Core Strategy Review - Inspectors' Matters

Matter 10: Economic and Retail Growth and the Strategy for Priority Centres of Activity

July 2020

Folkestone & Hythe District Council

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Council's Response to Matter 10 Questions

Question 1

What is the evidence in relation to jobs growth and the need for employment land / floorspace in the District over the plan period? What does it show?

1.1. The Shepway Employment Land Review 2017 (EB 07.40) was prepared as part of the evidence base to inform and support implementation of policies contained within the Core Strategy (CS) and Places and Policies Local Plan (PPLP) in respect of employment land.

1.2. The Employment Land Review (ELR) analysed recent economic trends and the current state of the district's economy as well as the potential scale and type of future economic growth and business needs. Paragraphs 6.1 to 6.46 detail a number of potential economic growth scenarios to provide a framework for assessing the 'B class' employment space requirements for CS plan period from 2006 to 2026 and beyond to 2031.

1.3. The Otterpool Park Employment Land Needs Assessment (EB 07.20) provides an update on the economic growth projections and associated employment land requirements for the district as a whole, as well as looking at the garden settlement in isolation, over the CSR plan period to 2037. It draws on the latest population projections and economic forecasts, based on different assumptions about where growth and demand could come from.

1.4. When compared with the projections used to inform the ELR, the latest forecasts imply a much lower level of job growth in Folkestone & Hythe on an 'average per annum' basis. The latest forecasts implies growth of 237 jobs per annum (between 2018 and 2037) compared with 445 jobs per annum (between 2006 and 2026) in the ELR.

1.5. Officers are treating the different sets of economic forecasts with caution, as figures can vary across different releases as a result of different modelling assumptions and revisions to official historic job figures. Specifically, the forecasts used in each of the two employment studies fell either side of the Brexit referendum, and that this was likely to be a significant influence in the downward revisions to economic forecasts pending on confirmation of the UK's future exit arrangements from the EU.

1.6. For both studies, the 'B class' element of job growth implied by each of the scenarios was converted to future 'B class' employment floorspace requirements by the following ratios of jobs to floorspace for different types of 'B class' (EB 07.20 paragraph 2.30) and based on guidance on job density ratios published by the Homes England (formally HCA) in 2015.

1.7. Table 1.1 provides a comparison between the two scales of growth implied by the ELR (2017) and the Employment Land Needs Assessment (2018) for the Folkestone & Hythe District over their respective plan periods.

Study / Scenario	Total Floorspace (sq.m)			
	Office B1a/b)	**Industrial (B1c/B2)**	**Distribution (B8)**	**All B Uses**
Employment Land Needs (2018 Update) Plan Period: 2018 - 2037				
1. Labour Demand	24,750	-6,020	-2,370	16,360
Employment Land Review (2017) Plan Period: 2006 – 2026				
1. Labour Demand	56,540	- 19,600		**36,940**
2. Past Completions	- 29,200	32,450		**3,250**
3. Labour Supply	55,260	- 21,885		**33,375**

1.8. It shows that the labour demand scenario for each of the study periods predict that across the district office-based employment is expected to grow; albeit at a slower rate across the CSR period. While the same scenario anticipates employment in manufacturing and distribution sectors are expected to decrease; the past completions scenario suggests that Folkestone & Hythe bucks the trend as there does remain a modest demand.

Question 2

Is the scale of proposed employment growth and housing growth across the District balanced? What implications would it have for commuting?

1.9. The council is of the view that the scale of proposed housing and employment growth across the district is balanced.

1.10. The forecasts set out in Question 1 are district-wide and are not broken down by sub-district. As such, it is difficult to predict what share of expected job growth could arise where. They are intended to provide a 'yardstick' for the scale and nature of employment growth that could occur across Folkestone & Hythe district as a whole by 2037, based on current macroeconomic assumptions.

1.11. The CSR Policy SS2 sets out the total amount of employment land ('B class') development which consists of 8.1 ha at the Garden Settlement and land allocated or protected in PPLP Policies E1 and E2.

1.12. PPLP Policy E1 sets out the site allocations for new employment uses. This equates to just over 154,000sqm for B1, B2 and B8 uses. This figure does, however, include over 73,000sqm at Link Park, Lympne, which now falls within the garden settlement allocation (now owned by Homes England) and which is unlikely to come forward in it is entirety for employment uses.

1.13. The ELR (EB 07.40), which was an evidence document for the PPLP, concluded that, *"…based on the current supply of employment space from extant planning permissions and allocated sites, there is a sufficient supply of employment space to meet the estimated office and industrial requirements under all three future growth scenarios over the period 2016 to 2026, and also beyond to 2031."*

1.14. The employment land allocations have been allocated in line with CS sustainable development and place-shaping Policies SS1 and SS3; and the priority centres for activity in Policy SS4 and Table 4.4. The allocations ensure a flexible supply of employment land across the district in terms of location, size and type. The policy also provides flexibility to adapt to a changing economic climate by providing for up to 25% of non-employment uses if they add to the attractiveness and function of the employment site and would not impact upon the main employment use of the site.

1.15. In regards to the garden settlement specifically, the ELR also indicated that there were important considerations which had a detrimental impact on the attractiveness of the district for investment. These were:

- A shortage of skilled labour in the district;
- A lack of good quality commercial space that meet modern occupier needs; and
- An absence of strategic road access to much of the district outside Folkestone.

1.16. While the district council, through the Economic Development Strategy, is addressing some of these issues, the garden settlement provides a major opportunity to deliver a new focus for well-located strategic employment development within the district. The Otterpool Park Employment Land Needs Assessment (EB 07.20) concluded that:

"Otterpool Park provides an opportunity to deliver a step-change within the economic growth trajectory of Shepway District. To maximise the opportunities, its economic role must combine both local functions that support the garden town itself but also delivery of a more strategic employment function which the District currently lacks."

1.17. The study also indicated that the focus on specific growth sectors (such as green construction, advanced manufacturing and low carbon environmental goods and services) could give added focus to the commercial element of

Otterpool Park, and could complement initiatives underway in other parts of Kent.

1.18. The Otterpool Park Employment Land Needs Assessment (EB 07.20) considered the population growth in the garden settlement to identify the amount of employment required. The Assessment considered different growth scenarios, one of which was the level of growth reflecting the Otterpool Park Masterplan, which equated to 6,375 new homes by 2037, to calculate the workplace labour supply.

1.19. The Assessment then converted the labour supply figure into floorspace and land requirements by assuming ratios of jobs to floorspace for different types of 'B class' uses applied by the 2017 Shepway ELR. For the Masterplan scenario this resulted in 36,760sqm of floorspace.

1.20. The final step was to translate floorspace into land requirements for both office (B1a/B1b) and industrial (B1c/B2/B8) uses. This was calculated by applying appropriate plot ratio assumptions to the net floorspace estimates using the set assumptions and local adjustment factors to reflect the pattern of development in Folkestone & Hythe. These are also consistent with the ratios applied by the 2017 Shepway ELR. This exercise produced 8.1ha of land.

1.21. With regard to commuting, the Economic Strategy produced for the Otterpool Park planning application indicates that the current level of commuting outside of the district is actually low. Data from the 2011 Census indicates that 49% of the population work and live in the district, a further 11% work from home and 20% commute less than two kilometres. Only 10% commute to Ashford, 5% Dover and 4% London.

1.22. The Economic Strategy also sets out the projected new jobs for the new garden settlement (including all sectors, not just 'B class' uses). The Economic Strategy indicates that the size of Otterpool Park is 'substantial enough' that the residents should be able to serve the needs of business (in terms of the labour market) and vice versa. It concludes that the level of net commuting has the potential to be low.

1.23. Similarly, the above estimate assumes that existing district-wide commuting patterns continue unchanged in future, and that Folkestone & Hythe as a whole continues to be a net exporter of labour. Under a scenario whereby Otterpool Park is able to retain a greater proportion of its working residents to work within the settlement than the district as a whole is currently able to, this would also increase the supply of locally-based labour to fill job opportunities than can be created on site.

Question 3

How does existing supply compare to this need?

1.24. As discussed in Question 1, the ELR identified a residual requirement of 19,000sqm of office floorspace; and recommended planning for 15,540sqm industrial floorspace for the second half of the CS period 2016 to 2026.

1.25. The Employment Land Needs Assessment, which forecasts a lower rate of growth identifies a need of 24,750sqm of office space to 2037 under a revised labour demand scenario; but doesn't reassess industrial needs based past completions. As such, despite the Employment Land Needs Assessment showing a decline in industrial floorspace, the council still intends to plan for modest growth in this sector.

1.26. Therefore, as a minimum 40,290sqm of 'B' class floorspace should be planned for over the CSR period.

1.27. In response to employment needs at the time of its preparation, the PPLP Policy E1 allocates a range of new employment uses across the district. This equates to just over 154,000sqm for B1, B2 and B8 uses.

1.28. The ELR (EB 07.40), which was an evidence document for the PPLP, concluded that, *"…based on the current supply of employment space from extant planning permissions and allocated sites, there is a sufficient supply of employment space to meet the estimated office and industrial requirements* *under all three future growth scenarios over the period 2016 to 2026, and also beyond to 2031."*

1.29. Given the quantum of surplus employment land, it would not be unreasonable to extend this conclusion further to 2037.

1.30. The supply figure does include over 73,000sqm at Link Park Lympne Hythe, which now falls within the garden settlement allocation (now owned by Homes England) and is unlikely to come forward as had been anticipated. However, the allocation has essentially been relocated and repurposed (albeit at a reduced size) with the requirement for 36,000sqm to be provided as part of the masterplan.

1.31. Overall, it is estimated that existing 'B class' supply is approximately 117,000sqm to meet an approximate minimum figure employment requirement of 40,000sqm. The surplus ensures flexibility to accommodate needs not anticipated in the plan and to enable a rapid response to changes in economic circumstances as required by NPPF paragraph 81 d.

Question 4

What is the basis for the provision of employment land at the New Garden Settlement and how does this relate to overall District needs?

1.32. The basis for provision of employment land at the new garden settlement in terms of scale and type has been guided by a combination of the Otterpool Park Garden Town Employment Opportunities Study (EB 07.30) and Otterpool Park Employment Land Needs Assessment (EB 07.20).

1.33. The former study identifies the range of employment opportunities that could be pursued at Otterpool Park, and frames a strategy and action plan to take this forward. Based on the assumptions of that time, it suggested that about 4,500 jobs in 'B class' sectors could be supported. The majority of these would be located within the business park/primary employment district, with the remainder within the workspace hubs in local centres. A further 2,400 jobs would be generated across a range of other sectors including retail, leisure and community infrastructure.

1.34. The Economic Strategy[1], which was submitted with the planning application in February 2019, indicates slightly more jobs could be created. This suggests that the development of 8,500 homes could support around 8,950 direct jobs, the equivalent to 7,195 FTE. The assessment suggest that 50% (4,475) of the employment would be office and light industrial jobs with the remaining in retail and community uses, extra-care and hotels. It is also expected that just over a thousand jobs would be supported through home-working.

1.35. The Employment Land Needs Assessment presents three further scenarios to inform employment needs at the new garden settlement. The number of jobs and the associated requirement for employment space that would be necessary to match the forecast growth of the resident workforce in Folkestone & Hythe is also an important consideration. In contrast to the first scenario, this approach emphasises the future supply of labour rather than the demand for labour.

1.36. Currently Scenario 3, aligns closest with latest garden settlement trajectory and indicates that there is the potential to provide around 36,700sqm of 'B class' employment floorspace within the settlement by 2037.

1.37. The Economic Strategy also provides commentary on the locational benefits that locating employment land at the garden settlement shall offer to both the district and wider region, noting that:

"There will be a primary employment district to provide a profile and critical mass for the new hub. This hub will be located close to Westenhanger Station to maximise the benefits of connectivity to the rest of the region (through both rail and road) and hence it makes it an attractive location for people to work and businesses to locate. A balance between the strategic town centre and

1 https://www.folkestone-hythe.gov.uk/downloads/file/3399/economic-strategy

neighbourhood offer will be supported by local employment centres which will support predominantly retail and community employment uses."

1.38. The Otterpool Park Employment Opportunities Study (OPEOS) was produced by Lichfields for F&HDC in March 2018. The report recommends that Otterpool Park's economic role:

"must combine both local functions that support the garden town itself but also delivery of a more strategic employment functions which the District currently lacks."

1.39. The Economic Strategy sets out the need for Otterpool Park to provide space for advanced manufacturing, a business park, an element of hybrid employment space and dispersed workspace hubs in local centres, which are largely absent from the existing district economy and can attract investment.

Question 5

Does Policy SS4 set out a justified and effective approach to employment development and sites?

1.40. Officers considers the approach to employment development and sites as set out in CS Policy SS4 is justified, effective and consistent with national policy.

1.41. The NPPF paragraph 80, states that policies should *"help create the conditions in which businesses can invest, expand and adapt … support economic growth and productivity, taking account both local business needs and wider opportunities for development … and allow each area to build on its strengths, counter any weaknesses and address the challenges of the future."*

1.42. The priority centres of activity are those places recognised as driving the vitality and the sustainability of Folkestone & Hythe's development. Policy SS4 covers retail centres and employment areas in the places shown on Table 4.4 and Figure 4.4.

1.43. The network establishes major employment sites and was largely based on the Employment Land Review 2011, which identified needs for additional business space at places across the district.

1.44. The ELR 2011/2017, recognises the supply of industrial space across the district can be characterised as older stock in need of improvements, with limited availability of modern, higher quality premises evident within the district. In this context, much of the current industrial space in Folkestone & Hythe district faces ongoing pressure from competing land uses that has contributed to the erosion of industrial space. The council therefore has needed to focus on potential interventions in overcoming barriers to delivery and modernisation of key industrial sites, including resisting proposals for alternative uses other than where these are able to assist with delivery of new industrial floorspace.

1.45. The Core Strategy Review is positive towards all deliverable and sustainable economic development opportunities. There is no evidence that a highly *laissez faire* approach is sustainable or needs be introduced for housing land reasons. The priority centres of activity policy and network is a flexible framework to deliver greater vitality in Folkestone & Hythe District and suitable new employment development. It offers a clear strategy stating where and how objectives may be realised. Policy SS4 sets out which places will be a focus of delivering business and retail/ leisure growth, to meet not only quantitative land requirements but also qualitative commercial needs. SS4 provides a strategic framework on delivering appropriate investment and to review individual employment allocations.

1.46. The approach is consistent with NPPF paragraph 81 a) and c), which suggests that policies should set out a clear economic strategy, which positively and proactively encourages sustainable economic growth and to allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. It also enables opportunities to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment.

1.47. The policy has also been effective

Question 6

What is the evidence in relation to retail floorspace needs over the plan period and what does it show?

1.48. The Shepway Town Centre Study (EB 07.60) was prepared as part of the evidence base to inform and support implementation of policies contained within the CS and the PPLP.

1.49. Section 6.0 considered the need for additional convenience and comparison retail floorspace across the district over the plan period to 2031, having regard to quantitative and qualitative capacity forecasts and making allowances for shopping patterns and sales density growth.

1.50. In respect of quantitative need for retail floorspace in the district, the Study concluded that there was a quantitative need of comparison retail floorspace, largely generated towards the end of the plan period; but an oversupply of convenience floorspace by -2,500sqm (gross) on the basis that existing floorspace was not meeting company 'benchmark' turnover levels. The study recommends, based on a constant market share, that there was a requirement of approximately 17,800sqm of comparison floorspace, but no requirement for convenience as this could be met through improving the trading performance of existing foodstores.

1.51. As part of the preparation of the CSR the Folkestone and Hythe Retail and Leisure Needs Assessment (EB 07.10) was commissioned. This sought to provide an update to the quantitative retail need identified by the Shepway Town Centres Study, extending the period to 2036/37 and incorporating the proposed garden settlement.

1.52. Section 3.0 sets out the approach taken to objectively assess the quantitative need for new retail floorspace in the district to 2036/37, having regard to the latest capacity forecasts and making allowance for the growth in online shopping.

1.53. The revised retail capacity projections suggest there is scope for up to around 33,000sqm gross Class A1 retail and food/beverage floorspace in Folkestone & Hythe district by 2037 and assumes that new shopping and leisure facilities will help the district maintain its current market share of expenditure within the study area, recognising that other competing centres will also improve in the future.

1.54. Table 1.2 presents a summary of the gross quantitative retail floorspace needs for convenience, comparison and food and beverage for the CSR plan period.

Floorspace (district wide)	**Cumulative Total sqm (gross)**			
	By 2022	**By 2027**	**By 2032**	**By 2037**
Class A1 - convenience	410	1,593	2,817	4,057
Class A1 - comparison	4,496	10,543	17,440	24,781
Class A3 to A5 – F&B	648	1,784	2,963	4,155
District total	**5,554**	**13,920**	**23,220**	**32,993**

Table 1.2: District retail floorspace requirements 2018 - 2037

1.55. While, the two studies are not directly comparable, the updated retail capacity broadly concurs with the findings of the Shepway Town Centre Study 2015 for comparison floorspace requirements to 2031/32 but identifies a need for additional capacity for convenience floorspace. This difference has been attributed to the lower population growth projections at the time of the original study.

Question 7

How and where will these needs be met?

1.56. It is widely accepted that very long-term projections have inherent uncertainties.

1.57. In response to these uncertainties, the NPPF no longer requires local planning authorities to allocate sites to meet the need for town centre uses over the full plan period. The need for new town centre uses should still be accommodated over a minimum ten-year period, which reflects the complexities in bringing forward town centre development sites. In line with the Government's economic growth agenda, a positive approach to meeting community needs is still required.

1.58. The Folkestone and Hythe Retail and Leisure Needs Assessment (EB 07.10) provides a breakdown of the quantitative convenience, comparison and food and beverage retail needs by area: Folkestone, Hythe, New Romney, Other (local centres) and the new garden settlement.

1.59. Table 1.3 shows convenience floorspace requirements (sqm gross); and Table 1.4 shows comparison retail floorspace requirements (sqm gross)

Floorspace (convenience)	**Cumulative Total sqm (gross)**			
	By 2022	**By 2027**	**By 2032**	**By 2037**
Zone 1 – Folkestone / Cheriton	-2,225	-2,085	-1,936	-1,831
Zone 2 - Hythe	770	983	1,182	1,373
Zone 3 – New Romney	1,338	1,398	1,398	1,384
Zone 4/6 - Other in District	**340**	**376**	**404**	**426**
Garden Settlement	**138**	**921**	**1,769**	**2,705**
District Total	**410**	**1,593**	**2,817**	**4,057**

Table 1.3: Convenience retail floorspace by zone 2018 - 2037

Floorspace (comparison)	**Cumulative Total sqm (gross)**			
	By 2022	**By 2027**	**By 2032**	**By 2037**
Zone 1 – Folkestone / Cheriton	3,703	7,397	11,565	15,768
Zone 2 - Hythe	371	942	1,584	2,273
Zone 3 – New Romney	123	210	300	378
Zone 4/6 - Other in District	**18**	**33**	**48**	**63**
Garden Settlement	**281**	**1,961**	**3,943**	**6,299**
District Total	**4,496**	**10,543**	**17,440**	**34,781**

Table 1.4 Comparison retail floorspace by zone 2018 - 2037

Folkestone

1.60. The majority of gross comparison need (approximately 62%) is directed towards Folkestone / Cheriton as the district's principal town; however it is well served in regards to convenience provision. It is anticipated that the identified need will in the main be addressed through the following:

- CSR Policy SS6 allocates land at Folkestone Seafront for mixed use development including up to 10,000sqm of commercial floorspace. The site benefits from planning consent (Ref: Y12/0897/SH) including 2,500sqm of A1 comparison floorspace; and 500sqm of A1 convenience.

- CSR Policy SS7 allocates land at Shorncliffe Garrison for a predominately residential development but make provision for a hub or new community facilities. The planning application for Shorncliffe Garrison (Ref: Y14/0300/SH) includes up to 1,998sqm for community facilities including A1 / A3 uses.
- PPLP Policy RL2, identifies areas for future investment and growth opportunities in Folkestone Town Centre – Folkestone Bus Station, Guildhall Street, Shellons Street. Although, there are currently no proposals or defined boundaries at this stage, the policy provides the basis for future masterplanning of these areas. In addition, the council has recently become a significant stakeholder in the future of the town centre through its acquisition of the Debenhams building and is now considering the preparation of an Action Area Plan or Town Centre Masterplan, that will seek to address outstanding commercial needs of the town.
- PPLP Policy RL10 also allocates up to 3,500sqm gross A1 retail at Park Farm as part of an employment-led mixed-use development with supporting retail, leisure and hotel uses. Phase 1 of the development was granted permission in January 2019.

Hythe

1.61. Hythe is projected to experience a reasonably modest level of convenience and comparison growth over the plan period.

1.62. The requirement for increased convenience is already considered to have been delivered. In 2019, ALDI which had occupied premises in the centre of Hythe High Street, relocated to a new 1,800sqm foodstore on the outskirts of the town (reference: Y17/1377/SH). This has consequently released the 1,038sqm of A1 ground floor floorspace in the heart of Hythe to be repurposed, with a preference for comparison retail.

1.63. Beyond, there is likely to only be limited scope to increase capacity in Hythe. The outline planning permission at Nickolls Quarry provides scope for 500sqm of A1 floorspace; with the outstanding likely to be borne out of future speculative planning application.

New Romney

1.64. New Romney has a modest convenience requirement; the equivalent to a medium-sized foodstore to allow choice and variety within the town. There are currently no available sites to deliver this quantum of additional floorspace; although the council will seek to address capacity if and when opportunities arise in the future through future reviews of the Local Plan.

1.65. A small level of comparison need has been identified; this this is more likely to be met through applications for small in-fill development, shop extensions and expansion into upper floors. Officers consider that PPLP Policy RL4 offers sufficient flexibility to allow applications for new development which will enhance the vitality and viability of the centre

Other

1.66. The assessment area for ‘other’ covers local centres at Sellindge, Hawkinge and Lydd.

1.67. Across these areas a low level of convenience and comparison retail need has been identified to meet the needs of the local population. This is particularly the case in and around Hawkinge and Sellindge, which have experienced (or are likely to experience) considerable growth in recent and coming years.

1.68. Officers consider that the retail needs in these areas have already been fulfilled or committed through the following developments:

- In 2016, planning permission was granted (Y15/1179/SH) for the redevelopment of the existing LIDL at Hawkinge creating a net additional gross floorspace of 764sqm. The new store open in late 2017.

- Policy CSD9 – Sellindge Strategy outlines a broad location for development to create an improved village centre with mix of uses. In 2019, planning permission was granted (Ref: Y18/0402/SH) for two commercial units of 1000sqm and 94sqm respectively for A1/A3/A5 uses.

1.69. Further afield any requirement for retail floorspace in the smaller villages such as Lyminge should be able to be satisfied through bringing vacant units back into active use and increase sales densities.

Garden Settlement

1.70. It is envisaged the bulk of future residential growth within the district will be met by the proposals for a new garden settlement. This will effectively form a new residential zone, with different shopping and leisure patterns.

1.71. Consequently, the new garden settlement is likely to generate the largest increase in relation to the floorspace needs for convenience goods and second only to Folkestone for comparison goods. Overall it represents a third of all quantitative retail growth requirements in the district over the plan period.

1.72. It is anticipated that the need will be delivered by the following provisions.

1.73. CSR Policy SS7 make provision for a new town centre as a focal point to serve the new garden settlement and that is within easy walking of Westenhanger

Station. Convenience shopping needs are to be met through an anchor store in the town centre, with smaller outlets provided in each of the neighbourhood villages. This to allow choice and variety as well as reducing the need to travel for day-to-day needs. A range of comparison retail required to support the needs of the garden settlement will also be provided as part of aspirations to create a vibrant town centre. A mix of other town centre uses should be provided, including food and beverage space (approximately 2,450sqm gross) and non-retail and financial and professional services (approximately 2,600sqm gross).

1.74. The stated floorspace projections by use class type (baseline values) as drawn from the Retail and Leisure Need Assessment 2018 are to represent the upper limit of floorspace provision within the garden settlement across the plan period, so that it only meets the needs generated by the development itself.

1.75. The high street is to form part of the first phase application to be submitted later this year. The neighbourhood centres which include convenience shops are also expected to be delivered in the first phase of their development.

Question 8

Does Policy SS4 set out a justified and effective approach to retail and other main town centre uses which is consistent with national policy?

1.76. Officers considers the approach to retail and other main town centre uses as set out in CS Policy SS4 is justified, effective and consistent with national policy.

1.77. The NPPF (paragraph 85) states that :

> *"Planning policies and decisions should support the role that town centres play at the heart of local communities, by taking a positive approach to their growth, management and adaptation."*

1.78. The Priority Centres of Activity are those places (or parts of places) that drive vitality and the sustainability of Folkestone and Hythe's development. Town centres, District and Local Centres play a critical role in anchoring the character and economy of settlements – important to maintain viability.

1.79. In regards to retail the strategic policies will be delivered through a town centre-first approach applies with main town centre uses located sequentially. This is justified, effect and consistent with NPPF paragraphs 86 and 87.

1.80. The CS set a monitoring target that town and district centres should not have a vacancy rate of more than 10%.

1.81. As part of the Policy team's annual monitoring function, a survey of town and districts is undertaken recording the use class of each unit and also which units are vacant.

1.82. Table 1.5 clearly shows that to date this approach has been effective in keeping the vacancy levels below the target set; set against the backdrop of uncertain economic climate and increasing completion from online shopping.

	Policy Target	12/ 13	13/ 14	14/ 15	15/ 16	16/ 17	17/ 18	18/ 19
Folkestone	10%	6	6.1	6.1	8.1	7.0	7.2	7.2
Hythe		5	4.7	4.7	3.5	4.1	5.1	5.1
New Romney		3	3.3	3.3	4.3	1.7	3.3	2.7
Cheriton		7	7.8	7.8	10.5	13.1	9.8	10.6
Sandgate					5.4	6.0	6.0	1.5

Table 1.5: Percentage of retail frontage vacant 2012/13 - 2018/19

1.83. The only exception to this is Cheriton, which has a policy to contract its boundaries.

1.84. Officers consider that while the final paragraph of Policy SS4 provides a reasonable level of flexibility, this probably does not give the degree of flexibility that is now required by the NPPF. Officers also consider on reflection that much of this paragraph has now largely been superseded by the town and district centre policies RL2 to RL8 set out in the emerging Places and Policies Local Plan, which also recognise the contribution that residential uses can have for the future viability and vitality of town centres.

1.85. The priority centres of activity are those places (or parts of places) that drive vitality and the sustainability of Folkestone and Hythe's development. SS4 covers town and local centres and employment areas in the places shown on Table 4.4 and Figure 4.3.

1.86. Under SS4, changes of use will be managed in these locations and growth planned to meet development needs that are set out in SS2.

1.87. Table 4.5 of the Core Strategy Review defines the major employment sites and economic (retail) centres across the Folkestone and Hythe district that constitute an priority centre for activity, and where within the district these 'hubs' can be located. The table also describes the development purposes of each of these scales of site and why they are to be protected and maintained. Furthermore, each of the priority centres have been plotted on the district map in Figure 4.3, with detail mapping on the policies map.

1.88. Major employment sites are reviewed as part of the ELR 2017 and town, district and local centres are defined in the Town Centre Study.

1.89. The hierarchy has been drawn out of a combination of the settlement hierarchy as part of place shaping and community building and the Town Centre Study.

Question 10

Overall, has the Core Strategy Review been positively prepared in terms of identifying and meeting needs for economic and retail growth?

1.90. Officers consider that the Core Strategy Review has been prepared positively in terms of identifying and meeting need for economic and retail growth.

1.91. The council has commissioned updates to both its employment and retail capacity studies.

1.92. Where quantitative need can be address it does so across the next 10 years, through applications and commitments. Beyond the study recognises, that figures are indicative, volatile and should be reviewed. Policy SS2 makes a commitment to monitor retail and employment needs at least every five years, with any studies becoming material considerations in planning applications and potentially triggering a review of relevant plan policies.

1.93. The council has also prepared Statements of Common Ground with the county council and neighbouring authorities which set out the basis on which Folkestone & Hythe District Council has actively and positively agreed to work together to meet the duty-to-cooperate, to engage constructively, actively and an ongoing basis in the preparation of local plans. The duty-to-cooperate applies to strategic planning issues of cross-boundary significance. These issues are set out in the National Planning Policy Framework and national planning practice guidance and include, amongst others, retail and employment.

1.94. The county and neighbouring authorities were all formally consulted as part of the Regulation 19 consultation in March 2019; some concerns were raised in relation to retail by Ashford Borough Council as to how strategic matters had been addressed through policy. The Statement of Common Ground between Ashford Borough Council and Folkestone & Hythe District Council (EB 13.20) puts forward amendments to Policy SS7(2) b. to address this.

Question 11

Are any main modifications to Policies SS2 and SS4 necessary for soundness?

1.95. Officers consider that the final paragraph of Policy SS4 could be deleted. It is considered that this paragraph is no longer entirely consistent with NPPF requirements for flexibility; nor with the criteria set out in the retail policies set out in the PPLP.