

| Local Plan Panel Meeting | |
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| Meeting Date | 14 March 2019 |
| Report Title | Retail and Leisure Needs Assessment |
| Cabinet Member | Cllr Gerry Lewin, Cabinet Member for Planning |
| SMT Lead | Emma Wiggins |
| Head of Service | James Freeman |
| Lead Officer | Gill Harris |
| Key Decision | Yes |
| Classification | Open |
| Recommendations | <ol style="list-style-type: none"> 1. That the Panel note the content of the Retail and Leisure Needs Assessment Study as part of the Local Plan Review evidence base to be used in shaping the planning strategies for the Borough's town centres and town centre policies. 2. Recommend to Cabinet to adopt, as a material consideration, a local threshold of 500 sq. m. for retail/leisure floorspace proposals outside of designated centres to require an impact assessment of the proposal as set out in paragraph 89 of the NPPF |

1 Purpose of Report and Executive Summary

- 1.1 The key purpose of the Retail and Leisure Needs Assessment is to provide the evidence base to assist in the formulation of future development plan policy as well as to provide baseline information to assist in the determination of planning applications for retail and leisure development. It supersedes the previous 2010 Retail and Town Centre Study.
- 1.2 The evidence sets out what the specific retail and leisure development needs are for the new plan period and provides information that facilitates an informed discussion on potential options within the remit of national planning policy as set out in the NPPF and national planning policy guidance. The full report is contained in appendix I of this paper.
- 1.3 In summary, the Retail and Leisure Needs Assessment concludes the following:
 - Sittingbourne town centre could accommodate up to 1,900 sq. m. of additional convenience floorspace and between 12,300 and 22,600 sq. m. of additional comparison floorspace for the period to 2037/38
 - Faversham town centre has no capacity for additional convenience floorspace and for comparison floorspace, capacity for between 2,700 and 4,700 sq. m. for the same period

- Sheerness town centre could accommodate up to 1,200 sq. m. of additional convenience floorspace and between 4,500 and 7,900 sq. m. of additional comparison floorspace for the period to 2037/38.
- The 'health' (vitality and viability) of the Borough's town centres is good with vacancy rates largely in line with national trends and a good range of shops and services
- Commercial leisure needs for the period to 2037/38 are met (or are being met by developments in the pipeline) but there is capacity for between seven and nine new gyms in the Borough.
- The Local Plan Review should consider a revised retail hierarchy that excludes Rushenden as it no longer functions as a local centre, having only one small newsagent
- Revisions to the town centre boundaries and primary shopping areas are proposed to better reflect the range and type of uses and activities taking place in these areas and to align with national policy
- That a local impact threshold for assessing retail proposals on the edge of town centres or out of centre should be adopted as 500 sq. m. (compared to the national threshold of 2,500 sq. m. set out in the NPPF).

2 Background

- 2.1 Consultants WYG Planning were appointed in August 2018 to undertake the Retail and Leisure Needs Assessment. The Assessment uses an industry standard methodology regarded as best practice, to assess the needs for additional retail and commercial leisure for the local plan review period. In addition, 'health check' assessments were undertaken for Sittingbourne, Faversham and Sheerness town centres.
- 2.2 The current retail hierarchy that is set out in Bearing Fruits Policy DM2 has been reviewed as have the town centre boundaries and primary shopping areas. In July 2018, the government published its revised NPPF and there is now only the requirement to identify a *primary shopping area* within the town centre. The *primary shopping area* is explained in the NPPF glossary as the "defined area where retail development is concentrated". The report, therefore only identifies the town centre boundary and the primary shopping area.
- 2.3 A shopping survey was undertaken to ascertain local shopping habits and patterns. This was done using telephone surveys across 6 zones in the Borough based on postcode areas. The telephone survey gathers information on where respondents shop for various specific items, how often and how much they spend. They were asked why they shop in these locations and what might encourage them to spend more time there (in Swale).

Retail floorspace needs

- 2.4 The results of the telephone household survey and ONS household growth projection data is used to extrapolate growth in expenditure. This information is combined with other data (such as spending retention rates, influence of internet

shopping, general shopping habits and patterns and store trading ratios) and converted to a floorspace need figure for each of the town centres as below for the period up to 2037/38 with a based date of 2018/19.

| Settlement | Convenience (sq. m.) | Comparison (sq. m.) |
|-------------------|-----------------------------|----------------------------|
| Sittingbourne | 1,900 | 12,300 – 22,600 |
| Faversham | NIL | 2,700 – 4,700 |
| Sheerness | 1,200 | 4,500 – 7,900 |

- 2.5 'Convenience' goods include food and other items that are easily purchased such as newspapers. The convenience goods capacity in Sittingbourne and Sheerness is modest in the medium term (10 years) with capacity in the longer term potentially able to support a medium sized foodstore or be met by an extension to existing facilities in the towns. Faversham on the other hand does not have any additional convenience floorspace capacity on the basis that existing provision is high for a town of its size and includes a broad range of retailers including multi nationals and independents.
- 2.6 'Comparison' goods are those items that are purchased less frequently and in a more planned way such as clothing, footwear and furniture. The majority of the comparison goods floorspace capacity is in Sittingbourne with modest capacity for Faversham and Sheerness.
- 2.7 The NPPF sets out the expectation that local plans should allocate sites for retail and leisure uses if such needs are identified. For the Local Plan Review, this means that the Council will need to aim to allocate a range of suitable sites in the town centres to meet the scale and type of development likely to be needed, looking at least ten years ahead. If there are no sites in the town centre, appropriate edge of centre sites that are well connected to the town centre could be identified and if there are none, planning policies will need to explain how these identified needs can be met in other accessible locations that are well connected to the town centre. Potential sites and policy options will be explored and presented at the Issues and Option stage.

Commercial leisure needs

- 2.8 The Assessment concludes that there is need for between 7 and 9 gyms in the Borough and that there is no need for any additional leisure facilities (specifically ten pin bowling, bingo or cinema provision). Any capacity for cinema provision is already addressed as a result of the Spirit of Sittingbourne development that includes a new eight screen cinema.

Town centre health checks

- 2.9 The health check assessments for each of the three town centres are based on indicators published in the government's national planning practice guidance that accompanies the NPPF. Appendix B of the Assessment contains the detail of the methodology but to summarise, the checks include an assessment of range of uses and retailer representations, vacancy rates, assessment of environmental

quality and an assessment of accessibility by a range of transportation modes, provision of car parking facilities and customer views/perceptions as collected from the household survey. Sittingbourne, Faversham and Sheerness town centres are performing well and display good levels of vitality and viability.

Sittingbourne town centre

- 2.10 Sittingbourne town centre is the largest town centre in the Borough with approximately 59,000 sq. m. of retail floorspace (260 commercial units). It has a range of both national multiple retailers (28%) and independent shops (56%) and retail services, hairdressers, tattoo parlours, beauticians etc. (20%). The vacancy rate for Sittingbourne (12%) is comparable with the UK average of 11%. With the Spirit of Sittingbourne well underway, the town will soon have a new complex of restaurants and a cinema to add to the town's offer. The Assessment report concludes that the vitality and viability of the town is good and suggests some minor tweaks to the town centre boundary to more accurately reflect the character of the town and the nature of the uses and to include full building footprints.
- 2.11 The Assessment report proposes that the primary shopping area is amended to include the development associated with the 'Spirit of Sittingbourne' development to the north towards the train station. The recommended boundaries are shown in appendix J of the Assessment report appended to this report in Appendix I.
- 2.12 The Assessment report also identifies a reasonably large level of expenditure leakage from Sittingbourne which, given the strength and provision in competing centres and the current challenging economic climate for retailers is unsurprising. The Assessment report recommends that the Council should plan to improve Sittingbourne town centre's comparison goods market share by way of further qualitative improvements to the town centre including, among other things, improvements to the existing retail stock and encouraging a wider range and mix of uses as well as town centre environmental improvements.

Faversham town centre

- 2.13 Faversham town centre has approximately 189 commercial units (35,810 sq. m. floorspace). It also has a range of both national multiple retailers and independent shops and services. The proportion of retail services is slightly above the UK average (17% compared with 15%). A relatively small number of units in Faversham are above 500 sq. m. and this is a likely explanation for the limited number of national multiple retailers in the town. The restaurant, take away and café sector is particularly strong with 22% of units providing this offer. The overall vacancy rate is well below the national average of 11% at 8%.
- 2.14 As is the case with Sittingbourne, there is significant expenditure leakage from Faversham, unsurprising given its proximity to and strength of offer at Canterbury, Ashford and Bluewater.
- 2.15 The Assessment report recommends the town centre boundary is extended to the west to include the Morrison's store and curtailed to the south to remove the

railway station car park and residential properties to the south of Stone Street. It is also recommended that the boundary is curtailed to the east to exclude the residential properties off Church Road. It is proposed that the primary shopping area is amended to include full building footprints resulting in very minor changes. These recommendations are set out in appendix J of the Assessment report appended to this report in Appendix I.

Sheerness town centre

- 2.16 Sheerness town centre has some 225 retail and leisure units accommodating 41,600 sq. m. of floorspace. Whilst the range of convenience goods provision in the town is considered good, the provision of comparison goods is somewhat weaker, albeit reasonable for its size and catchment and providing a good number of independent retailers. Of the units offering comparison goods, 77% are independent retailers. There is a higher proportion of retail service units in Sheerness (19%) compared with the national average (15%). The vacancy rate is below the national average at 10% (compared with 11%) and the centre is generally considered to be safe although it would benefit from an improved range of comparison goods retailing and improved environmental quality.
- 2.17 The Assessment report recommends the town centre boundary is curtailed to the east to exclude residential properties to the north of Broadway and land to the rear of Sheerness swimming Pool. The primary shopping area should be extended slightly to the east to Trinity Road. These recommendations are set out in appendix J of the Assessment report appended to this report in Appendix I.

Recommendations in respect of the Council's future retail and commercial leisure strategy

- 2.18 Town centre strategies in the borough council area need to be able to support the continued development/change in the 'high street' if they are to successfully compete. The NPPF is clear that planning policies and decisions should support the role that town centres play at the heart of local communities and that a positive approach should be taken with regards their growth, management and adaptation. The Assessment report makes a number of specific recommendations for each of the town centres (see pages 106 and 107 of the Assessment report).
- 2.19 These recommendations could be taken into consideration, with other evidence, to form the policy framework to deliver identified needs and wider objectives for the town centres that would then be subject to consultation at the Issues and Options stage later in the year.

Retail Hierarchy

- 2.20 The adopted local plan, Bearing Fruits sets out the retail hierarchy for the Borough in Policy DM2. Planning policies are required under the NPPF to define a network and hierarchy of centres and this was assessed as part of the work undertaken. Each of the 11 local centres has been assessed for their vitality and

viability and their function as set out in appendix f of the Assessment report. This includes a look at the mix of shops and services available, vacancy rates, environmental quality and role of centre. The purpose of the local centres is to meet the day to day shopping/service needs of their local communities.

- 2.21 With the exception of Rushenden, the local centres in the Borough perform well and continue to serve a complementary role to the three town centres in the Borough. The evidence report concludes that the retail hierarchy for the local plan review should exclude Rushenden as it consists of one shop and does not function as a local centre. The remaining ten local centres are considered to perform their function well.

Retail Parks

- 2.22 Conspicuous by its absence is any reference to out-of-centre retail parks such as Sittingbourne Retail Park and Neatscourt Retail Park. In planning policy terms, out of centre retail parks are not regarded as 'centres' and should not be included in the retail hierarchy. They have a wider catchment, offer a specific shopping experience with no (or limited) services. However, the Council will continue to monitor the retail parks and all the centres in the hierarchy on an annual basis so that any concerns, issues or opportunities can be addressed. This will be reported in the Authority Monitoring Report (AMR) published on an annual basis.

Local Impact Threshold

- 2.23 When assessing applications for retail and leisure development outside town centres, local planning authorities can require an impact assessment if the development is over the 2,500 sq. m. threshold set out in the NPPF (paragraph 89) or a locally set floorspace threshold.
- 2.24 Following the assessment undertaken and having regard to the current health of the town centres, their performance, unit and floorspace composition, increasing competition from the internet and availability of units in the prime shopping area capable of meeting potential national multiple occupiers in each of the centres, it is recommended that the Council adopts a local impact threshold of 500 sq. m. This could be incorporated into policy in the local plan review and in the interim; the Council could resolve to adopt this approach as a material consideration for development management purposes.
- 2.25 This would provide the Council with sufficient flexibility to assess the merits and potential impact implications of edge and out-of-centre retail and leisure applications. The threshold should not only apply to new floorspace, but also to changes of use and variations of conditions to remove or amend restrictions on how units operate in practice.
- 2.26 It is important to note that whilst a locally set threshold would require the submission of an impact assessment of developments exceeding the threshold, national guidance requires that the impact test should be undertaken in a proportionate and locally appropriate way, commensurate to the scale of

development proposed, the level of detail needed to be agreed during the pre-application process to avoid onerous requirements that may otherwise restrict and delay development opportunities coming forward.

3 Proposals

- 3.1 The proposals are that Members agree the Assessment report as the evidence base for the local plan review and endorse its content as the starting point for investigating and developing policy options for town centre, retail and leisure that will facilitate the delivery of the additional floorspace needs identified.
- 3.2 Formal consultation on the local plan review is programmed to take place in the autumn. In advance of that, Members will be required to provide a steer on the Issues and Options in the early summer. At this meeting of the Panel, Members will be presented with the options for town centres, retail and leisure that could be rolled forward for consultation. This would include proposals for a revised retail hierarchy and town centre and primary shopping area boundaries as well as potential development sites (if they can be identified).
- 3.3 Although the town centres are currently enjoying good 'health', with the uncertainty around the impacts of internet shopping, retail trends and other challenges, the evidence recommends a local impact threshold of 500 sq. m. is adopted by the Council. This could be incorporated into local plan policy (subject to consultation) but in the interim, if minded to, Members could recommend that this local threshold is adopted by Council at the earliest opportunity as a material consideration for development management purposes.
- 3.4 NPPF requires local plans to make sufficient provision for the development needs of their areas. With this in mind, the evidence should be used to inform the local plan review to allocate land for retail development as appropriate. Should there not be adequate sites, other options will need to be considered such as a more flexible policy approach and/or a criteria based policy for new retail and leisure development.
- 3.5 In order to progress options for further consideration, the recommendations of this report are:
 1. That the Panel note the content of the Retail and Leisure Needs Assessment Study as part of the Local Plan Review evidence base to be used in shaping the planning strategies for the Borough's town centres and town centre policies; and
 2. Recommend to Cabinet to adopt, as a material consideration, a local threshold of 500 sq. m. for retail/leisure floorspace proposals outside of designated centres to require an impact assessment of the proposals as set out in paragraph 89 of the NPPF.

4 Alternative Options

- 4.1 It is essential that the local plan review is prepared to comply with the NPPF. This means the local plan review should seek to meet the authority area's development needs in a way that enables the delivery of sustainable development in accordance with the policies in the NPPF. The recommendations set out above would enable the Council to explore options that would then be subject to public consultation as part of the local plan review that will be presented to Members in the summer.
- 4.2 On the issue of a local impact threshold, Member could choose not to adopt this as a material consideration for development management purposes.

5 Consultation Undertaken or Proposed

- 5.1 The Retail and Leisure Needs Assessment is evidence and as such there is no requirement to consult on this document. This evidence informs the local plan review and feeds in to the document that will be consulted upon in due course for the Regulation 18 stage of the local plan review.

6 Implications

| Issue | Implications |
|---------------------------------------|---|
| Corporate Plan | Supports the Council's corporate priorities for delivering regeneration and delivering improved quality of life. |
| Financial, Resource and Property | The Assessment has been carried out within the existing Local Plan budget. |
| Legal, Statutory and Procurement | This Assessment has been carried out to assist the Council in identifying its development needs in accordance with national policy. |
| Crime and Disorder | None anticipated at this time |
| Environment and Sustainability | The Local Plan process is subject to Sustainability Appraisal |
| Health and Wellbeing | None anticipated at this time |
| Risk Management and Health and Safety | None anticipated at this time |
| Equality and Diversity | The Local Plan process is subject to a Community Impact Assessment at the appropriate points. |
| Privacy and Data Protection | None anticipated at this time |

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Swale Retail and Leisure Needs Assessment

8 Background Papers

None