

Shepway Town Centres Study

Volume 1 - Main Report



Final Report

On behalf of

Folkestone
Hythe & Romney Marsh
Shepway District Council







Document Control Sheet

Project Name: Shepway Town Centres Study

Project Ref: 30210

Report Title: Final Report

Date: May 2015

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Revision	Date	Description	Prepared	Reviewed	Approved
A	July 2014	Draft report for client comment	AB/JP/MB	PK/JP	CQ
B	Nov 2014	Draft Final Report	AB/JP/MB	PK/JP	CQ
C	May 2015	Final Report	PK	PK	CQ

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1 Introduction

1.1 Introduction to the Study

- 1.1.1 Peter Brett Associates LLP (PBA) has been instructed by Shepway District Council (SDC) to provide an updated assessment of the retail and leisure needs for Shepway District over the Council's Local Plan period to 2031. The findings of this study supersede the Council's previous retail and leisure evidence base, which consists of the Shepway Retail Need Assessment Study Update 2010 (SRNAS), which in turn provided an update to the 2007 Retail Needs Assessment Study. The majority of the primary research was undertaken during 2014 and has been reviewed in early 2015 light of comments made on the Places and Polices Local Plan: Issues and Options consultation.

1.2 Study Challenges and Terms of Reference

- 1.2.1 The study brief outlines a series of 'core outcomes' which the study must address, which we set out below:
- A review of the 'retail health' of 'central shopping locations', and recommendations to improve their vitality and vitality of these locations;
 - Analyses of current and future competitiveness of Shepway retail centres, and of the effectiveness of existing spatial strategy as well as options for further planning policies; including recommendations to define and manage town centre boundaries/ retail frontages, and in response to the need to maintain anchor stores in towns and also the potential implications of out of town development;
 - Profiling of the optimal mix and balance of uses, including a sustainable diverse retail and leisure offer, reflecting the individuality of the district's centres;
 - Quantification of future retail need; and formulation of specific planning proposals that improve the range and quality of development in Shepway's centres, and where suitable, locations adjoining the town centres;
 - Setting out the particular barriers that exist to developing key town centre sites and identifying measures for unlocking those sites, including advising on those with the capacity to deliver major/ mixed use regeneration;
 - Practical options on how more peripheral retail locations (such as underperforming secondary shopping areas) can be refocused so as to secure further investment or more beneficial uses;
 - Advice on the most suitable opportunities for facilitating, where appropriate, growth in the evening economy;
 - Recommendations on the deliverable development options for public sector land release opportunities (and adjacent land as appropriate) consistent with town centre regeneration objectives;
 - A recommended Shepway floorspace impact threshold, above which planning applications outside of town centres would have to demonstrate an acceptable impact on centres; and
 - Advice on how to meet other requirements of national policy in relation to town centres; and the specific implications for Shepway.

1.2.2 This study seeks to respond to the above objectives by identifying:

- What is in the catchment of Shepway's town centres today and what is Folkestone's relationship with other higher order centres in the sub-region?
- What scale and function of floorspace should be planned for during the study timeframe, taking into account demographic changes?
- How should the Council respond to development pressures for town centre uses outside town centres?
- How the Council plan should for longer term needs, given the aspiration for the study to include needs to 2031?
- How should the Council plan for the role and function of smaller centres - what is their existing role and function and how might this change?
- How should the study bring together the different local specific issues for a cohesive town centre strategy taking into account broader factors, such as environmental/highway improvements, the synergy between different town centre uses and growth in evening economy, the opportunities for (and the viability of) redevelopment

1.2.3 The above six bullets are our terms of reference.

1.3 Structure of Outputs

1.3.1 Our study is split into three volumes, as follows:

- **Volume 1** (this report) is the main study report, setting out key findings and recommendations;
- **Volume 2** sets out appendices to Volume 1, including detailed health check assessments, and quantitative retail and leisure capacity forecasts; and
- **Volume 3** sets out the full results of a household telephone survey of shopping patterns, which was undertaken in support of this study by NEMS Market Research.

1.3.2 The remainder of Volume 1 is set out as follows:

- **Section 2** provides context to the study in respect of current and future trends for town centres;
- **Section 3** summarises the planning policy context for town centres;
- **Section 4** set out summary assessments of the performance of the six principal centres in the District (Folkestone, Hythe, New Romney, Lydd, Cheriton and Hawkinge);
- **Section 5** summarises residents' current patterns of shopping on comparison (non-food) and convenience (food) goods;
- **Section 6** sets out a summary of the quantitative and qualitative need for additional retail floorspace in Shepway over the Council's Plan period;
- **Section 7** sets out a summary of the need for additional commercial leisure facilities over the Plan period;

- **Section 8** sets out the findings of selected stakeholder engagement and the Council's own consultation, which influences the recommendations of this study; and finally
- **Section 9** sets out our recommendations.

2 National Context for Town Centres and their Future

2.1 Introduction

2.1.1 The Study is being prepared in the midst of a renewed focus on the role and function of the high street, in the context of the recent, sustained economic downturn, continued attraction of out-of-town facilities as alternative shopping destinations, and the increasing popularity of online shopping. A number of independent studies have recently been published considering the future role and function of the high street, most significantly The Portas Review, The Grimsey Review and Beyond Retail's 'Redefining the Shape and Purpose of Town Centres'; we briefly summarise each of these below. We then continue to review the key trends which are likely to influence the demand for new retail floorspace over the study period.

2.2 Published Research

The Portas Review (2011)

2.2.1 In May 2011, retail expert Mary Portas was appointed by the Government to lead an independent review into the future of the high street, largely in response to the stagnation and decline of town centres nationally, seen as a consequence of reduced spending on the high street. The report, published in December 2011, suggest a number of measures to tackle the further decline of the high street.

2.2.2 Amongst 27 separate recommendations in the report, there is a call to strengthen planning policy in favour of 'town centre first' following the publication of the draft NPPF. The core recommendations included:

- **Run town centres like businesses:** by strengthening the management of high streets through 'Town Teams', developing the 'Business Improvements Districts' (BID) model and encouraging new markets;
- **Get the basics right:** by looking at how the business rate system could better support small businesses and independent retailers, encouraging affordable town centre car parking and looking at further opportunities to 'deregulate' the high street and relax local authority restrictions that hold local businesses back.
- **Level the playing field:** by making explicit within the NPPF a presumption in favour to town centre development, introduce Secretary of State 'exceptional sign off'; and encouraging large retailers to show their support for high streets by mentoring local businesses;
- **Define landlords' role and responsibilities:** by encouraging a 'contract of care' between landlords and their commercial tenants, looking at disincentives for landlords leaving properties vacant, and empowering local authorities where landlords are negligent and making proactive use of Compulsory Purchase Order powers; and
- **Give communities greater say:** by including the high street in neighbourhood planning, directing more developer funding to supporting community groups, and, encouraging innovative community uses of empty high street spaces.

Government response to the Portas Review (2012)

2.2.3 The Government published its formal response to the Portas Review in March 2012, which accepted virtually all of Portas' recommendations. It announced that 24 'Portas Pilot' towns

secured funding to set up Town Teams to create plans for the future of their high streets and trail some of the recommendations made in the Portas Review. In addition, the Government will provide investment to help BIDs access loans for their set-up costs, as well as funding for a High Street Innovation Fund (to help bring entrepreneurs back to their communities) and also a 'Future High Street X Fund' (to reward towns which are delivering innovative plans to bring their town centres back to life).

- 2.2.4 The Government however did not support the call to introduce Secretary of State 'exceptional sign off' for all new out-of-town developments and require all large new developments to have an 'affordable shops' quota. The Government states that LPAs are best placed to understand local needs and 'exceptional sign off is contrary to the Government's ethos of devolution. Therefore, the Government will continue to use its call-in powers sparingly.

The Grimsey Review (2013)

- 2.2.5 Bill Grimsey, the former boss of DIY chain Wickes and food retailer Iceland published his report 'The Grimsey Review: An alternative future for the High Street' in September 2013. This report was developed as an 'alternative response' to the recommendations of the Portas Review. The report makes a total of 31 wide-ranging recommendations, including encouraging more people to live in town centres, appointing a High Streets Minister, and freezing car parking charges for a year.

Beyond Retail: Redefining the Shape & Purpose of Town Centres (2013)

- 2.2.6 Arising from the key recommendations in the Portas Review, the Government supported the establishment of an industry 'task force' to analyse retail property issues relating to town centres. The task force included representatives from the banking, property, retail and public sectors, and the findings of the task force's report were presented in the 'Beyond Retail' report published in November 2013. The report outlines a 'future vision' of high streets, based on five key observations:

- Market polarisation, resulting in **three broad types of town centre offer** (strong centres with a wide retail and leisure offer; convenience food and service-based centres with an element of fashion and comparison goods; and localised convenience and everyday needs-focussed centres);
- A local authority will have a '**clear vision**' of the role and function of their town centres, and the position of their respective retail offers in the hierarchy of centres;
- **Active intervention** on the part of the local authority should be encouraged by a more flexible planning environment, including reduced regulation and a mix of public and private sector funding models;
- A '**re-basing**' of **occupational costs** (in terms of rents and rates), to encourage an improved retail and leisure mix of profitable multiple and independent operators, supported by local employment and residential development in close proximity to town centres, and providing a flexible approach to car park pricing to assist in completion with out-of-town developments.
- **Technology** as a critical enabler of future town centre relevance and vitality.

- 2.2.7 Based on this 'vision', the report makes a number of recommendations, and we consider those particularly pertinent to the centres in Shepway to be:

- Develop **strong and dynamic leadership**, led at the local authority level but also including business and community involvement, to bring about long-term change in town centre functions;

- Undertake bold, **strategic land assembly**, to assemble redevelopment opportunities of scale and worth;
- Provide **greater flexibility** in the planning system to enable redundant retail premises to be converted to 'more economically productive uses';
- Consider the mechanisms to **address funding gaps** to encourage local authorities to commit to long-term planning for town centres; and
- Town centres must take advantage of **technology** to assist in marketing, driving footfall, and assisting independents and SMEs; and
- **The business rate system** should be reviewed, and new retail valuation guidance should be published.

2.3 Market Context

2.3.1 The market context for town centres, and retail in particular, is evolving. The role of the town centre is not as black and white as it has historically been, and indications are that the town centres which have weathered the recent economic downturn (discussed further below) are those which have a diverse range of uses. In this section we discuss the key changes in the retail market which are considered likely to have the biggest implications on centres in Shepway District.

Key trend: polarisation to higher-order centres

- 2.3.2 The 'polarisation trend' refers to the preference of retailers to concentrate trading activities in larger schemes, within larger centres. Retailers recognise that greater efficiency can be achieved by having a strategic network of large stores offering a full range of their products, rather than a network of smaller-format stores which are only able to offer a limited range of products. Other trends discussed in this section, in particular the economic downturn and the growth in online shopping, have further amplified the need for retailers to have fewer physical stores. The 'polarisation trend' is also driven by customers, who have become more discerning and are increasingly prepared to travel further afield. There is therefore a concentration of comparison goods expenditure in a smaller number of larger centres. CBRE estimated that by 2008 half the population shopped in just 70 or so major locations, down from 200 locations 30 years ago¹.
- 2.3.3 Middle-order centres such as Folkestone are particularly susceptible to this trend, as retailers seeking to locate within the south-east are likely to focus their efforts on destinations such as Lakeside, Bluewater, Brighton, and Royal Tunbridge Wells. It means that medium and smaller centres are required to potentially refocus their role and function away from solely being shopping destinations to incorporate a much broader retail, leisure, culture and residential offer.
- 2.3.4 The result of this, according to Deloitte², is that retailers are beginning to reassess their store portfolios: *'The increasing costs of operating stores, changes in consumer behaviours, and the growing online opportunity, coupled with the rise of shopping centres with larger catchment areas and improvements in infrastructure facilitating travel suggest that retailers will need fewer stores in the future'*
- 2.3.5 The implications for this on town centres is that many retailers will, in the medium to longer term, seek to downsize their portfolios, particularly in smaller centres. Deloitte consider that this will have three principal impacts on retail property:

¹ CBRE UK Retail Briefing, September 2008

² Deloitte, 'The Changing Face of Retail', 2011

- Firstly, **increased availability** of property as vacancy rates increase;
- Secondly, **decreasing prime retail rents** (with the exception of central London); and
- Thirdly, **increased flexibility in rental terms**, with retailers demanding better terms, including shorter leases, rent-free periods, earlier break clauses, and monthly rental arrangements.

2.3.6 Retailers are also attracted to larger centres because they typically have more modern retail floorspace, often in purpose-built developments, on a greater scale can be achieved in a smaller centre such as Folkestone. One consequence of this is that retailers who are looking to increase representation in smaller centres look to out-of-centre, retail warehouse-format developments to meet their needs – particularly as these are often easily accessible from a wide catchment area and have large free surface level car parking, thus improving a potential scheme’s viability. This in turn can result in town centres being left with a more limited retail mix and configuration of units, and an over-supply of retail floorspace, with little investor demand to deliver improvements. To this end, we are aware that there has been developer interest in recent years in Folkestone for large-format out-of-centre development, which reflects the position described above.

Key trend: growth of the convenience goods sector

- 2.3.7 The convenience goods sector has, during the economic downturn, become a key driver of growth. The sector has traditionally been dominated by the ‘big four’ supermarket operators of Asda, Morrisons, Tesco and Sainsbury’s, but increasingly both higher-quality operators (Waitrose, Marks & Spencer) and discount retailers (Aldi, Lidl) are making inroads into the market share of the ‘big four’.
- 2.3.8 The sector has often been the beneficiary of floorspace becoming available in town and city centres as a result of comparison goods retailers entering administration. For example, Iceland acquired 57 former Woolworths stores in early 2009, and recently Morrisons acquired a number of stores formerly operated by Blockbuster as part of their ‘M Local’ network of smaller-format stores. Tesco Express, Sainsbury’s Local, and Waitrose have significantly expanded store numbers in recent years.
- 2.3.9 Large foodstores (i.e, typically those with a net retail area of at least 25,000 sq.ft / 2,300 sqm) have historically been the primary driver of growth in the convenience goods sector. However, acquisitions such as those described above, and Asda’s purchase of the Netto discount store chain, are evidence of an increasing move by convenience goods operators away from opening larger-format stores towards smaller supermarkets and establishing a network of ‘top up’ convenience goods shopping facilities (often referred to as ‘c-stores’), typically located in town centres, or district/ neighbourhood shopping parades. Both Sainsbury’s and Tesco now have more c-stores than large supermarkets³.

Figure 2.1 - ‘C store’ Formats operated by Tesco, Sainsbury’s and Morrisons



³ Daily Telegraph, 12 January 2014

- 2.3.10 Verdict Research⁴ comment that: *'The second dip of the double-dip recession in 2012 has knocked consumer confidence and shoppers are sticking more tightly than ever to their budgets. They are shopping little and often and sticking more tightly than ever to their budgets... increasing fuel prices, deterring out-of-town trips, and the move towards online food shopping each feed into this trend towards top-up shopping. Out-of-town space is increasingly difficult for grocers to make profitable'*.
- 2.3.11 Verdict consider that the proportion of convenience goods floorspace which will be accounted for by 'smaller stores' will increase from 37.6% in 2007 to 41.6% by 2017. The majority of floorspace will continue to be accounted for by 'superstores' (53% of floorspace by 2017), with 'food specialists' and off-licences continuing to have their market share reduced. Industry body IGD predicts that the convenience goods market will grow by 29% between 2012 and 2017, from £33.9bn to £43.6bn, and the main retail operators are responding quickly by opening new stores.
- 2.3.12 The discount retail operators - led by Aldi and Lidl - also have substantial expansion plans over the next few years, and we expect these retailers to continue to take market share from the 'big four' supermarket operators.

Key trend: growth in commercial leisure

- 2.3.13 Most commentators predict that commercial leisure, such as cafes, bars, restaurants and cinemas, will constitute a growing share of town centre floorspace. This is partly a replacement activity for reduced demand for space for traditional retail, and partly driven by demand the shift to leisure expenditure as discretionary household expenditure rises.
- 2.3.14 When considering leisure expenditure available to households, spending on food and drink typically accounts for upwards of 50% of total leisure spending, compared to around 15% on 'cultural services' (e.g. going to the cinema, theatre, art galleries or live music) and under 10% on hotels, 'games of chance' (such as bingo) and recreation/sporting services.
- 2.3.15 There is scope for town centres to capitalise on this, redefining their function as 'destinations' in their own right. This, in turn, can have wider positive implications on the performance of the town centres in question: residents and visitors spend longer in the centre, undertake 'linked trips' between retail, leisure and other uses, and increase their dwell-time in the centre. The development of a strong commercial leisure offer can also help to increase footfall outside of retail hours, for example in early evenings, particularly if the leisure offer also includes facilities such as cinemas.
- 2.3.16 During the economic downturn cinemas became a key anchor for development schemes despite only moderate increases in cinema admissions of 5% between 2005 and 2011. During this period the number of multiplex screens increased by 22% and by 2017 sixty new cinema developments are scheduled to open. This growth has been driven by solid returns and pressure from equity backers to increase operators' market share. As retailer demand stalled in some secondary shopping centres (a reaction to the polarisation trend discussed above), cinema operators have often moved in to take up vacant retail space.
- 2.3.17 Growth in the market has been split between the distinct offer of the multiplex cinemas (operators such as Vue, Cineworld and Odeon) and boutique cinemas with two or three screens (operators such as Curzon and Everyman). Boutique cinemas act as anchors for smaller development schemes in centres with smaller catchments and offer an alternative experience to consumers in larger catchment areas. As a result these boutique cinema operators are gaining market share although the multiplex operators still dominate the market, with a combined market share of 65%.

⁴ Verdict Research 'Food & Grocery Retailing in the UK' Market Report

- 2.3.18 The food and beverage sector also demonstrated relatively robust levels of growth throughout the economic downturn. Between 2008 and 2012 data from Key Note shows that the eating out sector grew by £2.72bn, only contracting once in this period in 2011. This trend reflects consumer's choice to eat and drink out on a more regular basis and the diversity of the sector. Independent local restaurant operators have struggled to compete with branded multiple outlet operators who continued to attract consumers with promotional offers. Among the winners were 'fast-casual' dining restaurants (such as Honest Burger, Chipotle and Nando's) and pub restaurants (such as Harvester and Beefeater) that expanded premises over the period.
- 2.3.19 Since the economic downturn food and beverage outlets, along with other leisure and community uses have been promoted to reinvigorate ailing High Streets. However take up of vacant retail space by branded operators has been limited in traditional town centres often to locations with the highest footfall due to their strict property requirements including size, location and configuration as well as exposure to both day and night time trading. The most sought after locations for A3 operators are retail/leisure parks and shopping centres since units can easily be configured to meet standard fit out requirements.

Figure 2.2 - Image of Southwater, Telford



- 2.3.20 Above at Figure 2.1 is an example of a commercial leisure (cinema, restaurants and hotel) led town centre redevelopment scheme. The development opened in October 2014.

Key trend: growth in online shopping / e-commerce

- 2.3.21 The recent downturn in the economy had a number of clear changes on the retail landscape in the UK, with a series of high-profile retailers entering administration, and a general trend towards discount retailers increasing their representation — both in the comparison goods sector (for example, Poundland, 99p Stores and Wilkinson) and the convenience goods sector (for example, the continued expansion, and strong trading performance of, 'deep discount' retailers such as Aldi and Lidl). The downturn also affected consumer spending, with a greater reluctance to spend amongst consumers on non-essential goods. As a result, forecast levels of growth in consumer spending remain generally subdued, particularly in the short term.
- 2.3.22 It has been widely documented that online shopping has increased at a rapid pace in recent years — particularly in the comparison goods sector. Online shopping is perceived to offer a number of significant advantages over 'traditional', high street-format shopping — including lower prices (as there are lower operating 'overheads' for online retailers compared with those in a town centre), a wider variety of choice, and the ability for customers to easily search out bargains — including second hand goods. While unfavourable economic conditions are forcing many retailers to scale back on physical retail space, their online operations allow

them to reach a much wider customer base. However, the competition is not as straight forward as 'online shopping versus the high street'; new technologies are promoting an integration between the two shopping channels, to the point where a town centre that embraces digital technologies can find itself in a strong position.

- 2.3.23 Returning to the bigger picture, Internet sales have been rising much more rapidly than general retail sales in recent years. The average value of weekly retail sales on the internet was forecast at £844m in December 2012. The ONS forecast that online sales accounted for 9.4% of all retail sales in October 2012, which increased to 10.5% in October 2013 (equivalent to a year-on-year increase of 1.1 percentage points). Experian consider that this pattern is likely to remain the case for the foreseeable future, commenting in their Retail Planner Briefing Note (October 2013) that:

'We retain our assumption that non-store retailing will increase at a faster pace than total retail sales well into the long term. There were 52.7 million internet users in the UK (representing 84.1% of the population) in mid-year 2012... growth momentum will be sustained as new technology such as browsing and purchasing through mobile phones and the development of interactive TV shopping boost internet retailing'.

- 2.3.24 However, Experian consider that at the turn of the next decade, growth in online shopping is expected to begin to plateau:

'We expect that the SFT⁵ market share will continue to increase over the forecast period⁶ although the pace of e-commerce growth will moderate markedly after about 2020'.

- 2.3.25 The outputs of this study specifically take into account this anticipated growth in online shopping - based on the most up-to-date Experian guidance we remove the proportion of total expenditure which is expected to be diverted towards online shopping, before presenting the final updated quantitative floorspace requirements for the District⁷. In Figure 2.3 we show the projected growth in online comparison and convenience goods shopping over the course of the study period to 2026, based on the forecasts provided by Experian. For reference, both the 'unadjusted' and the 'adjusted' figures are shown⁸, although for the purposes of our study we solely rely on the latter set of figures.

⁵ 'Special Forms of Trading', which includes online shopping as well as sales from markets and mail order.

⁶ Experian currently project up to 2030.

⁷ The figures which we use are Experian's 'adjusted' comparison (non-food) and convenience (food) goods forecasts, which make a deduction on Experian's 'baseline' figures in order to take account of internet goods sales from store space (such as through 'Click & Collect', as discussed below). For comparison goods, Experian apply a discount of 25% to calculate the 'adjusted' figure, and for convenience goods this figure is 70%. The latter figure is particularly high because many online food shopping transactions placed with Sainsbury's, Tesco, Asda and Waitrose are 'picked' from the shelves of the nearest large store of the retailer. Convenience goods retailers are increasingly choosing to instead fulfil orders from warehouses known as 'dark stores' - although this trend remains in its infancy.

⁸ 'Adjusted' figures strip out special forms of trading which is processed through stores – e.g. when a customer places an order online, but the order is serviced by, and delivered from, a local branch of the retailer.

Figure 2.3 - Forecast of Non-Store Retailing ('Special Forms of Trading') Market Share to 2030



Source: Experian Retail Planner Briefing Note 11, October 2013, Appendix 3. SFT includes spending on online shopping, mail order / catalogue shopping, and markets. 'Adjusted' figures include a reduction for store-picked online transactions.

2.3.26 As suggested above, this forecast further growth in online spending does not equate to a redundant future for 'bricks and mortar' stores. There is a role for physical outlets to act as 'showrooms' for online retailers⁹. A physical presence on the high street improves the visibility of businesses, and it is noteworthy that 12 out of the top 20 e-commerce businesses in the UK have a physical presence on the high street (Figure 2.4).

Figure 2.4 - Top 20 e-commerce Websites in the UK, 2013



Source: IMRG Experian Hitwise Hot Shops List, 2013

⁹ This is where customers visit 'bricks and mortar' stores to look at / try on a product, before using technology such as smartphones to check whether the product is available elsewhere (in another store, or online) for a cheaper price.

- 2.3.27 The growth in the 'Click & Collect' method of online shopping is a further relatively new trend, but one which looks set to play an increasing role over future years. Like 'showrooming', it is also one where the physical outlet of the store can still be used to drive footfall. The 'click & collect' concept is such that a customer orders and pays for the desired product online, and then collects the product from the nearest large branch of the retailer in question. This approach is being rolled out by an increasing number of retailers. Recent research by the British Retail Consortium indicates that 60% of 'click & collect' transactions result in an additional purchase in the store.
- 2.3.28 Recent trends indicate that major retailers are becoming more willing to embrace the challenge posed by online and mobile technology, putting into place technology such as better mobile websites, offering free in-store wi-fi, or in-store technology points where a customer can order a product online which may be sold out or not available within the store. This may be particularly applicable for smaller town centres such as Folkestone, where many retailers' stores are quite small and may not be able to carry the full range of products available. We note for example that Ashford town centre has recently launched the 'Love Ashford' initiative, a website and mobile technology app which is designed to showcase Ashford town centre and its mixture of local and national businesses. A key feature which the site and app offer is a 'click and collect' facility to order products from local independent businesses. Love Ashford also promote a number of other activities to help drive footfall in Ashford town centre, including Farmers Markets, seasonal markets, and promotion of 'Pop Up' shopping.
- 2.3.29 There is, therefore, a role for 'bricks and mortar' stores, but there is an acute challenge for smaller centres such as Folkestone which will need to be embraced. The role and function of high streets - particularly those outside the higher-order shopping centres — are likely to need to consider uses beyond that of traditional retail activity in order to remain vital and viable.

2.4 Implications of These Changes

- 2.4.1 The implications of the above are that many smaller town centres such as Folkestone are increasingly finding it hard to adapt, as the pace of change quickens. The factors which slow adaptation of town centres include:
- Over-supply of retail outlets;
 - shops being too small for occupier needs (i.e. poor configuration);
 - poor quality retail offer;
 - high costs of physical shops (e.g. business rates);
 - poor service;
 - poor town centre environment
 - poor access and parking (including parking charges)
 - poor town centre management; and
 - fragmented ownership
- 2.4.2 It is clear that whilst the challenge to traditional store-based shopping will continue to grow throughout the Council's Plan period, there remains a role for store-based shopping, and for town centres. Experian forecast that store-based shopping is still expected to expand at an average of 1.9% per annum in capita terms to 2030, and online sales will begin to plateau.

- 2.4.3 In our view, the most successful town centres will be the ones that adapt to the changes in shopping habits, which move away from solely being shopping destinations to those which offer a positive experience, a good service, and a broad range of retail, leisure, cultural and civic services to enable residents to have multiple reasons to visit a town centre, and to spend longer amounts of time in the centres.
- 2.4.4 Successful town centres will need to embrace and work alongside multi-channelling retailing, through the availability of free wi-fi, promotional offers, 'click & collect' hubs, and so on. There will need to be a willingness for the higher-order centres in Shepway to embrace the wider changes in shopping and spending patterns, and capitalise on them rather than compete with them.
- 2.4.5 There will also be an important role for niche / curated retail destinations, which are able to compete with advances in online / mobile technology because they offer a different experience, one based around high standards of customer service, and a unique retail offer which cannot be matched online. There is scope for locations such as Hythe, or Folkestone's Creative Quarter, to take advantage of this, and we expect that place marketing and 'selling' the offer of a town centre will become of increasing importance.

3 Planning Policy Context

3.1 National Planning Policy Framework (NPPF)

- 3.1.1 On 27 March 2012, the Government published the National Planning Policy Framework (NPPF), which consolidates guidance set out in preceding Planning Policy Statements (PPS), Planning Policy Guidance (PPG), and a number of related circulars, into a single document. Following its publication, this document now forms the statutory national planning policy guidance against which plans are made and applications for new development must be assessed.
- 3.1.2 Paragraph 6 of the NPPF confirms that *'the purpose of the planning system is to contribute to the achievement of sustainable development'* and provides the economic, social and environmental implications of this for the planning system. Paragraph 9 adds that *'pursuing sustainable development involves seeking positive improvements in the quality of the built, natural and historic environment, as well as in people's quality of life'* through a variety of means, including *'making it easier for jobs to be created in cities, towns and villages'*, and *'replacing poor design with better design'*.
- 3.1.3 The NPPF makes it clear that there should be a presumption in favour of sustainable development. For plan-making, this presumption in favour of sustainable development means that *'local planning authorities should positively seek opportunities to meet the development needs of their area'* and that *'Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change'* (unless the adverse impacts of doing so would significantly outweigh the benefits, or specific policies contained within the NPPF indicate that development should be restricted).
- 3.1.4 Paragraph 17 of the NPPF sets out a series of 12 'Core Planning Principles' which should underpin both plan-making and decision-taking. These 12 Principles include a requirement that planning should be 'genuinely plan-led', with 'succinct plans' to shape development of an area. Local planning authorities should also support sustainable economic development, and plans should take account of market signals to set out a clear strategy for allocating sufficient land for development.
- 3.1.5 Paragraphs 23 to 27 of the NPPF ('ensuring the vitality of town centres') pay particular attention to retail matters. The NPPF retains the approach set out in PPS6, PPS4 and preceding national planning guidance by advocating a 'town centres first approach', stating that planning policies should positively promote competitive town centre environments (paragraph 23). In drawing up Local Plans, LPAs should:
- **Recognise town centres** as the heart of their communities and pursue policies to support their viability and vitality;
 - Define a **network and hierarchy of centres** that is resilient to anticipated future economic changes;
 - Define the extent of **town centres and primary shopping areas**, based on a clear definition of primary and secondary frontages in designated centres, and set policies that make clear which uses will be permitted in such locations;
 - Promote **competitive town centres** that provide customer choice and a diverse retail offer and which reflect the individuality of town centres;
 - **Retain and enhance existing markets** and, where appropriate, re-introduce or create new ones, ensuring that markets remain attractive and competitive;

- **Allocate a range of suitable sites** to meet the scale and type of development needed in town centres. It is important that needs for retail, leisure, office and other main town centre uses are met in full and are not compromised by limited site availability. Local planning authorities should therefore undertake an assessment of the need to expand town centres to ensure a sufficient supply of suitable sites;
 - **Allocate appropriate edge of centre sites** for main town centre uses that are well connected to the town centre where suitable and viable town centre sites are not available. If sufficient edge of centre sites cannot be identified, set policies for meeting the identified needs in other accessible locations that are well connected to the town centre;
 - Set policies for the consideration of proposals for main town centre uses which **cannot be accommodated** in or adjacent to town centres;
 - Recognise that **residential development** can play an important role in ensuring the vitality of centres and set out policies to encourage residential development on appropriate sites; and
 - Where town centres are in decline, local planning authorities should **plan positively for their future** to encourage economic activity.
- 3.1.6 Paragraphs 24 to 27 of the NPPF discuss the principal 'tests' which LPAs should apply to applications for retail development, which fall outside defined town centre locations. Firstly, applications for 'town centre uses' (such as retail or leisure uses) outside defined centres will need to demonstrate compliance with the sequential approach - i.e. they must demonstrate the proposed scheme cannot be accommodated on an in-centre site (if the application site is in an edge-of-centre location), or either an in-centre or an edge-of-centre (if the application site is in an out-of-centre location). Both applicants and local planning authorities are expected to demonstrate flexibility on issues such as format and scale.
- 3.1.7 Applications for 'town centre uses' outside defined centres which are above 2,500 sqm (or a locally-set threshold) must also submit an impact assessment, to assess the impact of the proposal on existing, committed, and planned investment in defined centres in an appropriate catchment area, as well as the impact on town centre vitality and viability, including local consumer choice and trade in the town centre and wider area. The NPPF is clear that in instances where a planning application cannot demonstrate compliance with either the sequential or impact 'tests', it should be refused planning permission.

Plan-Making

- 3.1.8 Paragraphs 150 to 185 of the NPPF discuss plan-making, with paragraphs 150 to 157 focussing on the role of Local Plans. Paragraph 150 of the NPPF states *'Local Plans are the key to delivering sustainable development that reflects the vision and aspirations of local communities' and that 'planning decisions must be taken in accordance with the development plan, unless material considerations indicate otherwise'*.
- 3.1.9 The NPPF advises that local plans should be aspirational but realistic, and should set out *'opportunities for development and clear policies on what will or will not be permitted and where'* as well as *'the strategic priorities for the area'*, including for the provision of retail, leisure and other commercial development.

Evidence Base

- 3.1.10 The NPPF also identifies a requirement for local planning authorities to use a proportionate evidence base. Furthermore, local plans must be based on *'adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area'* and be comprehensive in their assessments, ensuring that they are *'integrated and that*

they take full account of relevant market and economic signals' (paragraph 158). In relation to retail matters, the evidence base should assess, amongst other things (paragraph 161):

- The needs for land or floorspace for economic development, including both the quantitative and qualitative needs for all foreseeable types of economic activity over the plan period, including for retail and leisure development;
- The role and function of town centres and the relationship between them, including any trends in the performance of centres; and
- The capacity of existing centres to accommodate new town centre development.

Examining Local Plans

3.1.11 The NPPF stipulates that Local Plans must undergo independent examination. In addition to showing a Local Plan has been prepared in accordance with the Duty to Cooperate, legal and procedural requirements; the Local Plan must also be found to be 'sound'. Paragraph 182 stipulates that a 'sound' plan is one that is:

- **positively prepared** – based on a strategy which seeks to meet objectively assessed development and infrastructure requirements;
- **justified** – the plan should be the most appropriate strategy, when considered against reasonable alternatives, based on proportionate evidence base;
- **effective** – the plan should be deliverable over the plan period; and
- the plan should enable the delivery of **sustainable development** in accordance with policies in the Framework.

3.2 National Planning Practice Guidance (2014)

3.2.1 In 2014 Government published the Planning Practice Guidance (PPG) in order to provide further guidance on and support to the policies contained within the NPPF. The PPG is a web-based resource, which will be actively managed by the DCLG in order to allow for any necessary updates to be issued as soon as possible. The guidance will continue to be subject to a regular review process.

3.2.2 The PPG is set out thematically. Matters associated with town centre uses are set out in the section 'Ensuring the vitality of town centres'. This section states that a positive vision or strategy for town centres, articulated through the Local Plan, is key to ensuring successful town centres, which enable sustainable economic growth and provide a wider range of social and environmental benefits. It also states that any strategy should be based on evidence of the current state of town centres and opportunities to meet development needs and support their viability and vitality. Strategies should also identify changes in the hierarchy of town centres, including where a town centre is in decline. In these cases, strategies should seek to manage decline positively to encourage economic activity and achieve an appropriate mix of uses commensurate with a realistic future for that town centre.

3.2.3 The PPG also provides further guidance in terms of the interpretation of the NPPF's sequential and impact tests (discussed above), including how they should be applied to both plan-making and decision-taking. A stage-by-stage guide to undertaking an impact test is also provided.

3.3 Shepway Core Strategy (2013)

- 3.3.1 Shepway adopted its Core Strategy in September 2013. The Core Strategy sets out a number of objectives for the District, including enhancing the viability, vitality and appeal of its town centres. Folkestone is identified as a significant commercial, cultural and tourism centre.
- 3.3.2 The Core Strategy explains that town and village centres in Shepway play a critical role in anchoring economic activity within the district. It identifies that there remains a need to carefully manage the location and development of retail due to the fact that there are other competing retail centres outside Shepway. There is also a preference for retailers to locate in out of town locations within the District. However, the District town centres continue to ‘retain a strong, practical and symbolic significance’.
- 3.3.3 The Core Strategy provides at Table 4.3 a settlement hierarchy for the District (reproduced at Table 3.3.1). This confirms Folkestone as the highest-order centre in the District, as a ‘Sub-Regional Town’, where substantial residential, commercial and social development should be accommodated, and where the focus should be for retail, leisure, cultural and public services for the whole of Shepway District should be based Hythe and New Romney are identified as second-tier ‘Strategic Towns for Shepway’ where significant development will also be accommodated; Lydd and Hawkinge are third-tier ‘Service Centres’; and Dymchurch, Elham, Lyminge and Sellinge are smaller ‘Rural Centres’.

Table 3.1 - Settlement Hierarchy for Shepway District

Status and Strategic Role	Urban Area	Romney Marsh Area	North Downs Area
The Sub-Regional Town: <i>To accommodate substantial residential, commercial and social development. To provide improved (inter-) national transport links, and a good choice of employment, retail, cultural/leisure and public services for the whole of Shepway, adjoining districts and visitors</i>	Folkestone		
Strategic Towns for Shepway: <i>To accommodate significant development – in so far as consistent with maintaining historic character – appropriate to the needs of their wider hinterlands in Shepway, and maintaining the viability of their local transport hubs, Town Centres and higher-order tourism, employment and public services.</i>	Hythe	New Romney Town (incorporating Littlestone-on-Sea)	
Service Centres for Shepway: <i>To accommodate development appropriate to Shepway and their own needs, in order to grow and consolidate their position as District Centres serving the local hinterland with shops, employment and public services.</i>		Lydd Town	Hawkinge
Rural Centres: <i>To develop – consistent with enhancing the natural and historic environment – in a manner that supports their role as integrated tourist and local centres providing shops and services for a significant number of residents, visitors, and also for other villages in the North Downs or Romney Marsh.</i>		Dymchurch	Elham, Lyminge, Sellinge

Source: Shepway Core Strategy, Table 4.3

- 3.3.4 In respect of retailing in the District, the Core Strategy sets the objective to ‘accommodate the majority of Shepway’s identified needs for retail, office and leisure uses through new development to improve their vitality, public realm, mix of uses, and daytime and evening economy.’ Retail development should be ‘focused on the most sustainable towns and villages’ with Folkestone and Hythe identified as the District’s main town centres. The Core Strategy

envisions Folkestone as a well-connected, legible and sustainable town and proposes upgrades to the public realm as well as an enhanced choice of independent shops, cafes, restaurants and galleries.

- 3.3.5 In order to support the 8,000 new dwellings needed by 2025/26 the district has targeted the development of 35,000 sqm of goods retailing space (Use Class A1). These forecasts are based on the Council's previous retail evidence base studies (discussed further below) which this Study seeks to update.
- 3.3.6 The key policies in the Core Strategy in relation to retail and town centres are explained below.

Policy SS4: Priority Centres of Activity Strategy

- 3.3.7 Policy SS4 confirms the significance of town centres by employing a town centre first policy (reflecting the NPPF, as discussed above). Applications for new retail development must, in the first instance, consider whether the development can be located within a defined town centre, before considering alternative sites. In addition, town centres should feature primary and secondary frontages, potentially along mixed use investment zones. District and local centres should feature designated frontages with particular regard to the viability of the retail unit and the shopping and service needs of the community.

Policy SS6: Spatial Strategy for Folkestone Seafront

- 3.3.8 Folkestone Seafront is a major mixed use scheme which proposes the comprehensive redevelopment of the sea front / harbour side area in Folkestone. The area has been the subject of a separate Masterplan to guide its comprehensive redevelopment (discussed separately below).
- 3.3.9 The key elements of the proposed redevelopment include the introduction of sports and leisure facilities alongside up to 10,000sqm of retail, office and community spaces. Ground floor retail and commercial uses are encouraged in order to give a sense of vibrancy and vitality. The strategy also includes the building of 1,000 new dwellings, including 30% affordable housing, and envisages that significant contributions will be made (via the Community Infrastructure Levy) for highway improvements, parking and public transport. The strategy states that the council will approve a development that *'clearly support the delivery of planned incremental redevelopment for a distinctive, unique and high-quality seafront environment, with a mix of uses providing vitality for the whole site and Folkestone.'* Planning permission for this development was subsequently granted by the Council in September 2014.

Policy CSD6: Central Folkestone Strategy

- 3.3.10 The Central Folkestone strategy sets out the development of Folkestone over two interlinked spatial "arcs" - the Central / West Development arc and the Seafront / Creative Quarter arcs. The Central/ West Development seeks to encourage mixed use development including commercial and retail space as well as small amount of residential units. The Seafront / Creative Quarter arc is intended for small-scale cultural and educational uses. The development aims to improve connectivity with the town centre through high-quality design.
- 3.3.11 The Central / West Arc is defined as a strategic commercial zone. While some of the buildings within the zone are detrimental to the overall amenity of the area, the Council believes that improvements to the existing townscape and public spaces could assist in providing an uplift in Folkestone's retail mix. The Strategy also seeks to reintroduce the town's maritime past.

Policy CSD7: Hythe Strategy

3.3.12 Policy CSD7 seeks to attract additional employment to the town, especially within the town centre. Other measures proposed in the strategy include delivering public realm improvements that enhance pedestrian circulation within the main retail frontage area and improving the setting of historic buildings. Additional mixed use development will be focused to the west of the town and on the seafront. The strategy also calls for the expansion of Hythe’s tourism and leisure industries.

Policy CSD8: New Romney Strategy

3.3.13 Policy CSD8 establishes New Romney as a key market town in Romney Marsh. The policy seeks to enhance New Romney’s High Street by improving the public realm. As a result this will improve pedestrian circulation. Some of the measures advanced include improving the setting of historic buildings within the High Street, minimising the environmental impact of traffic and investing in community facilities.

3.4 Folkestone Harbour & Seafront Masterplan

3.4.1 The Folkestone Harbour & Seafront Masterplan is designed to guide the residential-led, mixed use redevelopment of a 23 hectare site on Folkestone’s Harbour. The overall objective of the scheme is to recreate a sense of place on the harbour and make it a vibrant new addition to Folkestone. The masterplan sets out the redevelopment of Folkestone’s harbour over the next 25 years, which will be divided into five phases. Construction is expected to begin in 2015, following the recent granting of outline planning permission. The masterplan was designed by Terry Farrell and Partners for The Folkestone Harbour Company.

3.4.2 As noted above, the development includes 1,000 homes, 10,000 sqm of commercial floor space (including retail, office and commercial spaces), new public spaces, recreation and beach sport facilities, and a new link via a repurposed railway viaduct to East Folkestone. Detailed design work of the 1,000 homes is to be done by a design consortium which includes FAT, Panter Hudspith and Birds Porchmouth Russum Architects.

3.4.3 The masterplan aims to reconnect Folkestone’s town centre with the harbour through a series of pedestrian-friendly infrastructure improvements. The development seeks to build on the current regeneration of the Creative Quarter and reflects the ambitions of the now-adopted Core Strategy (Policy SS6, as reviewed above). Together with Policy CSD6 of the Core Strategy (also summarised above), the regeneration of the Harbour is designed to complement regeneration work within Folkestone’s town centre. In keeping with the Creative Quarter, small scale commercial and cultural uses will be encouraged while the town centre will be retained as Folkestone’s main shopping area.

Figure 3.1 - Folkestone Seafront & Harbour: Existing and Proposed



3.5 Other Studies and Evidence

3.5.1 In this section we briefly review the existing retail evidence base for the District and other key documents which are important to the outcomes and recommendations of this study.

Shepway Retail Needs Assessment (2010)

3.5.2 Prior to this study, the most recent retail evidence base for the District is the Shepway Retail Needs Assessment (SRNA) from 2010, itself an update to the Shepway Retail Needs Assessment carried in 2007. The 2010 update takes into consideration the revisions to key indicators used in modelling the 2007 projections. Most notably, expenditure projections to 2026 were revised downwards as a consequence of the economic downturn.

3.5.3 The SRNA explains that Folkestone town centre attracts £122 million worth of spending – more than half of it in ‘core comparison goods’. The SNRA identifies that there is loss of expenditure to destinations outside Shepway District including Ashford and Dover. In terms of forecasts of retail needs, the SNRA identifies the following requirements:

- 6,000 sqm net of convenience retailing space is needed for Shepway although the opening of new supermarkets at Folkestone (Asda) and Hythe (Sainsbury’s) means that this target has been surpassed. Having regard to these, the SNRA forecast a negative requirement (i.e. an oversupply of floorspace) of 8,900 sqm over the period to 2026; and
- 15,000 sqm net of comparison goods floorspace, reduced to 3,500 sqm following the the opening of Bouverie Place in Folkestone town centre; and
- 12,500 sqm net for ‘bulky goods’, reduced to 10,800 sqm once allowance is made for existing planning permissions.

3.5.4 At the time of preparation of the SNRS, 15,400 sqm of retail floorspace was found to be vacant across Shepway, equivalent to 12% of the total retail floorspace. The study therefore explained that there was there scope to re-use or convert vacant floorspace in order to meet some of the need..

Folkestone Town Centre Spatial Strategy (Jacobs, 2011)

3.5.5 Jacobs was commissioned by Shepway District Council to develop a Spatial Strategy outlining improvements to the area to the north and west of Folkestone Town Centre. The study begins by appraising the town’s existing character and amenity, followed by a series of recommendations.

3.5.6 The study found Folkestone to have a varied character in terms of landscape, architectural heritage and character areas. The town centre is further served by a distinct hierarchy of roads that includes a comprehensive highway network as well as pedestrianized streets. The study points out that due to the closure of the ferry service to Europe and port activities the high capacity, one-way streets is not as highly used today as it once was. That being said, the town has excellent rail links (via High Speed 1) to London and Continental Europe.

3.5.7 Folkestone’s Commercial Centre is a high density, mixed-use area encompassing buildings of various scales and from different eras. The Jacobs study suggests that some modern commercial buildings in the town centre have compromised the traditional setting and architecture of the city. Some of these developments are deemed inappropriate in terms of style, scale and materials. Examples of these include the SAGA building and Bouverie Place Shopping Centre. Furthermore, some parts of the centre are dominated by vehicles which make navigation and legibility of the town centre difficult for pedestrians. The town centre is also in need of more high quality public space. The report does note that the pedestrianized area around Sandgate Road is attractive and provides a clear sense of place. The report goes

on to suggest that there is potential to open up Folkestone's town centre to the sea via strategic view corridors.

3.5.8 The study suggests that it is difficult for pedestrians in the town centre to locate the Old High Street shopping area, with negative implications for customer footfall. It also identifies a number of strategic objectives for improving the town centre, focussed on:

- Creating a more legible and less highway-dominated built environment;
- Creating new public spaces and improve on existing spaces; and
- Improving access between town centre and the seafront.

3.5.9 Some of these suggested measures for meeting these objectives include widening pavements, prioritising pedestrians over vehicles at key junctions and placing landmarks and legibility sign posts at key points throughout the town centre.

Shepway Employment Land Review (2011)

3.5.10 SDC commissioned Nathaniel Lichfield & Partners (NLP) to undertake a review of the District's employment land needs to 2026. The study notes that the District's economy has been dominated by the long-term contraction of manufacturing resulting in high unemployment, but this is being partly offset by a growing service and financial service sector. The district also has good transport connections, affordable housing and low wages. All these things could potentially help to revitalise Shepway's economy.

3.5.11 The district has a fairly good supply of industrial employment space however, commercial office space remains low. There is potential to increase the supply of commercial office space as the district has a substantial supply of undeveloped land. The report calls on SDC to safeguard existing employment land, as even though there is a general oversupply of employment land, the quality of available employment land is generally low.

3.5.12 The study suggests that if the Shepway District Council wishes to peruse an aspirational approach to employment land it should continue to improving its portfolio of appropriate and available sites in order to attract investment. The District should also support skills improvements for the district's workforce.

3.5.13 In terms of employment land needs, the breakdown of the total employment land required over the period to 2026 is 25,000 sqm to 30,000 sqm of office space. NLP further identified that between 5,000 and 8,000 sqm should be located within or on the edge of Folkestone town centre.

4 Existing Retail, Leisure & Other Town Centre Uses in Shepway

4.1 Introduction

- 4.1.1 In this section we present an overview of the existing retail, leisure and other town centre uses in the principal centres in Shepway District, namely Folkestone, Hythe, Cheriton, Lydd, New Romney and Hawkinge. The Council's adopted Core Strategy confirms these centres as the highest order centres in the District (see Table 3.1 in previous section). A more detailed appraisal of each of these centres is set out at Appendix A of Volume 2 to the Study. To provide further context to the study, we also set out our assessment of out-of-centre retail floorspace provision in the District, and also a review of the offer in competing nearby centres such as Ashford, Canterbury and Dover.
- 4.1.2 In reviewing the existing uses and current performance of each centre we have had regard to the 'health check' indicators set out in Government's Planning Practice Guidance, and have undertaken assessments based on visits to each centre, and the use of third-party data sources such as Experian Goad and the CoStar Focus Commercial Property Database, for centres where this information is available. The findings of this section in respect of Folkestone town centre should be read alongside the findings of the household and on-street survey work which was undertaken in support of this study, a summary of which is set out at Section 5.

4.2 Folkestone

- 4.2.1 The Council will be aware that Folkestone town centre is the highest order centre in the District; it is the principal centre for comparison goods shopping, civic facilities, tourism and arts and culture. The centre also contains two supermarkets and can therefore also be expected to have a convenience goods function.

Figure 4.1 - Images of Folkestone Town Centre



- 4.2.2 The town centre has a number of distinct areas where the offer, mix and quality of the retail environment can be considered to differ quite substantially. Firstly, the primary retail area (which for the purposes of our 'health check' assessment we have taken to be as allocated in the District Local Plan, focussed around the pedestrianised element of Sandgate Road, in addition to the more recent Bouverie Place Shopping Centre) appears to be stable. In this part of the centre, retail uses dominate; the retail offer is solid, and reflects the trends seen in many UK high streets in recent years - a move towards more value-orientated retailers such as Wilkinson's and 99p Stores alongside established national retailers such as Boots, Superdug, Waterstones, WH Smith and Clarks. The opening of the Bouverie Place Shopping Centre has succeeded in bringing a number of higher-profile retailers to the town, including clothing

retailers such as Primark, Next and TK Maxx, to complement the Debenhams store on Sandgate Road. These latter four stores can each be considered important 'anchor' stores to the town centre offer.

- 4.2.3 The secondary retail areas are the peripheral areas which adjoin the primary retail areas; these include the un-pedestrianised section of Sandgate Road, Cheriton Place, Guildhall Street and Rendezvous Street. In these areas, the diversity of uses is less focused on retail, with a greater mix of services such as estate agents, cafes, pubs and bars, and so on. The areas are generally quieter, with lower levels of pedestrian activity, and some parts of these secondary areas also have higher levels of vacancy – a point which we return to discuss further below.

Figure 4.2 - Image of The Creative Quarter, Folkestone Town Centre



- 4.2.4 The Creative Quarter, comprised principally of the Old High Street and Tontine Street, is an area which appears to be in the middle of an important period of change. Many units in the area are currently being redeveloped, and place marketing is taking place to define and promote the area as a hub for the creative industries in the town. This area offers predominantly smaller, independent retail units and includes a number of boutiques, specialist retailers and exhibition space.
- 4.2.5 The area's transformation is being guided by the Folkestone Creative Foundation, which was founded in 2002 and has, to date, overseen the restoration of over ninety buildings in the Creative Quarter. The Creative Foundation has also led the development of the Quarterhouse arts venue, which occupies a prominent position on Tontine Street, and provides an important cultural facility for residents of the District, showcasing theatre, live comedy, live music and film screenings. The annual Folkestone Book Festival is also promoted by the Creative Foundation, with events held at the Quarterhouse and a number of independent venues throughout the Creative Quarter.

Assessment of Folkestone against key PPG indicators

Diversity of Uses

- 4.2.6 There is a reasonable range of convenience (food), comparison (non-food) and retail services. The convenience goods offer is principally concentrated in two supermarkets – Asda at Bouverie Place and Sainsbury’s at Town Walk. Combined, these two foodstores account for 75% of the convenience goods retail floorspace in the town centre. However, there are a good number of specialist independent convenience goods retailers located throughout the town centre, including butchers, fishmongers and greengrocers. Iceland, Costcutter and Tesco Express provide opportunities for ‘top-up’ shopping, with the latter store benefiting from close proximity to a number of offices on Castle Hill Avenue and Bouverie Place, including the District Council’s offices.
- 4.2.7 Comparison goods retailers accounted for 41% of units in the town centre at the time of the Experian Goad survey, in line with the UK average (also 41%). Most sub-sectors post representation which is slightly below the respective UK average, including each of the clothing sub-sectors (footwear; menswear; womenswear & childrenswear; and mixed & general clothing), which are key drivers of footfall within a town centre. This is balanced by higher representation in the ‘books, arts & crafts and stationers’ sub-sector, which has representation almost double the UK average. Retail services provision (for example, cafes, restaurants, banks/building societies, travel agents and estate agents) is slightly below the UK average, and in particular we have observed a qualitative shortfall in ‘evening economy’ uses such as restaurants and bars (an issue exacerbated by the fact that some facilities only open between Thursday and Saturday). There is however a reasonable mix of most other types of retail services, with good representation from hair & beauty outlets, travel agents, banks & building societies, and so on.
- 4.2.8 The size of the retail stock in Folkestone town centre is worthy of note. With the exception of the key ‘anchor’ stores such as Debenhams, Primark, and the two supermarkets, the majority of retail stock is from small, often constrained premises. Indeed, 72% of retail units are under 200 sqm in size, and over half are under 100 sqm - although these figures are skewed by the presence of a large number of small, historic units within the Creative Quarter. The smaller units are likely to be of limited attractiveness to many national retailers, who prefer larger-floorplate stores with maximum street frontage. Therefore it falls to smaller, often independent / specialist retailers, to occupy the smaller units.

Vacant Units

- 4.2.9 As part of our assessment, we have assessed the number of vacant units in the centre, and compared it with the most recent Experian Goad survey of the centre, which took place in May 2013. Based on our visits to the centre in May / June 2014, we estimate the vacancy rate in the centre to stand at 18.4%, which is considerably higher than the UK average of 12.6% (November 2013). Particularly of concern is the fact that the vacancy rate appears to have, on aggregate, increased since the time of the Experian Goad survey.
- 4.2.10 Our analysis demonstrates that it is, for the most part, the secondary shopping areas which are struggling with increased levels of vacancy at the moment. The vacancy rate in the primary shopping area is quite low, although there remain a small number of vacant units on Sandgate Road, and the former HMV store in Bouverie Place has been vacant for over 18 months¹⁰. In the secondary areas, the western end of Sandgate Road (particularly been the junctions with Cheriton Place and West Terrace) has seen a noticeable increase in the number of vacant units, and there are also vacant premises along Rendezvous Street and Guildhall Street. Positively, the Creative Quarter has seen a net fall in vacancies since the Experian Goad survey in November 2013. Whilst the number of vacant units in the area can

¹⁰ We understand this unit has recently been let to Poundland

still be considered high, improvements works to a number of premises appear to be underway and this in turn is attracting new retailers. There appears to be a significant degree of 'churn' of retailers, which maybe on account of flexible leasing arrangements. Whilst the area still has the majority of the vacant units, it can also be seen as attracting a number of higher quality retailers, particularly due to its focus on the arts.

Retailer Demand

- 4.2.11 Analysis of the Co-Star FOCUS Commercial Property Database¹¹ indicates that demand for retailers specifically seeking representation in Folkestone is relatively weak at present. There are published retailer requirements from Aldi (discount supermarket), Matalan (clothing and homewares retailer, seeking retail warehouse units only), Frankie & Benny's (family dining), Caffè Nero (coffee shop) and Wonderland (nightclub). Whilst the introduction of these retailers into the town centre would have a positive impact on the wider retail offer, with the exception of Caffè Nero it is unlikely there is sufficient suitable property to accommodate the requirements.
- 4.2.12 Whilst demand is relatively limited for Folkestone, there are strong levels of retail and leisure demand for the wider Kent and South East areas. This means that, whilst an operator may not have a specific requirement for Folkestone, should a suitable site become available it could be of potential interest to retailers with these broader requirements for the area. Examples of retailers with such requirements include Morrisons M Local, Sainsbury's Local, Tesco Express, Waitrose supermarkets; B&M Homestore and Home Bargains discount retailers; and restaurant operators including Pizza Express, Ask, Zizzi and Carluccio's (source: Co-Star Focus Commercial Property Database).

Town Centre Environmental Quality

- 4.2.13 The quality of the town centre environment is, for the most part, functional, but many parts of the centre – particularly some of the secondary areas (Sandgate Road, Guildhall Street) – are beginning to look tired and in need of investment. This view was also identified in the findings of the on-street pedestrian survey, with making improvements to the environmental quality of the town centre considered to be the key area in which the town centre could be improved.
- 4.2.14 The primary shopping area is well-maintained and the Edwardian architecture throughout the centre helps to provide an attractive setting. The town centre benefits from a pedestrianised primary shopping area but 'softening' of this environment through the introduction of more public realm and greenery would be beneficial and may help encourage improvements to other areas of the vitality and viability of the town centre by introducing a more attractive shopping environment.

Accessibility

- 4.2.15 No major issues in terms of accessibility were identified. The centre benefits from a wide range of car parking opportunities in close proximity to the main town centre offer; indeed the amount of parking provision is considered excessive and in future scope for rationalising some of this may be considered. We understand the Council have prepared a Parking Strategy which considers the usage of town centre car parking facilities in further detail. The presence of the bus station immediately adjacent to Bouverie Place means the retail offer is easily accessible to those accessing the centre by bus, with a wide range of destinations including Hythe, New Romney, Dover and Lydd all benefiting from frequent direct connections. The town's main railway station is located ten minutes' walk to the north of the town centre; improvements could be made to directional signposting between the station and the town centre.

¹¹ Accessed June 2014

Summary

- 4.2.16 Folkestone town centre is, on the whole, only performing adequately when assessed against PPG indicators. Diversity of uses can be considered to be reasonable, but the focus of the retail offer is only on meeting day-to-day uses, rather than higher-order, more specialist comparison goods. The town centre benefits from good accessibility by car and public transport (although linkages between the town centre and railway station require improvement). Environmental quality errs towards functional, and much could be done to make key shopping areas such as Sandgate Road a more attractive environment.
- 4.2.17 The emerging Creative Quarter is a particularly important asset to the town centre, offering a good and changing mix of independent retailers and cafes, as well as the Quarterhouse arts centre, but although despite being entirely complementary to the more 'mainstream' offer elsewhere in the town, requires better integration with the wider central area if its potential is to be fulfilled.
- 4.2.18 From our analysis, we have identified that there is no doubt that Folkestone town centre is currently facing a number of challenges which will need to be addressed in order to ensure its long-term vitality and viability. Of most pressing concern is the almost-entire absence of an evening economy, particularly in respect of family restaurants, which reduces the attractiveness of the centre as anything other than a shopping destination (and as we have identified above, there are a number of concerns in respect of this too). From our observations, the centre is extremely quiet after 6pm. There are assets in the town centre which have an evening presence – the Quarterhouse being a good example of this – but little in the way of complementary facilities which would allow visitors to enjoy an 'evening out' in Folkestone. The improved provision of restaurants, better-quality bars, cafes that stay open outside of retail trading hours, and so on, will deliver positive benefits for the wider vitality and viability of the town centre.
- 4.2.19 The high level of vacant units also represents cause for concern, and we recommend that the vacancy level across the town centre should be closely monitored in future years, with particular focus paid to areas where there are long-standing 'clusters' of vacant units. Our recommendations at the end of this report provide further guidance on how this should be monitored by the Council in future years. Investment in some of the areas with higher levels of vacancy, such as Guildhall Street, is required in the short term, to help arrest the trend for increasing numbers of vacancies. Such investment may include the improvement of the shopping environment and public realm, modernisation of shop units, and investment in the promotion of the different 'quarters' of the town centre.

4.3 Hythe

- 4.3.1 Hythe is the second-largest centre in the District and has a retail offer which is significantly different to that offered in Folkestone. Again, the focus of the town centre uses is on retail, but the offer is largely orientated towards independent retailers with a more specialist product offer, particularly in respect of comparison goods. The offer is largely confined to units along a single road (High Street), which is closed to vehicular traffic during the middle of the day to allow market stall to trade. The centre appears popular and well-supported, and pedestrian flows are strong throughout the centre — partly due to the position of large foodstores at either end of (although slightly disconnected from) the High Street (Waitrose to the west, Sainsbury's to the east), as well as Aldi and Iceland stores at the centre of the High Street. These stores act as 'anchors' to the rest of the retail offer, and help to ensure that there is a good level of pedestrian activity throughout the centre.

Figure 4.3 - Images of Hythe Town Centre



- 4.3.2 Alongside the supermarkets and independent retailers are a small number of national comparison goods multiples (Boots, WH Smith) and retail services (banks including NatWest, Santander and HSBC; and Thomas Cook travel agency). However, the majority of units are given over to independent retailers, often selling specialist, higher-end products, for example Posh Potions (beauty and spa products), Aristan (interior decorations) and Temptations (clothing). The retail offer is supported by a number of independent coffee shops which help to increase dwell-time in the centre, and a small number of restaurants. There is a small market which trades from a purpose-built facility on Malthouse Hill on Fridays and Saturdays, which further adds to the diversity of uses in the centre. There are a number of charity shops occupying relatively prominent units along the High Street; whilst these also add to the retail diversity, the high number is considered an over-representation and possibly an indicator of limited demand for premises by more prominent retailers.
- 4.3.3 It is positive to note that the vacancy rate, at 7%, is significantly lower than the UK average of 13%. It is also apparent that the vacancy rate has fallen between the time of the most recent Experian Goad survey of the centre (November 2012) and our visits to the centre in May / June 2014.
- 4.3.4 Published national retailer demand for Hythe is relatively limited, extending to discount retailer The Original Factory Shop and a Blue Cross charity store (source: Co-Star Focus Commercial Property Database, accessed June 2014). Reflecting the existing offer in the centre, we would expect the majority of demand to be from local or specialist retailers, and the low vacancy rate is evidence that demand for units in the centre can be expected to be strong.
- 4.3.5 The buildings are of a high quality throughout and the urban realm is well maintained; overall the visual appearance of the town centre is positive. The buildings are all predominantly of two and three storey and in a coherent layout. At the heart of the high street, in front of the Aldi, is a small plaza with a café that breaks up the urban form. There were no signs of graffiti or other anti-social behaviour, and the retail premises are generally in a good state of repair. The centre also scores positively in terms of accessibility; the car parks adjacent to Aldi, Sainsbury's and Waitrose provide the main car parking opportunities, and Prospect Road (which runs parallel to the High Street) is served by a number of bus routes which connect the centre with Lydd, New Romney and Folkestone via Sandgate.
- 4.3.6 Whilst there may be some scope for pedestrian footfall in the centre to be further enhanced, we consider Hythe town centre to be in a good state of health at present. Key to its appeal is that it presents a more specialist, unique retail offer; and this allows it to complement, rather than compete with, larger centres such as Folkestone and other destinations further afield.

4.4 New Romney

- 4.4.1 New Romney, along with Hythe, is a second-tier 'strategic' town centre. The High Street is linear and comprises of mainly comparison retail and service units. There is a large Sainsbury's foodstore at the eastern end of the town centre, whilst the offer along the High Street comprises of a range of predominantly-independent convenience, comparison and services retailers, including a small number of specialist retailers such as a delicatessen, crafts shop and tea rooms. There are a handful of national retailers present in the town including Subway and Spar. The town also has an important tourism function; it serves as the focal point for a number of heritage and outdoor activities, including the historic Romney, Hythe & Dymchurch Railway, which runs from Hythe to Dungeness, but is based in New Romney. The station in New Romney sits a short distance outside the town centre, and has extensive visitor facilities such as engine workshops, exhibitions, children's activities, a gift shop and so on. New Romney's location within the Romney Marsh means it also acts a centre for walkers and cyclists, and there are a number of retailers in the town centre whose offer is geared towards meeting the needs of visitors to the area.

Figure 4.4 - Images of New Romney



- 4.4.2 The vacancy rate is significantly lower than the UK average, and just one vacant unit was observed in the centre at the time of our visit. The centre is attractive and well-maintained with a generally agreeable retailing environment. We consider it to be performing well at present against vitality and viability criteria.

4.5 Lydd

- 4.5.1 Lydd is a small centre and situated four miles to the south-west of New Romney, lies some distance away from the other centres in the District. There are approximately twenty units in the centre, anchored by a Spar supermarket. Whilst some day-to-day shopping requirements will be able to be met, for the most part we would expect residents of Lydd to look further afield for their shopping needs. Again, the centre is attractive and well-maintained and displays generally positive attributes when it comes to town centre environmental quality, and in the context of its very limited retail and services offer, we consider it to be performing well at present. As with New Romney, there is some scope for the centre to benefit from the centre's location within Romney Marsh, and in particular the nearby Dungeness Nature Reserve.
- 4.5.2 We understand that the Lydd Town Centre Partnership has been awarded funding from the High Street Innovation Fund for the development of a monthly arts and local producers' market. Such initiatives assist in encouraging footfall, providing a 'unique selling point' and thus potentially attracting new visitors to the town centre, and therefore are likely to further enhance the vitality and viability of the town centre.

Figure 4.5 - Images of Lydd



4.6 Hawkinge

4.6.1 Hawkinge functions as a small village centre and is comprised of approximately ten units, which sit in between residential units located on Canterbury Road contributing to a disjointed perception. The centre is anchored by a small Tesco Express supermarket; beyond the town centre there is also a Lidl supermarket located on Haven Drive. It benefits from a pleasant environment but the centre ultimately serves a limited role and function in the retail hierarchy of the District. We understand that a number of housing developments are under construction or benefit from planning permission in the area, which may increase demand for local shopping provision over the course of the study period.

4.7 Cheriton

4.7.1 Cheriton High Street is a linear district centre to the north-west of the Folkestone urban area. It comprises of just under a hundred retail units along a single, linear road. The main 'anchor' store to the centre is a Co-Operative convenience store (although there is a large Tesco foodstore to the west of the centre, but outside the centre boundary). There is an adequate range of other convenience and comparison goods units, but the majority of retail services units are given over to take-away outlets and fast food retailers.

Figure 4.6 - Images of Cheriton



- 4.7.2 Vacancy rates currently stand at 12.5%, broadly in line with the current UK average, and the vacancy rate has decreased slightly since the most recent Experian Goad centre survey. However, the centre appears run down and neglected, with a number of properties in a poor state of repair, which serves to considerably compromise the environmental quality of the centre. The heavy volumes of traffic running through the centre further compromise the environmental quality but are also likely to play a part in attracting visitors to the retail premises, as is the positioning of the centre along a principal bus route between Canterbury and Folkestone.
- 4.7.3 It is likely that investment will need to be made in improving the environment quality of the centre in order to ensure it continues to adequately meet local residents' day to day shopping needs over the course of the Council's plan period. As noted above, many shop fronts are run down, and the overall quality of the town centre environment is nothing more than functional. A programme of investment in the public realm of the town centre, including clearly defining a 'start' and 'end' point to the centre along the High Street, and improvements to wayfinding, paving and street furniture, would be an appropriate start to improving the wider vitality and viability of the centre.

4.8 Out-of-Centre

- 4.8.1 The principal concentration of out-of-centre retail floorspace in Shepway District is located in the Park Farm area of Folkestone, located off Junction 13 of the M20, and approximately 1.2 miles north of Folkestone town centre. The area is a mixture of B-class employment premises, and retail warehouse developments, including the Park Farm Retail Park and a number of separate standalone units.

Figure 4.7 - Image of Park Farm Retail Park, Folkestone



Key representation in the area includes:

- A Sainsbury's supermarket;
- DIY stores operated by Homebase, Wickes and B&Q;
- 'Bulky goods' retail warehouse stores operated by Currys, Halfords, Dreams, Carpetright and Pets at Home;
- Recent openings of a number of 'high street' stores such as Home Bargains, as we understand there are no controls over the range of goods which can be sold from many units; and
- Subway and McDonalds restaurants

4.8.2 Generally speaking, Park Farm Retail Park itself is principally 'bulky goods' in nature with elements suffering from a poor external appearance

4.8.3 Elsewhere in the District we are aware of large-scale out-of-centre retail provision (Figure 4.8) at the out-of-centre Tesco foodstore at Cheriton (which is located at the western end of Cheriton High Street but outside the boundary of the district centre) and a Morrisons supermarket on Cheriton Road.

Figure 4.8 - Plan of Out-of-Centre Retail Developments



4.8.4 There are no other major concentrations of retail warehouse facilities elsewhere in the District. Whilst there are foodstores outside the defined boundaries of the town centres of Hythe and New Romney, they trade in edge-of-centre locations and enjoy close functional relationships with their respective town centres.

4.9 Competing Centres

4.9.1 The District is surrounded by a number of other destinations which we expect some residents are likely to look towards for their shopping needs. Its geography means that some residents of the District will live closer to surrounding centres than to centres in the District. In the remainder of this section we therefore consider the offer in these centres and the extent to which they are likely to compete for spending with centres in Shepway District.

Ashford

- 4.9.2 Ashford has witnessed significant population growth in recent years after being designed a 'growth area' in 2001, and the Council has ambitious plans for the future development of the town. There is an established retail offer in the town centre, anchored by the County Square Shopping Centre, and the Ashford Designer Outlet located adjacent to the town centre attracts three million visitors annually.
- 4.9.3 The latter is a significant attraction in its own right, with outlet stores from popular fashion retailers such as Abercrombie & Fitch, Calvin Klein, Clarks, Marks & Spencer, Ralph Lauren and Reiss. The Centre has enhanced its offer in recent years to enhance its offer as a 'destination', adding cafes and restaurants such as Caffe Nero, Wagamama and Pizza Express. A planning application is currently under preparation for the expansion of Outlet to include 80 additional shops and 1,200 parking spaces. If given planning permission the scheme is scheduled to be completed by 2016. Elsewhere in the town, a 3,700 sqm John Lewis at Home store has also recently commenced trading.
- 4.9.4 Ashford's Core Strategy sets out ambitious growth in the town's retail offering to 2031. This includes significant expansion in retail floor space for both convenience and comparison goods. A new "high street" — Victoria Way — is part of a scheme to regenerate the area around Ashford International Station. The new street is eventually planned to include a new square, shops, restaurants and public artworks. The Council is also progressing plans for the development of a 'Commercial Quarter', to act as a hub for business in the town, located adjacent to Ashford International rail station. The development will include the modernisation of existing office premises, significant new landscaping and public realm investment, as well as the provision of some retail and residential units.

Canterbury

- 4.9.5 Canterbury is a sub-regional retail centre, which benefits from a large catchment area. The quality of the retail offer in the town centre is generally higher than that of Folkestone, with key retailers present in the town centre including Fenwick department store, Marks & Spencer, BHS, Zara, Topshop/Topman, H&M, Tiger, and Primark, set within an attractive and historic city centre environment. The clothing offer in the city centre is particularly strong, whilst there is also a well-developed café/restaurant sector within the city centre.
- 4.9.6 A retail assessment study undertaken by DTZ in 2011 indicated that Canterbury City requires 31,000 sqm of additional retail space by 2021 for comparison goods. Whilst the priority for this floorspace remains the city centre, the Canterbury District Local Plan (submission document) identifies that the Wincheap Retail area, on the south-western side of the city (and readily accessible by many residents in Shepway) as being a suitable location for large-format/bulky goods retail development, i.e. retailing which would not compete with the offer in Canterbury city centre.

Dover

- 4.9.7 In terms of its retail offer, there is little which suggests Dover is a significantly stronger retail destination than Folkestone, although it retains a Marks & Spencer store within its town centre. The Council's adopted Core Strategy calls for 54,000 sqm of new retail floorspace in the district in the plan period 2010-2026. Some notable developments include the Dover Waterfront mixed use development that will encompass 20,000 sqm of retail space, 300 homes, offices, a hotel and leisure facilities. Plans have recently been announced for the redevelopment of the St James area in the town centre, to be anchored by a six-screen Cineworld cinema and three restaurants. A planning application was submitted in November 2013, but remains undetermined at the time this study was prepared (Summer 2014).

4.10 Conclusions on Network of Centres

- 4.10.1 In this section we have set out a headline assessment of the current performance of the main centres in Shepway District, and examined their principal competition for expenditure – that is, the out-of-centre retail warehouses within the District, and the surrounding competing comparison goods shopping destinations. The aim of the section is to establish how the centres are currently faring in terms of their vitality and viability, and identify key areas where improvements are needed.
- 4.10.2 Our assessment demonstrates that Folkestone town centre is currently 'getting by'; it enables many day-to-day shopping needs to be met, and has important convenience, comparison, retail services and civic functions (although the latter are somewhat detached from the rest of the town centre). The opening of Bouverie Place has clearly assisted in attracting new retailers to the town who would probably otherwise not be present (on account of lack of suitable premises), and can be expected to have helped stemmed some expenditure 'leakage'. The rest of the primary shopping area appears to be moving downmarket, and on Sandgate Road the majority of the main 'anchor' stores are now value retailers. Some secondary areas of the town centre appear to be struggling, and it is noteworthy that there has been an increase in vacancy rates.
- 4.10.3 The Creative Quarter appears to be beginning to develop an identity and synergy of its own but needs to be better integrated with the rest of the retail offer in order for the vitality and viability of the centre as a whole to benefit. Proposals for the redevelopment of the Seafront will also assist in this respect.
- 4.10.4 The absence of commercial leisure facilities in the town centre is holding the development of the centre back. We have set out in Section 2 of this report that for town centres to remain vital and viable, there is a growing trend towards moving away from simply being destinations for shopping to being multi-functional centres catering towards meeting a wide variety of needs. The introduction of commercial leisure facilities will increase footfall and dwell-time in the town centre, and, importantly, enable it to have a function outside of retail trading hours.
- 4.10.5 Elsewhere in the District, the centres are generally performing well, with the exception of Cheriton which appears to be struggling for vitality and viability against a number of the PPG indicators at present.
- 4.10.6 Hythe has a retail offer which is complementary to that of Folkestone, with a focus on specialist, independent retailers and eating and drinking facilities. The recent addition of a large Sainsbury's supermarket can be expected to have assisted in retaining a greater amount of expenditure locally. New Romney is an attractive town centre which shares a number of Hythe's characteristics in terms of the nature of its retail offer. Lydd and Hawkinge have a limited retail offer which will meet some residents' day-to-day needs but do not have a wider function.
- 4.10.7 The out-of-centre floorspace in the District is predominantly concentrated in Folkestone, with a cluster of development in the Park Farm area. Much of the retail offer is 'bulky goods' in nature, with stores such as B&Q and Homebase trading, although recent years have seen a diversification towards open A1 retail units enabling retailers such as Home Bargains to commence trading. We are aware of proposals for the redevelopment of the Silver Spring site for further out-of-centre floorspace, and whilst the Council has refused a planning application for retail development on this site, any future applications on this site (or other out-of-centre sites) will need to be assessed carefully in light of our comments above in respect of Folkestone town centre.
- 4.10.8 We have also briefly considered the retail offer in the surrounding network of centres. It is clear that Canterbury in particular has a strong retail offer, whilst the appeal of Ashford as a shopping destination is enhanced by the presence of the Ashford Designer Outlet. We expect

both centres to continue to compete with Folkestone for comparison goods expenditure over the course of the Study period.

5 Spending Patterns in Shepway

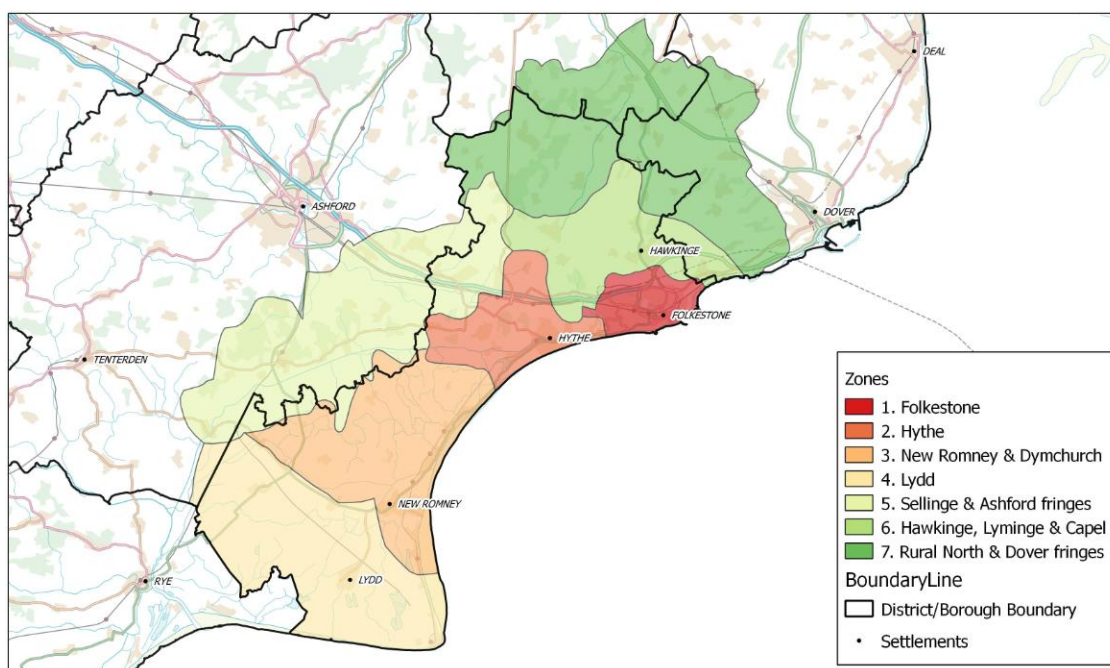
- 5.1.1 In this section we set out where residents in Shepway District are currently undertaking their spending on convenience (food), comparison (non-food) and leisure goods, establishing how much is spent at centres in the District and how much 'leaks' to destinations outside the District. We also set out the study area which has been used as the basis of our assessment, and assess the extent of growth in spending on retail and leisure goods which can be expected to come forward over the course of the study period.
- 5.1.2 The findings of this section are informed by a household telephone survey of shopping and leisure patterns, and an on-street survey of visitors to Folkestone town centre, both of which were undertaken by NEMS Market Research in April / May 2014. The NEMS data is provided in full at Volume 3 to this study. The approach to these studies is described in full below.

The findings of this section should be read alongside the full market shares and spending patterns tables set out at **Appendix B of Volume 2**.

5.2 Definition of Study Area

- 5.2.1 In order to establish where residents in different parts of Shepway are currently undertaking their retail and leisure spending, it is necessary to firstly define a study area; and secondly split this study area into zones in order for a sufficiently fine-grain of analysis of spending patterns to be provided. As the purpose of the study is to establish the future retail and leisure needs for Shepway, it is appropriate to use the administrative boundaries of the District as the basis of defining the study area. Figure 5.1 shows the boundaries of the study area, defined by postcode sectors mostly closely aligned to the administrative boundaries of the District. It can be seen from Figure 5.1 that parts of the study area also extend into Ashford Borough, Canterbury Borough and Dover District (although the outlying areas are relatively lowly populated).

Figure 5.1 - Study Area



5.2.2 Figure 5.1 also shows how the study area has been sub-divided in order to get an accurate indication of spending patterns for residents in different parts of the District, and shows a total of seven survey zones, as follows:

- **Zone 1 - Folkestone;**
- **Zone 2 - Hythe;**
- **Zone 3 - New Romney & Dymchurch**
- **Zone 4 - Lydd;**
- **Zone 5 - Sellinge & Ashford fringes;**
- **Zone 6 - Hawkinge, Lyminge & Capel; and**
- **Zone 7 - Rural north and Dover fringes**

5.2.3 These study zones are used as the basis of our assessment in the remainder of this report.

5.3 Current & Future Spending in Study Area

5.3.1 Appendix B (Volume 2) sets out the growth in population and expenditure on comparison and convenience goods in the study area, over the study period to 2031. Table CM1 (for comparison goods) and Table CV1 (for convenience goods) both show that:

- The study area population at 2014 is 126,825 persons
- This will increase to 128,767 persons by 2017; 131,742 by 2021; 135,559 by 2026; and 139,011 by 2031
- This is equivalent to a growth in population of 13,295 persons.

5.3.2 Table CM2 shows the per capita expenditure on comparison goods across the study area. Annual personal spending on comparison goods fluctuates considerably across the study area, from £2,650 in zone 1, to £4,363 in zone 7 (at 2014).

5.3.3 Table CM3 multiples the population forecasts in Table CM1 to the per capita expenditure forecasts in Table CM2. It shows that, having made allowance for 'special forms of trading' (such as online shopping, and using SFT discount rates set out in Experian Retail Planner Briefing Note 11), there is currently £367.39m of comparison goods expenditure available to residents in the catchment area. This will increase over the course of the study period as shown in Table 5.1. Overall, comparison goods expenditure will increase by £254.55m by 2031.

Table 5.1 - Comparison Goods Expenditure Growth in Study Area

	2014	2017	2021	2026	2031
Total comparison goods expenditure £m	367.39	394.18	443.66	525.60	621.94

Source: Table CM3, Appendix B. Includes deduction for SFT.

- 5.3.4 Table CV3 of Appendix B multiplies the population forecasts in Table CV1 (which are identical to those presented in Table CM1) to the per capita spending on convenience goods shown in Table CV2. Per capita spending on convenience goods ranges from £1,825 (zone 1) to £2,742 (zone 4), at 2014. Having made allowance for SFT, Table CV3 shows that total convenience goods expenditure will increase by £52.79m by 2031 (as summarised in Table):

Table 5.2 - Convenience Goods Expenditure Growth in Study Area

	2014	2017	2021	2026	2031
Total convenience goods expenditure £m	259.53	269.98	274.67	292.63	312.32

Source: Table CV3, Appendix B. Includes deduction for SFT.

5.4 Patterns of Comparison Goods Spending

- 5.4.1 The household survey identifies where residents in the study are currently undertaking their shopping. Table CM4 (Appendix B) sets out where residents are undertaking their comparison goods shopping in percentage form, and Table CM5 converts these percentages into monetary values, by applying the percentages in Table CM4 to the total expenditure figures in Table CM3.
- 5.4.2 The proportion of expenditure which is retained within the study area by destinations within the District is important since this is this market share we use to inform our estimates of future retail capacity (or 'quantitative need') for the District. The row 'total for study area' in Table CM5 shows that, of the total £367.39m comparison goods expenditure available to residents in the study area, £188.45m is retained within the study area, with the remaining £178.94m 'leaking' to destinations outside the study area. In other words, the study area only retains just over 50% (51.29%) of total comparison goods expenditure. Given the presence of centres such as Ashford nearby – which for some residents is a closer higher-order shopping destination than any locations within the study area - some loss of comparison goods expenditure to outside the study area is inevitable. However, even taking this fact into account, we consider that the retention rate of 51% represents an underperformance and points to the fact that destinations in the study area are not adequately fulfilling many residents' comparison goods shopping needs. Table CM5 explains that within the study area:
- **Folkestone town centre** is the most popular comparison goods shopping destination, drawing a comparison goods turnover of £105.68m, equivalent to 29% of total comparison goods turnover;
 - There is clear evidence that the town centre faces competition for expenditure from stores at **Park Farm**, which attracts a total comparison goods turnover of £49.26m (13% of total comparison goods expenditure) and is the second-most popular comparison goods shopping destination in the study area in terms of turnover;
 - **Hythe town centre** attracts £15.27m of comparison goods spending, equivalent to 4% of total comparison goods expenditure;
 - **Cheriton** attracts £9.71m of comparison goods spending, equivalent to 3% of total comparison goods spending;
 - **New Romney** attracts £5.34m of comparison goods spending, equivalent to 1.5% of total comparison goods spending,
 - All other destinations in the study area draw under £1m of comparison goods spend.

Expenditure Leakage

- 5.4.3 Some £178.94m of available comparison goods expenditure (48.71% of total available expenditure) is spent at destinations outside the study area, with most popular destination being Ashford, which attracts £80.01m of spending, equivalent to 22% of total comparison goods expenditure, making Ashford the second most popular comparison goods shopping destination overall. Within Ashford, the town centre attracts £48m of spending, the retail parks attract £22m of spending and the Designer Outlet Centre attracts a turnover of £10m.
- 5.4.4 Canterbury also draws a significant amount of expenditure from the study area, drawing £62m of spending, equivalent to 17% of total comparison goods spending.
- 5.4.5 Other destinations draw more limited spending, including Dover (£7m), London (£4m), Bluewater (£4m), Hastings (£3m) and Lakeside (£3m).

Spending Patterns by Zone

- 5.4.6 Clearly, spending patterns are not uniform across the study area. Table summarises where residents in each part of the study area are undertaking their comparison goods spending. This helps to determine the extent of catchment areas of individual centres within the study area.

Table 5.3 - Summary of Comparison Goods Spending Patterns by Zone

Zone	Destination	Summary of Patterns of Spending
Zone 1 Folkestone	Folkestone town centre	<ul style="list-style-type: none"> ▪ Of the £121m of comparison goods expenditure available to residents in zone 1, £92m is spent at stores in Folkestone (76% of total available expenditure). This is split between £61m spent in the town centre at £24m spent at Park Farm, with the remaining spending going towards Cheriton and smaller destinations. ▪ Few residents in Folkestone travel to Hythe for comparison goods shopping, despite the more specialist retail offer available here ▪ Canterbury draws £13m of spending from residents in Folkestone, and Ashford draws £7m of spending
Zone 2 Hythe	Folkestone town centre	<ul style="list-style-type: none"> ▪ Hythe town centre draws almost £10m of comparison goods spending from residents in zone 2, but – reflective of the broader retail offer – more residents undertake their shopping in Folkestone, with the town centre attracting £15m of spending and Park Farm a further £8m. ▪ Both Canterbury and Ashford are popular shopping destinations, each attracting £8m of spending.
Zone 3 New Romney & Dymchurch	Ashford town centre	<ul style="list-style-type: none"> ▪ Most residents in this part of the study area look to destinations outside the study area for their comparison goods shopping needs, chiefly Ashford (£22m of spending) ▪ New Romney town centre has a fairly limited comparison goods function and but still attracts £4m of comparison

Zone	Destination	Summary of Patterns of Spending
		<p>goods spending from local residents.</p> <ul style="list-style-type: none"> ▪ Folkestone town centre attracts £6m of spending, and Park Farm a further £3m of spending. In addition, Hythe attracts £2m of spending from residents in this zone.
<p>Zone 4 Lydd</p>	<p>Ashford town centre</p>	<ul style="list-style-type: none"> ▪ Ashford is again the most popular comparison goods destination for residents, drawing just under £10m of spending. ▪ The second most popular destination is Hastings, which attracts almost £3m of spending. ▪ Folkestone is not a major shopping destination for residents in this part of the study area, drawing a total of £2.4m of spending. ▪ There are modest expenditure flows to New Romney. ▪ Lydd itself only attracts £0.5m of comparison goods spending, reflecting its limited retail offer in this respect.
<p>Zone 5 Sellinge & Ashford fringes</p>	<p>Ashford town centre</p>	<ul style="list-style-type: none"> ▪ Again, most residents look towards Ashford for their comparison goods shopping, with £24m of the £39m available spent here. ▪ Canterbury draws £6m of expenditure, whilst Folkestone draws £3m. ▪ Centres in Shepway do not therefore attract significant amounts of comparison goods spending from residents in this zone.
<p>Zone 6 Hawkinge, Lyminge & Capel</p>	<p>Folkestone town centre</p>	<ul style="list-style-type: none"> ▪ Folkestone is the most popular comparison goods shopping destination. The town centre attracts £17m of spending; Park Farm attracts a further £11m. ▪ Cheriton attracts £2m of comparison goods spending. ▪ The main competition for expenditure for residents in this zone is Canterbury, which attracts £11m of spending. ▪ Expenditure flows to Ashford are more limited, at £5m.
<p>Zone 7 Rural north and Dover fringes</p>	<p>Canterbury city centre</p>	<ul style="list-style-type: none"> ▪ The majority of comparison goods expenditure in this zone flows to Canterbury, which attracts £19m of the total £36m available. ▪ £5m of expenditure is directed towards Dover, and £4m towards Ashford. ▪ Folkestone town centre draws just under £4m of spending and the majority of this to the town centre.

Source: Table CM5, Appendix B

- 5.4.7 From our analysis of the spending patterns it apparent that Folkestone's 'core catchment' area, in which the majority of residents look towards stores in the town to meet their comparison goods shopping needs, comprises of zone 1 (Folkestone), zone 2 (Hythe) and zone 6 (Hawkinge, Lyminge & Capel). From each of these zones, stores in Folkestone (all destinations combined) attract upwards of 40% of the total comparison goods expenditure available to that zone.
- 5.4.8 Folkestone also has a 'secondary catchment', comprising zone 3 (New Romney), zone 4 (Lydd) and zone 7 (rural north & Dover fringes) from which stores in Folkestone attract a combined market share of between 10 and 40%. In each of these zones, there is one or more competing comparison goods shopping destinations which attract greater combined market shares than Folkestone.
- 5.4.9 Hythe's does not have an outright 'core' catchment as more residents living in the Hythe area (zone 2) choose to shop in Folkestone than they do in Hythe. Nevertheless Hythe acts as a secondary shopping destination for residents in zone 2, with a market share of 18%. It does not obtain a market share greater than 10% from any other zone.
- 5.4.10 The other destinations in the District do not act as principal comparison goods shopping destinations as they do not obtain a comparison goods market share of more than 10% from any one zone.

5.5 Patterns of Convenience Goods Spending

- 5.5.1 The household telephone survey also assessed patterns of convenience goods shopping across the study area. Convenience goods shopping is generally a more localised activity, although residents are sometimes prepared to travel further afield if they have preference for a particular supermarket brand. We have previously established that there is a good network of foodstores serving much of the study area, with Folkestone and Hythe particularly well provided for.
- 5.5.2 Table CV5 of Appendix B shows that of the £259.53m convenience goods expenditure available to residents in the study area, £200.58m is spent within the study area and £58.95m is spent outside the study area. This is equivalent to a retention rate of 77%, which we consider to be a reasonable retention rate given the fact that parts of the study area are more closely related to large foodstores outside the study area (e.g. in Ashford) than within. The headline points arising from Table CV5 can be considered as follows:
- In total, foodstores in Folkestone account for £121m of spending, and foodstores in Hythe account for £48m of spending.
 - The three 'main' out-of-town food shopping destinations in Folkestone – where residents typically undertake weekly/bulk food shopping trips – draw similar turnovers of between £24m and £27m each, with no single foodstore appearing to have a dominant influence over shopping patterns.
 - Whilst there are stores within Folkestone town centre which can also meet main/bulk food shopping trips (Asda at Bouverie Place and, to a more limited extent Sainsbury's at Bouverie Road West), their turnovers are lower, at £18m and £11m respectively.
 - The Sainsbury's store in Hythe draws £23m of spending from the study area, whilst the other key foodstores in Hythe town centre – Waitrose and Aldi – draw turnovers of £12m and £9m respectively.
 - The only other foodstore in the study area to achieve a turnover upwards of £10m is the Sainsbury's store in New Romney, which draws £15m of spending. The Lidl store in Hawkinge attracts £7m of spending.

- Of the expenditure leakage, the majority is accounted for by stores in Ashford (£34m of spending in total), with more limited flows of expenditure to Dover (£9m), Canterbury (£6m) and Rye (£3m).

5.5.3 In Table 5.4, we summarise convenience goods shopping patterns at the zonal level. This assists in understanding whether there are any local gaps in convenience shopping provision that might not be evident at a macro study area wide analysis.

Table 5.4 - Summary of Convenience Goods Spending Patterns by Zone

Zone	Summary of Patterns of Spending
<p>Zone 1 Folkestone</p>	<ul style="list-style-type: none"> ▪ Of the £91.91m convenience goods expenditure available to residents in zone 1, £88.62m of spending is retained within the study area (equivalent to a 96% retention rate). ▪ £82.83m of the available expenditure is spent at stores within Folkestone itself, equivalent to a local retention rate of 90%. This suggests that Folkestone is generally self-sufficient for convenience goods shopping; relatively few residents are choosing to travel further afield. ▪ The most popular foodstore in terms of spending is the Morrisons store at Cheriton Road which draws £17.92m of spending. ▪ The three other main foodstores in Folkestone – Tesco at Cheriton, Sainsbury’s at Park Farm and Asda in the town centre – each draw between £13m and £16m of spending from residents in the zone. The smaller Sainsbury’s store in the town centre draws a further £7m of spending. ▪ There is some leakage of spending to Waitrose in Hythe (£1.73m) and Lidl in Hawkinge (£1.84m) ▪ Approximately £1m in spending ‘leaks’ outside the study area to each of Ashford and Dover.
<p>Zone 2 Hythe</p>	<ul style="list-style-type: none"> ▪ 97% of convenience goods expenditure available to residents at zone 2 is spent in the study area, and 79% is spent within stores in zone 2 itself. Most of the remaining expenditure is accounted for by stores in Folkestone. ▪ The most popular foodstore for residents in zone 2 is Sainsbury’s in Hythe (£15.4m drawn from residents in zone 2). It is therefore apparent this store has had a significant positive impact in terms of increasing the amount of expenditure spent in the local area. ▪ The Waitrose and Aldi stores in Hythe town centre draw £7m and £4.5m of spending from residents in the zone, respectively. ▪ The remaining expenditure is mostly accounted for by Tesco in Cheriton, and to a lesser extent Asda in Folkestone town centre.
<p>Zone 3 New Romney & Dymchurch</p>	<ul style="list-style-type: none"> ▪ Residents in this zone split their convenience shopping across a number of destinations. 82% of expenditure is retained in the study area, but only 40% is retained within the zone. ▪ Sainsbury’s in New Romney is the most popular food shopping destination, drawing £11m of spending. A further £9m of spending goes to stores in Hythe (including £6m to Sainsbury’s, where the store is

Zone	Summary of Patterns of Spending
	<p>larger than the company's branch in New Romney).</p> <ul style="list-style-type: none"> ▪ £5m of spending goes to stores in Folkestone, chiefly Tesco in Cheriton and Asda in Folkestone town centre. ▪ There is leakage of approximately £6m to foodstores in Ashford, chiefly the large Tesco stores at Crooksfoot and Kingsnorth.
<p>Zone 4 Lydd</p>	<ul style="list-style-type: none"> ▪ The majority of residents in zone 4 look outside the study area for their convenience shopping needs, with the study area retaining just 38% of available expenditure, and zone 4 itself retaining under 1% of available expenditure. ▪ The Jempsons Budgens store in Rye accounts for 17% of spending for residents in the zone. This store aside, most residents look towards stores in Ashford, particularly the two aforementioned Tesco stores, as well as Sainsbury's in New Romney, which attracts £4m of spending.
<p>Zone 5 Sellenge & Ashford fringes</p>	<ul style="list-style-type: none"> ▪ The majority of residents in zone 5 also look outside the study area for their convenience shopping needs. The study area retains 28% of expenditure. Zone 5 itself retains 10% of available expenditure, the majority of this accounted for by the small foodstores in Sellindge. ▪ Most residents undertake their convenience goods shopping in Ashford, which attracts almost £18m of spending. This includes £8m to Tesco Extra at Crooksford, £5m to Tesco at Kingsnorth, and £2m to Sainsbury's at Bybrook. ▪ Foodstores in Hythe draw approximately £2.5m of spending, and foodstores in Folkestone draw approximately £1.5m of spending.
<p>Zone 6 Hawkinge, Lyminge & Capel</p>	<ul style="list-style-type: none"> ▪ Zone 6 displays a strong level of expenditure retention – 92% of total available convenience goods expenditure is retained within the study area, although as there is only limited foodstore provision within the zone itself (19% of spending is retained within zone 6), many residents travel to larger nearby stores. ▪ Stores in Folkestone are the main beneficiaries of this, drawing £21.5m of spending from residents in zone 6. The out-of-town supermarkets account for the majority of this, particularly Sainsbury's at Park Farm (£6m) and Tesco at Cheriton (£5.5m). ▪ Collectively, foodstores in Folkestone town centre account for a further £5.5m of spending.
<p>Zone 7 Rural north and Dover fringes</p>	<ul style="list-style-type: none"> ▪ The study area retains 25% of convenience goods expenditure; although very little expenditure is retained within zone 7 itself. ▪ There is no single clear preferred destination for residents in this zone. Expenditure flows are fairly equally split between Dover (combined £5.7m of spending), Canterbury (combined £5.3m of spending) and Ashford (combined £4.3m of spending). ▪ Foodstores in Folkestone account for a further £3m of spending, and Hythe a further £1m (mostly accounted for by the Waitrose store).

Source: Table CV5, Appendix B

6 Need for Retail Floorspace

6.1 Introduction

- 6.1.1 In the previous section we set out the current patterns of retail spending in the study area, based on the findings of the household telephone survey of shopping patterns. Having considered this, in this section we set out the 'need' for additional retail floorspace over the course of the study period to 2031, having regard to both quantitative capacity forecasts (Section 6.3 to Section 6.5) and qualitative observations (Section 6.6). At the outset we emphasise that capacity forecasts should be subject to regular review throughout the Council's Plan period, in order to ensure an up-to-date evidence base which is based on accurate economic and market trends. We also advise that longer-term quantitative forecasts set out in this assessment (post-2021) should be treated as indicative.
- 6.1.2 We firstly consider the quantitative need for retail floorspace in Shepway District over the study period. Our assessment is based on a standard methodology, using up-to-date empirical forecasts.

This section of the report should be considered alongside these appendices in **Volume 2**:

- **Appendix B**, which sets out full tabulated data on market shares, spending patterns and quantitative capacity forecasts;
- **Appendix D**, which sets out a diagrammatical explanation of how we have calculated the quantitative retail (and commercial food & drink) floorspace;
- **Appendix E**, which sets out details of our technical inputs into the quantitative capacity forecasts.

6.2 Quantitative Inputs

Population growth

- 6.2.1 As set out in the previous section, we forecast that the population of the study area will increase from 126,825 persons in 2014 to 128,767 persons by 2017; 131,742 by 2021; 135,559 by 2026; and 139,011 by 2031. This is equivalent to a growth in population of 13,295 persons.

Expenditure growth

- 6.2.2 As set out in the previous section, we forecast that:
- Comparison goods expenditure will increase from £367.39m (2014) to £621.94m (2031), having made allowance for 'special forms of trading' such as online shopping;
 - Convenience goods expenditure will increase from £259.53m (2014) to £312.32m, again having made allowance for 'special forms of trading'

Retained expenditure

- 6.2.3 In the previous section we have set out that, based on the findings of the household telephone survey of shopping patterns:
- 51% of available comparison goods expenditure (£188.45m at 2014) is retained within the study area. As there are no main comparison goods shopping destinations which fall within

the study area but outside the boundaries of Shepway District, this retention rate is also applicable to Shepway District.

- 77% of available convenience goods expenditure (£200.58m at 2014) is retained within the study area, of which 76% (£196.74m) is retained within Shepway District and the remaining 1% accounted for by small stores in those parts of the study area which fall outside Shepway District.

6.2.4 The retention rates of 51% for comparison goods and 76% for convenience goods are therefore carried forward as the basis of the capacity assessment, informing our ‘baseline’ capacity projections (which assume that current patterns of shopping will remain unchanged over the study period).

6.3 Other Claims on Expenditure

6.3.1 We have set out in the previous section that ‘special forms of trading’ (SFT) such as online shopping is removed from our expenditure forecasts, in line with current estimates of growth in this sector as set out in Experian’s Retail Planner Briefing Note 11. The total expenditure figures summarised in Section 6.2 make allowance for this SFT growth deduction.

6.3.2 In addition to SFT there are two further claims on expenditure growth which need to be taken into account in our capacity projections: commitments to new retail floorspace (either schemes under construction at the time of the household survey, or extant planning permissions which would result in additional retail floorspace); and sales density growth (the growth in turnover for existing retailers within the study area).

Commitments to New Retail Floorspace

6.3.3 We are not aware of any significant commitments for new comparison or convenience goods floorspace within the study area.

Sales Density Growth

6.3.4 Sales density growth (also known as floorspace productivity growth) is the amount of expenditure which is ‘ring fenced’ for existing floorspace to improve its turnover each year. Allowances for sales density growth are linked to expenditure growth; Table 6.1 summarises the expenditure growth rates we have used for our study. It should be noted that, owing to the low forecast levels of expenditure growth for the convenience goods sector, we do not forecast any sales density growth in this sector until 2016 onwards.

Table 6.1 - Sales Density Growth Rates

	Comparison goods sales density growth (% per annum)	Convenience goods sales density growth (% per annum)
To 2016	1.5%	0%
2016 onwards	1.5%	0.3%

Source: Table CM6, Table CV7, Appendix B

6.3.5 This is a blanket sales density growth for all floorspace in the study area. Inevitably, different types of floorspace have different ability to absorb expenditure growth – modern floorspace is better equipped than the older stock. As this is a District-wide study, and as the principal shopping centres have a mixture of modern and older floorspace (albeit with a tendency towards the latter), we consider that such a blanket approach is robust.

6.4 Over-Trading of Floorspace

- 6.4.1 'Over-trading' refers to the both the performance of centres and stores within a catchment when related to 'benchmark' (i.e. expected) turnovers, as well as more qualitative indicators such as overcrowding and congestion in stores. It is therefore both a quantitative and qualitative indicator of need.
- 6.4.2 Quantitatively, in terms of comparison goods floorspace, informed by the findings of the household survey of shopping patterns and our wider observations of the centres in Shepway District, we do not consider it appropriate to make allowance for over-trading of comparison goods floorspace.
- 6.4.3 For convenience goods floorspace, we have undertaken a detailed trading assessment of each of the principal foodstores in the District (foodstores with a net sales area upwards of 500 sqm), and compared their trading performance with an expected 'benchmark' turnover (that is, the turnover the store would be expected to achieve if trading at company average turnover per sqm rates). Although this exercise is reliant on the use of operator average data in terms of the split between convenience and comparison goods floorspace within the stores (except in some stores where we have adjusted this based on our own estimate of sales mix), and is based on national average sales densities, it nevertheless provides a robust, and industry-accepted, method of assessing current trading performance.
- 6.4.4 Our assessment of foodstore trading performance is set out at Table CV6 of Appendix B. It shows that, on aggregate, foodstores in the District are performing below company averages at present, by approximately £55m. In particular, the Asda store in Folkestone town centre, and the two Sainsbury's stores in Folkestone, are all quite significantly 'under-trading', the former of these by almost £25m. We are of the view that the actual trading performance of the Asda store may be somewhat under-reported in the household survey results, and it is likely to play a more significant role as a top-up shopping destination given its location than many typical Asda stores. However, even having regard to this, and taking into account our observations from visits to the store, we are of the view that the store appears to be under-performing.
- 6.4.5 The Tesco store at Cheriton and Morrisons at Cheriton Road in Folkestone both appear to be trading broadly in line with company averages. Elsewhere in the District, in Hythe, over-trading in the town's Waitrose and Aldi stores is balanced out by the slight under-performance of the Sainsbury's store, whilst the Sainsbury's store in New Romney appears to be trading at slightly above average levels.
- 6.4.6 Taking the aggregate trading performance of the foodstores across the District into account, coupled with the fact that no single foodstore appears to be trading significantly in excess of its respective company average, we make no allowance for the over-trading of convenience goods floorspace in our assessment. Rather, we would expect that some of the quantitative need generated from expenditure growth to be directed towards bring existing foodstores in line with benchmark trading performances.

6.5 Comparison Goods Needs Assessment

- 6.5.1 Drawing the above inputs together, Table CM6 of Appendix B shows the quantitative need for additional comparison goods floorspace in Shepway District over the study period to 2031, based on current shopping patterns, and making allowance for sales density growth as discussed above. The table is structured as follows:
- **Row A** shows the total population of the study area at the interval years of 2014, 2017, 2021, 2026 and 2031.

- **Row B** shows the total comparison goods expenditure available to the study area at the same interval years.
- **Row C** shows the proportion of comparison goods expenditure which is retained within centres in Shepway District, which amounts to 51% of total comparison goods expenditure. This is shown in monetary terms in **Row D**, at the base year of 2014 and equivalent figures for each of the interval years under a 'no development' scenario (i.e assuming that current shopping patterns remain unchanged over the duration of the study period);
- **Row E** shows the amount of expenditure which 'leaks' to destinations outside the District, and is the product of Row B minus Row D;
- **Row F** and **Row G** show in percentage terms (Row F) and monetary terms (Row G), the amount of inflow into the District. For the purposes of our assessment we have assumed an inflow rate of 15%, which is likely to chiefly benefit the turnover of Folkestone town centre. Row G shows that this equates to £15.85m in monetary terms, which will increase to £26.84m by the end of the study period in 2031.
- **Row H** shows the total comparison goods turnover of destinations in the District (i.e., the retained expenditure, plus the inflow). This is held constant over the study period to 2031, and the growth in retained expenditure (the 'initial surplus') is shown in **Row I**. Row I therefore shows that by 2017 there will be £14.85m of surplus comparison goods expenditure in the SA, and by 2031 we forecast this figure to increase to £141.09m.
- **Rows J and K** summarise the 'claims' on comparison goods expenditure, as summarised in **Section 6.3**. Row J shows that sales density growth accounts for £9.30m by 2017 and £58.65m by 2031. Row K is blank as we are not aware of any planning commitments for new retail floorspace. **Row L** is a summary of Rows J and K (and therefore reflects the figures from Row J in this instance).
- **Rows M to R** finally summarise the surplus expenditure capacity available in the SA for new comparison goods floorspace, and convert this expenditure to physical floorspace requirements:
 - **Row M** shows the 'initial surplus' of comparison goods expenditure which is available to the District over the period to 2031 (as per Row I)
 - **Row N** then subtracts the total 'claims' on capacity (as per Row L)
 - **Row O** shows the residual expenditure, in monetary terms, which is available to support new comparison goods floorspace. There is a positive residual for each of the interval periods – so there is surplus capacity to support new floorspace for each interval period.
 - **Row P** shows the sales density, i.e. the turnover per sqm, which is used to translate the residual expenditure to a floorspace requirement. For the purposes of our assessment we have used a turnover of £5,000 per sqm at 2014, which increases in line with our sales density growth estimates, to £6,440 per sqm by 2031.
 - **Row Q** shows the net comparison goods floorspace for the District, by applying Row O to Row P. Finally, using a gross:net ratio of 70%, **Row R** translates the net requirements to a gross figure.

6.5.2 For ease of reference, Table 6.2 summarises the quantitative need for additional comparison goods as identified in Table CM6 of Appendix B. The requirements summarised in Table 6.2 are cumulative, and are based on the assumption that current patterns of shopping will remain unchanged for the duration of the study period.

- 6.5.3 Therefore based on the findings of Table 6.2, the Council needs to plan for up to 3,600 sqm net additional comparison goods retail floorspace by 2021, and 12,800 sqm net additional comparison goods floorspace by 2031. However, we would recommend that forecasts beyond 2021 are treated as indicative.

Table 6.2 - Summary of Comparison Goods Floorspace Quantitative Need to 2031

Interval	2014	2017	2021	2026	2031
Need for Comparison Goods Floorspace (sqm net)	0	1,061	3,587	<i>8,005</i>	<i>12,801</i>
Need for Comparison Goods Floorspace (sqm net, rounded)	0	1,100	3,600	<i>8,000</i>	<i>12,800</i>

Source: Table CM6, Appendix B. Figures are cumulative. Figures in italics are indicative.

- 6.5.4 These quantitative need outputs should be kept under regular review throughout the plan period and should be reviewed periodically, as we explain within our monitoring recommendations at Section 9.

6.6 Convenience Goods Needs Assessment

- 6.6.1 Table CV7 of Appendix B sets out the quantitative requirements for additional convenience goods floorspace for Shepway District over the study period to 2031. The structure of the table follows that of Table CM6, and we do not repeat the steps here. There is an additional row in the table (Row O) which builds in the trading performance of existing foodstores into the capacity projections. As mentioned above, it is considered that existing foodstores are currently under-trading against company averages, and therefore it is appropriate to make allowance for some of the surplus expenditure capacity to be directed towards improving the trading performance of the existing network of foodstores.

- 6.6.2 Table 6.3 summarises the quantitative need for additional convenience goods floorspace. Based on current shopping patterns and trading performance of foodstores (i.e. their under-performance against benchmarks), there is no District wide quantitative need for additional convenience goods floorspace by 2031. However, these findings need to be considered alongside the qualitative recommendations set out in the following section.

Table 6.3 - Summary of Convenience Goods Quantitative Need to 2031

Interval	2014	2017	2021	2026	2031
Need for Convenience Goods Floorspace (sqm net)	-4,414	-4,225	-3,619	-2,668	-1,641
Need for Convenience Goods Floorspace (sqm net, rounded)	-4,400	-4,200	-3,600	<i>-2,700</i>	<i>-1,600</i>

Source: Table CV7, Appendix B. Figures are cumulative. Figures in italics are indicative.

- 6.6.3 Irrespective of the above, it should be noted that if no allowance were made for the current under-performance of existing floorspace within the quantitative need calculations, there would be a positive need for approximately 2,600 sqm net of additional convenience goods floorspace by 2031. However, there would only be a need 700 sqm net prior to 2021.

6.7 Qualitative Need Assessment

- 6.7.1 Both the NPPF and the PPG are silent on how qualitative retail floorspace needs should be assessed, although the NPPF is explicit that qualitative needs ought to be taken into account¹². We therefore revert back to the guidance in the preceding CLG Practice Guidance, which advises that qualitative factors to take into account include identifying gaps in local provision; consumer choice and competition; over-trading; 'location-specific issues', and quality of existing provision. Below we therefore present a discussion of these criteria, which largely overlap with one another, informed by our health check assessments of the town centres (Section 4) and our review of the current patterns of shopping (Section 5).

Qualitative Comparison Goods Needs

- 6.7.2 Gaps in provision are ultimately subjective; what one particular shopper may consider a gap in provision may not be of particular concern to another. The key challenge for the town centres in the District – particularly the higher-order centres of Folkestone and Hythe – is for the town centres' retail offer to meet as many local residents and visitors day-to-day shopping needs, reducing expenditure leakage to higher-order centres such as Ashford.
- 6.7.3 Folkestone town centre has no major 'gaps' in its comparison goods retail offer. There are a ranging of clothing stores, footwear retailers, household goods stores, and core day to day services such as pharmacies, foodstores, banks and so on. There is one department store (Debenhams), and other clothing and home stores such as TK Maxx and Primark act as important anchor stores.
- 6.7.4 The principal issue which faces Folkestone town centre is the quality of provision, rather than the diversity of uses. In our view, the loss of Marks & Spencer from the town centre appears to have signalled a move towards the 'value' spectrum of the comparison goods offer. Its replacement store - Wilkinson's – whilst an important 'anchor' store, is represents a 'value' retailer, albeit does replace the loss of previous anchor stores such as Woolworths. The lettings at Bouverie Place are principally also at the value end of the market, and many prominent units on Sandgate Road are also now occupied by value retailers. The recent letting of the former HMV unit to Poundland confirms this trend.
- 6.7.5 This provision of value retail is not, in itself, a 'problem'. Parts of Folkestone and its surrounding catchment area is of lower-income demographics (see per capita expenditure on comparison goods, Table CM2, Appendix B), and therefore the provision of these stores in the town centre play an important role in meeting local shopping needs. However, particularly to the west of the District, analysis of Experian's spending data suggests a good level of disposable income and it is from these areas which Folkestone risks losing further market share. There is a need, therefore, for the retail offer to be rebalanced. A particular qualitative gap is the absence of 'young fashion' brands – with the exception of Primark and New Look, local residents are relatively poorly catered for in this respect, with an absence of retailers such as Topshop / Topman, H&M, River Island, and so on. These types of retailers are important to provide true consumer choice within the town centre to encourage local residents to visit and spend money in the town centre.
- 6.7.6 We expect that, in light of the trends in the retail sector discussed in section 3, and the presence of Ashford and Canterbury within relatively easy reach, there will only be limited retailer demand for representation, in terms of the key footfall-generating sectors such as

¹² See paragraph 161 of the NPPF

clothing and household goods, and the FOCUS Commercial Property Database also indicates that demand is currently limited. But demand is linked to quality of provision; with the development of modern, larger-floorplan retail floorspace (which could involve the modernisation / amalgamation of existing retail premises), we would expect that there is scope for further retailers to be attracted and accommodated within the town centre. However, the attraction of an improved comparison goods offer to the town centre is likely to be dependent on the provision of new / enlarged floorspace.

- 6.7.7 Folkestone town centre is considered to have a strong independent sector which further enhances both the range of goods which are available, and improves consumer choice. However, better integration is needed between the main independent retailing areas (especially the Creative Quarter) and the primary shopping area. In light of the trends discussed in Section 3, and the competition from Ashford, Canterbury and elsewhere, for centres such as Folkestone to remain competitive it is crucial that they are able to offer an alternative, specialist retail offer, that enhances the uniqueness of the town to enable it to be a genuine alternative to the higher order shopping locations – rather than one which directly competes for expenditure. Folkestone town centre has the assets in place to follow this route, but requires a more connected town centre in order to take full advantage.
- 6.7.8 This study has established that Hythe town centre has a more distinct comparison goods offer to that of Folkestone town centre, with an emphasis more on specialist goods, and in general the retail offer is pitched more upmarket. There are not considered to be any significant shortcomings in the comparison goods offer – whilst the centre evidently lacks slightly larger-format retail units, the provision of which may enable Hythe town centre to attract some specialist, upscale national retailers (examples being Joules or Fat Face), the physical constraints of the town centre mean that there is limited scope for the delivery of a significant quantum of additional retail floorspace. As with Folkestone, the Council may wish to consider applications which seek to modernise and amalgamate existing units in the town centre (although restraints should be given in applying this), but qualitatively the emphasis should remain on maintaining and promoting Hythe’s role as a specialist / alternative shopping destination, and one which complements the more mainstream offer of Folkestone, whilst ensuring that day-to-day comparison shopping needs are met.
- 6.7.9 In Cheriton, rather than expansion of the retail offer, the focus should be on improving the quality of existing retail premises (which, it is acknowledged, may be something the Council cannot directly influence)
- 6.7.10 Elsewhere in the District, our analysis has demonstrated that the smaller centres have a more limited comparison goods offer – but are, for the most part, capable of meeting some day-to-day comparison goods shopping needs. We do not expect the Council will wish to promote significant amounts of new comparison goods floorspace in these locations (and indeed the strategic recommendations which this report sets out do not make provision for this), but we do consider that proposals which support improvements in provision – particularly in centres where there are qualitative gaps in the retail offer, such as Lydd and Hawkinge, should be supported, in instances where development proposals are of an appropriate scale. Reflecting national planning guidance, any new development should be directed towards town centres in the first instance.

Qualitative Convenience Goods Needs

- 6.7.11 We do not consider there to be any gaps in provision in terms of convenience goods provision in Folkestone town centre. There is one large supermarket (Asda), a medium-sized supermarket (Sainsbury’s) and a number of smaller / specialist retailers. The Sainsbury’s store does not benefit from a particularly strong relationship with the rest of the town centre and appears somewhat dated. However, in terms of consumer choice and competition, current levels of provision can be considered good.

- 6.7.12 Hythe town centre also has three supermarkets within and on the edge of the town centre and a number of smaller specialist retailers, and can be considered well-provided for in this respect. The convenience offer includes a discount supermarket (Aldi), a mid-market supermarket (Sainsbury's) and an upscale supermarket (Waitrose), so customer choice can be considered particularly strong. We do not consider there to be a qualitative need for additional convenience goods provision in Hythe.
- 6.7.13 The convenience offer in Cheriton is also reasonable, with a Co-Operative supermarket on the High Street and a larger Tesco to the west of the centre, and Morrisons to the east of the centre – although the latter two are not within easy walking distance. There may be scope for improvement of the offer on Cheriton High Street to improve consumer choice – this could take the form of a smaller-format mainstream supermarket or discount supermarket (indicatively, in the region of 500 to 1,000 sq.m net) which would improve consumer choice and competition, and enable a greater amount of expenditure to be retained in the local area without shoppers needing to visit the larger Tesco and Morrisons stores. The provision of such a facility should be within the centre boundary, in order to enable expenditure 'claw back', rather than providing further out-of-centre floorspace.
- 6.7.14 Similarly, consumer choice is limited in Hawkinge at present, with the only options for food shopping being a Lidl store, or a Tesco Express, the latter of which carries a limited range of products. Most residents in Hawkinge look towards stores in Folkestone for their convenience goods shopping (just 18% of available convenience goods expenditure is retained in the Hawkinge zone), and in order to improve consumer choice and promote more sustainable patterns of shopping, it is considered there is scope for a small foodstore (it is considered that up to 1,000 sq.m net would be considered appropriate) to be accommodated in qualitative terms. A foodstore larger than this would be out of keeping with the role and function of Hawkinge in the District's retail hierarchy.
- 6.7.15 There are no supermarkets in Lydd at present with the exception of a small Spar convenience store. Realistically, it is unlikely that any sizeable foodstore provision could be supported (and this would, in any case, undermine the centre hierarchy). However, there may be scope for further small-scale convenience goods (c-store format development) to improve consumer choice, which should be accommodated within the defined centre.
- 6.7.16 Our analysis shows that the Sainsbury's store in New Romney plays an important role in meeting local shopping needs – although many residents in zone 3 (which contains New Romney plus a wide rural catchment) prefer to travel to Ashford to undertake their food shopping. The Sainsbury's store does not have a particularly dominant influence over shopping patterns but nevertheless is the only large foodstore which serves the New Romney area, so the provision of a further comparably sized-store may have positive impacts in terms of enhancing consumer choice and reducing expenditure leakage. However, as many residents in this part of the study area are likely to be equally well-placed to access foodstores in Ashford as they are in New Romney, we do not consider that qualitative enhancement of provision represents an immediate priority.
- 6.7.17 Generally speaking, the quality of provision of existing foodstores in the District is reasonable. Most supermarkets offer agreeable shopping environments, although a number suffer from a dated external appearance (the Sainsbury's in Folkestone town centre and Tesco at Cheriton being examples of this).
- 6.7.18 We also do not consider that, based on our site visits to the major supermarkets across the District, that there is evidence of qualitative over-trading of foodstores.

6.8 Summary of Retail Need

- 6.8.1 Our capacity assessment has identified quantitative requirements for the following amounts of floorspace:
- **Comparison goods:** up to 3,600 sqm net by 2021, increasing to 12,800 sqm net by 2031.
 - **Convenience goods:** no requirement to 2031, owing to the identified under-trading of existing foodstores in the District.
- 6.8.2 In Section 9 we discuss the spatial recommendations for the distribution of this identified requirement across the District.
- 6.8.3 Our qualitative assessment concludes that, in terms of comparison goods provision, there is a need for the quality of the retail offer to be improved in Folkestone town centre. This includes a repositioning of the centre away from its current low quality / value retail-orientated offer towards a more mid-market offer which will help to reduce the levels of expenditure leakage to surrounding centres. There is limited scope for such an offer to be accommodated within existing unit stock (unless units become available in Bouverie Place) and therefore the refurbishment / modernisation of existing floorspace, coupled with the delivery of larger-footprint modern floorspace on suitable town centre opportunity sites, is likely to be required.
- 6.8.4 There is a generally a good diversity of uses in terms of the range of goods sold, and the quality of provision is enhanced by the provision of a strong independent sector – albeit one which may be off-radar to many visitors and users of the centre. Better integration of the primary shopping area with the Creative Quarter would go some way towards promoting Folkestone’s alternative shopping offer.
- 6.8.5 We have concluded that there is no quantitative capacity for additional convenience goods floorspace across the District based on identified levels of expenditure growth and the current trading performance of foodstores in the District. However, when assessing current provision within centres and the patterns of shopping identified in the household survey, there is a qualitative case for:
- Enhanced provision of an appropriate scale in Cheriton district centre, to assist in the regeneration of the centre through the provision of a new ‘anchor’ store, and help retain a greater proportion of expenditure in the local area;
 - Enhanced provision of an appropriate scale in Hawkinge district centre, to reduce the dependency of residents on travelling to foodstores in Folkestone; and
 - Enhanced c-store provision in Lydd to provide improved consumer choice
- 6.8.6 We do not consider there to be a qualitative case for further foodstore provision in the town centres of Folkestone or Hythe, but applications for new development of this nature within these centres should be considered on their individual merits.

7 Commercial Leisure Assessment

7.1 Introduction

7.1.1 In this section we provide a summary of the scope for additional commercial leisure and other town centre uses which can be supported in the study area. Our findings are informed by an assessment of the growth of expenditure on leisure goods spending which is expected to come forward in the study area over the period to 2013, supported by the findings of the household survey of shopping and leisure patterns, as discussed previously in the report. The comments set out in this section should be read in conjunction with the leisure capacity quantitative tables set out at Appendix C to Volume 2.

7.2 Expenditure Growth in the Leisure Services Sector

7.2.1 Experian provide 2012-based per capita spending on the following key commercial leisure sectors:

- Accommodation services (e.g. hotels, room hire);
- Cultural services (e.g. cinema, theatre, museums, tv subscriptions);
- Games of chance (.e.g. lottery, bingo, bookmakers);
- Hairdressing salons and personal grooming / beauty establishments;
- Recreational and sporting services; and
- Restaurants and cafes

7.2.2 By applying the per capita figure to the projected population growth in the study area, the amount of total expenditure growth in each of these sectors can be identified. This is summarised in Table 7.1.

Table 7.1 - Summary of Growth in Commercial Leisure Sectors to 2031

	Spending, 2014 (£m)	Spending, 2021 (£m)	Spending, 2031 (£m)	Growth, 2014-31 (£m)
Accommodation services	16.69	19.06	22.91	+6.22
Cultural services	34.18	39.59	47.56	+12.88
Games of chance	40.71	46.45	55.78	+15.07
Hairdressing & beauty	12.75	14.56	17.50	+4.75
Recreational & sporting services	17.36	19.84	23.86	+6.50
Restaurants & cafes	119.92	136.85	164.30	+44.46

Source: Table LC3, Appendix C.

- 7.2.3 Table 7.1 shows that the majority of growth in the commercial leisure sector will come forward in the restaurants and cafes category, which will experience growth of almost £45m over the study period. Spending in cultural services and games of chance are also expected to increase by £13m and £15m respectively.
- 7.2.4 As with the retail sector, it is possible to assess patterns of commercial leisure spending through the household survey of spending patterns which was undertaken in support of this study. An estimate of the quantitative need for new food & drink floorspace can also be forecast.

7.3 Food and Drink Spending

- 7.3.1 'Food and drink' spending refers to spending in restaurants, cafes, pubs, and similar locations. Compared to retail, food and drink spending is much more mobile, due to the trend for people to travel longer distances to socialise, and since there are no constraints connected with transporting goods to the home. Table 7.2 sets out the extent of expenditure retention of the study area in terms of the different types of food and drink spending.

Table 7.2 - Summary of Food and Drink Spending in Study Area

	Spending, 2014 (£m)	Spending, 2014 (%)
Total spending at centres in study area	81.78	68%
Total spending at centres outside study area	38.14	32%
Overall total	119.92	100%

Source: Table LC7, Appendix C

- 7.3.2 On aggregate therefore destinations in the study area (Shepway District plus some outlying smaller centres) retain 68% of spending on commercial food and drink. Whilst this is not an unreasonable performance given the presence of centres such as Ashford and Canterbury outside the study area, which both have an established commercial leisure offer (including facilities which are absent from centres in the study area), it is considered that there is scope for this retention rate to be improved over the course of the plan period, given some of the gaps in the food and drink offer, particularly in Folkestone town centre, which this study has identified.
- 7.3.3 That said, the figures need to be considered in the context of the fact that people tend to spend more on food and drink when they are visiting destinations (for example, on a day trip). Therefore, we would not expect the study area to retain 100% of available expenditure. However, given the qualitative gaps in the offer which our health check assessment has identified, an ambition of the Council should be to improve the District's offer in this respect over the study period.
- 7.3.4 In Appendix C, we set out summaries of spending patterns on the three different types of food and drink spending:
- Table LC4a shows the market shares for spending on restaurants, with Table LC4b providing 'adjusted' market shares which strip out those survey respondents who answered 'don't know / don't undertake this type of activity'
 - Tables LC5a and LC5b show the base and 'adjusted' market shares for spending in cafes and coffee shops; and

- Tables LC6a and LC6b show the base and 'adjusted' market shares for spending on pubs and bars.

Restaurants

7.3.5 Table LC4b of Appendix C shows that:

- 69% of expenditure available to residents in zone 1 (Folkestone) is retained within the study area. Only 49% of available expenditure is spent in Folkestone town centre, with some residents looking to Cheriton and Hythe. Therefore less than half of residents who live in Folkestone who spend money on restaurants choose to use the facilities in the town centre;
- 13% of residents in Folkestone prefer to visit facilities in Ashford, and 7% prefer to visit facilities in Canterbury;
- 69% of expenditure available to residents in zone 2 (Hythe) is retained within the study area. Indeed, most of this retained expenditure is accounted for by Hythe town centre (59%), and therefore the offer in Hythe town centre attract a greater degree of patronage from local residents than the equivalent offer in Folkestone town centre.
- From zone 2, 13% of expenditure goes to Canterbury, and 9% to Ashford.
- 67% of expenditure available to residents in zone 3 (New Romney) is retained within the study area, with 37% of residents choosing to visit restaurants in New Romney, and 17% to Folkestone town centre. The most popular destinations outside the catchment area are Ashford and Tenterden;
- Most residents in zone 4 look outside the study area for their restaurants spending, chiefly to Rye (30%) and Ashford (22%)
- Similarly, most residents in zone 5 also look outside the study area, with Ashford in particular attracting a strong market share of 40%;
- The highest retention rate is from residents in zone 6, with 72% of spending retained in the study area, including 34% to Folkestone town centre and 14% to Hythe town centre. Most of the remaining expenditure leaks to Canterbury;
- The lowest retention rate is from residents in zone 7; just 21% of spending is retained in the study area. Canterbury accounts for 43% of spending on restaurants from this zone.

7.3.6 Therefore, Folkestone town centre does not secure a market share greater than 50% from any of the seven survey zones, and even from its 'local' zone (zone 1) there is significant expenditure leakage. This points to a qualitative shortfall in the offer of Folkestone in this respect, and we consider there to be scope for improvement of this over the study period, to enable more residents from the zones where Folkestone is the closest higher-order centre to direct their spending here.

7.3.7 Hythe is also a popular destination for spending on restaurants and its 'local' retention rate is higher than that of Folkestone's, suggesting that its more specialist restaurant offer is popular with local residents (and even draws some custom from residents in Folkestone). This confirms the findings of our health check assessment which suggests the independent nature of much of Hythe town centre is an important factor in its strong overall vitality and viability. Whilst we consider the scope for improved retention here is considered more limited on account of the smaller nature of the town centre, there may be scope for further modest improvement over the course of the study period.

Cafes and Coffee Shops

7.3.8 Table LC5b of Appendix C shows that:

- Folkestone town centre attracts a greater amount of expenditure retention in this sector than compared to restaurants, with a market share of 73% from its 'local' zone (zone 1), and a 50% market share from zone 6, plus moderate market shares from zones 2 and 3. Whilst this represents an improved performance, there is still considered to be some further scope for improvement.
- Hythe town centre attracts 68% of the market share from its 'local' zone (zone 2), plus notable market shares from zone 3 (31%), zone 5 (11%) and zone 6 (15%). This is considered to represent a strong performance,
- New Romney town centre attracts a market share of 20% from its local zone (zone 3) and 18% from zone 4, and considering the relatively limited size of the centre we consider this also represents a reasonable performance.
- Residents in zone 4 also look towards Rye and Ashford; whilst residents in zone 5 direct their spending towards Ashford (which attracts almost 50% of the market share) and Tenterden (14%).
- Canterbury attracts 56% of the market share from residents in zone 7, with Dover attracting a 17% market share. In comparison, Folkestone town centre attracts a market share of 4%.

7.3.9 The performance of centres in Shepway in respect of spending on cafes and coffee shops is undoubtedly stronger than that of the restaurants sector, partly because the sector is more developed in Folkestone town centre, with a range of national coffee shop operators (e.g. Starbucks, Costa) supporting a number of independent specialists, including recent openings in the Creative Quarter. Nevertheless, allied with our recommendations for wider improvements to the commercial leisure offer discussed in this section, this is scope for greater levels of expenditure retention from Folkestone's core catchment, plus potentially some moderate clawback from more peripheral parts of the study area.

Pubs and Bars

7.3.10 On average, 48% of residents surveyed stated they did not undertake visits to pubs and bars (Table LC6a, Appendix C). It is apparent from the results of the survey that for those residents who do visit pubs and bars, there is a tendency to use local facilities rather than travel further afield (for example, on a night out). For example, zone 1 (Folkestone) has a retention rate of 93%; zone 2 (Hythe) has a retention rate of 89%; and zone 3 (New Romney) has a retention rate of 90% (Table LC6b, Appendix C). We understand that there has been a general trend towards bars replacing pubs in Folkestone in recent years. Whilst in other parts of the study area the retention rate is lower, this is purely a product of the geography of the study area, with centres such as Rye or Ashford being more accessible to residents in zones 4 and 5, for example, than any of Shepway's centres.

7.3.11 Overall, we consider the market shares demonstrated in Tables LC6a and LC6b are reasonable and do not suggest any significant qualitative shortcomings in local provision.

Indicative Need for Additional Food & Drink Leisure Floorspace

7.3.12 We have set out above that a total of £119.92m of expenditure is available to residents of the study area for food and drink spending in 2014, and this will increase to £164.38m by 2031. Of this, we estimate that 68% is retained by facilities within the study area, and using this retention rate we can calculate an indicative floorspace requirement. These forecasts should be considered indicative.

- 7.3.13 As the highest order centre in the District – and the centre for which it is considered the main qualitative gaps in current provision exist – we would expect that the majority of any new food and drink floorspace would be directed towards Folkestone town centre in the first instance. This would also support the Council’s retail hierarchy and wider ambitions for the regeneration of Folkestone town centre. Whilst such a strategy would not preclude development coming forward in other centres in the District (particularly recognising the changing role of town centres away from purely becoming shopping destinations), we would expect applications for development within the smaller centres to be considered on their individual merits, but be supported in instances where they enhance the diversity of uses within a centre and do not undermine the District’s retail hierarchy.
- 7.3.14 As with the retail capacity forecasts, we advise that forecasts beyond 2021 are considered indicative. The capacity forecasts shown in Table 7.3 apply to development in use classes A3, A4 and A5.

Table 7.3 - Indicative A3, A4 and A5 Floorspace Need to 2031

Interval	2014 (sqm gross)	2017 (sqm gross)	2021 (sqm gross)	2026 (sqm gross)	2031 (sqm gross)
Need for Food & drink Floorspace (sqm gross)	0	760	1,776	3,011	4,274
Need for Food & drink Floorspace (sqm gross, rounded)	0	800	1,800	3,000	4,300

Source: Table LC7, Appendix C. Figures are cumulative. Figures in italics are indicative.

- 7.3.15 Table 7.3 shows that there is a requirement for 1,800 sqm gross additional food & drink floorspace by 2021, increasing to an indicative requirement of 4,300 sqm gross by 2031. We recommend that this requirement should largely be met through the development of a mixed-use, leisure based development in a suitably-located site in Folkestone town centre - there are a number of potential opportunity sites within the town centre which would be well-suited to accommodating an improved town centre food & drink offer; we discuss this further in the following section.
- 7.3.16 As discussed above, Folkestone’s principal shortcoming is the absence of a good family dining offer, and the attraction of operators to address this deficiency should be considered a priority. Typically such operators (examples being Nando’s, Pizza Express, Gourmet Burger Kitchen) are allied to other forms of footfall-generating commercial leisure developments such as cinemas).
- 7.3.17 We would anticipate that demand from national operators for the smaller centres in the Borough will likely be weaker, but our survey has identified that Hythe and New Romney in particular have a vibrant independent restaurant scene, and this should be promoted and supported (for example, through promotional and place-marketing activities which help to drive footfall and attract new visitors) in order to support the wider vitality and viability of these centres.

7.4 Cinema and Theatre Visits

- 7.4.1 As our health check assessments have established, there is a lack of any significant cinema provision within Shepway District at present, with the exception of the single-screen, part-time operational Silver Screen cinema in Guildhall Street, Folkestone. Consequently, the household survey shows that the majority of residents in the District travel to the Cineworld in Ashford — this attracts a market share of over 50% from four of the seven survey zones

(zones 1, 2, 5 and 6), and a 47% market share from a further zone (zone 3) (Table LC8, Appendix C). It therefore has an extremely dominant position over residents in Shepway, in the absence of any competition The Silver Screen cinema attracts only a limited market share, the highest being 8% from zone 1. Residents in zone 7 also look towards facilities in Westward Cross and Canterbury to a limited extent.

- 7.4.2 The market shares revealed in the household survey identify a clear gap in provision for Shepway District. There is a lack of consumer choice for residents wishing to visit the cinema, and current patterns of visits do not represent sustainable patterns. This qualitative gap presents a major opportunity for Folkestone town centre over the course of the study period, to help ‘claw back’ expenditure which is currently being lost outside the District, which could be used to help support the Council’s wider ambitions for the regeneration of its town centre. Whilst we have not undertaken any consultation with cinema operators as part of this exercise, this may represent a suitable next step for the Council, in order to establish potential operator interest in such a development coming forward on a suitable site in Folkestone town centre.
- 7.4.3 Typically, cinema operators make decisions on expansion or location based on ‘screen density’ – that is, the existing provision within appropriate drive-time isochrones, taking account of population levels, or the number of screens per 100,00 people. The latest information we have access to is that the average travel time to a cinema in the UK is around 18 minutes. Table 7-1 shows typical travel times to nearest multiplex cinema provision from residents in the principal centres in the Borough.

Table 7-1 - Distance to Nearest Multiplex Cinema from Shepway Centres

	Nearest multi-screen cinema	Distance to nearest cinema (miles, approximate)
Folkestone	Cineworld, Ashford	16
Hythe	Cineworld, Ashford	14
New Romney	Cineworld, Ashford	19
Lydd	Cineworld, Ashford	20
Hawkinge	Cineworld, Ashford	18

Source: Yell.com / Google

- 7.4.4 Table 7.4 shows that many parts of Shepway District fall outside the typical catchment area for a multiplex cinema, and have to travel up to 20 miles to visit the nearest multiplex facility. This would suggest that there is a qualitative gap in provision within the District. The development of a new Cineworld facility in Dover town centre will reduce the distance which many residents will need to travel, particularly in the east of the District. However, residents in Folkestone will still be required to travel 11 miles to Dover and residents in the other main centres more than this – and therefore we hold the view that notwithstanding the Dover development, there remains qualitative scope for improved provision in Folkestone; the two centres can only be expected to have a limited overlap in their respective catchment areas.
- 7.4.5 Theatre visits, compared to cinema usage, is a more niche leisure activity and the presence of the Leas Cliff Hall in Folkestone is an important asset to the town in this respect. The venue has a 900 seated (1,500 standing) capacity, and plays host to a number of theatre productions, live comedy shows, and live music events. The venue is supported by the District Council. The Folkestone Quarterhouse is a more recent addition to the cultural offer of the District: run by the Creative Foundation, the venue sits within the Creative Quarter and plays

host to a variety of family shows, alternative theatre, live comedy and music shows, and occasional film screenings. The Quarterhouse is also the home venue for the Folkestone Book Festival, which has been held in the town under various guises every year since 1980.

- 7.4.6 Both Leas Cliff Hall and the Quarterhouse play important roles in enhancing the cultural offer of Folkestone and the wider District. We do not consider there to be a qualitative need for further facilities of this nature in the District.

Figure 7.1 - Leas Cliff Hall and Folkestone Quarterhouse



7.5 Other Commercial Leisure Activities

- 7.5.1 The household telephone survey also asked respondents on where they undertook other types of commercial leisure activity, such as family entertainment (e.g. ten pin bowling) and health & fitness (e.g. gyms). In each instance, the majority of respondents indicated that they do not undertake these activities, and therefore we do not discuss patterns of spending in detail. A full breakdown of the market shares for each of these activities is provided at Questions 40 and 41 of the NEMS Household Survey Results (Volume 3 of this report). In summary:

- Ashford is the main location for spending on family entertainment facilities, with no major provision within the District itself; and
- Use of health & fitness facilities is a more localised activity, with Folkestone and Hythe attracting most of the available market share from their respective zones. The only zone from which there is significant expenditure leakage is zone 5, where residents look towards facilities in Ashford.

7.6 Summary of Commercial Leisure Need

- 7.6.1 We have undertaken an assessment for the need for additional commercial leisure need in the District. This has demonstrated that growth in expenditure is expected to come forward each of the six principal commercial leisure expenditure categories – but the driver of this growth will be in spending on the food and beverage sector. Given our health check assessments have identified that there is a significant qualitative deficiency in representation within parts of this sector – particularly family restaurants – there is certainly an opportunity for Folkestone town centre to capitalise on this and expand on its current limited offer.
- 7.6.2 On aggregate, the study area retains 68% of available expenditure on food and beverage goods. The expenditure retention rate is higher for cafes than for restaurants, as the former sector is more established in Folkestone, although Hythe has a good mixture of both cafes and independent restaurants. Nevertheless there is scope for a greater amount of spending to be captured across all types of food and beverage outlets. Our quantitative assessment has identified that the Council should plan for up to 4,300 sq.m gross A3, A4 and A5 floorspace

over the study period to 2031. We recommend that this requirement should largely be met through the development of a mixed-use, leisure based development in a suitably-located site in Folkestone town centre — there are a number of potential opportunity sites within the town centre which would be well-suited to accommodating an improved town centre food & drink offer.

- 7.6.3 In terms of other commercial leisure uses, there is also a qualitative need for enhanced cinema provision to serve the District, which we would also recommend is brought forward as part of the aforementioned recommended mixed-use development in Folkestone town centre. The current provision at Silver Screen and Quarterhouse is limited in scope – and the household survey has identified substantial expenditure leakage to facilities in Ashford, which is upwards of 20 miles’ away for some residents of the District. Whilst the proposed Cineworld development in Dover will reduce the travel time to cinema facilities for some residents in the District, we consider that this development will largely serve a different catchment and scope remains for a development in Folkestone.
- 7.6.4 Applications for other types of commercial leisure development such as health and fitness facilities should be considered on their individual merits – but such facilities can act as footfall generators, particularly at off-peak times, and therefore if located within town centres should generally be supported providing they are of an appropriate scale.

8 Engagement

8.1.1 In this section of the report, we provide an outline and explanation of the feedback received from local businesses, communities and wider stakeholder groups across the District, in response to:

- Contact made by PBA to a number of local stakeholders and businesses as part of study preparation; and
- The Council’s own consultation on its Places and Polices Local Plan: Issues and Options document, which ran from the 29th January to the 11th March 2015.

8.1.2 Both mechanisms aimed to ascertain the views of respondents on the current performance of the principal centres in the District, and thoughts on what could be done to enhance and improve their prospects. The engagement exercise has sought to ensure that the evidence base is well informed and inevitably further consultation will be undertaken as the Council responds to its evidence and prepares its Local Plan.

8.2 PBA Stakeholder Engagement

Methodology

8.2.1 As part of our evidence gathering, we undertook semi-structured telephone interviews with retail related businesses with commercial interests in the District, the Kent Invicta Chamber of Commerce, and Locate in Kent. The businesses included a major property investment company; an estates based business; a major financial services company; a larger supermarket chain; a national comparison goods retailer; and a local estate and property market agency. The phone interviews used a standard template, which is set out at **Appendix G** of the report and sought to discuss the study with as many stakeholders as possible during the study timeframe.

Feedback from PBA Engagement

8.2.2 Feedback emerging from the PBA informal engagement exercises is set out in Table 8.1 below.

Table 8.1 - Messages from PBA Engagement

Folkestone Town Centre
<ul style="list-style-type: none"> ▪ Folkestone generally has a great deal to offer...leisure and cultures are great. There is a varied and vibrant arts scene...The Leas and coast are played down but spectacular and rare that close to London. ▪ People who shop in the town have to go there. There’s nothing else around....its had everything ripped out of it over the years. The Seacat, funfair and so on. ▪ Folkestone shouldn’t try and compete with the larger other centres. Canterbury has a unique offer; Maidstone has a larger town centre and offer. Folkestone needs to build its own identity based on coastal town and cultural offer. ▪ The centre is not good and doesn’t attract people. Folkestone lacks ‘feel good factor’, people’s experiences have not improved. There is only Debenhams and it’s not a good experience (overall). Faring badly in general. ▪ What is Folkestone? Branding – it doesn’t really know.

Potential Investment in Folkestone

Although most respondents felt that the range and quality of the retail offer in Folkestone is fairly limited, they were realistic about the limited prospect of attracting more retail investment in the form of national chains to the town. Instead, the focus should be on enhancing the cultural, leisure and related restaurant offer with suggestions of a multiplex cinema, a casino, investment in the Leas Pavilion and investment in the appearance of the core retail area to make it look more attractive for retail and other linked trips to the town.

Respondents generally felt that increased residential development in the town centre would help to generate footfall and thereby increase the likelihood of attracting more investment to the centre. Bringing forward the Folkestone Harbour and sea front regeneration scheme was widely mentioned as offering good potential for the town centre. The work of the Creative Foundation in recent years was also cited favourably.

Respondents felt that the existing retail core is too large and efforts should be made to reduce it through the introduction of new uses, particularly conversion to residential.

Investment in the street scene and public realm was felt to be beneficial, but respondents did not generally think that businesses should contribute additionally to such initiatives. One respondent was in favour of the creation of a Business Improvement District, whereby businesses would pay an additional levy which would be invested back in the town centre. The respondent was 'very interested in playing a lead role' in this - the contact will be passed on to the District Council.

Responses related to Hythe

Although fewer respondents commented on Hythe in general, in comparison to those related to Folkestone, responses related to this town centre were very largely consistent with one another. It was described as a 'jewel in the crown' by one respondent. Its offer of independent retailers and representatives of some national chains was felt to offer something different. It was compared favourably to other well established towns of a similar scale such as Tenterden.

Respondents felt that there were few opportunities for investment in Hythe and that it performs its role well. Parking was raised as an issue by a limited number of respondents who felt that more parking is needed - one mentioning the desirability of grants to construct car parking. The District Council was felt to have a role to play in focusing investment.

Support for the independent stores and perhaps invest in arts & culture in Hythe rather than in Folkestone. An attraction like Creative Quarter to link town, canal, market?

Responses related to New Romney

Only a few of the businesses and stakeholders interviewed had comments to make about New Romney, apart from those located in the town. It was considered to serve its community well already by those elsewhere in the District.

In general New Romney business respondents felt that the town suffers from a lack of investment by the District Council in comparison to the larger Hythe and Folkestone town centres.

The need for additional car parking provision was mentioned by a couple of New Romney-based respondents.

The cinema facility at Southlands is good. Marsh is a more rural community and knows each other. It's a more local market. Small market town but no market!

8.3 Local Plan Places and Policies Local Plan Consultation

Methodology

8.3.1 The Places and Policies Local Plan: Issues and options consultation used the following mechanisms to engage local businesses, communities and stakeholders, on Town Centre Issues:

- A summary of the initial findings of this Study was presented in the Issues and Options document, along with some key questions, in order to stimulate further discussion, and to allow the study to be finalised, so as to inform the development of appropriate and future town centre strategies and policies.
- A number of consultation exhibitions were held across the District in association with Town and Parish Councils, including town centre workshops in Folkestone, Hythe and Lydd.

8.3.2 The above activities in particular aimed to encourage responses and views on the questions and issues listed by the following Table 8.2:

Table 8.2 - Questions in the Places and Policies Local Plan Consultation

Issues	Questions
Current performance of Town Centres	<ul style="list-style-type: none"> ■ Do you agree with the overall assessment (set out by the Town Centres Study)? ■ Are there other issues that you feel need to be addressed?
Retail floorspace needs	<ul style="list-style-type: none"> ■ Do you think that sites need to be identified to improve the quality of Folkestone Town Centre's comparison retail offer? If so, where and what types of new offer do you consider appropriate? ■ Do you think that the provision of larger units should be created through site redevelopment or the amalgamation of existing smaller shops, or through both approaches? ■ Do you think further redevelopment opportunities need to be identified in other centres to improve the quality of offer? ■ Do you agree that there is a good case for a new anchor store in Cheriton district centre, enhanced retail provision in Hawkinge, and a small store in Lydd, to help improve consumer choice?
Commercial Leisure Needs	<ul style="list-style-type: none"> ■ Do you think that the district and town centres in Shepway lack a quality leisure offer? If so: <ul style="list-style-type: none"> - Which district and town centres do you think fair particularly poorly?

Issues	Questions
	<ul style="list-style-type: none"> - What types of leisure uses are missing that would otherwise attract an evening economy?
<p>Potential Site Allocations in Folkestone Town Centre:</p> <ul style="list-style-type: none"> ■ Folkestone Bus Station ■ Guildhall Street/Gloucester Place/Shellons Street ■ Improved linkages between harbour & town centre ■ Bingo Hall site, Tontine Street ■ Tram Road car park ■ Creative Foundation sites ■ Establishment of a cafe quarter (Rendezvous Street/Church Street/Old Town/top of Old High Street) ■ Folkestone Seafront 	<ul style="list-style-type: none"> ■ Do you think the redevelopment of these sites would improve the viability and vitality of Folkestone Town Centre and are you aware of any factors that might help development of these sites to come forward or any constraints that might prevent them being delivered? ■ Should a more flexible approach be taken to changes of use in shopping areas? If so: <ul style="list-style-type: none"> - Are there any areas in particular that should be focussed on? - What sort of uses would be appropriate? - Should there be any restrictions on non A1 use? ■ Are there other sites in and around the town centre that you feel should be looked at? ■ Do you think the other town and district centres in Shepway require further intervention?

Feedback from Consultation

8.3.3 The consultation on the Issues and Options document yielded over 50 comments on the Town Centres chapter and its key questions, and over 40 attendees at the Folkestone, Hythe and Lydd town centres workshops. A summary of comments received and issues raised is presented by the following tables. Full responses can be viewed as part of the suite of evidence and information on the Local Plan consultation, via the Shepway District Council website.

Table 8.3 - Feedback from Places and Policies Local Plan Consultation

Folkestone
<p>Retail and Leisure Offer Focus should be on creating a more mixed day time provision including growing a niche independent retail offer, and higher end retail.</p> <p>Folkestone lacks high end retail – Bouverie Place has only attracted low end national retailers.</p> <p>Support the creation of larger units in the town centre – should be led by SDC.</p>

Folkestone under-represented in its food, drink and leisure offer, and lacks a focal point for a strong and healthy evening economy. This could be addressed by having a cinema on the bus station site and food and drink offer at Bouverie Place.

Very poor leisure offer at heart of the town centre.

Family friendly uses are missing in the town.

The town is not welcoming in the evening. Should encourage the night time economy – especially around Rendezvous Street to Tontine Street and the upper part of Sandgate Road.

There is nothing in the town centre to create an evening economy and the higher spending clientele don't enter the town centre due to the poor range of shops.

The poor state of repair of many empty properties should also be addressed and a co-ordinated approach adopted for displays in empty shop windows.

Creation of a cafe quarter and culture would help the town centre.

Need to encourage local residents (e.g. from West End) to shop and spend more in the town centre.

Document doesn't address harbour, town and coastal heritage sufficiently. Architectural strategy needed with design quality an important issue.

Insufficient attention paid to tourism which is a major contributor to economy.

Need improvements to town centre safety and lighting.

Appearance of the town is essential – need to improve entrances so people have a good first impression of the town.

More facilities and leisure opportunities required for young people.

Public realm in main pedestrian area should be improved with more plantings/flower pots/seating.

Changes of Use

More flexibility should be promoted around unused A1 becoming C3 use.

Focus retail in the pedestrianised areas and allow high quality residential along Sandgate Road.

Conversion of buildings on Guildhall Street into small office accommodation should be encouraged.

Principle of protecting A1 uses is supported, but options set out are too restrictive.

Need more housing in the town centre to stimulate greater usage of facilities.

Guildhall Street could go more residential and be partly redeveloped to improve flows with Bouverie Place.

Wise to allow shops to change of use to housing in areas such as Guildhall Street. This would mean more people living in the town centre, which may add to the evening economy.

Folkestone will continue to struggle. It is perhaps time to recognise this and consider more

radical residential use of the town centre with flats, cafes and boutique style shops throughout pedestrian area leading into creative quarter.

A major problem for Folkestone town centre is that it straggles from Castle Hill Avenue in the west to Tontine Street in the east. The shopping focus used to be at the east end of the town but over the years this has pushed west with shops moving in to what were originally attractive terraces of houses in Sandgate Road. East competes with west and there are now too many small shop units for the town's needs – many of them empty. With the regeneration of the harbour area the focus of the town is likely to revert to the east. When a shop west of Cheriton Place closes down in Sandgate Road every effort should be made to encourage the building's conversion back to its original residential use.

Balance of retail and residential in the town centre – in order to bring more vitality in the town centre over a greater period of the day it is suggested that consideration should be given to converting some upper floors of shops that are currently vacant into living accommodation.

Guildhall Street might be best as a residential area to feed the centre. Or should be blocked off and developed into an entertainment centre; or the buildings should be refurbished to improve the feel of the area.

Vacant properties above shops should be changed into flats – would improve appearance of town centre and encourage more people to spend locally.

Too much retail space in Folkestone so changes of use need to be considered.

Planning Policy should be amended to allow easier change of use and mixed usage e.g. Guildhall Street needs a new approach including some housing; parts of Sandgate Rd could include more residential and offices.

Commercial Leisure Needs

Support ensuring new leisure provision being in town rather than out of town.

Folkestone should be developed as a leisure seaside town with high quality attractions.

Cafe Quarter should be encouraged.

Conference and hotel facilities dated and lacking in comparison to other coastal towns – are there development opportunities e.g. potential of the Civic Centre to become a conference/hotel facility?

The revitalisation of cultural facilities should be used as a catalyst for wider regeneration and activating the night time economy.

A cinema would be good, but not the associated chain restaurants (located at the old Bingo Hall?).

District lacks leisure facilities which would be improved by e.g. – ice rink, bowling alley, museum, art gallery / exhibition centre.

Folkestone would benefit from a bowling alley or an ice rink.

Folkestone would benefit from having a cinema complex.

Protecting buildings such as the Leas Pavillion would help improve the leisure offer.

More should be made of the military history of the town as a tourist attraction.

<p>Town Centre needs more events, marketing and promotional activity.</p>
<p>Car Parking & Traffic Management</p> <p>Folkestone Central Station needs to become a gateway into the town centre –e.g. tourists arriving by train are left distant from harbour, town and coastal path. Improved signage would help (wayfinding project addressing this issue).</p> <p>Longer parking times away from the High Street would help the one hour parking in more central areas.</p> <p>There should be more 20 mph zones in the Town Centre.</p> <p>Transport and parking are a problem and the routing of visitors detracts from the town’s image.</p> <p>Car parks are scattered and are not free. Better signage required.</p> <p>For those requiring vehicular access to the town, Folkestone can appear to have a ‘dead centre’. There are too few entrances for vehicles to allow easy access to potentially key points in the shopping area. If no easy access exists, potential users will go elsewhere.</p> <p>Need for innovative solutions e.g. Top end of Guildhall Street by Shellons Street, could be turned into a shared apace with Herringbone parking.</p> <p>Improvements to the cycle routes required.</p> <p>Should look again at echelon parking along Sandgate Road.</p> <p>Access from Sandgate Road to Old High St and harbour could be improved, without cutting off town hall.</p>
<p>Potential Site Allocations</p> <p>Folkestone bus station should remain as such.</p> <p>Bus station should be moved out of town centre, and a cinema complex built in its place.</p> <p>Opportunity for improving offer on the bus station site – would need to integrate with the town centre and Bouverie Place.</p> <p>Bus station is an obvious site for redevelopment - feasibility study required to look at development potential.</p> <p>Redevelopment of Tram Road car park should only be considered if it was for the recreation of the Old Town to link the Old High Street to the fish market.</p> <p>Any potential redevelopment of the Tram Road Car Park should be in accordance with a review of the Parking Strategy, to include implementation of a town-wide variable messaging system to direct car users.</p> <p>Site amalgamation may be the key to regeneration of areas such as Guildhall Street.</p> <p>Perhaps Shellons Street could be the new public transport interchange and the bus station redeveloped to create a mixed use development leisure / hotel etc with some retail.</p> <p>The former Crown Post Office is a badly wasted building which could be residential or commercial in use.</p>

<p>Redevelopment of Bus Station, Guildhall Street and Shellons Street supported.</p> <p>Not supportive of new development sites – it would be better to make the provision by the amalgamation of smaller shops. This would help maintain the history of the area.</p> <p>Bus station should be retained in some form; Guildhall Street is ripe for redevelopment; links need to be improved; Tram Road car park should be retained as it is very popular; and a café quarter around Rendezvous Street is a good idea.</p> <p>Loss of Tram Road car park would not be a good idea.</p> <p>Town could be developed as quarters for retail, commercial, cafe, leisure etc. Rendezvous & Church Streets should be developed further as a café culture.</p>
<p>Current Performance</p> <p>Assessment of Folkestone is overly pessimistic – the performance of the town centre is improving.</p> <p>Since 2008 there has been shrinkage in number of businesses in the town. Fine balance between letting it shrink a bit and allowing the town centre to become more viable and losing what makes the town centre attractive.</p> <p>Agree with comments on current performance of Folkestone Town Centre.</p> <p>Generally agree with the assessment of Folkestone.</p> <p>Do agree with the assessment of Folkestone Town Centre particularly Guildhall Street needs investment to prevent decline. That the Creative Quarter needs to be more integrated into the Town as a whole.</p> <p>Agree with all the assessments (of Town and District Centres) with the exception of Folkestone: I cannot agree that it is even ‘getting by’.</p> <p>Disagree partly with the assessment of Folkestone – in Folkestone there is an increasing evening economy of restaurants in the harbour and creative quarter.</p> <p>Could look at a business rates scheme to support new businesses in the town centre and bring empty properties back into use.</p>
<p>Retail Floorspace Needs</p> <p>Agree with statistics on comparison and convenience, although statistics beyond 2012 should be treated with caution.</p>
<p>Cheriton</p> <p>A new anchor store / convenience store in Cheriton would have a negative impact.</p> <p>Supermarkets are leading the shift back from large stores back to community stores.</p> <p>There has been no business case to increase the capacity (in retail floor space in Cheriton), with Tesco applying to double in size some years ago and not developing their existing site due to economics. Even with expansion through redevelopment at Shorncliffe, there is sufficient choice and supermarkets available by public and private transport.</p> <p>A new anchor store in Cheriton, may well help the shops that are already there. However there is a serious problem with parking in Cheriton.</p>

<p>Cheriton seems a viable secondary shopping centre that largely works and may be boosted by Shorncliffe Barracks housing. But occasional isolated groups of shops here and elsewhere could be allowed to go fully residential.</p>
<p>New Romney</p> <p>Broadly agree with the assessment of the town centre.</p> <p>Would like to see a range of facilities provided – cinema, bowling alley etc.</p> <p>Shops should remain shops with the aim of maintaining a healthy high street.</p> <p>Romney Warren could be developed similar to the Coastal Park attracting visitors from the rest of the District and neighbouring areas.</p>
<p>Hythe</p> <p>Agreement with the assessment of Hythe e.g. high proportion of independent traders, breadth of choice in services such as restaurants, bars etc, tourist and leisure facilities.</p> <p>Hythe is not a clone high street, so retail and leisure uses should be promoted that sustain this unique offer and character.</p> <p>Redevelopment of Hythe’s Town Centre should be small scale and in keeping with its character and appearance.</p> <p>Question of accessibility, which will only get worse with the Nickolls Quarry development.</p> <p>Town traders have expressed concern regarding the lack of clear signage directing visitors to the High Street.</p> <p>Types of leisure missing include a cinema and a competition size swimming pool.</p> <p>No need for any further foodstores in Hythe, given town already well provided for (Waitrose, Sainsbury’s, Aldi, and Iceland).</p> <p>Hythe’s High Street needs a central core area where A1 retail is protected and units cannot be converted to non-retail uses. There needs to be sufficient level of retail to draw shopper to the centre and the current proliferation of coffee shops could tip this balance.</p> <p>No need for further large developments in the town area, which would only take footfall away from the High Street.</p> <p>Waitrose’s free car parking significantly helps footfall in the High Street, but Sainsbury’s parking is too far away.</p> <p>Parking charges in Hythe that extend well into the evening, works against the night time economy.</p> <p>Concerns over impact of larger supermarkets on town centre.</p> <p>Signage in town is awful – people don’t know High Street exists. Car parks also hidden so better directional signage required. Accessibility is also poor.</p> <p>Developing the High Street is more about preserving its heritage and historic character and promoting opportunities for independent traders, and appropriate evening economy</p>

<p>opportunities.</p> <p>Not enough shops left, particularly small units so more required.</p> <p>People are reverting back to a daily shop – a model that might benefit the High Street.</p> <p>Co-ordinate closing days – Mondays or Thursdays, or Wednesday afternoons.</p> <p>Charity shops are selling new goods that are already sold in the High Street.</p> <p>Local green spaces must be kept.</p>
<p>Hawkinge</p> <p>Additional retail provision would be desirable if there was appropriate demand and a suitable site could be found within the villages. This should be discussed with the respective communities.</p> <p>Hawkinge has developed into east and west – more effort is needed to ensure new developments of retail and residential is integrated with the older established Hawkinge.</p> <p>The businesses in Canterbury Road need to be developed and protected and integrated with the new retail centre which is emerging by Lidl’s.</p> <p>No real need for additional store in Hawkinge.</p> <p>Enhanced retail provision at Hawkinge should help the town.</p> <p>Hawkinge Town Centre and shopkeepers should be encouraged to seek a way to improve footpaths and shop fronts along Canterbury Road.</p>
<p>Lydd</p> <p>Additional retail provision would be desirable at Lydd if there was appropriate demand and a suitable site could be found within the villages. This should be discussed with the respective communities.</p> <p>Question the description of Lydd as ‘attractive and well maintained’. It could well need a new store of some kind.</p> <p>Another retail store in Lydd will help make it a more sustainable town.</p> <p>Transport – lack of connectivity with other parts of District and adjacent areas; Issues over A259 alignment. Rail connection to airport.</p> <p>Need to ensure sufficient employment sites and small business units, to meet the town’s needs.</p> <p>Better directional signage required once in the town.</p>
<p>General Comments</p> <p>Concentration of development in town centres is highly desirable. The emphasis should be on providing a flexible framework for town centres to accommodate whatever enterprises choose to come forward. It will be the market place that will dictate the composition.</p> <p>The emphasis in town centres should be on setting limits to what is not acceptable – such as betting shops. The council should be more sympathetic to town centres by not giving permission for large supermarkets on the edge of towns.</p>

8.4 Conclusions

8.4.1 In general, responses to the Places and Policies Local Plan consultation and the PBA telephone interviews, can be summarised as follows:

Folkestone Town Centre

Current Performance

- Broad agreement with the assessment of Folkestone town centre, with some however feeling it to be either overly pessimistic or optimistic.
- Range of views received on improving the town centre's evening economy, commercial and leisure offer and developing niche retail opportunities.
- Some views were received on the need to also promote the town centre to Shepway residents and wider tourism and visitor economy markets.

Retail Floorspace Needs

- Only a limited amount a feedback on the quantitative floorspace needs assessment, but tended to agree with the assessment.
- Some agreement on the need to provide larger units through site amalgamation or amalgamation of existing smaller shops, in Folkestone Town Centre.
- A number of views expressed in favour of developing a framework that enabled change of use from retail to residential, and commercial uses, particularly on Guildhall Street and along Sandgate Road.

Commercial Leisure Needs

- Agreement that Folkestone town centre lacks a competitive leisure offer.
- Opportunities suggested to improve the town's leisure facilities included support for a cinema complex, bowling alley, and ice rink.
- Developing existing opportunities related to a cafe quarter and restaurants, as part of the night time economy, were also supported.
- The need to make more of the town's heritage and history as part of developing a package of attractions to encourage tourism was also raised.
- Some comments related to the poor quality of conference and hotel facilities in the town, with this being a market other coastal towns benefit from.

Potential Site Allocations

- Mixed views on the proposed range of development sites in Folkestone town centre, particularly in respect of the Bus Station,
- Mixed views on the redevelopment of the Tram Road car park.
- Support for site and retail unit amalgamation along Guildhall Street.
- Support for the creation / further development of a cafe quarter (Rendezvous Street / Church Street / Old Town / top of High Street).

Other Centres

Current Performance

- Broad agreement with the assessments of Cheriton, Hythe, Hawkinge, New Romney and Lydd.

Retail Floorspace Needs

- Mixed views on the need for new anchor stores in Cheriton and Hawkinge.
- Range of views on the need to support the development of niche and independent retail, service and leisure opportunities in Hythe, particularly along the High Street, which retained the character of the area.
- Range of views stressing that there was no need for further large developments or supermarkets, in the Hythe Town area.
- Agreement with the assessment that additional retail provision would be beneficial in Lydd.

Transport, Accessibility and Signage

- A number of views were received on poor road links, accessibility and signage in Hythe and Lydd.

8.4.2 Finally, in addition to the above points, a neighbouring Local Authority also raised the need for there to be greater engagement with adjacent areas, as the Places and Policies Local Plan develops.

9 Recommendations

9.1 Introduction

9.1.1 In this section, we provide our recommendations with a local context taking into account our findings in sections 1 to 8 and in particular the results of the engagement exercise at Section 8. We explain our recommendations on how much new floorspace is needed before outlining some suggested strategies for the principal centres in the district. We then identify potential development opportunities, provide policy recommendations, and finally suggest how the findings in this study could be monitored. Our recommendations are split between 'policy recommendations' and 'strategy recommendations', which together meet the terms of reference of the study brief, as summarised at paragraph 1.2.1 of our study .

9.2 Policy Recommendations

Need for New Floorspace

9.2.1 The NPPF (paragraph 161) requires evidence on quantitative and qualitative needs for retail and leisure development over the Plan period. Quantitative effectively means how much floorspace is required, whilst from a qualitative perspective we need to consider what type of floorspace is required. It is necessary to consider both elements of need to understand how to formulate planning policies.

9.2.2 In respect of quantitative need for retail floorspace, we have calculated this primarily on a macro district wide basis based on a constant market share (i.e. the District maintains its current share of spending within the District to 2031). This is presented for retail floorspace that sells convenience goods (i.e. food and grocery) and comparison goods (non-food items). It is presented on the basis of net sales area and gross and is summarised at Table 9.1 below.

Table 9.1 - Quantitative Need for Retail Floorspace

	2017	2021	2026	2031
Comparison Goods (sqm net)	1,000	3,500	7,800	12,500
Comparison Goods (sqm gross)	1,500	5,000	11,100	17,800
Convenience Goods (sqm net)	-4,200	-3,600	-2,700	-1,600
Convenience Goods (sqm gross)	-6,500	-5,600	-4,100	-2,500

Source: Table CM6, Table CV7, Appendix B

9.2.3 Our quantitative outputs are presented on a cumulative basis and have been rounded to the nearest 100 sqm. They do not include the needs for any A1 service uses or any other A class uses.

9.2.4 This demonstrates that there is a quantitative need for new floorspace to sell comparison goods, but this is largely generated at the end of the Plan period (between 2021 and 2031) when expenditure growth and population growth result in a potential need for additional floorspace. In respect of convenience, there appears to be an oversupply of floorspace and

therefore no requirement for the Council to meet any quantitative needs for new floorspace. This is primarily due to existing floorspace not meeting its company 'benchmark' turnover levels. Therefore, we would expect additional expenditure capacity which is generated over the study period to be directed towards improving the trading performance of existing foodstores.

9.2.5 Whilst the quantitative needs for new floorspace is formulaic, the approach to qualitative needs can be more flexible and take into account local factors such as quality of accommodation or gaps in provision. We have identified the following qualitative need factors in Folkestone:

- There is qualitative need for larger retail units within Folkestone town centre to meet the needs for national retailers, although, in line with the wider trends observed, we would expect demand for retailer representation in Folkestone to remain reasonably limited;
- Allied to the above, there is a need for an improved quality of comparison goods retail provision within the town centre, particularly in the clothing sector, in order to reduce expenditure leakage to Ashford and other surrounding centres;
- Convenience goods provision is reasonable although the Sainsbury's foodstore is a dated environment and poorly integrated with much of the town centre retail offer.

9.2.6 Elsewhere in the District we consider that a qualitative need for additional foodstore provision (indicatively, up to 1,000 sqm net) exists in the district centres of Cheriton and Hawkinge in order to improve consumer choice. This would be a smaller foodstore or potentially a discounter and should be directed to the district centre locations should a suitable central site be available. This could be part of a mixed use development. In Cheriton, the development of a modern foodstore within the centre itself would contribute to an improvement to its vitality and viability, since generally speaking it is performing poorly against some of the vitality and viability criteria.

9.2.7 In respect of leisure uses, the methodology for establishing needs is less evolved than the retail approach due to limited data availability on existing turnover and trading levels of leisure businesses and the broad formats of development that exist. However, we have undertaken a broad quantitative assessment considering the quantitative needs for A3-A5 uses as well as considering the expenditure growth available to support other formats of leisure development. This has been married with a qualitative assessment and consideration of demand to assess needs for leisure floorspace. Therefore we have identified the following needs for leisure floorspace:

- There is scope for approximately 4,200 sq.m (gross) of A3-A5 floorspace across the District, with an acute qualitative need for an improved evening economy within Folkestone town centre, particularly in respect of 'family dining' restaurants.
- There is also a clear qualitative gap in cinema provision within the District, with no multiplex cinema provision at present. The existing cinema facilities – the Silver Screen Cinema, plus occasional screenings at Folkestone Quarterhouse – help to meet a local offer to a limited degree, but our household survey has demonstrated that these facilities only capture a small fraction of total available expenditure, and there is significant expenditure leakage to the Cineworld facility in Ashford, which is up to 20 miles' journey for many residents in the District. Whilst the planned development of a new Cineworld facility in Dover will improve access to cinema facilities for some residents in the eastern part of the District (for whom the facility will be closer than the existing Cineworld facility at Ashford), we consider there remains a clear need to provide facilities within the District, which should be located in Folkestone town centre to support the Council's wider regeneration ambitions.

- There is no qualitative need for additional theatre facilities, with the Leas Cliff Hall and the Folkestone Quarterhouse both playing important roles in meeting both local and visitor needs in this respect.

9.2.8 It will be necessary for the Council to thoroughly test the location for any floorspace needs to be accommodated with the District, taking into account its wider policy context such as locations for housing growth. However, based on our knowledge of the District, we suggest the following:

- The majority of needs for retail and leisure floorspace should be directed to Folkestone town centre;
- In areas of significant residential growth (once these are finalised) it will be important to fully test whether there existing centres meet local needs (convenience and service orientated comparison goods);
- Smaller scale extensions or redevelopments should be encouraged within the District's other centres, but we see no need for any significant policy intervention. Applications for new development within these centres which are of an appropriate scale should be considered on their individual merits.

Hierarchy of centres and shopping frontages

9.2.9 The NPPF requires a definition of a network and hierarchy of centres that is resilient to anticipated future economic change. Based on the evidence we have collected, we suggest the following hierarchy of centres:

- **Major Town Centre:** Folkestone;
- **Town Centre:** Hythe;
- **District Centres:** Cheriton, New Romney;
- **Local Centres:** Lydd, Hawkinge; Lyminge; Elham; Dymchurch¹³

9.2.10 The NPPF requires local authorities to define the extent of town centres and primary shopping areas, based on a clear designation of primary and secondary frontages in designated centres. Based on the definitions in Annex 2 of the NPPF, the methodology for defining such boundaries and frontages ought to start centrally and work outwards. If we are considering the position now, the approach is as follows:

- Define first **primary frontages** as those frontages that include a high proportion of retail uses (including food, drinks, clothing and household goods). In our view, these ought to represent the frontages with most daytime footfall;
- Then define **secondary frontages** as those frontages that include town centre uses, but have a wider diversity of non-retail uses, such as restaurants, cinemas and businesses;
- Using the primary and second frontages, the **primary shopping area** should be defined as area where retail is concentrated by plotting the area around primary retail frontages and

¹³ Although not within our terms of reference nor within the Core Strategy Settlement Hierarchy, the Council have also asked for a view on where Sandgate High Street would fit within the hierarchy of centres in the District. Whilst we have not undertaken a detailed appraisal of the centre, it is apparent that Sandgate High Street fulfils a role and function which is generally akin to that of a local centre. Whilst in terms of number of units the offer of the centre is quite extensive, it is mostly geared towards tourism-orientated facilities, and we note that it only offers a limited range of services – for example there is no supermarket, no banking facilities, no pharmacy and so on – and only a limited range of comparison goods shopping – and on this basis we do not see merit in the centre being included as a higher-order district/town centre in the Council's hierarchy of centres.

adjoining and closely-related secondary frontages. It does not necessary follow that secondary frontages fall within the primary shopping area, but often they do. This area typically represents the 'retail heart' of a town.

- Finally, the **town centre boundary** should be plotted that incorporates all of the primary shopping area and areas predominantly occupied by main town centre uses within or adjacent to the primary shopping area. So this means the area will incorporate any adjacent non-retail town centre uses, such as leisure uses, offices, arts, cultural and tourism uses.

9.2.11 It is possible for smaller centres that the primary shopping area will be identical to the town centre boundary and will have only limited frontages.

9.2.12 It will always be necessary to consider whether there is a requirement to intervene in policy terms to change these areas from what is currently on the ground, for example to facilitate development by expanding a primary shopping area, or to encourage diversification of uses away from solely retail by reducing a primary frontage and converting it to secondary. In any event, the eventual boundaries will need to be tested and consulted upon as the Council's Local Plan is prepared. However, we consider that the boundaries and areas plotted are based on our interpretation of the NPPF and local circumstances.

9.2.13 The NPPF is clear in its requirement for the sequential test to be applied and an impact assessment to be undertaken when considering applications for main town centres uses that are not in an existing centre and not consistent with an up-to-date Local Plan. However, the NPPF also provides local authorities with flexibility to set its own policies 'for the consideration of proposals for main town centre uses that are not in an existing centre and not in accordance with an up-to-date Local Plan'. In our view, the Council should take this opportunity to set its own policies taking into account some of the local circumstances we have identified in this study.

Local Impact Test and Impact Assessment Threshold

9.2.14 In our view, the established NPPF tests for a sequential test and impact assessment should be included in policy, as set out in paragraphs 24 and 26 in the NPPF. But we consider that a further local impact test should be introduced into policy. This should reflect local aspirations, but also the specific development pressures in Shepway. As well as the NPPF impact test, in our view, the policy should require impact assessments for proposals for town centre uses that fall outside of town centres to consider the following:

- The extent to which the market profile of the development proposed will compete with existing facilities in town centres;
- The potential for relocation of businesses currently trading in town centre to locations out-of-centre;
- The impact on linked trip spending between different town centre uses or businesses;
- The cumulative effect of more than one development coming forward at the same time; and
- The impact through trade diversion on the role and function of a town centre or centres.

9.2.15 We consider that the local impact considerations ought to be scoped out carefully with the community to ensure that they protect town centres but also provide a robust basis against which to judge planning applications for town centre uses that are outside town centres.

9.2.16 Finally, it is appreciated that the NPPF provides an opportunity to set a local impact threshold (with the default being 2,500 sqm). In our view, 2,500 sqm is too high a threshold for

Shepway, given the market evidence of smaller convenience stores (as this study has identified) and the limited size of some of the centres in the District. We are of the view that developments of less than 2,500 sqm could potentially cause a significant adverse impact against some of Shepway's centres, depending on the occupier and location. Using the default would mean such developments would not need an impact assessment under the NPPF.

9.2.17 Therefore, we consider that the impact threshold should be as follows:

- **Developments outside Town Centres / District Centres:** 500 sqm gross
- **Developments outside Local Centres:** 200 sqm gross

9.2.18 It will be important policy is drafted to ensure clarity on where each threshold applies. In our view, the threshold should be based on the nearest centre to the site in question. To avoid cumulative developments that exceed this threshold, we consider that an impact assessment should be required if the threshold is breached in one year by more than one planning application.

9.3 Strategy Recommendations

Development Opportunities

- 9.3.1 The NPPF requires that local planning authorities allocate a range of suitable sites to meet its town centre needs. Accordingly, we have considered potential development opportunities within the district, taking account of the sequential test. Therefore, in this study, we focus on town centre opportunities in the first instance, and in particular on Folkestone town centre. Our detailed assessment is attached at Appendix F and provides a high level overview of constraints and opportunities of each site. Based on our understanding, we have identified potential uses and considered each Folkestone town centre site as a short term, medium term or long term opportunity. In our assessment, we have identified that a number of sites have limited potential for development in the short-to-medium term, and therefore are unlikely to represent realistic opportunities for meeting the qualitative and quantitative needs which this study has identified. From our analysis we have identified that the sites with the greatest potential for redevelopment are the Folkestone Bus Station site, and existing retail units on Guildhall Street / Shellons Street. We discuss these further below. We also consider that scope exists for the redevelopment of Sainsbury's store and adjacent areas at Bouverie Place West, although we consider that in reality this may be a longer-term development opportunity.
- 9.3.2 It is advised that the desirability and viability of the redevelopment of these sites will need to be thoroughly tested to understand the potential contribution these sites can make in meeting the District's needs; the assessment provided by this study only forms a high-level assessment. However, when a fuller analysis of site deliverability is undertaken, it should be recognised that our assessment has identified that quantitative goods comparison needs are principally generated in the longer term — and as such there is merit in safeguarding sites for future development towards the end of the plan period, should further analysis prove them to be viable development opportunities.
- 9.3.3 As a follow-on from the high-level assessment carried out in this study, a suitable next step for the Council would be commissioning a more detailed assessment of each of the opportunity sites identified in Appendix F, which the Council wishes to see come forward for the development of town centre uses. Some sites clearly offer greater opportunity than others, with the Bus Station site offering a substantial opportunity for a commercial leisure-orientated development, and Guildhall Street being the most suitable location for delivering modernised retail premises (we discuss this further below).

Framework for Town Centre Strategies

- 9.3.4 The NPPF requires local authorities to promote competitive town centre environments. The PPG emphasises the importance of having strategic visions and provides guidance on the contents on a town centre strategy. In summary, the PPG suggests a vision should answer questions on the role and function of a town, its vision, the opportunity to meet needs, the timescales to provide retail floorspace, the provision of possible complementary strategies and finally how parking can be enhanced.
- 9.3.5 Town centre strategies necessarily cover a wide range of topics. As such, using the results of this study, we outline a potential framework for a town centre strategy for each of the District's centres. This framework is a PBA response to the evidence collected and our experience of town centres. Should it wish the Council can use our framework to formulate its town centre strategy though the Local Plan process, although we emphasise the importance of ensuring deliverability of any strategy.

Folkestone

- 9.3.6 Folkestone is the main centre in the District and attraction for retail, leisure and other town centre uses. The town centre is under threat from competition for expenditure both from existing and potential out-of-centre shopping facilities near Folkestone itself, and also from competing facilities outside the District. Therefore, in our view, unless concerted action is taken, the centre's vitality and viability may deteriorate having causing a detrimental impact the area socially and economically. Below we have outlined a four-stage strategic approach which we think – if followed – could secure the town centre's future as a competitive environment. It is important that the Council works alongside other key stakeholders such as the Folkestone Town Team, local businesses, and landowners, to ensure this strategic approach is successfully implemented.
- i. **Vision:** we recommend that further work is undertaken with key town centre stakeholders on developing a vision for the town. To do this, there needs to be a clear process and the Council might want to consider appointing a political lead and lead officer to guide the process. Ellandi – as owners of the Bouverie Place Shopping Centre, are an important party, as are the De Haan family, which the Council will be aware is a major landowner throughout much of central Folkestone. The vision needs to answer the question: *'Why come to Folkestone town centre in 10 years' time?'*
 - ii. **Strategy:** the vision will then need to be translated into a strategy of how it will be realised. This needs to be co-ordinated across all Council functions and with main stakeholders. We would expect that the Strategy will include:
 - a. A clear governance structure, including the role of the Council, in order to provide firm, committed leadership to the strategy;
 - b. Some physical development, to enhance the retail and leisure offer;
 - c. Selected interventions to improve the retail circuit, preferably linked to development;
 - d. Environmental enhancements and improved public realm to help link the various quarters of the town centre together in a cohesive manner;
 - e. Supportive planning policy;
 - f. Setting up some form of Town Centre Management; and

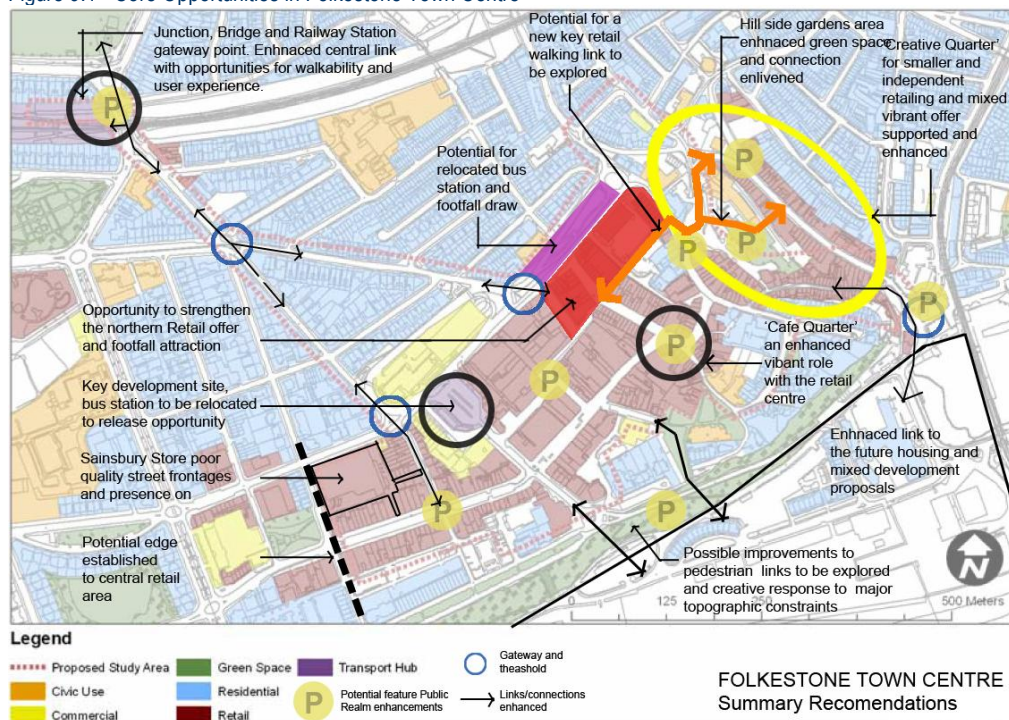
- g. Support for key independent retailers/coffee shops (the Council may wish to have regard to the promotion of this sector by the Rotherham Portas Pilot, for example)
- iii. **Management:** establish how on-going enhancement of the town centre should be achieved Effective town centre management should be directed and run as a cross-departmental service, involving many outside stakeholders as well. It includes such matters as - cleansing, policing, event management, property (including promoting development), business support, business rates, planning policy, development management, stakeholder engagement, public realm improvements, traffic and highway management, car parking (and its pricing), signing, and much more - all taking place within the context of an overall town centre strategy.
- iv. **Core Opportunities:** in terms of interventions, our recommendations for the core opportunities in the town centre are as follows:
- a. **Bus Station:** this site forms a clear opportunity for the introduction of important town centre uses which are currently absent from or under-represented in Folkestone town centre, and we consider a comprehensive redevelopment to include a cinema, restaurant/bars and some retail to enhance evening economy and improve dwell time could be developed . We are aware the site has been promoted in the past; what is needed now from the Council is a programme to consider the next steps which need to be taken in order to facilitate the redevelopment of the site. The aim should be to integrate the bus station site with Bouverie Place and Debenhams and improve linkages with the existing retail circuit. There are existing linkages available which offer the opportunity to be better developed, enabling any development to integrate with the wider town centre retail circuit. Clearly, any redevelopment of the site would be dependent on the relocation of the bus interchange facilities. It is considered that existing bus stands could be relocated on Shellons Street, although this would need to be subject to feasibility testing.
- b. **Guildhall Street/Gloucester Place/Shellons Street:** the aspiration for this area should be to promote redevelopment of existing shop units to form larger, modern shop units. This will in turn improve the town centre retail offer through the attraction of better quality / footfall-driving retailers, and deliver two added benefits - resolving the poor retail offer and stock at the north end of Guildhall Street; and creating an improved link back into the Bouverie Place shopping centre, thus improving the retail circuit. A suitable first step would be for the Council to establish policy support for the redevelopment of units in this area of the town centre. The Council should also investigate opportunities for land assembly within the area to help drive forward the process, as we understand that much of the area falls under multiple ownership.
- c. **Retail Circuit:** improving the retail circuit by new and improved linkages. Key opportunity areas include:
- Rendezvous Street and top of Tontine Street;
 - Payers Park and Tontine Street;
 - Rendezvous Street/Old High Street (by surface treatment and traffic reduction/elimination); and
 - Harbour Street and Old High Street, including downgrading the traffic scheme around The Tram Road/Harbour Way (which could include redevelopment the car park)
- d. **Anchor Development:** promoting an "anchor" development at the top end of Tontine Street, to act as an attractor to a circuit that supports a link back up to the

main town centre via Rendezvous Street. This is a critical link to achieve. Removal of traffic out of Tontine at main visitor times would be an advantage as well. The anchor scheme needs careful evaluation as to what is possible in viability/delivery terms, as the pitch would not support a significant retail scheme; though a cultural/leisure scheme that is complementary to a leisure-based scheme at the Bus Station and also the Cultural Quarter might be possible. It might work as a new public/Council-based service gateway.

- e. **Café Quarter:** creation of a "Café Quarter" around the junction of Church Street/Rendezvous Streets and the old Town Hall. This would help act as a transition between the core retail and the Creative Quarter. This may require some acquisitions to get a critical mass of operators; independents preferred. We note that there are already initial openings of this nature in this area; developing a further critical mass would help cement this trend further. Accordingly, applications for change of use to A3 units within the Church Street / Rendezvous Street areas should be supported. Improvements to the public realm – the introduction of directional signage, street furniture, and planting, may further assist.
- f. **Folkestone Seafront:** continued support of the development of the Folkestone Seafront development will act as a significant confidence builder to new investment in the centre. A critical component of this development will be ensuring that linkages between the town centre and the Seafront are sufficient so that both areas will benefit from the significant investment which this development proposes. We would expect that, once developed, the Folkestone Seafront will act as the southern 'anchor' point to the town centre, by drawing footfall through the Creative Quarter to the new development, thus benefiting the wider vitality and viability of the town centre.

9.3.7 In Figure 9.1, we have expressed these 'Core Opportunities' in diagrammatical form, to assist the Council in demonstrating how each of the opportunities inter-relates with each other, and how, when combined, they are vital to the long-term vitality and viability of Folkestone town centre.

Figure 9.1 - Core Opportunities in Folkestone Town Centre



Other Centres

- 9.3.8 For the other centres in the Borough, we would not expect significant additional amounts of retail or commercial leisure to come forward, although applications for new development which will enhance the vitality and viability of centres should be considered favourably, provided they are suitably located (within or on a well-connected edge-of-centre site) and are of a scale appropriate to the role and function of the centre.
- 9.3.9 For **Hythe**, the principal aim of the Council should be to protect the role and function of the town centre as the District's second largest centre. The primary shopping area benefits from a good concentration of retail and other footfall-generating activities such as independent cafes and restaurants, and applications for change of use away from A1 / A3 uses should be resisted where possible. It is considered that future success of Hythe may well be allied to it successfully branding itself as the 'alternative' to Folkestone, and marketing its specialist offer as an alternative both to more mainstream centres, and to other competing influences such as online shopping. The current health of the town centre is currently good, so the overall message here is one of 'more of the same'.
- 9.3.10 **New Romney** is an important district centre for residents in the west of the District, and we would expect the scope for the centre to accommodate additional floorspace at this location (and indeed the demand for additional floorspace) here to remain limited. Again, the ongoing vitality and viability of the centre will likely in part be dictated by the promotion of the centre, and capitalising on the important heritage and tourism role which is affiliated with the centre.
- 9.3.11 **Cheriton** is the centre in the District which we consider faces challenges to retain its vitality and viability at present. We would recommend a two-stage approach to tackling the problems which currently face the centre: a first stage is the delivery of early 'quick wins' which improve the physical appearance of the centre; this may include investment in the public realm, to improve paving, and introducing street furniture and planting to help soften the impact against the busy road traffic. The introduction of additional supermarket provision within the centre if a suitable site is available (indicatively up to 1,000 sqm net convenience goods sales area) would also assist in improving the vitality and viability of the centre.
- 9.3.12 Over the longer-term, the Council will need to monitor the vitality and viability of the centre carefully, identifying where the long-standing vacant units and areas of lower footfall are. This should then be used as the basis for an appropriate contraction of the boundaries of the centre, to help build a critical mass of retail activity, and focus footfall within a more tightly-defined area. This in turn should then allow for the diversification of uses in more peripheral areas away from retail uses to be considered more favourably.
- 9.3.13 The retailing offer in the centres of **Lydd** and **Hawkinge** should be protected in order to ensure that both centres continue to be able to meet residents' day to day needs. Given the constraints to providing additional floorspace within the existing centre, consideration should be given to providing additional small-scale facilities adjacent to the Lidl foodstore at Haven Drive, given this is already an established shopping destination for many residents in the town, and is accessible by public transport. Any additional development at this location should be of a scale appropriate to the role and function of Hawkinge in the Council's hierarchy of centres (as set out above, we recommend that Hawkinge is classed as a local centre), and would need to demonstrate that it could not be accommodated within the defined centre of Hawkinge, nor would cause significant adverse impact against existing facilities in the centre.
- 9.3.14 We do not advise on strategies for the smaller centres of **Dymchurch**, **Elham**, **Lyminge** or **Sellinge**. In each of these cases the focus should be on supporting existing local-scale shopping facilities. Should any applications for new development come forward, they should be considered on their individual merits, subject to the scale of the centres in question.

9.4 Monitoring & Next Steps

- 9.4.1 This study provides the Council with its floorspace needs requirements to 2031. To establish whether the requirements for new floorspace (by type) are being met and more generally to monitor the performance, the Council should monitor:
- i. planning permissions for retail floorspace - by type, amount (sq.m gross and net), location and retailer;
 - ii. completions of retail floorspace - by type, amount, location and retailer;
 - iii. mix of uses, including vacancies; and
 - iv. health checks of designated centres
- 9.4.2 The monitoring recommended above is relatively straightforward and should be conducted on a rolling basis for items (i) and (ii) and annually or every two years for items (iii) to (vi). Time series data can thus be produced and continually updated, starting with this study or possibly with earlier work undertaken by the Council. Contingent on the timetabling of the Council's Local Plan, such updating will prove to be valuable when this evidence is tested at examination in public.
- 9.4.3 This report provides a robust indication of the current position. The recommendations set out in this report may need to be adjusted, in the future, due to changing market conditions, demographic changes and the impact of developments elsewhere. They may also need to be adjusted if standard assumptions, in particular those relating to expenditure growth and e-tailing, change. The role of monitoring is crucial in highlighting changes in the assumptions that underpin this study and we recommend regular monitoring to the Council.
- 9.4.4 The evidence in this study will need to be used to inform a draft Local Plan. But during the preparation of this plan, further work can be done in order to convert some of our framework above into actions. In particular, we consider that this applies to Folkestone town centre itself. Therefore, we recommend the following:
- **Feasibility testing** of key development opportunities, with particular focus on the potential relocation of the existing bus interchange facilities in order to 'free up' the bus station site as a redevelopment opportunity;
 - **Retail Movement Study:** in order to strengthen the retail circuit of Folkestone and inform spatial decisions on development opportunities, we think there is merit in further in-depth analysis of the movement around the town centre. We expect the objectives of a retail movement study could include:
 - Quantify and visualise the relative proximity or fragmentation of different retail areas in Folkestone town centre; and
 - Identify and visualise the key pedestrian movement patterns in the retail areas of the town centre ('retail circuit')

Appendix A Health Check Assessments

Appendix B Quantitative Retail Spreadsheets

Appendix C Quantitative Leisure Spreadsheets

Appendix D Diagram of Quantitative Methodology

Appendix E Technical Inputs into Quantitative Assessment

Appendix F Development Opportunities

Appendix G Stakeholder Engagement Interview Template