and workspaces”; and “E understand what is valued about existing places and use this as a catalyst for growth, renewal, and place-making, strengthening London’s distinct and varied character”.

### GG3 Creating a healthy city

- The London Plan notes the complexity and breadth of factors affecting health. This chimes with the ethos espoused by Petersham Nurseries regarding the importance of natural places, the provenance of healthy food and working alongside charities and other partners to support a socially responsible, civil and inclusive community.

### GG4 Delivering the homes Londoners need

- The affordability of housing is a major concern. It is relevant that the proposed development creates jobs and livelihoods from which the income is an absolute necessity in London’s housing market.

### GG5 Growing a good economy

- Paragraph 1.5.1 recognises the importance of business to the London economy. “The wealth this generates is essential to keeping the whole country functioning...” and paragraph 1.5.2 cites London’s “spirit of creativity and entrepreneurialism” as important factors.
- Every business depends upon the skills of the people it employs. Chapter 6 of my proof refers to the close collaboration of the Appellant with its local college to provide apprenticeships and work experience. Paragraph 1.5.5 of the London Plan endorses this approach: “Developing Londoners’ skills will help people into work and enable businesses to thrive. By working closely with communities and businesses, London’s world-class higher education institutions can support growth and regeneration while addressing skills shortages.”
- The text for policy objective GG5 says those involved in planning and development must (A) “promote the strength and potential of the wider city region” and (B) “ensure that London’s economy diversifies and that the benefits of economic success are



shared more equitably across London”. (An important opportunity for Richmond is to encourage local employment that is supported by the earnings of those residents that commute to central London for better paid work.)

GG6 Increasing efficiency and resilience

- This part of the London Plan recognises the importance of environmental responsibility.
- 3.11 Chapter 6 of the London Plan is concerned with the economy. Policy E10 A says: “London’s visitor economy and associated employment should be strengthened by enhancing and extending its attractions, inclusive access, legibility, visitor experience and management and supporting infrastructure, particularly to parts of outer London well-connected by public transport, taking into account the needs of business as well as leisure visitors.”
- 3.12 Paragraph 6.10.1 includes the following statement (some of the original text is in bold): “London is the second most visited city in the world and the Mayor wants to spread economic and regeneration benefits by working with London & Partners to **promote tourism across the whole of the city**, including outside central London.”
- 3.13 Policy E11 refers specifically to skills. Part B says: “Development proposals should support employment, skills development, apprenticeships, and other education and training opportunities in both the construction and end-use phases, including through Section 106 obligations where appropriate.” Paragraph 6.11.1 emphasises the importance of employment and upskilling. I understand that Petersham Nurseries is already proactive about training its staff, including via apprenticeships, work experience and a varied shift pattern in the restaurant to promulgate high quality and best practice.
- 3.14 London’s cultural/creative offer is very broad. Notably paragraph 7.5.1 says that it includes “a diverse and innovative food scene” which is “important for London’s cultural tourism”. Policy HC5 supports London’s culture and creative industries. Paragraph 7.5.3 states (the emboldened text is original): “London’s culture sector and the creative industries deliver both **economic and social benefits** for the capital.”
- 3.15 Paragraph 7.5.5 says: “Boroughs are encouraged to develop an understanding of the existing cultural offer in their areas, **evaluate what is unique or important to residents, workers and visitors** and develop policies to protect those cultural assets and

community spaces.” I understand that Petersham Nurseries has collated a great deal of feedback regarding these matters.

- 3.16 Policy HC6 indicates that extending business opening hours would support economic growth and diversification. As would be expected, the policy indicates that this should be done appropriately and with consideration for matters such as access, safety, noise and so on. Part C requires an integrated approach to planning and licensing and other management considerations.
- 3.17 Although the London Plan defines the night time economy (para 7.6.1) as “all economic activity taking place between the hours of 6pm and 6am”, the Appellant’s proposals involve only 3 evenings per week and much shorter hours even on those evenings than envisaged for other parts of London. This approach is consistent with paragraph 7.6.4 which says: “Each night-time economy area will have its own character, which should be recognised and supported in order to maintain the rich diversity of London’s night-time economy”.
- 3.18 Paragraph 7.6.6 explains there are many benefits to promoting longer opening hours, “such as generating jobs, improving income from leisure and tourism, providing opportunities for social interaction”. A cluster of night-time activity (e.g. several establishments co-located in town centres might be problematic) but in any event, the London Plan suggests that any adverse impacts are minimised through appropriate management strategies and mitigation measures.

Local Plan, July 2018

- 3.19 The Local Plan refers (para 2.1.3 - 4) to a Community Plan which envisages, inter alia, people fulfilling their potential, living independently, contributing to their communities and being in places that are viable for businesses and contribute positively to the quality of life for residents and visitors.
- 3.20 There are three themes in the Community Plan, namely: involving and engaging local people and businesses; delivering cost effective services to meet local needs and being accountable to local people.
- 3.21 Paragraph 2.1.8 explains that there is also a Corporate Plan which relates to: transformation of local public services; with residents and communities taking greater control of their lives; and with the council acting as “a strategic commissioning body with

a reduced role in service delivery". These introductory passages indicate, inevitably, that in addition to its own good governance the council is highly reliant upon the actions of individuals, private enterprises and other taxpayers.

3.22 The Local Plan continues by explaining that the borough is like a series of villages operating under a Strategic Vision focused on (page 10) protecting local character, pursuing a sustainable future (emphasising design quality, public transport, and a relationship with Greater London and the South East encompassing homes, jobs and services). Hence, like the NPPF, we should expect due weight to be attributed to jobs, businesses and the economic development agenda.

3.23 Under "Jobs and the local economy" (page 11), the Local Plan states: "The borough's local economy will be successful. Jobs will be readily available and there will be a choice of employment opportunities as the borough's Key Office Areas as well as the industrial land and business parks will have been protected from encroaching residential development. Employment space will have supported new business start-ups and enabled businesses to grow. There will continue to be a high proportion and variety of small local businesses, offering local jobs, and further opportunities for residents to set up their own enterprise." It is important to note that only part of the labour market is employed in offices, industrial land and business parks. Other sectors including hospitality also need to thrive.

3.24 Strategic objectives on page 13 include optimising the use of land and resources by ensuring new development takes place on previously developed land and reusing existing buildings. The top of page 14 includes aims that resonate especially well with the Appellant's proposal, namely:

"9. Support sustainable growth of the visitor economy for the benefit of local communities and promote the borough as an attractive and inviting place to visit and enjoy.

10. Conserve and enhance the borough's unique historic and cultural assets that are connected by the River Thames.

11. Create attractive and pleasant environments and spaces that promote active and healthy lifestyles, including recognising their benefits to residents' social life and their economic benefits to the borough's centres."

3.25 Similarly, under the heading "Meeting people's needs" (page 14), objectives include:

- “9. Ensure there continues to be a wide variety of employment and training opportunities available to residents and support for businesses.
10. Protect and encourage land for employment use, particularly for affordable small / medium spaces, start-up and incubator units and flexible employment space, in order to support the borough’s current and future economic and employment needs.
11. Facilitate inward investment and support businesses, particularly small and medium-sized enterprises and creative industries to grow the employment base of the borough.”
- 3.26 The remainder of page 14 includes aspects of social value that are reflected in the ethos and actions of the appellant, such as, supporting healthy environments and working with a variety of community groups.
- 3.27 Page 16 discusses “A Sustainable Future”. Paragraph 3.1.16 notes the considerable amount of in/out commuting and the fact that the borough is “an attractive and inviting place to visit and enjoy”. Furthermore, also relevant to Petersham Nurseries, “Sustainable growth of the visitor economy for the benefit of the local area will be supported and the Council will promote and support the enhancement of the borough’s existing tourist attractions, including the unique, historic and cultural assets that are connected by the River Thames, such as Royal Botanic Gardens Kew, Ham House and Hampton Court Palace.” Petersham Nurseries is close to the river and these other attractions, plus the town centre, so I would expect linked trips to occur.
- 3.28 Page 19 references the need for “strengthening local employment and supporting businesses”. Paragraphs 3.1.32 – 34 signal a need for more office/industrial employment combined with difficulties of providing such employment, including the threat of Permitted Development Rights and tight supply. (The next chapter of my proof discusses the council’s evidence in respect of hospitality floorspace.)
- 3.29 Although focused on local and neighbourhood centres, it is notable that paragraph 3.1.43 endorses local employment opportunities because they in turn benefit the wider community. Petersham Nurseries has the same effect.
- 3.30 Paragraph 8.2.14 of the Local Plan recognises the importance of “local employment opportunities and training programmes, particularly where there are opportunities arising from developments”. I understand that the Appellant has a similar view of jobs and training. The Local Plan continues: “Securing the skills to support residents into sustainable employment is a key priority for the Council to support the local economy, to

raise the bar further for those with higher levels of skills than London averages and make sure some residents with lower skills are not missing out economically... Apprenticeships and work experience placements will enable residents to develop an appropriate skill-set for existing and future employment opportunities within the borough.”

- 3.31 Page 99 onwards focuses on Health and Wellbeing. I understand that the Appellant has received extensive feedback from customers and staff regarding the sense of wellbeing fostered by Petersham Nurseries. This is an uncommon but important attribute of a business and should be welcomed in view of the objectives of this part of the Local Plan.
- 3.32 Chapter 10 of the Local Plan deals with “Employment and Local Economy”. Policy LP 40 was written in the context of the former “B-class” land uses (since broadened to include other uses under Class E). Nonetheless the overarching aspiration is clear, i.e.: “The Council will support a diverse and strong local economy”.
- 3.33 Paragraph 10.1.2 says the local economy is “vital”. Paragraph 10.1.3 encourages “a large range of local employment opportunities”.
- 3.34 Page 131 and Policy LP 43 refer to the visitor economy, stating that: “The Council will support the sustainable growth of the visitor economy for the benefit of the local area”. Para 10.4.1 also acknowledges the link that the visitor economy has to the London economy as a whole.
- 3.35 Paragraph 12.1.3 recognises that not all present and future needs will be met by allocating new sites. Needs will also be met through better and more efficient use of existing premises and sites and new development opportunities that emerge.
- 3.36 The role of the private sector is vital for investment, employment and delivery of the plan’s objectives. This is made clear in paragraph 13.1.1: “The Local Plan will be implemented and delivered through a combination of private sector investment, the work of other agencies and bodies and the Council's own strategies and initiatives. The majority of new development identified in the Plan's site allocations, particularly investments in new infrastructure, housing and jobs, will be delivered by the private sector.”

Emerging Local Plan (Regulation 19 Consultation Version, June 2023)

- 3.37 The Regulation 19 Local Plan will (para 2.1) “set out policies and guidance for the development of the borough over the next 15 years, from the date of its adoption”. In the meantime it indicates the direction of policy but carries less weight than the adopted plan.
- 3.38 Page 8 acknowledges the challenging economic context created by the Covid-19 pandemic and cost of living crisis. It also notes the need for the council to work collaboratively with communities and local partners, including businesses.
- 3.39 Paragraph 2.26 refers to the borough’s strong commuting flows. Paragraph 2.29 identifies the importance of tourism. These present opportunities for businesses to capture spending that occurs locally and to employ local people as a result. This is all the more important given that the community includes “pockets of relative disadvantage”. (The centre of page 111 also notes that parts of the Ham, Petersham & Richmond Park area have been “amongst the most relatively disadvantaged in the borough”.)
- 3.40 Paragraph 2.30 notes that the borough is primarily residential in character, interspersed with commercial and industrial uses. The glossary defines commercial uses/floorspace as that which supports “any employment-generating activity” (including restaurants).
- 3.41 However, land supply for commercial uses is constrained (paragraph 2.31): “The constraints mean that land values are high and opportunities for new development are limited. Finding space to accommodate needs is difficult, whether it be for jobs, community uses, or new housing.” This adds to the importance of encouraging effective use of land and nurturing the success of employers.
- 3.42 Paragraph 2.40 refers to the objective of “Making Richmond Fair”, including by helping young people “get a great start in life”. I understand that Petersham Nurseries takes a similar view and makes a point of employing apprentices and providing work experience, amongst other community initiatives.
- 3.43 Page 12 explains the attraction of creating “20 minute neighbourhoods”. I note from my site visit that Petersham Nurseries is accessible to/from the town centre on foot or by bus within this time.
- 3.44 Page 16 includes the following Strategic Objective and bullet points in favour of business growth:

**“Increasing jobs and helping business to grow and bounce back following the pandemic**

- Protect and encourage a range of land and floorspace for employment use, enabling intensification of uses where appropriate, and digital connectivity infrastructure, to support a cohesive, diverse and enterprising business community.
- Provide a variety of opportunities for affordable and adaptable workspaces, encouraging opportunities to work locally.
- Ensure a range of local employment and training opportunities available to residents and to support growing businesses.”

3.45 The Appellant’s plans are consistent with these objectives. Likewise the next objective includes endorsement of places that are “special” and a “reason to visit the borough”:

**“Protecting what is special and improving our areas (heritage and culture)**

- Protect and enhance the environment including the heritage assets, recognising their value to the borough’s residents and visitors.
- Support the borough’s diverse arts and cultural facilities, recognising their importance to enriching our local communities, while also providing a destination and reason to visit the borough and an opportunity to sustainably grow the visitor economy.”

3.46 Similarly Strategic Objective 7 (page 17) promotes a design conscious approach, beautiful buildings and high quality places. Such attributes can be expected to generate public interest and support, as demonstrated by Petersham Nurseries.

3.47 Paragraph 4.19 refers to studies in the council’s evidence base. The right hand side of page 23 reports an oversupply of retail floorspace and an undersupply of food/beverage floorspace (echoed in para 18.8). I examine this evidence in more detail in the next chapter of my proof.

3.48 Policy 21 (page 253) aims to protect the local economy. Parts relevant to my proof include:

“A. The Council will seek to retain and attract investment from existing and emerging sectors to support the existing business base and create a diverse and enterprising local economy. New development proposals will be supported which...

4. Provide a range of commercial unit types that are flexible and adaptable to changing needs, suitable for subdivision and configuration for new economic uses and activities for a range of occupiers”.
- 3.49 Paragraph 19.2 explains further: “We want to move towards creating a more self-sustaining borough, where education, training and job opportunities are available and all residents have access to those opportunities and other services without the need to travel far, or which are accessible by sustainable forms of transport.” I note that it is not only former B-class employment uses that can help in this way; Petersham Nurseries does so too.
- 3.50 In this vein, the fact that many forms of employment count as “important to the local economy” is illustrated by paragraph 19.8 (page 256).
- 3.51 The importance of creating employment is also emphasised at the top of page 113 (part of the plan’s “Place-based Strategy for Ham, Petersham & Richmond Park”): “As set out in the adopted Neighbourhood Plan, the vision for Ham & Petersham is to build on the identity of Ham and Petersham as a distinct and sustainable mixed community, giving great opportunities to live and work within a semi-rural historic landscape.”
- 3.52 Policy 26 (page 267) supports the sustainable growth of the visitor economy. Paragraph 19.52 recognises the potential for linked trips as a means of supporting local job opportunities and para 19.53 sees an opportunity to enable “visitors to stay longer and spend more”. Petersham Nurseries is well positioned in the market to help capture such expenditure and to employ local people as a result.
- Ham & Petersham Neighbourhood Plan, January 2019
- 3.53 The vision of the Neighbourhood Plan (NP) includes (para 1.1.2) “giving great opportunities to live and work”. It specifically includes “working” as part of its vision for a sustainable community.
- 3.54 On the subject of business, page 14 of the NP reports that the majority of employees commute to other parts of London and the South East, but also lists examples of local employment and the NP “seeks to enhance facilities for residents and visitors to enjoy”.
- 3.55 Policy R1 (page 59) says: “Proposals which extend and enhance the range of local shops, pubs, restaurants, cafes and related commercial services will be encouraged. The



loss of shops, pubs and commercial premises for the local community will be resisted unless it can be demonstrated that the site has been actively and properly marketed for its current use in accordance with the requirements set out in Appendix 5 of the adopted Local Plan.” Notably the policy includes restaurants.

- 3.56 Policy R2 supports “Other Businesses and Local Services”. Although not naming restaurants, it is notable that the justification for supporting businesses includes the provision of “important local employment”. Similarly, page 153 associates economic development with “improvement of an area’s economy through investment, development, job creation, and other measures”.

#### Chapter summary

##### NPPF

- 3.57 The NPPF requires the Town Planning system to help build a strong economy and to support growth. The council should strive to improve the economic, social and environmental conditions of the area and seek to approve applications for sustainable development where possible.
- 3.58 The council should place significant weight on the need to support economic growth, building on the area’s strengths and the needs of different sectors. Petersham Nurseries has created a successful formula for its restaurant due to the nature of its location; it is an exemplar in its sector.
- 3.59 The NPPF calls for more effective use of land. It also endorses well-designed and beautiful, attractive and healthy places. This chimes with public feedback regarding Petersham Nurseries and the wellbeing felt by visitors and staff.

##### London Plan

- 3.60 The London Plan encourages job creation and “Good Growth”. This means building economic opportunity across the capital, including via the evening and night time economy. It also means making more effective use of land, including through intensification of existing uses and places.
- 3.61 The London Plan also endorses “distinctive, attractive and cherished places”; we should understand what is valued about them by the public and use this as a catalyst for growth.

- 3.62 Good Growth also means having regard for physical and mental health. This ethos is mirrored in the Appellant's approach to nature, the provenance of its food and the priority given to charity work and being a socially responsible and community-minded employer.
- 3.63 The London Plan demands more jobs as well as homes. Business success and employment are vital to help people sustain a livelihood and to build a fairer society in the face of rising housing costs. Creativity and entrepreneurialism are important factors. "The wealth this generates is essential to keeping the whole country functioning". This also explains why the London Plan, mirrored by the Appellant, prioritises upskilling and apprenticeships.
- 3.64 London has a diverse labour market, a broad cultural offer and a vibrant "food scene". An important opportunity for Richmond is to harness the expenditure of well-paid commuters, leisure visitors and tourists, capturing it for the local community by supporting local employers.
- 3.65 Linked to this, the London Plan encourages boroughs to develop a vision for the night-time economy (defined as activity from 6pm to 6am), supporting economic growth and diversification. This needs to respect local circumstances; hence the Appellant proposes shorter evening hours (for three supper clubs per week) with a strict management plan.

#### Local Plan

- 3.66 The council's Local Plan envisages viable businesses contributing positively to the quality of life for residents and visitors. Reflecting its Corporate Plan, the council relies upon good governance plus the actions of individuals, private enterprises and other taxpayers.
- 3.67 The Local Plan addresses a variety of pressures including the need for employment. As with the NPPF, we should expect due weight to be attributed to jobs, businesses and the economic development agenda.
- 3.68 Employment takes many forms, including hospitality. The Local Plan supports growth of the visitor economy and capitalising on the borough's assets. It also seeks a wide variety of employment and training opportunities (mirrored by the actions of the Appellant).
- 3.69 Petersham Nurseries is set apart from the town centre but is easily accessible. This means that linked trips between other businesses and tourist attractions are likely to occur.

- 3.70 The Local Plan calls for a greater focus on Health and Wellbeing. Again, this is mirrored by the actions of the Appellant - evidenced by extensive feedback from customers and staff.
- 3.71 The Council says it will support “a diverse and strong local economy”, the local economy is “vital” and it encourages “a large range of local employment opportunities”.
- 3.72 The Local Plan cannot meet all its needs by allocating new sites so better and more efficient use of existing premises and sites is also required.
- 3.73 In addition to the efforts of the community, implementation and delivery of the Local Plan’s objectives is highly dependent upon private sector investment – not least through entrepreneurship and business enterprise but also through taxation.

#### Regulation 19 Local Plan

- 3.74 The emerging Local Plan recognises the challenging economic context created by the pandemic and rising cost of living. The council says it needs to work collaboratively with communities and local partners, including businesses.
- 3.75 The labour market has strong commuting flows with earnings generated elsewhere that could be captured locally; the hospitality and tourism sectors are important in this regard, especially as the borough has a mix of prosperous residents and “pockets of relative disadvantage”.
- 3.76 “Making Richmond Fair” means helping young people “get a great start in life”. The Appellant provides apprenticeships and work experience, amongst other community initiatives.
- 3.77 Land supply for commercial uses is constrained, making it all the more important to make effective use of land and to nurture the success of employers.
- 3.78 The Regulation 19 Plan refers to the benefits of “20 minute neighbourhoods”. Petersham Nurseries is well served by public transport and walking routes, including to the town centre within this time.

- 3.79 Strategic Objectives include business growth, increasing local jobs, creating a range of training opportunities and providing reasons to visit the borough. The Appellant's plans are consistent with these objectives.
- 3.80 The Local Plan evidence base includes reports that show there is an oversupply of retail floorspace and an undersupply of food/beverage floorspace.
- Ham & Petersham Neighbourhood Plan
- 3.81 The vision of the Neighbourhood Plan (NP) includes "giving great opportunities to live and work".
- 3.82 Furthermore, the NP says proposals which extend and enhance the range of local shops, pubs, restaurants, cafes and related commercial services will be encouraged and their loss will be resisted.
- 3.83 The NP's justification for supporting businesses includes the provision of "important local employment". Economic development is strongly supported by national and local policy and is associated in the NP with "improvement of an area's economy through investment, development, job creation, and other measures".
- 3.84 I conclude from my review of planning policy that it is highly supportive of business growth, employment and the benefits to the community that this brings. Hence these aspects, which I see mirrored in the Appellant's actions and proposals, should be afforded great weight alongside other policy considerations.

## 4.0 PLANNING EVIDENCE BASE

- 4.1 This chapter examines how Petersham Nurseries relates to the retail, leisure and hospitality reports published by the council. Considerations include: market positioning and the extent to which Petersham Nurseries is distinctive and presents a unique opportunity for the local economy; the need for hospitality floorspace identified in the council's planning evidence base; and whether town centre retail space could provide a substitute for Petersham Nurseries.

### MARKET POSITIONING

- 4.2 Paragraph 2.58 of the "Richmond upon Thames Retail and Leisure Study, Phase 2 Final Report", January 2023 (my Appendix 1), identifies the main categories of operation in the food and beverage sector, as follows:
- *Impulse*: characterised by their produce range that is typically highly visual and hand-held so that it can be eaten "on the go";
  - *Speed eating fast food*: food that can be purchased and consumed quickly, therefore price is low and ambience is less important. This sector is dominated by traditional high volume fast food offers such as burgers and fried chicken;
  - *Refuel and relax*: a drink, snack and a short break in a pleasant environment rather than focusing on eating a main meal; and
  - *Casual dining/leisure dining*: incorporating several food styles, types and ethnic origins. The ambience and environment of casual dining is as important as the food, drink and service provided. The style is informal but is normally table service."
- 4.3 Petersham Nurseries' restaurant is a dining establishment so I do not associate it with the first three categories. Even in the dining category, Petersham Nurseries is especially distinct because of its unique setting, style and ambience. Importantly Petersham Nurseries is not a standard high street "multiple" nor a "chain" restaurant. It is highly individualistic, with widespread appeal, on account of its garden setting, creative use of the greenhouses, high-end design attributes and gourmet standards.
- 4.4 Its high quality creates a sense of formality (in the sense of a special occasion) but the restaurant also feels inviting, inclusive and homely. All these features help drive demand to the restaurant but it is especially atmospheric in the evening which supports premium

pricing at this time. Providing this unique experience, with high quality output and service, translates into local employment.

#### LOCAL ECONOMIC OPPORTUNITY

- 4.5 The Retail and Leisure Study includes research into the evening economy. It finds (para 2.56): “Food/beverage, leisure and entertainment are fast moving and creative sectors, with a steady flow of new concepts emerging.” Paragraph 2.84 identifies a market trend favouring: “a combined retail and leisure experience for those looking for a “day out” or “evening out””. Petersham Nurseries is extremely well aligned with this demand for a more experiential form of retail/leisure. The restaurant is a leading exemplar in this regard and a unique economic asset for the borough.
- 4.6 The population of study area Zone 1 (Richmond), which includes Petersham Nurseries, is the source of the borough’s highest food/beverage expenditure per person per annum. This can be seen from Appendix 4, Table 2 of the report shown here together with the zones:

**Table 2 - Food/beverage expenditure per person per annum (£)**

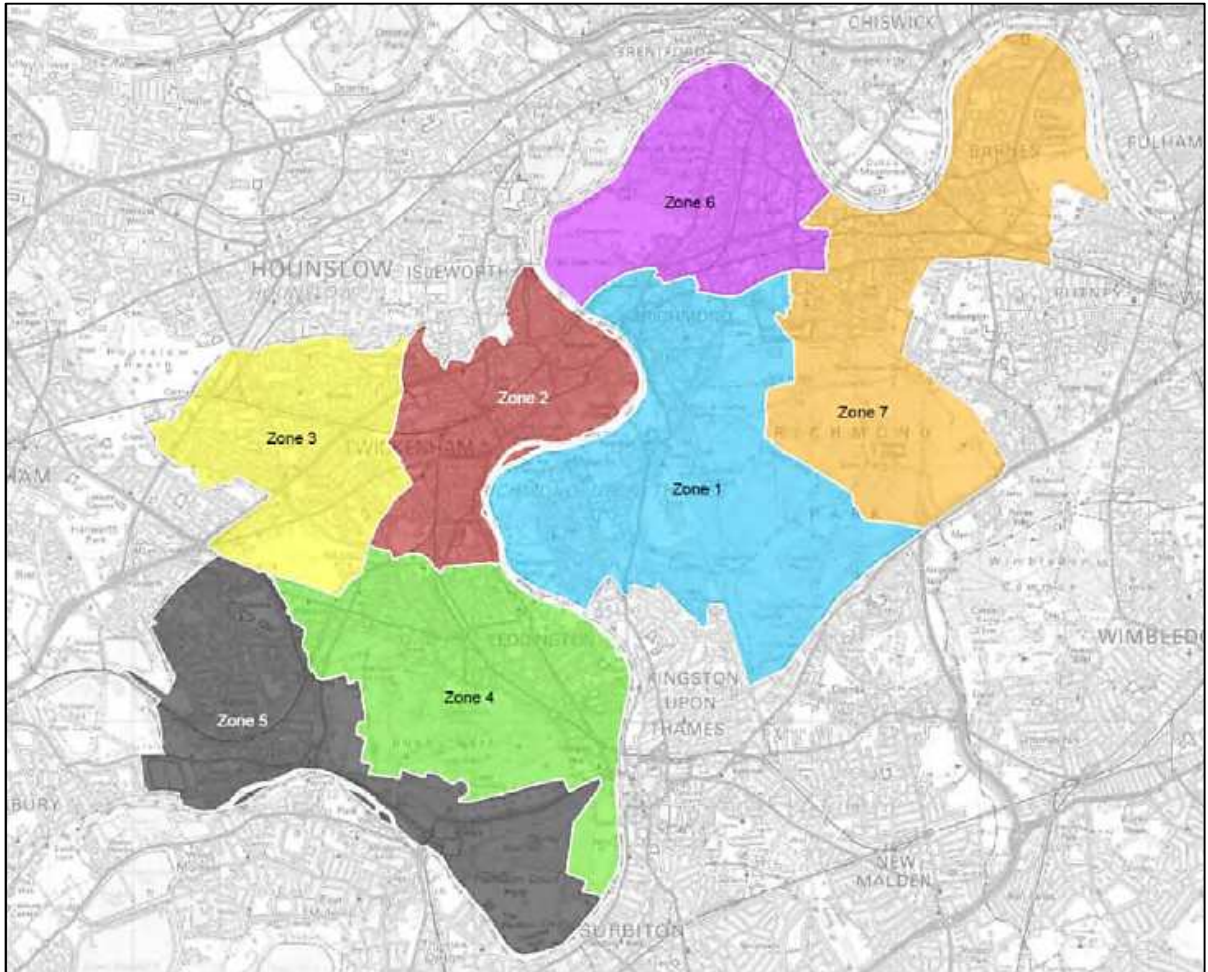
	2022	2024	2029	2034	2039
Zone 1 - Richmond	2,799	2,858	3,012	3,150	3,295
Zone 2 - Twickenham	2,756	2,814	2,967	3,103	3,245
Zone 3 - Whitton	1,779	1,817	1,915	2,003	2,094
Zone 4 - Teddington	2,493	2,546	2,683	2,806	2,935
Zone 5 -Hampton	1,965	2,007	2,115	2,212	2,313
Zone 6 - Kew/North Richmond	2,796	2,855	3,009	3,147	3,291
Zone 7 - Barnes/East Sheen	2,785	2,844	2,998	3,135	3,279

*Sources:*

*Experian Local Expenditure 2020 (2020 prices)*

*Experian growth rates - Retail Planner Briefing Note 19 (January 2022)*

Reproduced from Appendix 4, Richmond upon Thames Retail and Leisure Study Phase 2 Final Report Jan 2023



Reproduced from Appendix 1, Richmond upon Thames Retail and Leisure Study Phase 2 Final Report Jan 2023

- 4.7 This concentration of potential expenditure in Zone 1 creates an enhanced opportunity for the transfer of wealth from customers to staff as a result of employment. This resonates with the London Plan's call for a wide range of economic opportunities to create a fairer, more inclusive city; similarly it fits with the Local Plan's desire to strengthen local employment and to help people fulfil their potential.
- 4.8 In addition to capturing local food and beverage expenditure, the restaurant at Petersham Nurseries can also draw in visitor expenditure from the wider area. This opportunity for the local economy is strengthened by the unique attributes of the restaurant, especially if it can operate in the evenings when it comes into its own in terms of atmosphere and can make additional sales at higher prices.

#### THE NEED FOR HOSPITALITY FLOORSPACE

- 4.9 The council's Retail and Leisure Study also examines the need for retail and hospitality floorspace base on the available expenditure compared to the trading capacity of the

existing stock. It signals an upward trend in the Food & Beverage market (in contrast to retail) and an undersupply of floorspace for this purpose. The council has also published an “Update Addendum” dated April 2024 (my Appendix 2) which reaches the same conclusion.

- 4.10 A notable recovery in leisure expenditure was expected immediately post Covid following the reduction in eating out during the pandemic. Looking ahead, beyond this bounce back, there is expected to be a growing under-supply of restaurant space.
- 4.11 Paragraph 4.50 on page 31 of the study indicates that the under-supply problem for food/beverage floorspace will worsen through to 2039.
- 4.12 Table 4.7 on page 32 of the report indicates that Zone 1 (Richmond), with a shortfall of food/beverage floorspace in all years through to 2039, is the main contributor to the under supply across the borough. Paragraph 4.50 said there would be an under-supply of food/beverage floorspace of 7,722 sq m gross by 2039. This has since been updated and shows the same trend but with a worse shortfall of 9,094 sq m, summarised in the following table from page 6 of the update (my Appendix 2):

Table 2.3 Food and beverage floorspace capacity (sq.m gross) – cumulative

	2029	2034	2039
Zone 1 – Richmond	803	2,031	3,324
Zone 2 – Twickenham	449	777	1,315
Zone 3 – Whitton	57	99	178
Zone 4 – Teddington	493	860	2,034
Zone 5 – Hampton/ Hampton Hill	59	131	207
Zone 6 - Kew/ North Richmond	177	481	649
Zone 7 – Barnes/ East Sheen	590	1,112	1,386
<b>Total</b>	<b>2,628</b>	<b>5,491</b>	<b>9,094</b>

Source: Table 10A, Appendix 2.

## REPURPOSING RETAIL FLOORSPACE

- 4.13 Paragraph 6.19 of the Retail and Leisure Study (my Appendix 1) advised: “Growth in the food/beverage and commercial leisure, entertainment and culture sectors provides an opportunity to enhance the evening and night-time economy in the town centres in LBRuT, including the repurposing of retail floorspace. The emerging Local Plan could recognise and foster this potential, albeit recognising potential negative environmental



and amenity effects and considering appropriate management strategies and mitigation measures.”

- 4.14 In response to this, firstly, the research gives encouragement to enhancing the evening economy with longer opening hours, subject to appropriate management plans; the Appellant’s experience and plans are consistent with this.
- 4.15 Secondly, so far as repurposing retail floorspace is concerned, the research shows there would still be insufficient food and beverage floorspace even if retail units were used to supplement the shortfall. The addendum report tests the effect of combining surplus retail space with the shortfall in food and beverage space. It still finds there to be a worsening shortfall overall (rising from 390 sq m to 6,221 sq m over the study period – see para 3.4), even taking into account the retail vacancy rate identified in paragraph 3.8. It also relies on the assumption that all available retail units would appeal to F&B operators, which seems somewhat theoretical and unlikely in practice.
- 4.16 Although paragraph 18.9 of the Reg 19 Local Plan considers the reoccupation of vacant shops “potentially for non-retail uses including food/beverage units”, it describes the idea as a “theory”. Hence paragraph 18.10 adds: “Not all vacant units will be suitable for conversion to leisure/cultural uses, therefore new development may be required to accommodate some new uses.”
- 4.17 Furthermore, paragraph 18.15 says: “It is the Council’s intention to continue to enforce its Article 4 Direction to require development involving the loss of retail floorspace to seek planning permission.” Meanwhile any curtailment of restaurant operations (whether at Petersham Nurseries or in the town centre) would be detrimental to the sector due to the need for net additional space for restaurant use, not less.
- 4.18 In any event town centre retail premises would be no substitute for the garden restaurant at Petersham Nurseries because it has unique attributes which attract demand.

#### Chapter summary

- 4.19 The council has commissioned several studies of the retail and leisure sector, including a very recent “Update Addendum” (April 2024). They are consistent in signalling a shortage of space for Food & Beverage businesses locally.

- 4.20 The research identifies that the evening economy, food and leisure are “fast moving and creative sectors, with a steady flow of new concepts emerging”. There are several categories of eatery from fast food to full service restaurants. The ambience, environment and sense of “experience” created by restaurants have been identified as important drivers of demand.
- 4.21 Petersham Nurseries is distinct because of its unique setting, ambience and gourmet standards. It is especially atmospheric in the evening which enables premium pricing at this time, supports its award-winning status and has helped to make the restaurant a unique economic asset for the borough.
- 4.22 The population of study area Zone 1 (Richmond), which includes Petersham Nurseries, is the source of the borough’s highest food/beverage expenditure per person per annum. The evidence shows an under-supply problem for food/beverage floorspace which will worsen through to 2039 and the shortfall is greatest in the same Zone 1 area.
- 4.23 Growth in the food/beverage sector is identified as an opportunity to enhance the evening economy (with appropriate management strategies and mitigation measures). This is consistent with the Appellant’s approach.
- 4.24 The report explores the idea of repurposing retail units to make up for the shortfall but there would still be insufficient food/beverage floorspace at the retail vacancy rates that are expected. The proposition also relies on the assumption that all available retail units would be suitable for restaurants, which seems unlikely. The Reg 19 Local Plan describes the idea as “theory” and reasserts the council’s intention to enforce its Article 4 Direction to make the loss of retail floorspace subject to planning permission.
- 4.25 In any event town centre retail premises would be no substitute for the garden restaurant at Petersham Nurseries because it has unique attributes which attract demand.

## 5.0 ECONOMIC CONTEXT AND SECTOR REPORTS

5.1 This chapter examines the economic context of the proposed development. I refer to reports related to the hospitality and tourism sectors to aid understanding of the trading conditions affecting the restaurant. I start by commenting on the role of business in the community.

### BUSINESS IS IMPORTANT TO THE ECONOMY AND COMMUNITY

5.2 Private enterprise is the driving force behind the UK economy and a prerequisite for taxation, public administration and welfare. A successful business can also have wider aims related to social value and be a force for good in the community. According to the British Chamber of Commerce<sup>1</sup>:

5.3 *“Businesses play a pivotal role in shaping the economic landscape of the United Kingdom, and their impact extends far beyond the national level. Local economic development is an essential facet of a thriving society, and businesses are integral to its success. Their role is more than simply the generation of profits; it encompasses a commitment to the well-being and growth of the communities in which they operate.”*

5.4 As a major employer, Petersham Nurseries is an important component of the local economy and the success of the restaurant underpins jobs, apprenticeships and local charitable work in the community. Further detail on the employment provided by the restaurant is examined in the next chapter of my proof.

### RESPONDING TO TRADING CONDITIONS

5.5 The economy has suffered significant economic headwinds in recent years. The global Covid pandemic was highly disruptive to the hospitality sector (with many restaurants forced out of business). Furthermore, the war in Ukraine, rising interest rates and high energy prices have depressed consumer expenditure and elevated business costs, including the price of food and beverage supplies.

5.6 There has also been upward pressure on wages in general, plus the expense for some employers, including Petersham Nurseries, of unwinding the Coronavirus Business Interruption Loan Scheme (CBILS).

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<sup>1</sup> British Chambers of Commerce, “Local Economy of the Future - A Business-Led Plan For Thriving Communities”, 2023

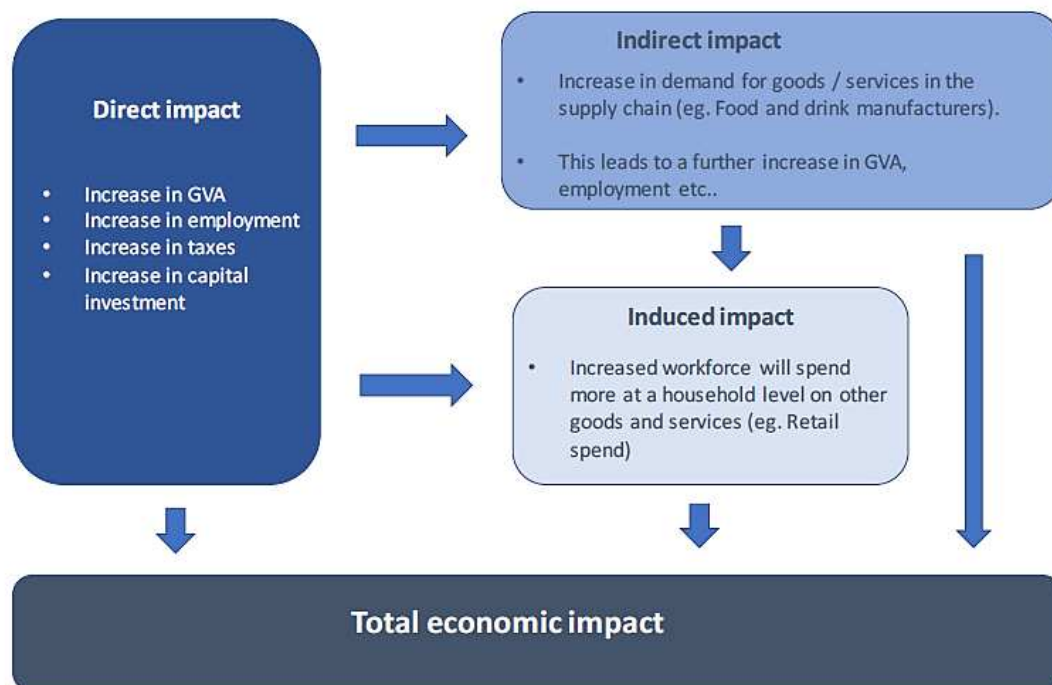
5.7 These circumstances have reinforced the importance of business survival and profitability as a means of sustaining employment. Hopefully, as reflected in policy, this will be a prelude to further economic recovery, prosperity and growth.

#### ECONOMIC CONTRIBUTION OF THE HOSPITALITY SECTOR

5.8 Research has been published regarding the economic contribution of the UK hospitality industry.<sup>2</sup> The report, based on data from the Office for National Statistics (ONS) and reproduced in Appendix 3, demonstrates that the sector is an important employer, growing ahead of the overall economy and showing signs of improving productivity.

5.9 The Executive Summary of the report explains (page 4) that the hospitality industry accounts for 3.5m jobs “making it the 3rd biggest sector in terms of employment in the UK”. Furthermore, these jobs provide a strong stimulus for additional employment within the sector’s supply chain and wider economy. The economic multipliers (or “knock-on” effects) of a restaurant are explained graphically in Fig. 14 (page 8), as follows:

**Figure 14: Impact of a restaurant expanding its operations (direct, indirect and induced impacts)**



Source: Ignite Economics

<sup>2</sup> Ignite Economics, “The Economic Contribution of the UK Hospitality Industry” (UK Hospitality, June 2023).

- 5.10 Hence the economic impact of the restaurant at Petersham Nurseries is not confined to “direct” effects alone; it is also a catalyst for “indirect” supply chain activity and jobs, plus “induced” expenditure in the wider economy as a consequence of the wages earned and then spent. Pages 2 and 19 of the report illustrate the ratios for these impacts, which can be summarised as follows:

Economic impacts	Sector GDP (£bn)	GDP ratio (per £)	Sector employment (million jobs)	Employment ratio (per job)
Direct	93.00	1.00	3.45	1.00
Indirect	53.94	0.58	1.61	0.47
Induced	66.96	0.72	1.44	0.42
Total	213.90	2.30	6.50	1.88

Source: Ignite Economics as above

- 5.11 The report also notes (top of page 5) that the “hospitality sector contributed c.£54bn in gross tax receipts in 2022, £20bn in exports and £7bn in business investment”. Restaurants are singled out (top of page 12) as accounting for “over half of the employment of the hospitality industry” and “almost all of the growth of the sector over the last 3 years”. Similarly, (top of page 14) the restaurant and related sub-sector generates over 50% of the hospitality industry’s total GVA.
- 5.12 Page 16 of the report notes that the industry has a relatively low profit margin, squeezed in recent years by higher levels of employee compensation in the industry and underlying cost inflation. This highlights the importance of protecting margins in this sector.
- 5.13 So it is apparent from this research that the hospitality industry, of which the restaurant sector is a significant part, is important to the economy due to its direct financial and employment effects as well as the interplay that occurs between businesses and their suppliers. There is a further, positive “knock-on effect” from staff wages being spent with other businesses in the community. All of this activity contributes to the public sector through taxation.
- 5.14 I understand from Petersham Nurseries Ltd that it wants to plan positively for the future and the ability for the restaurant to operate in the evening is vital to this endeavour. The following chapters examine this “operational context” and the impact of the proposed development in more detail.

#### Chapter summary

- 5.15 Private enterprise is the driving force behind the economy, taxation, public administration and welfare. Petersham Nurseries is a major employer; the success of the restaurant underpins local jobs, apprenticeships and charitable work in the community.
- 5.16 Significant economic headwinds and added costs have reinforced the importance of business survival and profitability as a means of sustaining employment and added social value.
- 5.17 ONS data shows that hospitality is an important growth sector for the economy; it also has an extensive supply chain, which in turn generates economic activity, with further employment and expenditure.
- 5.18 Restaurants are singled out as accounting for over half the jobs in the hospitality industry and most of the sector's growth in recent years. However, they have relatively tight margins which need to be managed very carefully if jobs and livelihoods are to be safeguarded. Hence the Appellant needs to plan positively for the future and the ability for the restaurant to operate in the evening is vital to this endeavour.

## 6.0 OPERATIONAL CONTEXT

- 6.1 In this chapter I examine the operational features of the business including the staffing, customer base and suppliers. This helps to explain the necessity for the proposed development (under Ground A) and its impacts which are summarised in the next chapter.

### EVOLUTION OF A SUCCESSFUL FORMULA

- 6.2 Petersham Nurseries has evolved over many years to become the business that it is today. It is a unique place, held in high regard by its customers, suppliers and peers. It is an award winning business with a series of Michelin Green Stars and other business awards. Petersham Nurseries has even become a “selling point” for the area (noted for its “gastronomic esteem”) when estate agents are marketing houses nearby.<sup>3</sup>

- 6.3 According to the Michelin Guide:

*“The Michelin Green Star is an annual award which highlights restaurants at the forefront of the industry when it comes to their sustainable practices. They hold themselves accountable for both their ethical and environmental standards, and work with sustainable producers and suppliers to avoid waste and reduce or even remove plastic and other non-recyclable materials from their supply chain.*

*These restaurants offer dining experiences that combine culinary excellence with outstanding eco-friendly commitments and are a source of inspiration both for keen foodies and the hospitality industry as a whole.*

*Every Green Star restaurant is different and works in its own unique way – but all make a difference to the world around them and act as role models to us all*

*Many work directly with growers, farmers and fishermen; forage in hedgerows and woodlands; grow plants and rear animals; and use regenerative methods such as no-dig vegetable gardens and successional cover crop growing.*

*They also often go beyond environmental considerations to address issues related to ethics, as well as contributing to local, national or global charitable and educational projects.”*

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<sup>3</sup> See letter and sales particulars from Hamptons attached to Ms Boglione’s proof.

6.4 Petersham Nurseries operates with synergy between its different divisions to create a successful formula. The principal elements integrate as follows:

- Horticulture – creates produce for sale and for use in the restaurant; also provides a unique environment for visitors.
- Retail – focused on aspirational, design-conscious products, supported by the setting plus skilful procurement and marketing. I would also expect the retail activity to generate good profile for the restaurant and vice versa.
- Teahouse – an opportunity to sell customers tea, coffee, cakes and other refreshments; also draws attention to the restaurant.
- Restaurant – the greenhouses provide a distinctive setting for lunches and dinners; success depends upon:
  - The ambience of the setting and the way the site is curated as a desirable place to dine.
  - The inspiration and depth of opportunity given to the staff to develop their culinary skills and customer care across a variety of lunchtime and evening shifts.
  - The high quality of the food, being a product of ethical purchasing and environmental consciousness (reflected by the restaurant's Michelin Green Star awards).

6.5 Development of the business has been the product of creativity, hard work and a passion for excellence. Yet business survival requires repetition of a successful formula – success is hard won and easily lost if the formula is changed.

#### A MAJOR EMPLOYER FOR RICHMOND

6.6 Petersham Nurseries is a major employer for the borough. Staff numbers fluctuate due to the size of the company and seasonal effects. As at April 2024 there were about 152 staff but I was informed this had risen to 162 by May and the business employs 170 people at peak times. As shown by the following table of “UK Business Counts” published by the Office for National Statistics, a company employing more than 50 staff in Richmond Upon Thames is in the top 1.4% of enterprises locally and in the top 2% for London as a whole.



UK Business Counts (2023)	Richmond Upon Thames		London	
	number	%	number	%
Micro (0 to 9 staff)	11,510	92.6%	474,400	90.2%
Small (10 to 49 staff)	740	6.0%	40,970	7.8%
Medium (50 to 249 staff)	135	1.1%	8,185	1.6%
Large (250+ staff)	40	0.3%	2,300	0.4%
Total	12,425	100%	525,855	100%

Source: Inter Departmental Business Register (ONS)

- 6.7 Within Petersham Nurseries' headcount (April 2024), the restaurant had 108 employees, increasing by 18 jobs (an uplift of 17%) to 126 staff members at peak times. This means that the vast majority of employees (up to 74%) depend upon work from the restaurant.
- 6.8 I understand from Petersham Nurseries that about 73% of the people employed live locally within a 5 mile radius and 10.5% within the TW10 area.

#### CREATING OPPORTUNITIES FOR LOCAL PEOPLE

- 6.9 The business offers a mix of employment roles. About 97 people (70 in the restaurant) work on an hourly basis and 55 people (38 in the restaurant) are salaried. Employees can work a mix of daytime and evening shifts; this safeguards quality and operational efficiency, develops the skills of staff across restaurant operations and optimises their earnings.
- 6.10 Importantly, Petersham Nurseries creates employment opportunities for young people. There are 53 employees aged under 25, which is over a third (35%) of the headcount. This cohort is highly dependent on the restaurant (with 45 people under 25 being employed for that purpose). The average age of Food & Beverage staff is 31. Furthermore, the business has an active apprenticeship programme with the local college to help younger people gain employment skills and to launch their careers.
- 6.11 The following table summarises the breakdown of staffing arrangements as at April 2024:

Team	Total Employees			Age Analysis		Restaurant Related Staff		
	Hourly	Salaried	Total Staff	Under 25s	F&B av. Age	Hourly	Salaried	Total Rstnt
Admin - HQ	1	7	8	1				
Customer Relations		2	2				2	2
Events	1	2	3	1		1	2	3
Lifestyle Shop	11	2	13	4				
Nursery Green	8	2	10	3				
Petersham House	1	5	6					
Restaurant FOH	24	9	33	15	31.65	24	9	33
Restaurant Kitchen & KPs	4	13	17	4	33.82	4	13	17
Site Gardeners	6	1	7					
Site Parking	5		5	1		5		5
Site Team	3	2	5	1		3	2	5
Teahouse FOH	31	6	37	23	26.21	31	6	37
Teahouse Kitchen	2	4	6		49.07	2	4	6
<b>Grand Total</b>	<b>97</b>	<b>55</b>	<b>152</b>	<b>53</b>	<b>31.01</b>	<b>70</b>	<b>38</b>	<b>108</b>
% of total staff	64%	36%	100%	35%				71%
% of rstnt staff						65%	35%	100%
Rstnt staff under 25				45				
% of rstnt staff under 25				42%				
Extra at peak times			18					18
% extra for peak times			12%					17%
Total at peak times			170					126

Data from Petersham Nurseries Ltd as at April 2024 (but rising in May 2024 and at peak times)

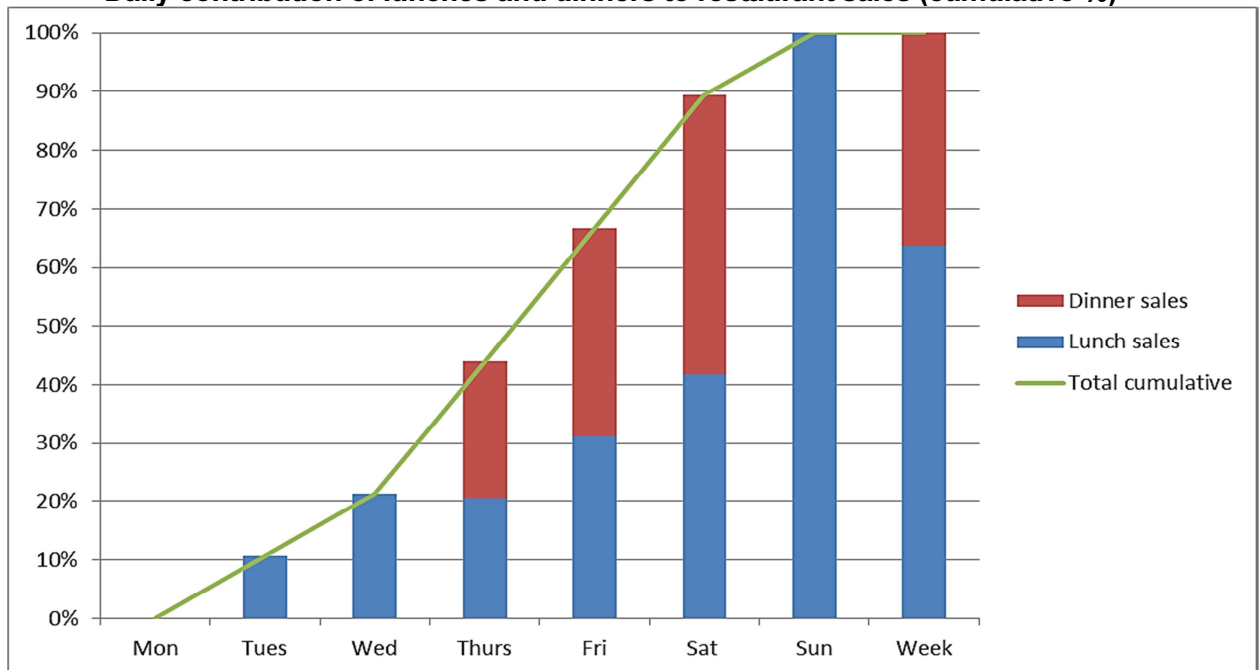
6.12 I understand that 3 staff are assigned maintenance duties to manage the greenhouses and other structures to keep them in good repair. This is an extra cost that most restaurants do not incur but is essential in this case.

#### A TYPICAL WEEK IN THE RESTAURANT DIVISION

6.13 Focusing specifically on the restaurant itself, the performance of this division develops over the course of the week. The following chart is based on the daily contribution to revenue of 6 lunches and 3 dinners (annual figures averaged over the week).

6.14 The green line shows the cumulative weekly build-up of restaurant sales (totalling 100% by the end of the week). The columns show the daily percentage contribution of each sitting, with the restaurant being closed on Mondays; only lunches are served on Tuesdays, Wednesdays and Sundays. The right hand side column summarises the weekly split – with 36% of revenue coming from dinners despite them requiring fewer days and less footfall (with 63% fewer covers than lunches in 2023).

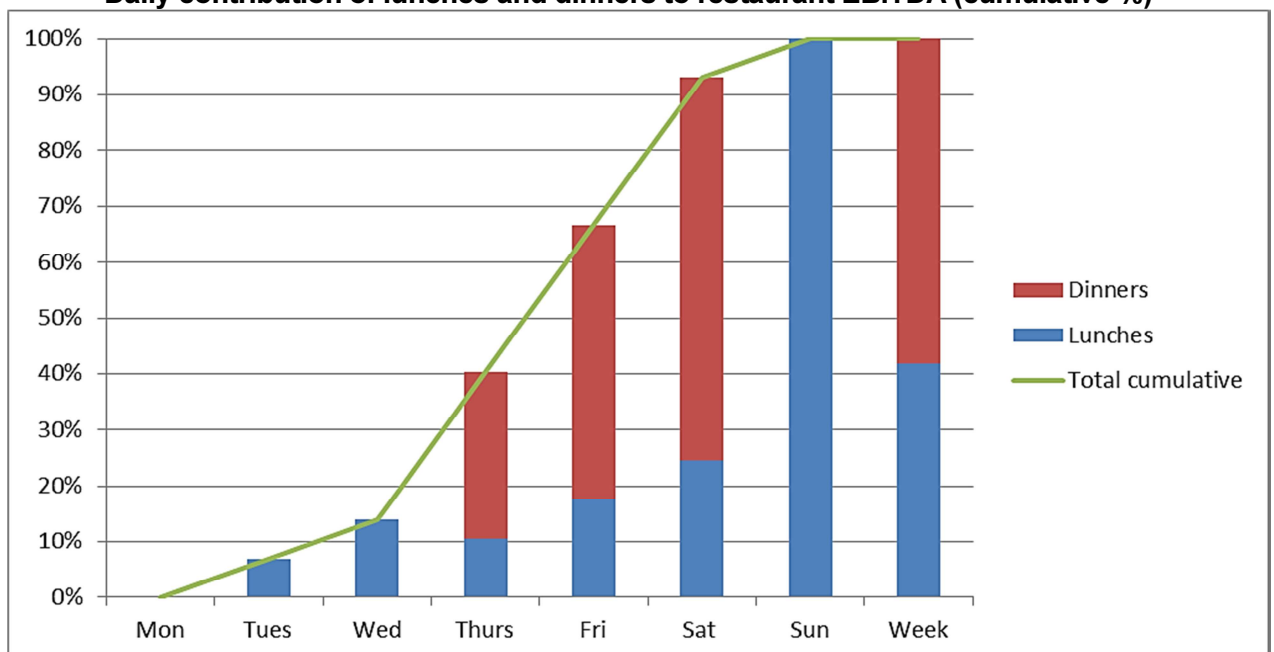
**Daily contribution of lunches and dinners to restaurant sales (cumulative %)**



Data from Petersham Nurseries Ltd

6.15 The contribution of the dinners to the viability of the business is all the more important bearing in mind that just 3 per week contribute the majority of funds available to help offset central costs (i.e. 58% based on EBITDA<sup>4</sup>, or 45% including the Teahouse).

**Daily contribution of lunches and dinners to restaurant EBITDA (cumulative %)**



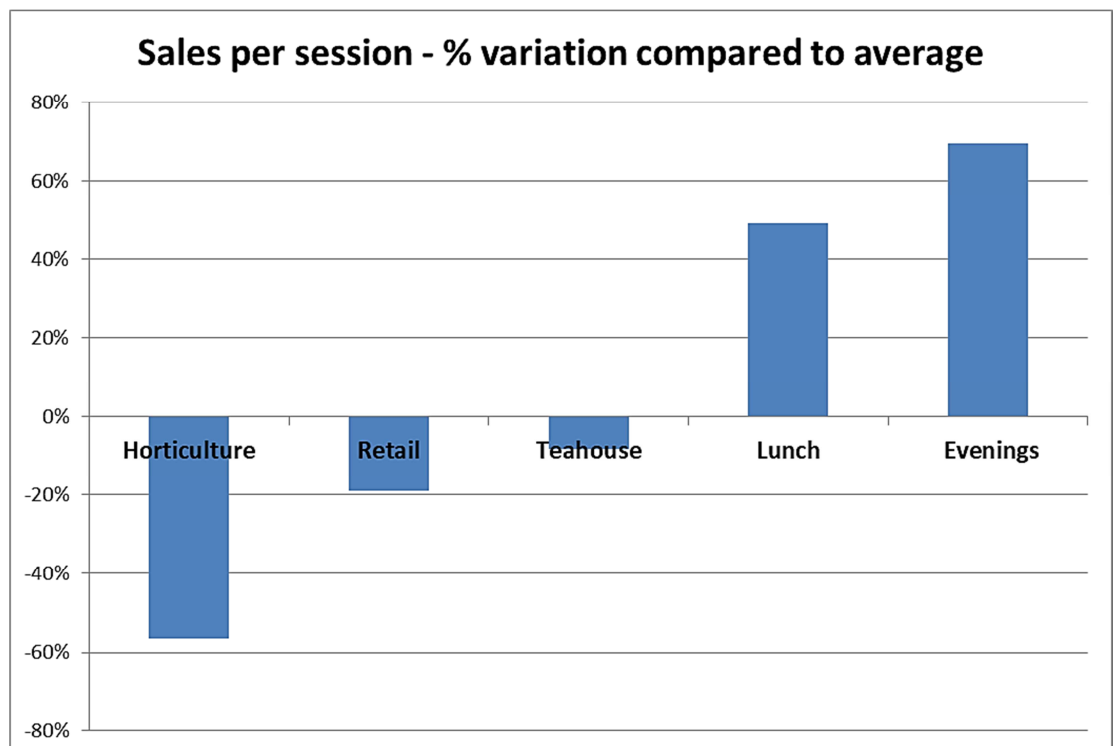
Data from Petersham Nurseries Ltd

<sup>4</sup> EBITDA: Earnings before interest, taxes, depreciation, amortisation and exceptional items including Coronavirus Business Interruption Loan Scheme and other central costs.

- 6.16 The consequence of including dinners on Thursdays, Fridays and Saturdays is to cross-subsidise and sustain the viability of the overall business, to create jobs for the people employed and to support the work of Petersham Nurseries in the community.
- 6.17 This can be achieved very efficiently by incorporating 3 evenings into the intelligent use of the existing facilities and the work of the staff across the week.

**FINANCIAL CONTRIBUTION OF THE DIFFERENT DIVISIONS**

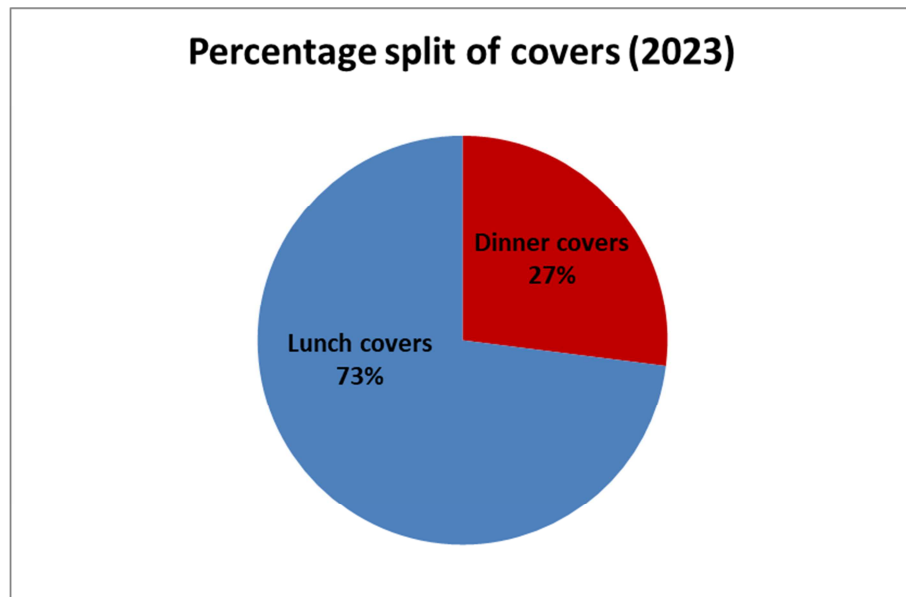
- 6.18 The operation of the overall site is split between the following activities: “Horticulture”, “Retail”, “Teahouse”, “Restaurant” (the latter being sub-divided between lunchtime and evening trade). Each division operates for 6 sessions per week but the dinners occur on 3 evenings per week).
- 6.19 The following graph shows the comparative sales performance of each activity per session.



Data from Petersham Nurseries Ltd

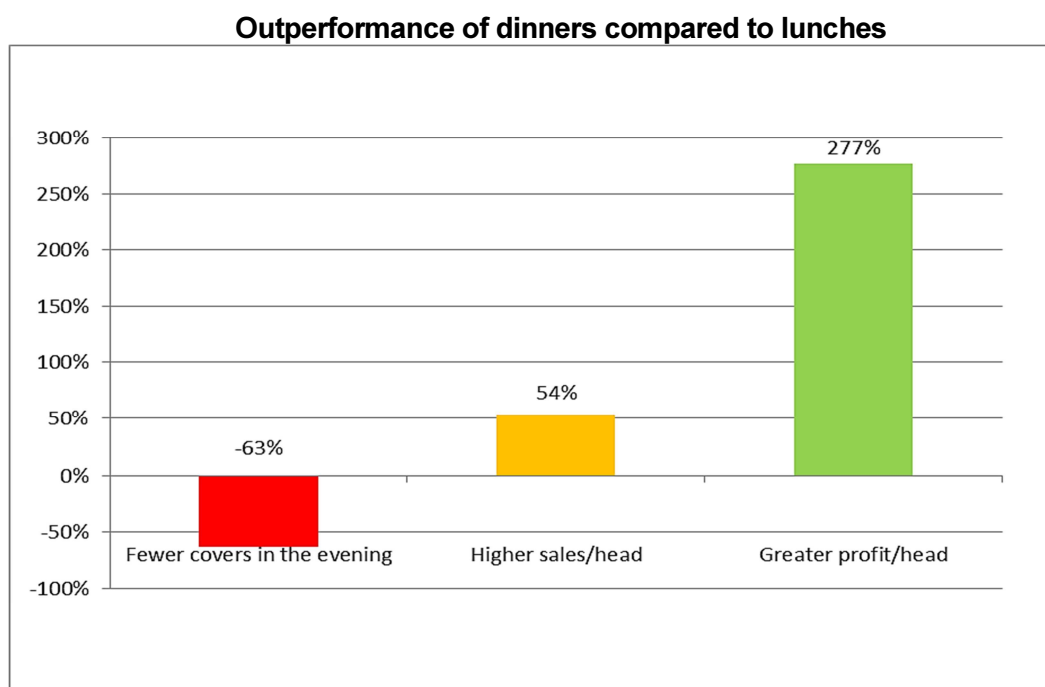
- 6.20 Taking each activity in turn, I am informed that “Horticulture” accounts for the least amount of revenue and is slightly loss making. It is tolerated as a loss-leader because, although labour intensive, the garden and its produce adds greatly to the ambience of the site as well as the aesthetics/atmosphere of the restaurant, especially in the evenings.

- 6.21 “Retail” generates more sales than “Horticulture” and a small share of EBITDA, but less than average compared to the other divisions. Retail sales can be price-sensitive but turnover, as well as the image of the site, is helped by the high quality of the stock and its exposure to customers visiting the restaurant. I understand that turnover could be improved by diversifying and intensifying the retail activity with a wider range of products/trading hours but this would alter the character of the operation.
- 6.22 “Teahouse” sales are slightly below average compared to the other divisions, followed by restaurant sales at lunchtime (6 days per week) and in the evenings (up to 3 days per week). However the “Evenings” stand out because the dinners generate 69% more revenue per session than the other activities.
- 6.23 I understand from Petersham Nurseries that of all the activities, the three dinners per week make the strongest contribution towards the nurseries’ overall employment and other costs.
- 6.24 Reasons for the out-performance of the evening trade include economies of scale common to restaurants, such as:
- Food and beverage staff deploying their time across daytime and evening shifts to develop their skills, to learn from each other and to maintain high standards.
  - The efficient use of resources – e.g. using the same space, fixtures and fittings (e.g. furnishings and tableware) for more than one sitting.
  - The efficient preparation of food across different mealtimes, carefully coordinated for optimum output, quality control and minimum wastage.
  - The extended use of consumables (e.g. floral table decorations) into the evening.
- 6.25 The efficiency gains arising from Petersham Nurseries serving dinners is also illustrated by the following pie chart showing the lunchtime/evening split between the number of covers; evening footfall is disproportionately low compared to its economic value.



Data from Petersham Nurseries Ltd

- 6.26 The importance of the evenings as a critical part of the business, despite the markedly lower footfall at that time, is also explained by the additional food (extra courses) and drink ordered then compared to at other times. Dinners also command higher prices.
- 6.27 So it is apparent that the dinners outperform the lunches by requiring 63% fewer covers and by achieving 54% higher sales per head, making the greatest contribution to overall costs. The percentage outperformance of these factors is summarised in the chart below.



Data from Petersham Nurseries Ltd

6.28 I understand from Petersham Nurseries that because the dinners contribute so strongly to the variable and fixed costs of running the site the business would be vulnerable without them; the absence of the evening trade would make the overall site loss-making (both in terms of EBITDA and net cash generation).

6.29 This is explained further by the following table and chart which examine the relative return of three scenarios, namely:

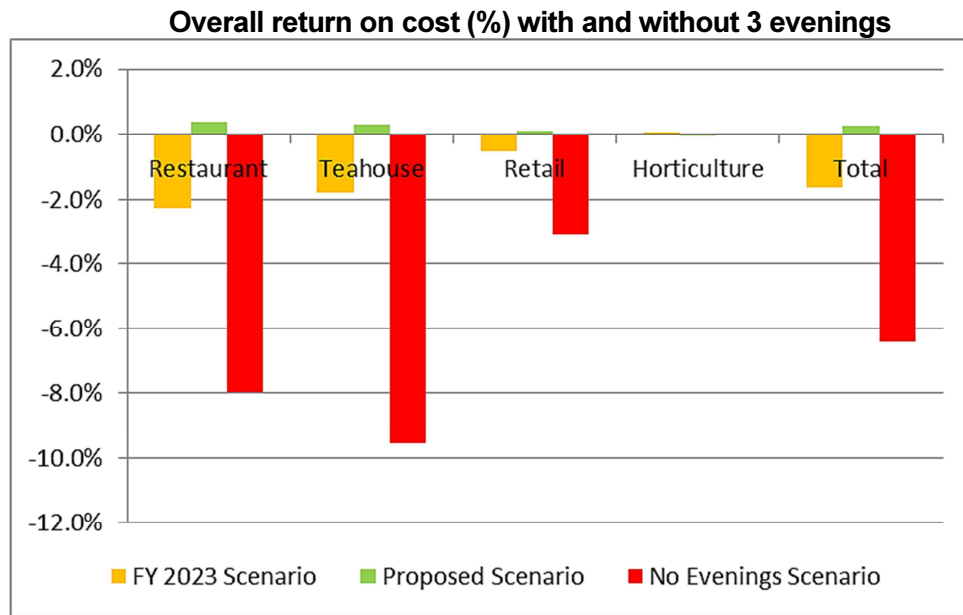
- FY 2023 Scenario (based on the outcome of that financial year including some exceptional planning and re-structuring costs)
- Proposed Scenario (open 3 evenings per week as proposed under Ground A, but “normalised” to disregard the exceptional costs incurred in FY 2023)
- No Evenings Scenario (restaurant closed in the evenings)

6.30 The percentage return is based on sales revenue less the costs associated with each division, less shared costs and exceptional items which have been deducted on a pro rata basis (hence “Horticulture”, which is a loss-leader, makes no meaningful contribution).

% Return	Restaurant	Teahouse	Retail	Horticulture	Total
FY 2023 Scenario	-2.3%	-1.8%	-0.5%	0.1%	-1.6%
Proposed Scenario	0.4%	0.3%	0.1%	0.0%	0.3%
No Evenings Scenario	-8.0%	-9.6%	-3.1%	0.0%	-6.4%

6.31 All three scenarios assume that staff and suppliers are paid as normal. However, whereas the Appellant plans to trade through the losses of FY 2023, I understand that the “No Evenings Scenario” would not be financially sustainable.

6.32 The following chart shows the figures graphically for each division, commencing with the FY 2023 Scenario (yellow), then the Proposed Scenario (green) and the No Evenings Scenario (red).



- 6.33 For the staff, the evening trade is crucial as a source of income, industry skills and job satisfaction. Critically, the interconnected day/evening shifts which enable the employment of chefs and other staff, providing high quality work and career development, would become untenable. Furthermore, the team's ability to service busier lunches would be lost.
- 6.34 I understand from Petersham Nurseries that even if taking the most optimistic view of the enforcement scenario, the loss of say 500 working hours for the evening shifts would affect the entire restaurant team, not just a theoretical number expressed as Full Time Equivalents<sup>5</sup>. The headcount would have to be pared back to a skeleton café/lunch crew or wages significantly cut (undermining the operation and causing job losses in both cases).
- 6.35 A café/lunch only operation would be a very different proposition for staff working in a renowned, Michelin Star restaurant that is highly regarded for its evening hospitality. So far as the borough is concerned, the local economy would be weakened in both quantitative and qualitative terms by the loss of a flagship business.

<sup>5</sup> Theoretically 500 hours equates to 12.5 FTE jobs, or 24 jobs when taking account of the supply chain multiplier effects, but in practice the restaurant accounts for many more staff sharing shifts.



## Chapter summary

- 6.36 Petersham Nurseries has developed a successful formula. It is an award winning business held in high regard by its customers, suppliers and peers for high ethical and environmental standards and corporate responsibility within the community.
- 6.37 The formula is based on synergy between the different divisions (horticulture, retail, teahouse and restaurant). However, it is the evenings that drive the profit, justify the other divisions and enable the breadth of employment and community benefits.
- 6.38 Petersham Nurseries is a major employer for the borough with over 152 staff or 170 at peak times, of which the restaurant has 108 to 126 employees (so up to 74% of staff depend directly upon work from the restaurant). About three quarters live within 5 miles.
- 6.39 A mix of daytime and evening shifts safeguards quality and efficiency whilst giving staff the skills and earnings they need; the shift pattern can also flex to cover busier lunches. Apprenticeships, work experience and jobs are created for young people (35% of staff are aged under 25; the average age of Food & Beverage staff is 31).
- 6.40 Extra manhours are given to maintenance of the site and its structures, beyond that required for most restaurants. Similarly the horticultural activities are run as a loss-leader because they have design value and add atmosphere for the restaurant. Retailing is a price-sensitive business but the sale of products and food work well together.
- 6.41 The evening trade (based on 3 evenings per week and just 27% of the covers) stands out for generating 36% of the restaurant's sales but 58% of profit (before repayment of the Coronavirus Business Interruption Loan Scheme and other central costs). This is due to economies of scale and the premium value of dinners (as one would expect from a restaurant). Hence, as each week progresses, returns are boosted on the days that supper clubs are held and provide significant cross-subsidy to the remainder of the business.
- 6.42 The Appellant has modelled financial scenarios to test their return on cost, namely:
- FY 2023 Scenario - slightly loss making due to exceptional costs that year.
  - Proposed Scenario with normalised costs - generates a low but positive cashflow and sustains the staffing levels, supply chain activity and wider social benefits.

- No Evenings Scenario - loss making and unsustainable; no longer able to provide the level of employment nor the range of opportunities required by staff.

6.43 Whereas the Appellant plans to trade through the losses of FY 2023 in 2024 onwards by means of the "Proposed Scenario", I understand that the greater losses incurred under the "No Evenings Scenario" would not be financially sustainable.

**7.0 IMPACT OF GRANTING PLANNING PERMISSION (GROUND A)**

7.1 In this chapter I examine the impact of granting planning permission as proposed.

**SAFEGUARDING JOBS AND WIDER BENEFITS**

7.2 As illustrated above, the impact of granting planning permission would be the safeguarding of a significant number of jobs. Importantly, these are existing jobs providing real livelihoods within a proven business, rather than projected jobs within a planning application for a property not yet built.

7.3 The letters of support connected with this case illustrate many of the wider benefits of the business which include economically productive supply chain relationships, rewarding employment, assistance for apprentices and other young people, plus charitable work.

**ECONOMIC MULTIPLIERS**

7.4 As indicated in Appendix 3, restaurants support a supply chain of businesses and their staff via direct, indirect and induced economic multipliers. Direct jobs are those taken by people directly employed by hospitality businesses. Indirect jobs are the corresponding jobs created by their suppliers. Induced jobs arise as a consequence of economic activity arising from the direct and indirect employment. According to the research, one direct job generates 0.47 indirect jobs and 0.42 induced jobs.

7.5 The direct jobs created by Petersham Nurseries (152 people as at April 2024) therefore represent indirect and induced jobs for a further 135 people, a positive impact of 287 jobs (more at peak times). The work for 53 young people (under 25 years of ages) provided by Petersham Nurseries potentially generates work through the supply chain for a further 47 people, a positive impact of 100 people under 25 being given employment if suppliers follow the Appellant’s example.

Supply chain impact - employment multipliers	Total Employees			Age Analysis	Restaurant Related Staff		
	Hourly	Salaried	Total Staff	Under 25s	Hourly	Salaried	Total Rstnt
Direct jobs	97	55	152	53	70	38	108
Indirect jobs (at 0.47)	46	26	71	25	33	18	51
Induced jobs (at 0.42)	41	23	64	22	29	16	45
<b>Total employment impact (excluding peak time staff)</b>	<b>183</b>	<b>104</b>	<b>287</b>	<b>100</b>	<b>132</b>	<b>72</b>	<b>204</b>

Source: UK Hospitality benchmarks applied to Petersham Nurseries’ staff numbers

- 7.6 Specifically for restaurant related staff, the benchmark shows that 108 direct jobs at Petersham Nurseries create potential supply chain employment and induced work for a further 96 people, making an positive impact of 204 jobs arising from food service.
- 7.7 Appendix 4 shows the location of a sample of 56 UK suppliers providing food and beverage products to Petersham Nurseries. The majority (52%) of these are based in London.

#### SOURCE OF CUSTOM AND LINKED TRIPS

- 7.8 The council's Enforcement Notice Report acknowledges that Petersham Nurseries is a tourist destination that attracts additional visitors to Richmond. From my own visit to Richmond I noticed that Petersham Nurseries is listed amongst other local attractions on a tourist map available at the station (see Appendix 5).
- 7.9 I understand from Petersham Nurseries that their customers come from not only Richmond but also from elsewhere in the UK (see Appendix 6) and from overseas; hence the business is attracting visitor expenditure into the local economy as well as serving local needs.
- 7.10 Access to Petersham Nurseries on foot or by bus includes routes via the town centre. A survey of visitors to Petersham Nurseries in April found that over 60% had visited other businesses in the borough as part of the same trip.

#### SOCIAL VALUE

- 7.11 In addition to livelihoods, employment also creates non-monetary social value including, fundamentally, a sense of achievement and self-worth for individuals, plus community cohesion. These benefits are further amplified in the community by Petersham Nurseries through its charitable work.
- 7.12 The Local Government Association defines social value as “the wider financial and non-financial value created by an organisation through its day to day activities in terms of the wellbeing of individuals and communities, social capital created and the environment”.
- 7.13 Petersham Nurseries is an award winning business in this respect. Examples of this recognition include:

- Winner of the Richmond Business Award for Best Achievement in Social Responsibility 2018.
- Winner Richmond Business Awards Best Achievement in Social Responsibility 2019
- Winner Richmond Business Award for Best Business 2020
- Winner Richmond Chamber of Commerce Award for Best Business for Environmental Sustainability 2023.
- Awarded the Michelin Green Star on successive occasions.

7.14 Other evidence of social value being provided includes:

- Numerous apprenticeships – recent examples include an 18 month, full time apprenticeship for a chef, including day release to attend college (Harrow, Richmond and Uxbridge Colleges group), paid for by Petersham Nurseries.
- Work experience schemes for 16 and 17 year olds, one day per week for a year, to learn about Front of House and Back of House operations.
- Charitable youth initiatives with St Marys Primary School in Twickenham supporting disadvantaged and fostered children with extra tuition and experiences outside school including “visiting the nurseries for complimentary hot chocolate and cake, enjoying the grounds and discovering the beauty of the site”.
- Art initiatives working with local schools to provide day trips to Petersham Nurseries where children explore the grounds and choose scenes to paint or draw.
- Hosting monthly meetings for “Ham and Petersham SOS” - a local support group for the elderly and disabled residents of Ham and Petersham.
- A variety of other charitable activities including working with local arts and cultural organisations and a Ukrainian refugee support group.

7.15 These are good examples of an employer taking an “enlightened” approach to business. However, without the revenue to pay for them these are discretionary rather than essential activities that would, out of necessity, have less priority or simply become unaffordable if the business was less successful.

#### PUBLIC SECTOR REVENUE

7.16 Other consequences of job creation include taxes being generated for the public purse and savings on unemployment benefits not required.

## ALTERNATIVE SCENARIOS

- 7.17 Every business comes to “crossroads” when decisions have to be made. For Petersham Nurseries those decisions have created a successful business, contributing strongly to the local economy. The enforcement scenario, with the impending loss of revenue, creates a “dead-end” for the business and diminishes its ability to employ the people it employs and to sustain its work with apprentices and charities.
- 7.18 If a business that’s compliant with the Enforcement Notice is not viable then some other permitted use(s) or operator(s) will have to come to the fore.

### Chapter summary

- 7.19 The impact of granting planning permission would be to safeguard employment generated by the restaurant, which is staffed by a pool of 108 staff working a variety of daytime and evening shifts; this supports a team of 152 staff overall.
- 7.20 Taking into account the supply chain effects (indirect impact) and the expenditure of wages earned (induced impact), using established benchmarks for the hospitality industry, the benefit of planning permission equates to safeguarding jobs for 204 to 287 people. If suppliers follow Petersham Nurseries’ example this could include work for apprentices and up to 100 people aged under 25.
- 7.21 Analysis of the Appellant’s supply chain identified 56 food and beverage suppliers, of which 52% are based in London, all benefiting from the business generated by the restaurant.
- 7.22 Petersham Nurseries is a destination for tourists (including London, UK and overseas visitors) adding to the inflow of expenditure to the local economy, as well as meeting local needs. A customer survey found that over 60% of visitors had visited other businesses in the borough as part of the same trip.
- 7.23 Petersham Nurseries has a community-minded approach, reflected in its successive awards for social and environmental responsibility and evidenced by its charity work. Important as it is, this social value would inevitably be under threat if the restaurant revenue were to fall.
- 7.24 Other financial benefits include taxes generated for the public purse (e.g. corporation tax, income tax, VAT and business rates) plus savings on unemployment benefits.



Employment also creates value by building skills, achievement and self-worth. Furthermore, a successful employer can choose to support its community through philanthropy and charitable work if trading successfully.

## **8.0 SUMMARY AND CONCLUSIONS**

- 8.1 This chapter carries forward the individual chapter summaries. I have also produced a separate, abbreviated "Summary and Conclusions" document.

### **POLICY CONTEXT**

#### **NPPF**

- 8.2 The NPPF requires the Town Planning system to help build a strong economy and to support growth. The council should strive to improve the economic, social and environmental conditions of the area and seek to approve applications for sustainable development where possible.
- 8.3 The council should place significant weight on the need to support economic growth, building on the area's strengths and the needs of different sectors. Petersham Nurseries has created a successful formula for its restaurant due to the nature of its location; it is an exemplar in its sector.
- 8.4 The NPPF calls for more effective use of land. It also endorses well-designed and beautiful, attractive and healthy places. This chimes with public feedback regarding Petersham Nurseries and the wellbeing felt by visitors and staff.

#### **London Plan**

- 8.5 The London Plan encourages job creation and "Good Growth". This means building economic opportunity across the capital, including via the evening and night time economy. It also means making more effective use of land, including through intensification of existing uses and places.
- 8.6 The London Plan also endorses "distinctive, attractive and cherished places"; we should understand what is valued about them by the public and use this as a catalyst for growth.
- 8.7 Good Growth also means having regard for physical and mental health. This ethos is mirrored in the Appellant's approach to nature, the provenance of its food and the priority given to charity work and being a socially responsible and community-minded employer.
- 8.8 The London Plan demands more jobs as well as homes. Business success and employment are vital to help people sustain a livelihood and to build a fairer society in the



face of rising housing costs. Creativity and entrepreneurialism are important factors. “The wealth this generates is essential to keeping the whole country functioning”. This also explains why the London Plan, mirrored by the Appellant, prioritises upskilling and apprenticeships.

- 8.9 London has a diverse labour market, a broad cultural offer and a vibrant “food scene”. An important opportunity for Richmond is to harness the expenditure of well-paid commuters, leisure visitors and tourists, capturing it for the local community by supporting local employers.
- 8.10 Linked to this, the London Plan encourages boroughs to develop a vision for the night-time economy (defined as activity from 6pm to 6am), supporting economic growth and diversification. This needs to respect local circumstances; hence the Appellant proposes shorter evening hours (for three supper clubs per week) with a strict management plan.

#### Local Plan

- 8.11 The council’s Local Plan envisages viable businesses contributing positively to the quality of life for residents and visitors. Reflecting its Corporate Plan, the council relies upon good governance plus the actions of individuals, private enterprises and other taxpayers.
- 8.12 The Local Plan addresses a variety of pressures including the need for employment. As with the NPPF, we should expect due weight to be attributed to jobs, businesses and the economic development agenda.
- 8.13 Employment takes many forms, including hospitality. The Local Plan supports growth of the visitor economy and capitalising on the borough’s assets. It also seeks a wide variety of employment and training opportunities (mirrored by the actions of the Appellant).
- 8.14 Petersham Nurseries is set apart from the town centre but is easily accessible. This means that linked trips between other businesses and tourist attractions are likely to occur.
- 8.15 The Local Plan calls for a greater focus on Health and Wellbeing. Again, this is mirrored by the actions of the Appellant - evidenced by extensive feedback from customers and staff.
- 8.16 The Council says it will support “a diverse and strong local economy”, the local economy is “vital” and it encourages “a large range of local employment opportunities”.

- 8.17 The Local Plan cannot meet all its needs by allocating new sites so better and more efficient use of existing premises and sites is also required.
- 8.18 In addition to the efforts of the community, implementation and delivery of the Local Plan's objectives is highly dependent upon private sector investment – not least through entrepreneurship and business enterprise but also through taxation.

#### Regulation 19 Local Plan

- 8.19 The emerging Local Plan recognises the challenging economic context created by the pandemic and rising cost of living. The council says it needs to work collaboratively with communities and local partners, including businesses.
- 8.20 The labour market has strong commuting flows with earnings generated elsewhere that could be captured locally; the hospitality and tourism sectors are important in this regard, especially as the borough has a mix of prosperous residents and "pockets of relative disadvantage".
- 8.21 "Making Richmond Fair" means helping young people "get a great start in life". The Appellant provides apprenticeships and work experience, amongst other community initiatives.
- 8.22 Land supply for commercial uses is constrained, making it all the more important to make effective use of land and to nurture the success of employers.
- 8.23 The Reg 19 Plan refers to the benefits of "20 minute neighbourhoods". Petersham Nurseries is well served by public transport and walking routes, including to the town centre within this time.
- 8.24 Strategic Objectives include business growth, increasing local jobs, creating a range of training opportunities and providing reasons to visit the borough. The Appellant's plans are consistent with these objectives.
- 8.25 The Local Plan evidence base includes reports that show there is an oversupply of retail floorspace and an undersupply of food/beverage floorspace.

#### Ham & Petersham Neighbourhood Plan

- 8.26 The vision of the Neighbourhood Plan (NP) includes “giving great opportunities to live and work”.
- 8.27 Furthermore, the NP says proposals which extend and enhance the range of local shops, pubs, restaurants, cafes and related commercial services will be encouraged and their loss will be resisted.
- 8.28 The NP’s justification for supporting businesses includes the provision of “important local employment”. Economic development is strongly supported by national and local policy and is associated in the NP with “improvement of an area’s economy through investment, development, job creation, and other measures”.
- 8.29 I conclude from my review of planning policy that it is highly supportive of business growth, employment and the benefits to the community that this brings. Hence these aspects, which I see mirrored in the Appellant’s actions and proposals, should be afforded great weight alongside other policy considerations.

#### **PLANNING EVIDENCE BASE**

- 8.30 The council has commissioned several studies of the retail and leisure sector, including a very recent “Update Addendum” (April 2024). They are consistent in signalling a shortage of space for Food & Beverage businesses locally.
- 8.31 The research identifies that the evening economy, food and leisure are “fast moving and creative sectors, with a steady flow of new concepts emerging”. There are several categories of eatery from fast food to full service restaurants. The ambience, environment and sense of “experience” created by restaurants have been identified as important drivers of demand.
- 8.32 Petersham Nurseries is distinct because of its unique setting, ambience and gourmet standards. It is especially atmospheric in the evening which enables premium pricing at this time, supports its award-winning status and has helped to make the restaurant a unique economic asset for the borough.
- 8.33 The population of study area Zone 1 (Richmond), which includes Petersham Nurseries, is the source of the borough’s highest food/beverage expenditure per person per annum.

The evidence shows an under-supply problem for food/beverage floorspace which will worsen through to 2039 and the shortfall is greatest in the same Zone 1 area.

- 8.34 Growth in the food/beverage sector is identified as an opportunity to enhance the evening economy (with appropriate management strategies and mitigation measures). This is consistent with the Appellant's approach.
- 8.35 The report explores the idea of repurposing retail units to make up for the shortfall but there would still be insufficient food/beverage floorspace at the retail vacancy rates that are expected. The proposition also relies on the assumption that all available retail units would be suitable for restaurants, which seems unlikely. The Reg 19 Local Plan describes the idea as "theory" and reasserts the council's intention to enforce its Article 4 Direction to make the loss of retail floorspace subject to planning permission.
- 8.36 In any event town centre retail premises would be no substitute for the garden restaurant at Petersham Nurseries because it has unique attributes which attract demand.

#### **ECONOMIC CONTEXT AND SECTOR REPORTS**

- 8.37 Private enterprise is the driving force behind the economy, taxation, public administration and welfare. Petersham Nurseries is a major employer; the success of the restaurant underpins local jobs, apprenticeships and charitable work in the community.
- 8.38 Significant economic headwinds and added costs have reinforced the importance of business survival and profitability as a means of sustaining employment and added social value.
- 8.39 ONS data shows that hospitality is an important growth sector for the economy; it also has an extensive supply chain, which in turn generates economic activity, employment and further expenditure.
- 8.40 Restaurants are singled out as accounting for over half the jobs in the hospitality industry and most of the sector's growth in recent years. However, they have relatively tight margins which need to be managed very carefully if jobs and livelihoods are to be safeguarded. Hence the Appellant needs to plan positively for the future and the ability for the restaurant to operate in the evening is vital to this endeavour.

## OPERATIONAL CONTEXT

- 8.41 Petersham Nurseries has developed a successful formula. It is an award winning business held in high regard by its customers, suppliers and peers for high ethical and environmental standards and corporate responsibility within the community.
- 8.42 The formula is based on synergy between the different divisions (horticulture, retail, teahouse and restaurant). However, it is the evenings that drive the profit, justify the other divisions and enable the breadth of employment and community benefits.
- 8.43 Petersham Nurseries is a major employer for the borough with over 152 staff or 170 at peak times, of which the restaurant has 108 to 126 employees (so up to 74% of staff depend directly upon work from the restaurant). About three quarters live within 5 miles.
- 8.44 A mix of daytime and evening shifts safeguards quality and efficiency whilst giving staff the skills and earnings they need; the shift pattern can also flex to cover busier lunches. Apprenticeships, work experience and jobs are created for young people (35% of staff are aged under 25; the average age of Food & Beverage staff is 31).
- 8.45 Extra manhours are given to maintenance of the site and its structures, beyond that required for most restaurants. Similarly the horticultural activities are run as a loss-leader because they have design value and add atmosphere for the restaurant. Retailing is a price-sensitive business but the sale of products and food work well together.
- 8.46 The evening trade (based on 3 evenings per week and just 27% of the covers) stands out for generating 36% of the restaurant's sales but 58% of profit (before repayment of the Coronavirus Business Interruption Loan Scheme and other central costs). This is due to economies of scale and the premium value of dinners (as one would expect from a restaurant). Hence, as each week progresses, returns are boosted on the days that supper clubs are held and provide significant cross-subsidy to the remainder of the business.
- 8.47 The Appellant has modelled financial scenarios to test their return on cost, namely:
- FY 2023 Scenario - slightly loss making due to exceptional costs that year.
  - Proposed Scenario with normalised costs - generates a low but positive cashflow and sustains the staffing levels, supply chain activity and wider social benefits.

- No Evenings Scenario - loss making and unsustainable; no longer able to provide the level of employment nor the range of opportunities required by staff.

8.48 Whereas the Appellant plans to trade through the losses of FY 2023 in 2024 onwards by means of the “Proposed Scenario”, I understand that the greater losses incurred under the “No Evenings Scenario” would not be financially sustainable.

#### **IMPACT OF GRANTING PLANNING PERMISSION (GROUND A)**

8.49 The impact of granting planning permission would be to safeguard employment generated by the restaurant, which is staffed by a pool of 108 staff working a variety of daytime and evening shifts; this supports a team of 152 staff overall.

8.50 Taking into account the supply chain effects (indirect impact) and the expenditure of wages earned (induced impact), using established benchmarks for the hospitality industry, the benefit of planning permission equates to safeguarding jobs for 204 to 287 people. If suppliers follow Petersham Nurseries’ example this could include work for apprentices and up to 100 people aged under 25.

8.51 Analysis of the Appellant’s supply chain identified 56 food and beverage suppliers, of which 52% are based in London, all benefiting from the business generated by the restaurant.

8.52 Petersham Nurseries is a destination for tourists (including London, UK and overseas visitors) adding to the inflow of expenditure to the local economy, as well as meeting local needs. A customer survey found that over 60% of visitors had visited other businesses in the borough as part of the same trip.

8.53 Petersham Nurseries has a community-minded approach, reflected in its successive awards for social and environmental responsibility and evidenced by its charity work. Important as it is, this social value would inevitably be under threat if the restaurant revenue were to fall.

8.54 Other financial benefits include taxes generated for the public purse (e.g. corporation tax, income tax, VAT and business rates) plus savings on unemployment benefits. Employment also creates value by building skills, achievement and self-worth. Furthermore, a successful employer can choose to support its community through philanthropy and charitable work if trading successfully.

## **9.0 RICS DECLARATION AND STATEMENT OF TRUTH**

- 9.1 In accordance with the Royal Institution of Chartered Surveyors' Practice Statement for surveyors acting as expert witnesses I confirm that insofar as the facts stated in my proof are within my own knowledge I have made clear which they are and I believe them to be true, and that the opinions I have expressed represent my true and complete professional opinion. I confirm that my proof includes all facts which I regard as being relevant to the opinions which I have expressed and that attention has been drawn to any matter which would affect the validity of those opinions.
- 9.2 I confirm that my duty as an expert witness overrides any duty to those instructing or paying me, that I have understood this duty and complied with it in giving my evidence impartially and objectively, and that I will continue to comply with that duty as required. I confirm that I am not instructed under any conditional fee arrangement. I confirm that I have no conflicts of interest of any kind in preparing and presenting my proof.
- 9.3 I confirm that my proof complies with the requirements of the Royal Institution of Chartered Surveyors (RICS), as set down in "Surveyors acting as expert witnesses: RICS practice statement".

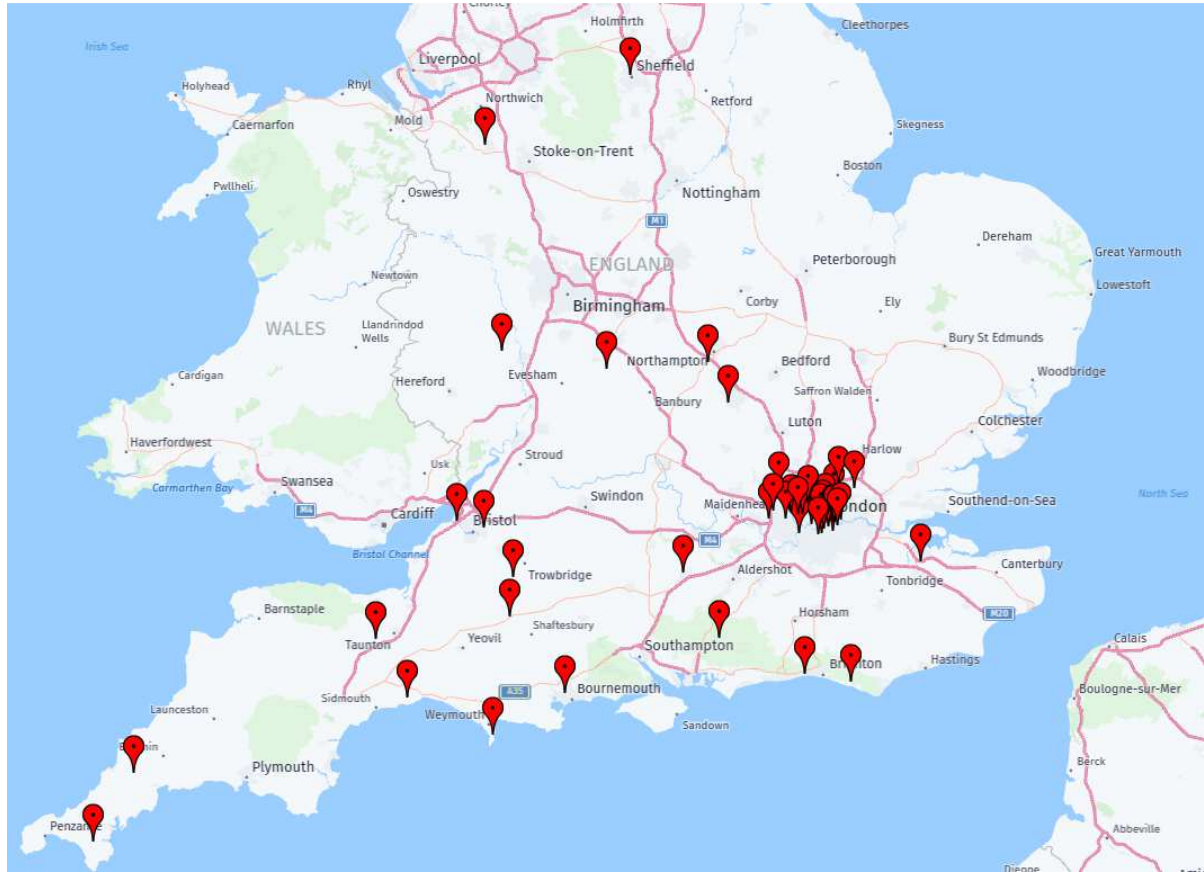
Simon Ward BSc MRICS

## **APPENDICES**

1. Richmond upon Thames Retail and Leisure Study, Phase 2 Final Report, January 2023 (see separate document)
2. Richmond upon Thames Retail and Leisure Study, Update Addendum, April 2024 (see separate document)
3. The Economic Contribution of the UK Hospitality Industry, June 2023 (see separate document)
4. Sample of food and beverage suppliers mapped by postcode (see below)
5. Extract from Richmond Tourist Map (see below)
6. Sample of customers mapped by postcode (see below)



## APPENDIX 4 - Sample of food and beverage suppliers mapped by postcode



Source: Petersham Nurseries

**APPENDIX 5 - Extract from Richmond tourist map showing Petersham Nurseries (numbered 17, bottom centre)**



**APPENDIX 6 - Sample of customers mapped by postcode**



Source: Petersham Nurseries