



OTTERPOOL PARK

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APPLICATION DOCUMENT | **3.7**
RETAIL IMPACT ASSESSMENT

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OTTERPOOL PARK

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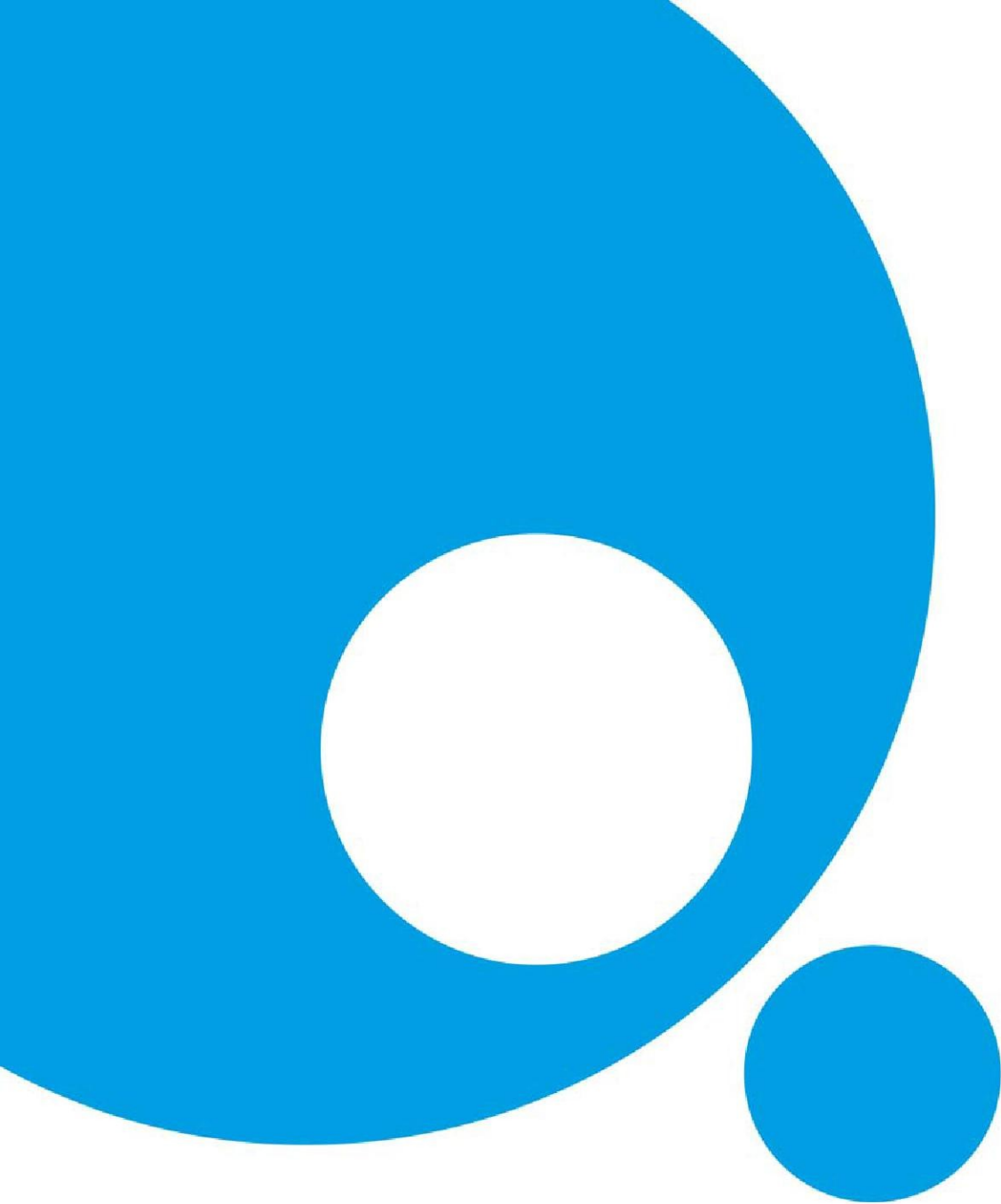
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APPLICATION DOCUMENT



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OTTERPOOL PARK

FEBRUARY 2019

QUOD
17 BROADWICK STREET | LONDON

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Executive Summary

- 1.1 This Retail Impact Assessment (RIA) provides a robust assessment against the requirements of the development plan and national policy guidance, and is submitted in support of the wider outline planning application for the delivery of the Otterpool Park, a new proposed garden settlement development at land bounded by; the M20 and Channel Tunnel Railway Link (CTRL) to the north; the A20/Stone Street and Sandling Park to the east; Harringe Lane to the west, and; Aldington Road to the south (the 'Site')..
- 1.2 In effect, whilst the National Planning Policy Framework (NPPF, 2019) sets 2 key tests that should be applied when planning for town centre uses which are not in an existing town centre and which are not in accordance with an up to date Local Plan (namely the sequential and impact tests), the development is being promoted through the Local Plan Core Strategy Review process and will form the bulk of strategic housing delivery within Folkestone and Hythe District over the forthcoming plan period. It is therefore appropriate to assess the future retail development accordingly, as that which will function alongside vital and viable defined centres in due course, which will have their role to play in support of sustainable local communities within the Otterpool outline planning application area.
- 1.3 The assessment concludes that the proposed development would not give rise to significant adverse impacts. Furthermore, whilst it is not appropriate to apply the sequential approach in relation to the retail floorspace proposed given its site-specific requirement for retail floorspace at the Site, having reviewed relevant sequential considerations, the development accords with the sequential approach and should therefore be considered to be acceptable and consistent with planning policy guidance at all levels. Moreover, the proposed retail floorspace within the development in its scale and distribution will promote highly sustainable patterns of development with retail needs associated with the new residential community being met in close proximity, often within easy walking distance.
- 1.4 It is clear from this assessment that the future residential community will generate a retail spend that will support the quantum of retail provision, with a measure of further expenditure available to support existing retail provision within the retail catchment.

Introduction

- 2.1 This Retail Impact Assessment has been prepared by Quod on behalf of the applicant in support of their planning application to Folkestone and Hythe District Council (F&HDC) local planning authority for a garden settlement at the Otterpool Framework Masterplan Area (OFMA) – land bounded by; the M20 and Channel Tunnel Railway Link (CTRL) to the north; the A20/Stone Street and Sandling Park to the east; Harringe Lane to the west, and; Aldington Road to the south (the ‘Site’).
- 2.2 The application seeks outline approval for the following development:

Outline planning application seeking permission for the redevelopment of the site through the demolition of identified existing buildings and erection of a residential led mixed use development comprising up to 8,500 residential homes including market and affordable homes; retirement homes, care homes and extra care facilities [Keith to confirm this]; a range of community uses including primary and secondary schools, health centres and nursery facilities; retail and related uses; leisure facilities; business and commercial uses; open space and public realm; sustainable urban drainage systems; utility and energy facilities and infrastructure; waste and water management facilities; vehicular bridge links; undercroft and surface car parking; creation of new vehicular and pedestrian accesses into the site, and creation of a new vehicular, pedestrian and cycle network within the site; improvements to the existing highway and local road network; lighting; engineering works, infrastructure and associated facilities; together with interim works or temporary structures required by the development. Layout, scale, appearance, landscaping and means of access are reserved for approval.

- 2.3 The proposed retail element of the scheme is detailed in full in **Section 3** of this report.
- 2.4 This RIA has been prepared to assess the retail impact of the proposals and demonstrate how the development meets national, regional and local planning policies and guidance.
- 2.5 Given the strategic nature of the development promoted by the Otterpool Park development, it is appropriate that this development should plan positively to support town centres to generate employment, promote beneficial competition within and between town centres, and create attractive, diverse places where people want to live, visit and work. Accordingly, the development envisages the future creation of a town centre closely aligned with the location of the train station and Westenhanger Castle (emerging Core Strategy Policy SS7). It is also envisaged that the overall masterplan vision will be complemented by appropriate town centre uses that will promote sustainable patterns of travel associated with predominantly everyday goods and services.

Structure of Report

- 2.6 The report addresses the retail planning issues arising from the proposal, setting out background to, and detailed justification for the application. The RIA is structured as follows:
- **Section 2** – provides a description of the application site.
 - **Section 3** – identifies the application proposals.
 - **Section 4** – details relevant to the retail context covering Folkestone and Hythe, Dover, Ashford and Canterbury.
 - **Section 5** – sets out the relevant retail and town centre policy context against which the proposals need to be assessed;

- **Section 6** – provides the sequential assessment;
- **Section 7** – assesses the proposals against the impact test; and
- **Section 8** – provides the conclusions.

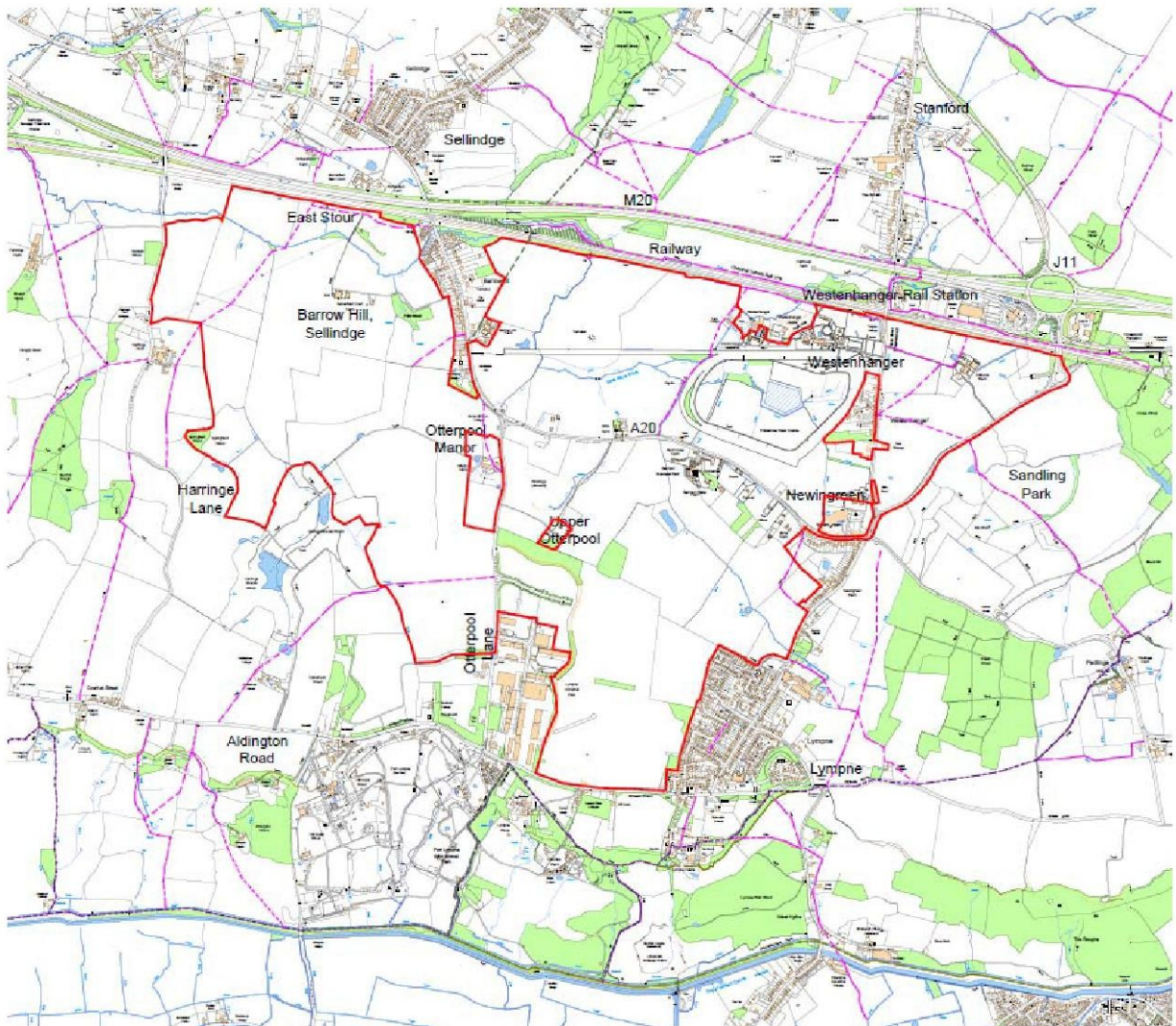
Site Description

- 3.1 This section reviews the current characteristics of the Site, and provides an overview of the surrounding area to provide a physical context to the proposals.

Site Location

- 3.2 The application Site is located on 580ha of land in the west of the Folkestone and Hythe District in Kent. The Site Location Plan is provided below:

Figure 0.1 - Site Location Plan



- 3.3 The Site is bounded by; the M20 and Channel Tunnel Rail Link (CTRL) to the north; the A20/Stone Street and Sandling Park to the east; Harringe Lane to the west, and; Aldington Road to the south. The Kent Downs Area of Outstanding Natural Beauty (AONB) bounds the area along its eastern and southern edges. It also lies approximately 1.25km to the north.
- 3.4 The Site is centred on National Grid Reference TR112 365 in the general area of Otterpool Manor buildings. The towns of Folkestone and Hythe are located to the south east of the Site with Ashford to the north-west. Four villages are within or adjacent to the OPMA. Westenhanger to the north where, aside from the castle

and station, existing buildings are primarily residential use. Lympe is a residential settlement which lies to the south east. Barrow Hill, Sellindge and Newingreen are small residential settlements to the north-west and east respectively.

- 3.5 Lympe Distribution and Industrial Park (known as Link Park) lies immediately to the south west of the Site.

Site Character and Land Uses

- 3.6 The Site is predominantly greenfield in nature, occupied by agricultural uses and associated farm holdings as well as some residential and light commercial uses. A range of historic land uses associated with both rural and commercial/industrial activities have been present on the Site.
- 3.7 Land within the Site that lies to the north of the A20 is mainly occupied by a mixture of agricultural land, the East Stour River watercourses and a man-made lake in the centre of the former Folkestone Racecourse which is now closed. Hillhurst Farm lies in the north-eastern corner of the Site, whilst a number of disused racecourse pavilion buildings are present directly east of Westenhanger Castle. Barrow Hill Farm lies 50m east of the northern stretch of the A10 that runs through Barrow Hill, Sellindge. Close to the intersection of the A20 and Otterpool Lane is a café and small lorry parking area, beyond further north of which lies Barrow Hill Farm. At the eastern end of the A20 within the Site lies Holiday Extras corporate office and a farm building.
- 3.8 To the south of the A20, the land east of Otterpool Lane is predominantly occupied by farm land and a number of small holdings along the A20 itself including a nursey. Part of the East Stour traverses the Site from south to north, and disused quarry workings south of the A20 form a designated geological Site of Special Scientific Interest (SSSI).
- 3.9 Land to the west of Otterpool Lane and the northern stretch of the A20 is occupied mainly by agricultural land and the East Stour. Other features in the area include Park Wood and Somerfield Court Farm located west of Barrow Hill, Sellindge, and Springfield Wood located adjacent to the western Site boundary.
- 3.10 The Site is located in the 'Sellindge Plateau', 'Aldington Ridge' and 'Upper Stour Valley' Character Areas as defined in the 'Landscape Assessment of Kent' published by Kent County Council (KCC) in 2004.
- 3.11 The area is broadly described as having a north sloping landform, with underlying geology of the Greensand escarpment and ridge on the south and the river valley clays on the north, characterised by a fragmented pattern of remnant woodlands and pasture farmland. Site levels range from 57m above ordinance datum (AOD) in the north-west to 107m AOD in the south.

Wider Site Context

- 3.12 The F&H District is surrounded by a number of other destinations which some residents look towards for their shopping needs. The geographical location means that some residents of the District will live closer to surrounding centres than to centres in the District and this wider context is therefore relevant to the site. A map extract identifying the wider site context and proximity of centres (namely Ashford, Dover and Canterbury) is therefore re-provided below:

Figure 0.2 - Wider Site Context Extract



Proposed Development

- 4.1 This section describes the proposed retail elements of the development and defines the other principal components of the scheme.
- 4.2 With regards to relevant town centre uses the following development is proposed:

Retail

- Up to 16,175m² (gross) A1 retail provision (12,900m² net sales area)
 - Up to 10,075m² (gross) of Other A Class uses (8,060m² net area)
- 4.3 In the case of A1 convenience and comparison floorspace, it is anticipated that the net sales ratio for this floorspace will be approximately 80% of gross, equating to a net sales area across the masterplan area of approximately 12,900m².
- 4.4 It will be important that the new Otterpool town centre will require a critical mass of retail provision in order to be a viable centre for the new settlement. It is therefore anticipated that this will comprise c.35-40% of total retail provision, with a small-medium sized foodstore of approximately 2,000 to 2,500m² gross (1,600m² to 2,000m² net) floor area. The remainder of retail provision, both A1 and other A Class uses, will be comprised from smaller local stores that meet walk-to requirements of the nearby residential community hinterland, supported by people who work within the future Otterpool employment, commercial and community spaces. These will, by design, not require trips beyond the settlement to undertake regular food retail shopping, a principle of fundamental importance to the design of the Otterpool Park Garden Town.
- 4.5 The above will be supported by a projected future residential delivery of 8,500 new homes (within both C2 and C3 use class accommodation).
- 4.6 The phasing of the above-mentioned quantum of development is not yet fixed, and will need to be secured with sufficient flexibility in order that prevailing market shopping models and behaviours can be accommodated at the relevant delivery phase (the delivery of the project is anticipated across a 30-35 year time period). The development will be appropriately phased, aligned with the commitment to ensure that each respective phase will be successful and sustainable in its own right, and as part of the wider masterplan vision. The indicative phasing of retail uses alongside residential delivery is anticipated to come forward as identified in table 1.1 below.

Table 0.1 - Indicative Otterpool m² town centre floorspace delivery (m²) alongside residential delivery (Use Class C3)

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Phase 7	Phase 8	Total
A1 Retail*	5,560	4,860	920	600	0	600	400	0	12,940
Other Retail									
Use Class A2-A5	5,250	2,900	800	500	0	500	125	0	10,075

Indoor Sports Leisure Use Class D2	3,000	3,000	500	1,000	0	0	0	0	7,500
Residential Use Class C3 & C2	2,304	884	1,507	1,021	210	823	1,389	362	8,500

*net sales area (80% of gross floor area)

- 4.7 As identified above, the delivery of A1 retail floorspace will be complemented by similar level of phased delivery of non-A1 A Class Uses on a similar phased basis to complement the retail provision with retail and leisure services to meet local needs. This will comprise 8,060m² net (10,075m² gross) A2-A5 uses across the masterplan area.
- 4.8 This floorspace includes uses such as shops, professional services, cafes, restaurants, drinking establishments and hot food takeaways.
- 4.9 The delivery of the retail floorspace will be focused in Zone P1a (as identified in the masterplan and which is intended to accommodate the future town centre at Otterpool) although the majority of the Zones will contain an element of retail and related services such as local neighbourhood retail shops, professional services and food and drink venues.
- 4.10 The maximum flexibility will be required to enable the development to come forward in response to prevailing market conditions, and aligned with retailer operational requirements.
- 4.11 The traditional approach to retail impact assessments relate to new retail development, which will affect existing shopping patterns by diverting trade from existing retail floorspace to new floorspace (either new facilities or extensions to existing retail provision). In the case of new settlements and urban extensions, indeed this is relevant for all retail development coming forward alongside major residential delivery, the new retail floorspace will be supported by, and specifically targeted at, the local needs of the future resident population. The new community's needs will be met by the new retail floorspace to be delivered.

Leisure

- 4.12 A total of up to 8,250m² (GEA) of leisure floorspace (Use Class D2) is proposed across the development. It is indicatively proposed to locate this in Zones P1a, P2c, P3b and P4 as identified on the illustrative masterplan.
- 4.13 The leisure floorspace includes a sports pavilion and indoor sports centre. The assessment of this is set out within the application planning and delivery statement.

Office

- 4.14 A total of 82,418m² (GEA) of employment floorspace (Use Classes B1 and B2) is proposed which is located in all Zones apart from P1c, P3c, P5 and P8 on the illustrative masterplan.
- 4.15 Office and wider employment floorspace includes commercial business space in hubs, commercial business park and light industrial business park. The assessment of this is set out within the application Economic Statement.

Summary

- 4.16 The planned delivery of non-residential floorspace is required in the interest of good planning, will support the delivery of this sustainable residential community providing access to local goods, services, amenities and employment opportunities. It is proposed to phase the delivery in a manner that will ensure needs are met throughout the lifetime of the development.

Retail Context

- 5.1 This section reviews the relevant development plan policy and most recent retail evidence base for F&HDC as well as providing a commentary on the wider sub-region covering Dover District Council, Ashford Borough Council and Canterbury City Council.
- 5.2 It is important to consider retail trends and projections in the area in light of the new community retail provision being proposed at Otterpool.

Folkestone and Hythe District Context

- 5.3 In effect, whilst the NPPF sets 2 key tests that should be applied when planning for town centre uses which are not in an existing town centre and which are not in accordance with an up to date Local Plan (namely the sequential and impact tests), the development at the Site is being promoted through the Local Plan Core Strategy Review process and will form the bulk of strategic housing delivery within Folkestone and Hythe District over the forthcoming plan period. It is therefore appropriate to assess the future retail development accordingly, as that which will function alongside vital and viable defined centres in due course, which will have their role to play in support of sustainable local communities within the Otterpool outline planning application area.

Shepway Core Strategy 2013

- 5.4 Policy SS4 of the Shepway (now Folkestone and Hythe) Core Strategy sets out the current development plan test in respect of new retail proposals coming forward in the district. This requires a ‘town centre first’ policy stating that such development proposals:

“...should be located sequentially, looking firstly at locations within town centres, then on the edge of centres, and only then out of centre; and with regard to their impact on the vitality and viability of the defined town, district and local centres.”

- 5.5 The town centres are defined as Priority Centres of Activity and include defined town, district and local centres, as well as settlements with major employment locations.

Folkestone and Hythe District Council Core Strategy Review 2018

- 5.6 F&HDC Core Strategy Review Draft Policy SS7 (2) sets out F&HDC’s aims for the Otterpool Park town centre, including

“...mixed-use development with several storeys of residential use above commercial premises” and “food shopping (convenience retail)... A range of other shopping floorspace (comparison retail) shall also be provided to create a vibrant town centre, alongside a mix of town centre uses.”

- 5.7 There is therefore emerging policy support for the delivery of key infrastructure to support the delivery of the emerging development proposals at Otterpool. The intention is that the development will come forward, with designated centres to be defined at appropriate stages of delivery to encourage manageable, defined centres in sustainable locations within the development. For the purposes of retail impact, the designation of retail and town centre uses coming forward within the Otterpool boundary will address the policy tests as this will be in accordance with an up-to-date development plan allocation for retail and town centre uses in this location.
- 5.8 The centres within the adopted Folkestone and Hythe settlement hierarchy are set out below.

Status and Strategic Role	Folkestone and Hythe District
The Sub-Regional Town	Folkestone
Strategic Towns for Shepway	Hythe New Romney Town
Service Centres for Shepway	Lydd Town Hawkinge
Rural Centres	Dymchurch Elham Lyminge Sellindge

Folkestone and Hythe District Council Evidence Base

- 5.9 The Shepway Town Centres Study (STCS), prepared by PBA in 2015 provides the evidence base in support of the emerging Core Strategy Review, and is the basis upon which the district's local plan is based. The 2015 Study considers the quantitative need for retail floorspace in Shepway (now Folkestone and Hythe District) over the study period 2014-31. The assessment was based on a standard methodology, using 2014 empirical forecasts.

Shopping Patterns and Market Share Analysis

- 5.10 The STCS is underpinned by household survey evidence conducted in 2014. The survey was designed to assess shopping habits for main food and grocery, top-up, non-food shopping and leisure activities.
- 5.11 A total of 1002 telephone interviews were conducted between Friday 9th May 2014 and Wednesday 21st May 2014. Interviews were conducted using NEMS in-house CATI (Computer Assisted Telephone Interviewing) Unit. All respondents were the main shopper in the household, determined using a preliminary filter question.
- 5.12 The survey area was segmented into 7 zones, defined using postcode sectors.

Patterns of Comparison Goods Spending

- 5.13 With regards to comparison goods (non-food) retail spending the STCS identifies:
- 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 (£367.39m comparison goods expenditure available to residents in the study area);
 - 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 expenditure;
 - 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 individually draw under £1m of comparison goods spend.

Expenditure Leakage

- 5.14 With regards to expenditure leakage, £178.94m of available comparison goods expenditure (48.71% of total available expenditure) is spent at destinations outside the study area, with the 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.
- 5.15 Canterbury also draws a significant amount of expenditure from the study area, drawing £62m of spending, equivalent to 17% of total comparison goods spending.
- 5.16 Other destinations draw more limited spending, including Dover (£7m), London (£4m), Bluewater (£4m), Hastings (£3m) and Lakeside (£3m).

Patterns of Convenience Goods Spending

- 5.17 From reviewing the results of the household survey data, the following can be identified relative to food shopping:
- In relation to undertaking main food shops, the dominant foodstores are Morrisons, Cheriton Road, Folkestone (9.4%), Sainsbury's, West Park Farm, Folkestone (10.4%), Tesco, Cheriton High Street, Cheriton, Folkestone (10.7%) and Sainsbury's, Military Road, Hythe (7.9%).
 - With regards to linked shopping trips the majority of respondents did not visit other shops, leisure or service outlets on the same trip (64.6%) with respondents who visit other food shops representing (14.4%) and those visiting other non-food shops representing (17.2%).
 - With regards to top-up shopping, the main stores are identifiable as Tesco, Cheriton High Street, Cheriton, Folkestone (3.1%) and Waitrose, Prospect Road, Hythe (3.8%), with 26.5% of respondents stating they don't do this type of shopping.
 - Respondents identified that the key centres where they last made a purchase of clothes or shoes were Folkestone Town Centre (26.9%), Canterbury City Centre (18.5%) and Ashford Town Centre (11.8%).
 - With regards to furniture, carpets, or soft household furnishings the household survey identifies that the key shopping destination is Canterbury City Centre (11.8%) followed by Folkestone (8.9%) and Park Farm Retail Park (6.3%).
 - With regards to DIY and decorating goods the household survey identifies that the key shopping destination is Park Farm Retail Park (32.1%) followed by Folkestone Town Centre (12.6%) and Ashford Town Centre (6.4%).
 - With regards to electrical items the household survey identifies that the key shopping destination is Park Farm Retail Park (15.1%) followed by Folkestone Town Centre (13.2%) and Ashford Town Centre (6.9%).
 - With regards to the purchase of health, beauty or chemist items, the key shopping destination was identified as Folkestone Town Centre (29.2%) followed by Ashford Town Centre (9.5%) and Hythe Town Centre (9.4%).

- With regards to the purchase of recreational items the data identifies that the majority of respondents (not answering 'don't do this type of shopping') use the internet/delivery services for these items (13.3%)

5.18 When one equates this to patterns of food retail spending, the STCS identifies:

- In total, foodstores in Folkestone account for £121m of spending while 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 Sainsbury's store in New Romney, which draws £15m of spending. The Lidl store in Hawkinge attracts £7m of spending.

Major Foodstores

5.19 The major foodstores within the borough can be identified as follows:

- **Folkestone** - Asda (Bouverie Place), Sainsbury's (Bouverie Road West) and Lidl (Shellons Street).
- **Hythe** - Sainsbury's (Military Road), Waitrose (Prospect Road) and Aldi (High Street).
- **Out-of-centre Foodstores** - Tesco (Cheriton High Street), Sainsbury's (West Park Farm) and Morrisons (Cheriton Road).

5.20 In total, foodstores in Folkestone account for £121m of spending, and foodstores in Hythe account for £48m of food spending.

5.21 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.

5.22 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.

5.23 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.

5.24 Foodstore trading performance (as identified in the STCS) is set out in the tables below;

Foodstore in Folkestone Town Centre (CV6)

Store	Survey derived turnover from SA £m	Net floorspace sqm	Convenience floorspace %	Net convenience floorspace sqm	Average sales density £/sqm net	Benchmark turnover £m	Under/over trading £m
Asda, Bouverie Place	17.85	5,164	64	3,305	12,905	42.65	-24.80
Sainsbury's, Bouverie Road West	10.71	2,410	70	1,687	13,704	23.12	-12.40
Lidl, Shellons Street	2.43	929	80	743	7,000	5.20	-2.77

Foodstores in Hythe Town Centre (CV6)

Store	Survey derived turnover from SA £m	Net floorspace sqm	Convenience floorspace %	Net convenience floorspace sqm	Average sales density £/sqm net	Benchmark turnover £m	Under/over trading £m
Sainsbury's, Military Road	23.11	2,841	72	2,046	13,704	28.03	-4.92
Waitrose, Prospect Road	12.21	915	85	778	11,810	9.19	3.03
Aldi, High Street	8.84	844	80	675	7,000	4.73	4.11

Out-of-centre superstores in Folkestone (CV6)

Store	Survey derived turnover from SA £m	Net floorspace sqm	Convenience floorspace %	Net convenience floorspace sqm	Average sales density £/sqm net	Benchmark turnover £m	Under/over trading £m
Tesco, Cheriton High Street	27.37	3,327	70	2,329	11,500	26.83	0.54
Sainsbury's, West Park Farm	24.31	4,881	65	3,173	13,704	43.48	-19.17

Morrisons, Cheriton Road	23.95	2,815	77	2,168	12,727	27.59	-3.64
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- 5.25 Commentary set out within the STCS highlights on aggregate, foodstores in the District are performing below company averages, 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. 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.
- 5.26 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.

Expenditure Leakage

- 5.27 With regards to expenditure leakage (23%) for convenience goods, 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).

Quantitative Retail Need Assessment

Population Growth

- 5.28 The STCS forecasts that the population of the study area would 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 over the period.

Expenditure Growth

- 5.29 The STCS forecasts 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; and
 - Convenience goods expenditure will increase from £259.53m (2014) to £312.32m (2031), again having made allowance for 'special forms of trading'.

Retained Expenditure

- 5.30 Based on a household telephone survey of shopping patterns the STCS concluded:
- 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 (Folkestone and Hythe) 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 (Folkestone and Hythe) District and the remaining 1% accounted for by small stores in those parts of the study area which fall outside Shepway District.

Other Claims on Expenditure

- 5.31 The study outlines that 'special forms of trading' (SFT) such as online shopping was removed from their expenditure forecasts. This therefore means that all of the forecast expenditure growth is estimated to be available to support retail floorspace in the catchment.
- 5.32 In addition to SFT there are two further claims on expenditure growth which needed to be taken into account in their 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

- 5.33 When the STCS was completed there were no significant commitments for new comparison of convenience goods floorspace within the study area.

Sales Density Growth

- 5.34 The growth rates used for the study were determined follows:

Table 0.1 - Shepway Town Centres Study 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%

- 5.35 The above is based upon estimates of growth set out in Experian's Retail Planner Briefing Note 11.

Overtrading of Floorspace

- 5.36 The STCS outlines that on aggregate, foodstores in the District were performing below company averages, by approximately £55m. In particular, the Asda store in Folkestone town centre, and the two Sainsbury's stores in Folkestone, were all considered to be significantly 'under-trading', the former of these by almost £25m.
- 5.37 The Tesco store at Cheriton and Morrisons at Cheriton Road in Folkestone were considered to be trading broadly in line with company averages. In Hythe, over-trading in the town's Waitrose and Aldi stores was balanced out by the slight under-performance of the Sainsbury's store, whilst the Sainsbury's store in New Romney was considered to be trading at slightly above average levels.
- 5.38 In light of the above, the STCS made no allowance for the over-trading of convenience goods floorspace expecting that some of the quantitative need generated from expenditure growth to be directed towards existing foodstores in line with benchmark trading performances.
- 5.39 On the basis of a projected growth in convenience goods expenditure of £52.79m and identified leakage from the study area of 23% or £59.7m at 2014 (rising to £71.8m by 2031 without any further floorspace being delivered) it is evident that there is currently sufficient, and potentially surplus expenditure within the study area to support the existing food stores provision in the district's centres. Moreover there is spend available within the area to support store improvements and scope for new floorspace to be delivered.

Comparison Goods Needs Assessment

5.40 Summary of Comparison Goods Floorspace Quantitative Need to 2031:

Table 0.2 - 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	8,005	12,801
Need for Comparison Goods Floorspace (sqm net, rounded)	0	1,100	3,600	8,000	12,800

Convenience Goods Needs Assessment

5.41 Summary of Convenience Goods Floorspace Quantitative Need to 2031:

Table 0.3 - Convenience Goods Floorspace 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	-2,700	-1,600

Summary of Retail Need

5.42 The STCS concluded that, in terms of comparison goods provision, there was a need for the quality of the retail offer to be improved in Folkestone town centre. It was considered there was 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.

5.43 The STCS 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 was 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.

5.44 The STCS did not consider there to be a qualitative case for further foodstore provision in the town centres of Folkestone or Hythe, but suggested that applications for new development of this nature within these centres should be considered on their individual merits.

New Retail floorspace

5.45 From review with the Council, it was advised that little had changed in the town centres with regards to commitments since the preparation of the STCS with the only significant change in floorspace potentially emerging from (application ref: Y17/1377/SH) an Aldi store located outside Hythe Town Centre:

“Erection of a new 1800sqm retail store with associated construction operations; car parking, servicing, landscaping and new vehicular access following removal of the existing buildings comprising of retail, industrial and commercial units of varying sizes.”

5.46 The above application was approved 19th October 2018. The delivery of a single discount food retailer, which is understood to be decanting from the town centre store [QUOD TO CHECK STATUS OF THIS PRIOR TO SUBMISSION], would not significantly skew the findings of the household survey evidence that is used as the basis of the STCS findings, and as such these are still a robust basis for the consideration of current shopping patterns and trends in the district.

Evidence Base Update: 2018

5.47 In 2018 this evidence base was updated by Lichfields on behalf of F&HDC, which presented a partial update in respect of a number of areas, but namely the following items were updated relative to the 2015 STCS:

- Updated population and expenditure projections;
- Adjusted market share information;
- Analysis and recommendations of updated need arising as a result of the update.

5.48 Importantly, the Folkestone and Hythe Retail and Leisure Need Assessment (RLNA) is prepared cognisant of the emerging Core Strategy allocation for Otterpool Park, the designation of a new town centre in this location, and the delivery of up to 16,175sqm (gross) A1 retail floor area and 10,075 sqm (gross) of A2 and A3 uses across the Otterpool development.

Convenience Goods Update

5.49 The RLNA projects future expenditure patterns across the period 2018 to 2037, and predicts that 75% of food shopping will be undertaken within the Otterpool Park development, with the remaining 25% going to support other existing facilities in the vicinity (5% in Folkestone and Cheriton, 18% in Hythe and 2% in Ashford).

5.50 The updated capacity projections provided within this document state the following baseline convenience goods projections (m² gross) at Otterpool and district-wide.

Area	By 2022	By 2027	By 2032	By 2037
Other District Areas	223m ²	672m ²	1,048m ²	1,352
Otterpool	138m ²	921m ²	1,769m ²	2,705
District-wide	410m ²	1,593m ²	2,817m ²	4,057

5.51 There is therefore clear projected need for convenience goods retail floorspace at each five year interval, using the updated projections within the RLNA. Importantly, taking into account the projected floorspace delivery as highlighted within the Otterpool Park development, capacity is still envisaged across the district, and within the Otterpool Park development (albeit relatively minor within the OPA on the basis that this is designed to serve its convenience needs predominantly within the development, negating the need for significant unsustainable journeys outside of the development).

Comparison Goods Projections

5.52 The RLNA predicts that 50% of comparison expenditure generated by the Otterpool development will be directed within the Otterpool development. The remaining 50% is dispersed to other shops in the catchment, with the majority (30%) going to support the Folkestone area, Hythe benefitting also (10%) and a combination of other higher order centres at Canterbury (5%) and Ashford (5%) also benefitting.

Turning to comparison goods projections the table below identified the five-year projections. Area	By 2022	By 2027	By 2032	By 2037
Other District Areas	4,215m ²	8,582m ²	13,497m ²	18,482m ²
Otterpool	281m ²	1,961m ²	3,943m ²	6,299m ²
District-wide	4,496m ²	10,543m ²	17,440m ²	24,781m ²

5.53 The picture in respect of comparison projections is broadly similar, albeit to a greater extent. The envisaged non-food retailing capacity within the district, taking into account the new proposals at Otterpool, and wider population and expenditure growth will mean capacity for additional retail floor area at each five year interval. It is appropriate that Otterpool contributes to this capacity given it is not envisaged that Otterpool will contain significant non-food retail provision. Therefore, an element of this can be provided within the development given the structure of the application, which enables an element of such retailing to be provided local to the Otterpool residents. Higher order retail spending will be predominantly directed to existing higher order centres, namely Folkestone.

Food and Drink Projections

5.54 The RLNA also considers the capacity for food and beverage floorspace across the same period.

Area	By 2022	By 2027	By 2032	By 2037
Other District Areas	543m ²	1,075m ²	1,588m ²	2,036m ²
Otterpool	105m ²	709m ²	1,375m ²	2,119m ²
District-wide	648m ²	1,784m ²	2,963m ²	4,155m ²

5.55 Again, capacity exists for such uses taking into account the planned floorspace at Otterpool Park, and taking into account projected expenditure and population growth across the district for food and drink floorspace.

5.56 The report concludes that the district will, allowing for the growth in home shopping, realise a residual need for up to c.33,000sqm of gross A1 retail and food and beverage floorspace by 2037.

5.57 The study concludes in respect of Otterpool Park:

“The projections suggest the new town and local centres within Otterpool Park new settlement

should support between 11,100 to 12,900 sq.m gross of retail and food/beverage floorspace by 2037, excluding Class A1 non-retail services and Class A2 financial/ professional services. Service uses could increase Otterpool Park's overall floorspace projection to 13,300 to 15,500 sq.m gross (Class A1 to A5) by 2037.

The emerging Otterpool Park Masterplan phasing suggests total Class A1 to A5 floorspace of 20,400 sq.m gross, delivered by 2037. The Masterplan phasing plan is more than sufficient to meet the need generated by the new Garden Settlement, and could also accommodate residual growth from other parts of the District, if required.”(RLNA, 5.13-14)

Dover District Council Context

5.58 The Retail and Town Centre Needs Assessment (RTCNA), prepared by Carter Jonas in 2018 provides the retail evidence base in support of the emerging Dover District Local Plan. This report highlights the key trends in the retail and leisure sectors, assesses the overall health and performance of Dover and reviews the future needs for retail and leisure floorspace up to 2037.

Shopping Patterns & Market share Analysis

- 5.59 With regards to shopping patterns, Dover's Retail Needs Assessment highlights that convenience and food stores serving the Council area are achieving an overall market share of 69.5% with Special Forms of Trading (SFT), which represents a good retention rate reflecting the strength and quality of the overall food shopping offer. In contrast, the comparison goods market share (with SFT) for the main centres and stores in the District is lower achieving an overall 29.0%.
- 5.60 Across the Council area SFT's market share for convenience goods is lower than the national average, which suggests that there is potential for internet food shopping to increase its market share over time. This may reduce the expenditure available to support the need for physical space over the longer term. The comparison goods market share for SFT has increased markedly from 7.1% in the 2012 assessment to 23.6%. The latter is an indication of the trend in the shifting pattern of consumer behaviour and associated spending.
- 5.61 The market share (excluding SFT) analysis shows that for convenience goods whilst the market shares within the town centres has decreased, out-of-centre locations have increased their retention. In contrast, and for comparison goods, Deal has marginally increased its retention with the competing locations of Westwood and Canterbury in particular increasing their market share.
- 5.62 The RTCNA highlights the key focus for the Council is to increase retention and clawback expenditure to its centres. It is anticipated that within Dover Town Centre the St. James scheme will aid in this process.
- 5.63 The comprehensive regeneration of the St. James area is in the process of completion (APP ref: 13/00107). This represents a key retail and leisure led scheme for Dover town centre and the wider District. The £53m investment by Legal and General comprises 7,473 sqm of floorspace which will be anchored by Marks & Spencer, Next, Cineworld and Travelodge.
- 5.64 Over the longer term it is anticipated that a good range of complementary leisure uses will create a pleasant shopping environment all of which will contribute to the overall appeal and thereby increase the broader retention from across the District and potentially beyond.

Expenditure Leakage

- 5.65 With regards to convenience expenditure the RTCNA states leakage to other competing stores stood at 24.9%. The main competing centres for food shopping from across the study area (Zones 1-10) are Canterbury (11.1%) and Folkestone (7.3%). Leakage is largely confined to peripheral zones where foodstore catchments overlap with the Council Area.
- 5.66 With regards to comparison expenditure the RTCNA identifies a retention of 38.4% indicating leakage of 61.6%. The main competing comparison goods centres are Canterbury (24.1%) and Westwood (10.3%).

Quantitative Retail Need Assessment

- 5.67 With regards to the capacity for new (convenience and comparison goods) retail floorspace across the District's main centres and shopping locations. Dover's RTCNA concludes:
- For convenience goods there is no forecast District-wide forecast capacity over the plan period to 2037 due to the quantum of existing commitments.
 - In relation to comparison goods the District-wide forecast shows no capacity over the short to medium term to 2027. There is capacity for 615 sqm net by 2032, rising to 3,243 sqm net by 2037. Sandwich and Deal account for the majority of this new floorspace by 2032 (1,923 sqm net) and 2037 (2,854 sqm net). There is no capacity for new comparison goods floorspace forecast for Dover, as any residual expenditure growth over the study period will be absorbed by the St. James' scheme.

Ashford Borough Council Context

- 5.68 The Retail Needs and Leisure Assessment (RNLA), prepared by Carter Jonas in 2015 provides the retail evidence base in support of the Ashford Local Plan 2030. The report highlights the key trends in the retail and leisure sectors, assesses the overall health and performance of Ashford and reviews the future needs for retail and leisure floorspace up to 2030.

Shopping Patterns & Market Share Analysis

- 5.69 With regards to shopping patterns the assessment states market share analysis has identified that all the Borough's food and convenience stores are achieving a market share of 49.5% across the defined Study Area (i.e. after making an allowance for SFT). The 'retention levels' are significantly higher in the zones that comprise the Borough area (Zones 1a and 1b) at 89.1%. There is more limited market penetration in outer zones (e.g. Zones 5 to 8) due to the competition from foodstores in the centres that serve those zones (e.g. Folkestone in Zone 7).
- 5.70 The Borough's four main out-of-centre foodstores (Asda, Sainsbury's and two Tesco Extras) are achieving a higher market share (30.1%) for the Study Area than for the two main town centres combined (10.1%). This highlights the potential to increase the market shares of the main town centres; particularly Ashford Town Centre.
- 5.71 With regards to comparison goods, the assessment identifies Ashford Town Centre is facing competition from Canterbury, Folkestone and other centres for a wide range of non-food purchases; particularly for fashion shopping. This reflects the more limited range, choice and overall quality of the town centre's comparison goods offer compared with the competing centres. For example, the market share analysis (after making an allowance for SFT) shows that all the Borough's comparison goods retailing is achieving a market share of 43.9% across the defined Study Area and 25.1% for Ashford Town Centre and 2.9% for Tenterden Town Centre. Within the study area, Folkestone is the main competitor for Ashford; achieving a comparison goods market share of 17.3%. Outside of the Study Area, Canterbury (9.7%) is the main

competing shopping destination for all comparison goods purchases. It is noted that other key centres in Kent attract little to no market share of expenditure. For example, Dover only attracts 0.1% of comparison goods expenditure from the Study Area. As for convenience goods, the 'retention levels' are significantly higher in those zones that comprise the Borough area (Zones 1 to 4) at 73.1%. Within the Ashford urban area (Zones 1a and 1b), stores in the Borough retain 81.7% of comparison expenditure; reducing to 61.2% for the Tenterden area (Zone 4).

- 5.72 Additionally market share analysis shows that despite the presence of key retail brands at Ashford Designer Outlet and proximity to Ashford Town Centre, its market share of expenditure in the Borough area and the wider Study Area is approximately 5%. This correlates with the catchment and customer profile provided by McArthur Glen, which shows that the majority of shoppers travelling to the Designer Outlet originate from outside of the Study Area. Furthermore, the market share analysis (when excluding SFT) also confirms that the market shares for Ashford Town Centre and the Designer Outlet have both improved since 2003. For example, Ashford Town Centre's market share for total comparison goods shopping increased from 24.0% to 25.1% from 2003 to 2014, which is likely attributed to the extension of County Square shopping Centre. However, it is noted that the market share for clothing and footwear for the town centre increased from 27.3% to 29.9%. While the total comparison goods market share for Ashford Designer Outlet share has remained largely the same (4.5% in 2003 against 5% for 2014), the market share for clothing and footwear has almost doubled from 8.8% in 2003 to 16.8% in 2014.

Expenditure Leakage

- 5.73 With regards to comparison goods expenditure the RNLA identifies 42.5% leakage to competing shopping locations for clothing and footwear from the wider Study Area. Key competitor centres for this form of retail include Canterbury Town Centre (18.2%) and Folkestone Town Centre (12.3%).
- 5.74 With regards to convenience goods expenditure, the RNLA identifies that overall, stores in Ashford Borough retain 46.3% (indicating 53.7 leakage to other centres). The RNLA highlights however that although this retention level may appear low, it is taken from a relatively large geographic area where foodstore catchments overlap.

Quantitative Retail Need Assessment

- 5.75 With regards the capacity for new (convenience and comparison goods) retail floorspace across the District's main centres and shopping locations. Ashford's RNLA concludes:
- 5.76 For convenience goods there is no forecast capacity Borough-wide in the short to medium term (up to 2030). This is because the planned foodstores that form part of the planned communities at Chilmington Green and Cheeseman's Green will effectively 'soak' up any quantitative need for new retail floorspace over the short/medium term. It is only by 2030 when forecast capacity emerges for 2,511 m² net of new convenience goods floorspace, which should be directed towards strengthening convenience retail provision in Ashford Town Centre.
- 5.77 For comparison goods there is no capacity for new retail floorspace in the short term (up to 2020), although there is forecast capacity for 8,631 m² net by 2025; increasing to 18,807 m² by 2030. Ashford Town Centre accounts for 7,060 m² net of Borough-wide capacity in 2025; increasing to 12,213 m² by 2030. There is more limited capacity forecast for Tenterden Town Centre (1,122 m² net). A small quantum of capacity is identified for the Borough's smaller centres, which could support local retail services. There is limited residual comparison floorspace capacity for the rest of the Borough due to planned retail associated with the two planned communities, which absorb residual expenditure over the short and medium term (up to 2025). By 2025, up to 5,032 m² of residual comparison goods capacity is identified. However, in supporting

national policies town centre first approach, this surplus floorspace should be directed to Ashford and Tenterden Town Centres.

Canterbury City Council Context

- 5.78 The Canterbury Retail and Leisure Study (RLS), prepared by GL Hearn in 2015 provides the retail evidence base document which supports the Canterbury Local Plan (2017). The report highlights the key trends in the retail and leisure sectors, assesses the overall health and performance of Canterbury and reviews the future needs for retail and leisure floorspace up to 2031.

Shopping Patterns & Market Share Analysis

- 5.79 With regards to shopping patterns and market analysis the Retail and Leisure Study states Convenience floorspace within the Canterbury City Council area retains almost all of its available expenditure in the core catchment, although the strongest performers are out-of-centre stores. The in-centre foodstore provision is trading below benchmarks primarily due to the mainly top-up shopping role that these stores perform, and analysis of the patterns of expenditure reveals that the population in the catchment prefer out/edge-of-centres stores for their main food shopping. Budget/value operators appear to be trading very well, and small independent operators are performing strongly in Canterbury city centre.
- 5.80 With respect to comparison shopping, Canterbury city centre and Maidstone are the dominant shopping destinations in Kent. Canterbury has low vacancies and a large range and variety of retailers serving a wide spectrum of shoppers. However, the centre faces strong competition from Maidstone, and less so from Ashford. Despite the influence of these competing centres, Canterbury city centre has a very wide catchment drawing expenditure from across the survey area. It attracts almost half of all available comparison expenditure in the council area and its retail function is complemented by conveniently located retail warehousing provision at Sturry Road and Wincheap. Together the overall comparison offer attains a 65% market share from Zones 1-6.

Expenditure Leakage

- 5.81 With regards to convenience goods expenditure, the RLS identifies the borough as a whole has a convenience retention rate of 91% which is a very high level of trade-retention. This leaves a leakage level of only 5% to destinations beyond the administrative boundary.
- 5.82 With regards to comparison expenditure leakage, the RLS highlights 10.6% of available expenditure leaks out to destinations beyond the City Council area. This amounts to total trade retention of 75% which is reflective of the regional dominance of Canterbury city centre.

Quantitative Retail Need Assessment

- 5.83 With regards the capacity for new (convenience and comparison goods) retail floorspace across the District's main centres and shopping locations. Canterbury's Retail and Leisure study concludes:
- 5.84 For comparison goods, capacity for 8,564 sqm of net comparison floorspace by 2020, growing to 19,924 sqm by 2025, and 33,800 sqm by 2031.
- 5.85 The convenience capacity assessment undertaken reveals that there is no current need for convenience floorspace, and that forecast expenditure growth will support 266 sqm of additional net retail floorspace by 2025, growing to 2,608 sqm (net) by 2031.

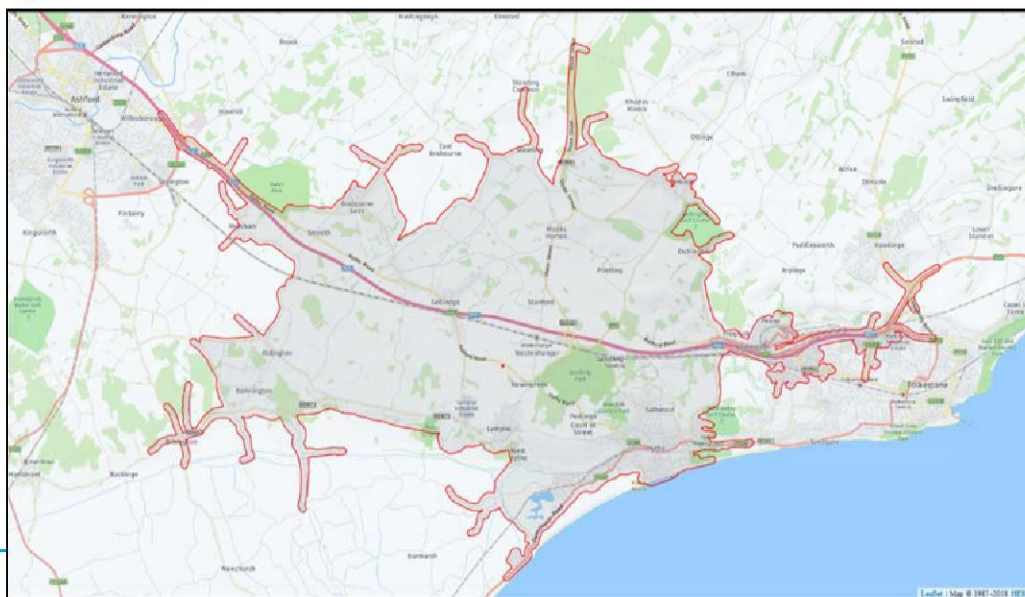
Summary

- 5.86 The retail context for the application identifies that with regards to comparison and convenience goods expenditure, Folkestone and Hythe represent the key centres within the borough. There is also a significant amount of expenditure leakage relative to both categories which is largely lost to Ashford Town Centre and Canterbury City Centre.
- 5.87 At the time of the STCS there were several foodstores within the district which were under trading, this was largely confined to the foodstores in Folkestone. Foodstores in Cheriton were trading in line with company averages, and those in Hythe were balancing each other out.
- 5.88 At the time of the STCS, it was concluded that with regards to comparison floorspace there was good diversity in the centres, supported by a strong independent sector. In Folkestone however it was determined that the retail offer needed to be improved. The STCS concluded there was no capacity for additional convenience goods floorspace.
- 5.89 The updated evidence base for the district in the form of the RLNA, which includes an update in respect of the planned development at Otterpool Park, concludes that there is capacity across the plan period for both convenience and comparison floorspace to 2037.
- 5.90 With regards to the wider surrounding context (Dover, Ashford and Canterbury), a review of their respective retail evidence bases identifies expenditure leakage to Folkestone & Hythe.

Retail Scoping

- 6.1 The PPG advises that, wherever possible, local planning authorities should support the applicant in undertaking the sequential approach. Likewise, with regard to retail impact, the PPG states that applicants and local planning authorities should seek to agree the scope, key impacts for assessment, and the level of detail required in advance of the application being submitted. The scope of the assessment was discussed and agreed within the course of the pre-application discussions with the local planning authority and the County Council.
- 6.2 National Planning Policy Guidance supports the tests set out within the NPPF, identified earlier in this document. This identifies best practice relative to assessing retail impacts arising from new town centre development. The starting point for considering the tests of sequential approach and impact lies within a proportionate approach, relative to the proposed development and relate to local context, where relevant (NPPG, 2b-015-20140306).
- 6.3 Through the course of pre-application engagement spanning over a year the applicant engaged with a broad range of stakeholders including officers from Folkestone and Hythe Council planning department, as well as Kent County Council. The full extent of the engagement is provided within the Statement of Community Involvement and discussed further within the Planning and Delivery Statement. During this engagement it was clear that there was support for a proportionate assessment that would review the unique nature of proposed retail set against the context of a new strategic garden town settlement and the nature of the new centre and complementary retail floorspace that would come forward across the remainder of the masterplan in meeting local needs. It was also agreed that the assessment would review how the proposals would affect the existing retail catchment, including those major centres in the wider sub-region, namely Ashford, Canterbury and Dover.
- 6.4 The existing retail catchment is focused on the existing centres of Hythe and Folkestone, with strong representation across the convenience sector within healthy centres, as discussed earlier. As noted at Section 4, the spatial distribution of the future retail provision (A1-A5 uses) will align with the residential delivery, enabling the provision to meet local needs. Whilst an assessment was agreed to be appropriate in light of the existing retail policy context, the retail catchment associated with these proposals would likely be very limited. Indeed, a drive time assessment of the likely retail catchment of the future Otterpool proposals should be limited to a 5 minute assessment. However, in the interest of applying a conservative approach a 10-minute drive time was agreed to be an appropriate catchment for the retail proposals within the Otterpool proposals (taken from a central location). This is illustrated below.

Figure 0.1 - Otterpool 10 Minute Drive Time Catchment



Source: Experian, February 2018

- 6.5 It is clear that the dominant function of proposed retail provision within the Otterpool Park development will be to meet local needs, and to a much lesser extent to support the retail function of the wider area. With this in mind, the 10 minute drive time catchment will represent the limit of qualitative consideration in the impact assessment (inclusive of a review of the projected impacts versus the current health and composition of each of these centres). With this in mind, it was identified that the impact assessment would focus on the following centres that lie inside the drive time catchment:
- Hythe
 - Cheriton
 - Lyminge
 - Sellindge
- 6.6 A review of the health of these centres is set out within Section 8.
- 6.7 Additionally, given the relationship between the catchment identified, the Otterpool Park application site and the wider network of centres, the assessment will consider quantitative impacts on the following main town centres in the wider area:
- Folkestone town centre (main town centre for Folkestone and Hythe);
 - Ashford;
 - Canterbury, and;
 - Dover.
- 6.8 The principal focus for the impact assessment will be the catchment centres, with the above main centres being reviewed in respect of trading impacts and impacts on investment.
- 6.9 In respect of an assessment of the scope for impacts on investments (as required by the NPPF), given the site-specific need for the proposals, it was considered unlikely that the development would impact on emerging town centre investments (either committed or planned) that are realistic to consider at this stage.
- 6.10 The strategic nature of the scheme and its unique locational characteristics will be highly unlikely to impact on other town centre schemes in the catchment or wider vicinity. Notwithstanding, the assessment will review planned investments and how the proposals will affect these coming forward, if at all. A review of identified investments is provided at Section 8.

Sequential Assessment

Introduction

- 7.1 Paragraph 86 of the NPPF requires the application of a sequential test to planning applications for "main town centre uses that are not in an existing centre and are not in accordance with an up-to-date Local Plan". The order of preference for the sequential approach is:
- first, locations within existing town centres;
 - second, edge-of-centre locations, with preference given to accessible sites that are well-connected to the town centre; and then
 - out-of-centre sites, where there are no in-centre or edge-of-centre sites available, with preference given to accessible sites that are well connected to the town centre.
- 7.2 Although the application site falls in an out of centre location in retail planning terms, being located more than 300 metres from a defined centre, it lies immediately adjacent to a well-established retail destination and represents a site where the Council have previously accepted, on more than one occasion, the principle of bulky goods retail development.
- 7.3 In the case of the development proposals, the planned new settlement will require a sustainable level of retail floorspace to be delivered therein to ensure that strategic place-making objectives are met, avoiding the need for new residents and workers in the development to make unsustainable regular trips to existing or other retail shops elsewhere within the catchment. This requirement constitutes a site-specific need for the floorspace, and as such is it not appropriate to apply the sequential test in this instance.
- 7.4 To understand how the sequential test should be applied and interpreted in practice, consideration of the following sources is necessary:
- PPG;
 - Case law; and
 - Call-in / Appeal precedent.
- 7.5 A summary of these sources is set out below.

Planning Practice Guidance

- 7.6 The PPG advises that the sequential test should be "proportionate and appropriate" for the given proposal. It also highlights that the potential suitability of alternative sites should be discussed with the local planning authority at the earliest opportunity.
- 7.7 The PPG goes on to outline a checklist which sets out the considerations that should be taken into account in determining whether a proposal complies with the sequential test:

"with due regard to the requirement to demonstrate flexibility, has the suitability of more central sites to accommodate the proposal been considered? Where the proposal would be located in an edge of centre or out of centre location, preference should be given to accessible sites that are well connected to the town centre. Any associated reasoning should be set out clearly.

is there scope for flexibility in the format and/or scale of the proposal? It is not necessary to demonstrate that a potential town centre or edge of centre site can accommodate precisely the scale and form of

development being proposed, but rather to consider what contribution more central sites are able to make individually to accommodate the proposal.

if there is no suitable sequential preferable locations, the sequential test is passed." (paragraph 010)

- 7.8 For an available central site to be sequentially preferable it must be 'suitable'. In assessing whether a site is suitable the decision taker and developer must consider whether there is scope for 'flexibility' in terms of format and scale. To this end, the definition of 'suitability' and the extent to which 'flexibility' should be demonstrated has been the subject of much debate. Both case law and Secretary of State precedent assists in the interpretation of these points.

Case Law

- 7.9 What makes a site 'sequentially preferable' and the extent to which flexibility is required has been crystallized in a number of judgments, including Dundee (Tesco Stores Limited v Dundee City Council (Scotland), 21 March 2012) and Scunthorpe (Zurich Assurance Limited v North Lincolnshire Council, 20 December 2012).
- 7.10 Whilst the Dundee case was a Scottish Case, the Supreme Court's decision applies in England. This has been confirmed in the recent Secretary of State decision in Rushden Lakes, as referenced below.
- 7.11 The Judgments establish that if a site is not suitable for the commercial requirements of the development in question, then (subject to the suitable application of flexibility) it is not a suitable site for the purposes of the sequential approach; and that in terms of the size of the alternative site, provided that the applicant has demonstrated flexibility with regards to format and scale, the question is:

"...whether an alternative site is suitable for the proposed development, not whether the proposed development can be altered or reduced so that it can be made to fit an alternative site." (Para. 29 of the Dundee Judgment)

- 7.12 Paragraph 38 of the Dundee judgment goes on to state:

"Here too the context indicates that the issue of suitability is directed to the developer's proposals, not some alternative scheme which might be suggested by the planning authority. I do not think that this is in the least surprising, as developments of this kind are generated by the developer's assessment of the market that he seeks to serve. If they do not meet the sequential approach criteria, bearing in mind the need for flexibility and realism to which Lord Reed refers in para 28, above, they will be rejected. But these criteria are designed for use in the real world in which developers wish to operate, not some artificial world in which they have no interest in doing so."

- 7.13 The Scunthorpe Judgment reinforces the Dundee conclusions, focusing the considerations of the sequential test on the real world, with commercial realities.
- 7.14 The Scunthorpe Judgment also provides guidance on the subject of viability, and the extent of commercially sensitive information that a commercial operator is expected to provide as part of the planning process. The Scunthorpe Judgment (para. 60) is very clear that requesting commercially sensitive information is not reasonable or realistic.
- 7.15 The interpretation of the sequential test has also been the subject of discussion in a number of recent appeal decisions, which are summarised below.

Secretary of State/Inspector Precedent

- 7.16 The interpretation of 'suitability' has been recently reinforced by the Secretary of State ("SoS"). In June 2014 the SoS agreed with the Inspector's recommendation to allow the erection of a mixed use scheme at Rushden Lakes (Ref: APP/G2815/V/12/2190175). Within the decision the Inspector identified the Supreme Court Dundee judgment as being of 'seminal importance'. To this end, when commenting on suitability the Inspector (para. 2.64) noted that:

"...if a site is not suitable for the commercial requirements of the developer in question then it is not a suitable site for the purposes of the sequential approach."

- 7.17 In addition, the Inspector (para. 2.64) goes on to state that whilst an applicant must demonstrate flexibility, it is not the purpose of the sequential test to suggest sites that alter the proposed development, he states:

"...in terms of the size of the alternative site, provided that the applicant has demonstrated flexibility with regards to format and scale, the question is whether the alternative site is suitable for the proposed development, not whether the proposed development could be altered or reduced so that it can be made to fit the alternative site."

- 7.18 It is inappropriate to require the relocation of a proposal to a smaller, more central site that would not be able to deliver the necessary quantum of floorspace brought forward by the application proposals. It is acknowledged that whilst there is a requirement to show flexibility when looking for more central sites, a balance needed to be struck between achieving a viable development, and one that adequately demonstrates flexibility. In the case of the the application Site, it would simply be perverse for the proposed retail floorspace to be brought forward within an alternative location, whether this was an existing defined centre or not.

- 7.19 The Rushden Lakes decision also clarifies whether there is any longer a requirement to assess the scope for disaggregation. When commenting on this point the Inspector (para. 2.68) states:

"There is no longer any such requirement stated in the NPPF.....Had the Government intended to retain disaggregation as a requirement it would and should have explicitly stated this in the NPPF. It is too large a point to rest on implication. If it has been intended to carry on with the requirement then all that would have been required is the addition of the word "disaggregation" at the end of NPPF [24]."

- 7.20 Finally, the decision also provides an important interpretation of when a site can be considered "available". In particular, the Inspector (para. 8.55) commented:

"...In terms of availability, NPPF [24] simply asks whether town centre or edge of centre sites are "available". It does not ask whether such sites are likely to become available during the remainder of the plan period or over a period of some years. NBC has previously adopted the same interpretation of "available" as LXB do. Mr Lewin accepted that in the Committee report (24 July 2012) in relation to an application to redevelop the Royal Mail site at Barrack Road for a 5,000+ sq m Tesco superstore, the Council rejected Legal & General's objection that availability should have been looked at over a longer time frame. The site was not currently available and that was what was required by the sequential test."

- 7.21 Notwithstanding this decision, the NPPF has subsequently been updated in respect of dealing with whether a site is available, and states clearly [86]:

“Local planning authorities should apply a sequential test to planning applications for main town centre uses which are neither in an existing centre nor in accordance with an up-to-date plan. Main town centre uses should be located in town centres, then in edge of centre locations; and only if suitable sites are not available (or expected to become available within a reasonable period) should out of centre sites be considered.”

- 7.22 Another relevant appeal decision relates to an application for a new Next store in an out of centre location in Sheffield (PINS ref. APP/J/4423/A/13/2189893), allowed on 3 July 2013. The Inspector affords significant weight to the interpretation of the sequential test in the Dundee and Scunthorpe judgments stating at paragraph 35 that:

“what needs to be established is whether an alternative site is suitable for the development proposed, not whether the proposed development can be altered or reduced so that it can be made to fit an alternative site.”

- 7.23 The Inspector went on to state (para. 53) that:

“Although I have noted the Council's criticisms that rejection of the Moorfoot site on the grounds of inadequate size demonstrates a lack of necessary flexibility, the submitted evidence clearly shows that it is not simply the lower of quantum of floorspace that weighs against this site. Having regard to all the points detailed above it is my view that the extent to which Next would have to compromise its business model to operate a H&G store from Moorfoot would be both excessive and unreasonable. Accordingly I am satisfied that this site has been shown to be unsuitable for the development which Next is seeking to progress, and to expect it to operate from such a site would clearly run counter to the principles set out in the Supreme Court [Dundee] ruling referred to above”

- 7.24 Again the decision makes it very clear that the key factor driving the sequential test is the development proposed, and the contribution a more central site can make to meet the same need, having regard to flexibility.
- 7.25 All of these appeal decisions reinforce the interpretation of 'suitability' as defined in case law. Rushden Lakes also provides a clear view on 'availability', albeit the recently updated NPPF does clarify a 'reasonable period' as being relevant for consideration of availability. The PPG provides further clear guidance on how the NPPF sequential test should be interpreted.

Otterpool Sequential Approach

- 7.26 As stated earlier, the proposed retail and leisure floorspace will serve a site specific need by virtue of the need for the retail floorspace to serve local, and mainly walk-to, retail needs.
- 7.27 To propose the requisite level of floorspace elsewhere in existing centres would be to promote unsustainable patterns of development by leading to the need for future Otterpool residents having to travel to other facilities outside of the natural hinterland of the Otterpool development.
- 7.28 It is therefore not appropriate to apply the sequential approach to the town centre uses identified.

Retail impact

Introduction

- 8.1 This section assesses the impact of the proposed retail floorspace being proposed within the new settlement on shopping patterns within the catchment area. This assessment follows the guidance contained within the NPPF and the PPG.
- 8.2 The NPPF requires an impact assessment for retail development over 2,500m² (or any locally set threshold) that is outside of a town centre, and not in accordance with an up-to-date Local Plan (paragraph 89). The NPPF requires an impact assessment to address:

"The impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal; and

The impact of the proposal on town centre vitality and viability, including local consumer choice and trade in the town centre and wider retail catchment (as applicable to the scale and nature of the scheme) (Paragraph 89)

- 8.3 In relation to potential impacts associated with the proposed development, the NPPF (para. 91) states that where an application is likely to have a 'significant adverse' impact on one or more of the above factors, it should be refused.
- 8.4 In assessing impact, the policy requirement is for there to be demonstrable evidence to suggest that the proposal is likely to lead to a significant adverse impact in order for this to be used as a reason to refuse permission. This is reflected by an appeal decision in Derby (Ref: APP/C1055/A/11/2161815). This decision highlighted that a demonstration of impact does not necessarily mean that the proposal is unacceptable and it is the impact on the overall vitality and viability of the centre, and its ability to continue to function within its existing role that provide the key considerations. The Inspector at Derby (para. 116, Inspector's Report) recognised that there needs to be evidence that any impact is likely to be significant stating that:

"To justify an objection to the proposal it is not sufficient to simply suggest that there will be an impact. There is no persuasive evidence of such a significant impact that would be likely to undermine the vitality and viability of the city centre trade/turnover and trade in the wider area, arising from the appeal proposal."

- 8.5 Both national planning policy and appeal decisions are clear in that an application should not be refused on the basis of a perceived impact; instead there must be some evidence to demonstrate that any impact is likely to be significant. This is an important factor to take into account when balancing the effects (both positive and negative) of the proposal.

Impact on Investment within the Catchment

- 8.6 The NPPF requires consideration of the effect of application proposals on planned investment within the catchment area.
- 8.7 The PPG provides a helpful insight with regard to measuring the effect of an out of centre proposal on in centre investment. Specifically, paragraph 16 states:

"Where wider town centre developments or investments are in progress, it will also be appropriate to assess the impact of relevant applications on that investment. Key considerations will include:

- *The policy status of the investment (i.e. whether it is outlined in the Development Plan)*
- *The progress made towards securing the investment (for example if contracts are established)*
- *The extent to which an application is likely to undermine planned developments or investments based on the effects on current / forecast turnovers, operator demand and investor confidence."*

8.8 The Rushden Lakes decision also provides commentary on the 'planned investment' test. Paragraph 8.60 of the Inspector's conclusions stated:

"NPPF [26] requires an assessment of the impact (if any) of the proposal on "existing, committed and planned public and private investment" in a centre. That requirement is quite straightforward, only investment that has been made, and been committed or is planned warrants consideration. There appears to be general agreement that "existing" investment is to be taken as a reference to investment that has already been made and that "committed" investment is that which is contractually committed (private) or subject to resolution (public)."

8.9 Whilst there was disagreement at the Inquiry as to what constituted 'planned investment' the Inspector pointed the parties to the advice contained within the December 2009 Practice Guidance. This has now been superseded by the PPG, but the guidance talks about instances where the LPA and/or the private sector has identified town centre development opportunities and is 'actively progressing them'. In determining the impact, a list of key considerations is then set out, which is very similar to the PPG commentary at paragraph 16, as set out above.

8.10 In assessing the application proposals under this guidance, as well as paragraph 89 of the NPPF, consideration is given to the impact on existing, committed and planned public and private investment in the defined centres within the application catchment, as well as investments within the higher order centres in the wider sub-region, namely Ashford, Canterbury and Dover. Investment priorities considered are those that are comparable in scale and kind to the planning application proposals, which represents a proportionate approach to the assessment of impacts arising from the proposed development. These are considered within the section below.

Folkestone

8.11 With regards to planned investment in the district, the STCS identifies Folkestone Harbour & Seafont as a major investment proposal.

8.12 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. A masterplan has been prepared which sets out the redevelopment of Folkestone's harbour over the next 25 years, which will be divided into five phases.

8.13 As identified in the STCS the proposed 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.

8.14 The original outline planning application secured permission for the following development:

Outline planning application with all matters (access, scale, layout, appearance, landscaping) reserved for the redevelopment of the harbour and seafont to provide a comprehensive mixed use development comprising up to 1000 dwellings (C3), up to 10,000 square metres of commercial floorspace including A1,

A3, A4, A5, B1, D1 and D2 uses as well as seaports and beach sports facilities. Improvements to the beaches, pedestrian and cycle routes and accessibility into, within and out of the seafront and harbour, together with associated parking, accompanied by an Environmental Statement.

- 8.15 There have been several subsequent applications including a non-material amendment (ref: Y16/0044/NMA) and Section 73 (Y17/1099/SH) since the original consent. The first reserved matters application relative to the scheme (ref: Y18/1252/FH) was approved on 17th January 2019.
- 8.16 It is clear that this development is intrinsically linked to its location as being complementary to the wider role and critical mass of Folkestone town centre, the main element of this scheme (10,000m² of commercial floorspace) seeks to encompass the seaside environment within the offer and links with the wider development. A development at Otterpool Park, set well within the coastline and distinct from any major retail destination, of limited retail delivery at each phaseset against a broad delivery timescale of up to 30 years (QUOD TO CHECK), alongside the delivery of a community of 8,500 new homes would not adversely impact this investment.
- 8.17 Furthermore, it is reasonable to anticipate that with the proven progress toward delivery in the form of the submission and approval of the first reserved matters application is demonstration that this scheme is likely to be well-advanced at the point that the first element of the retail floorspace is delivered. It is also apparent that this development is advancing in the knowledge of the emerging development proposals at Otterpool Park.

Hythe

- 8.18 In addition to the above, a hybrid application (ref: Y17/1042/SH) was recently approved in Hythe for the following development (16th August 2018):

“Hybrid application accompanied by an Environmental Statement for the development of land at Princes Parade, comprising an outline application (with all matters reserved) for up to 150 residential dwellings (Use Class C3), up to 1,270sqm of commercial uses including hotel use (Use Class C1), retail uses (Use Class A1) and / or restaurant/cafe uses (Use Class A3); hard and soft landscaped open spaces, including childrens play facilities, surface parking for vehicles and bicycles, alterations to existing vehicular and pedestrian access and highway layout, site levelling and groundworks, and all necessary supporting infrastructure and services. Full application for a 2,961sqm leisure centre (Use Class D2), including associated parking, open spaces and childrens play facility.

- 8.19 Discussion with F&HDC suggests that nothing else has emerged with regards to relevant planned investment. However, given the policy support and planning decision notice having been approved, and the very recent approval of this development, it is wholly reasonable to expect that this scheme will come forward unencumbered by any effects from a long stage minor retail delivery alongside the major new community at Otterpool. Similarly, this development has been promoted set against the continued emergence of the Otterpool development within the emerging planning policy landscape for over two years now, and without related consequence by virtue of the far removed delivery trajectories of the two developments.

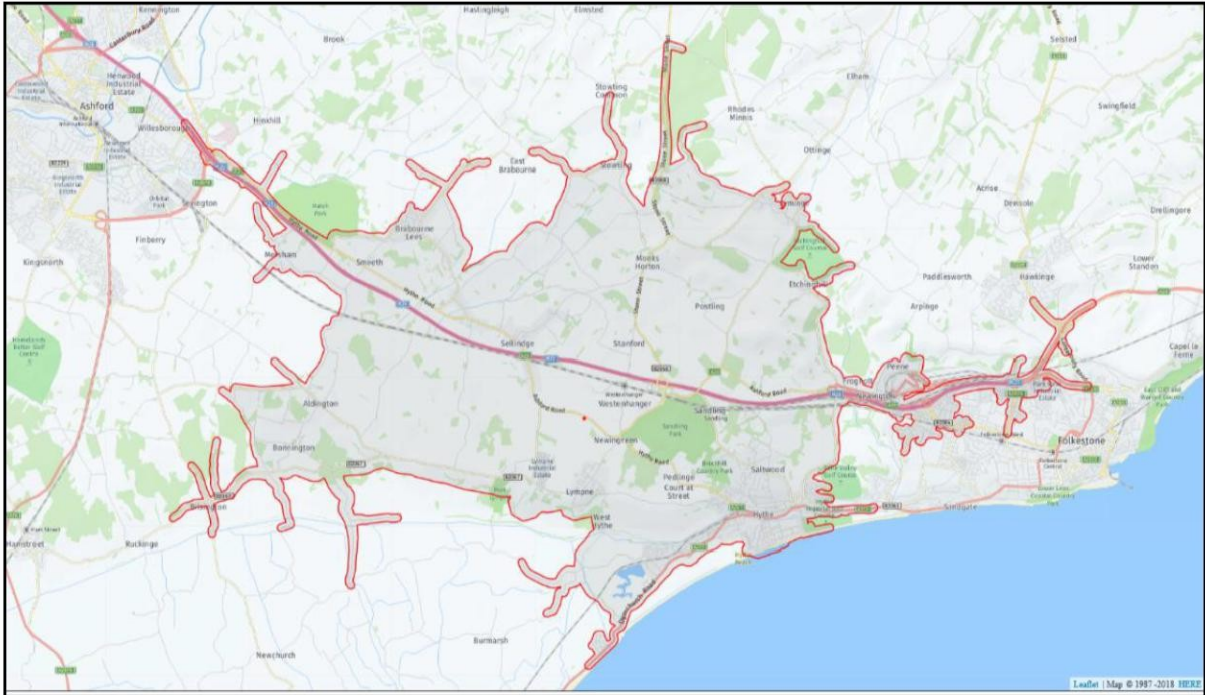
Impact on Town Centre Vitality and Viability, Local Consumer Choice and Trade

- 8.20 In order to understand the likely trading impacts arising within the catchment centres, it is necessary to understand the health, and thus resilience to change, of the centres in question. This is discussed below.

Retail Centre Health Checks

8.21 As detailed in Section 6, a 10 minute drive time was used to represent the limit of detailed consideration in the impact assessment. The impact assessment focuses on the following centres that lie inside the drive time catchment (which is re-provided below for reference):

Figure 0.1 - Otterpool 10 Minute Drive Time Catchment



- Hythe;
- Cheriton;
- Lyminge;
- Sellenge.

8.22 To determine the up-to-date health of each centre, Quod completed fieldwork for each of the centres on 13th September 2018. Given the size and proximity of Folkestone, it was also assessed as part of the Fieldwork.

8.23 A review of the health of each of these centres is presented below in order of size of the centre, using the STCS as the baseline position, and updated by Quod fieldwork where relevant.

Folkestone

8.24 Folkestone is identified as a Principal Town Centre by Peter Brett Associates Shepway Town Centres Study 2015. Folkestone's centre is located along a pedestrianised high street (Sandgate Street) with expansion to the east and west. The centre is active and hosts a number of major stores such as Sainsbury's, Next, Primark, Asda and Debenhams. Bouverie Place Retail Centre acts as a retail hub for the centre.

8.25 The surveyed district centre contains approximately 288 units and at the time of our site visit (September 2018) there were a total of 38 vacancies in the centre (representing approximately 13% of units). 29 out of

38 units were deemed to have been of previous A1 use that ranged in size from 20 to 690 m². The centre was busy on the day of the site visit, which provides a strong indicator of the health of the centre.

- 8.26 In March 2018 a GOAD survey of Folkestone measured that 64 out of 288 units (comparison, convenience, retail service and other retail) were deemed vacant. This represents an overall percentage of 22.22%. From this information we can deduce that the overall vacancy rate for Hythe has reduced from 22.22% to 13% (September 2018).
- 8.27 Note must be taken for the outline planning permission (Y12/0897/SH) with matters such as access, scale, layout, appearance and landscaping reserved for future consideration was approved for the redevelopment of the harbour and seafront area of Folkestone. Discussed earlier in this section, this development is considered a major project in the district; the application proposes comprehensive mixed-use development of up to 1,000 new homes and up to 10,000 square metres of commercial floorspace, as well as sea sports and beach sports facilities. Improvements to the beaches, pedestrian and cycle routes and accessibility of the site are included in the scheme, together with parking. The delivery of this scheme will further bolster Folkestone's town centre offer, and add to the vitality and viability of the centre within the hierarchy.
- 8.28 The key major retailers in the surveyed centre comprise Sainsbury's (4,160m²), Next (920m²), Primark (1,700 m²), Asda (7250 m²) and Debenhams (3 Floors at 2,500m²). The range of comparison retailers in the centre is characteristic of a traditional centre with a range of essential services provided by independent retailers.
- 8.29 Folkestone has a number of pubs and a significant proportion of A3 units, including cafes and takeaways (A5). Key (high street) units of said uses are as follows: JD Wetherspoon (500 m²), Starbucks (150 m²), Costa Coffee (320 m²), Macdonald's (370 m²) and KFC (330 m²). Folkestone also provides a range of other key retail and service facilities including post offices, dry cleaners, banks and estate agents. Business floorspace is strongly represented within the centre, both at B1 and B2
- 8.30 St Eanswythes Church of England Primary School is located in the surveyed centre. St Peter's Church of England Primary School, Christ Church CEP Academy and Earlscliffe are situated close to the surveyed centre. Several main surgeries serve Folkestone with all outside the surveyed centre. Folkestone Health Centre is located at the northern corner of the surveyed centre.
- 8.31 Folkestone is served by its main railway station; Folkestone Central. This station is on the route into London Kings Cross St Pancras. Folkestone benefits from a successful bus network, fed by a central station at Bouverie Place. From here local buses serve the surrounding towns and cities but coaches also run into Central London. There are also a high number of free off-street parking spaces that serve the centre. Supermarket car parks are usable, albeit for restricted time periods.
- 8.32 Overall, Folkestone town centre is performing well. The centre has a good convenience offer, as well as a high level of comparison retailers, cafes, restaurants and other services. The centre was busy on the day of the Quod site visit and vacancies have decreased significantly since the previous GOAD survey. It can therefore be determined that the centre is in good health.

Hythe

- 8.33 Hythe is identified as a Strategic Town by Peter Brett Associates STCS 2015. It is located to the west of Folkestone, around 7 km from the city centre. Hythe is primarily a linear centre with two major superstore

units to the south of the High Street (Aldi and Waitrose) and another superstore to the west of the centre (Sainsbury's).

- 8.34 The surveyed district centre contains approximately 130 units and at the time of the site visit (September 2018) there were a total of eight vacancies in the centre (representing approximately 6% of units). Seven out of eight units were deemed to have been of previous A1 use that ranged in size from 40 to 100 m². The centre was busy on the day of the site visit, which provides a strong indicator of the health of the centre.
- 8.35 In November 2016 a GOAD survey of Hythe measured that 12 out of 130 units (comparison, convenience, retail service and other retail) were deemed vacant. This represents an overall percentage of 9.23%. From this information we can deduce that the overall vacancy rate for Hythe has reduced from 9.23% to 4% (September 2018); significantly below the national average vacancy rate and a compelling measure of the strength of the centre.
- 8.36 The key multiple retailers in the surveyed centre comprise Aldi (1,040 m²) and Waitrose (2,420 m²), located in the centre and south-east respectively. Sainsbury's is located west of the surveyed centre at a size of 4,800 m². The comparison shopping offer for a district centre is commendable. The range of comparison retailers in the centre is becoming characteristic of modern centres in addition to the provision of a range of essential services provided by independent retailers.
- 8.37 Hythe has a number of pubs and a significant proportion of A3 units, including cafes and takeaways (A5). Hythe also provides a range of other key retail and service facilities including a post office, dry cleaners, bank and estate agents.
- 8.38 Hythe Bay Church of England Primary School is located south west of the surveyed centre along Cinque Ports Avenue. There are also a high number of B1/B2 offices to the south west of the centre that accommodate industries such as Smith Medical (medical technologies) and smaller industrial units along Range Road. Smaller B1 units are also observed within the surveyed centre. Two main surgeries serve Hythe, Sun Lane Surgery (surveyed centre) and Oaklands Health Centre (south of surveyed centre).
- 8.39 Hythe benefits from the Romney, Hythe and Dymchurch Railway, a light-railway that runs from Dungeness, terminating in Hythe. Hythe's bus network is successful with the main route running along Prospect Road, serving the centre to the north. There are also a high number of free off-street parking spaces that serve the centre. Supermarket car parks are usable, albeit for restricted time periods.
- 8.40 Overall Hythe Town centre is performing well. The centre has good convenience offer and its comparison offer is characteristic of modern centres. It does however have a strong representation of independent retailers. The centre was busy on the day of the Quod site visit and vacancies have decreased since the previous GOAD survey. It can therefore be determined that the centre is in good health.

Cheriton

- 8.41 Cheriton is identified as a District Centre by Peter Brett Associates Shepway Town Centres Study 2015. It is located to the west of Folkestone, around 4 km from the city centre. Cheriton is primarily a linear centre along Cheriton Road and Cheriton High Street. The linear centre runs parallel to the railway running from London St Pancras International to Sandwich.
- 8.42 The district centre contains approximately 110 units and at the time of our site visit (September 2018) and there was a total of twelve vacancies in the centre (representing approximately 11% of units). Six out of twelve units were deemed to have been of previous A1 use that ranged in size from 50 to 100 m². The

centre was busy on the day of the site visit, which provides a strong indicator of the health of the centre. Cheriton Road and Cheriton High Street from the main west to east route into Folkestone alongside the railway.

- 8.43 In April 2016 a GOAD survey of Hythe measured that 14 out of 69 units (comparison, convenience, retail service and other retail) were deemed vacant. This represents an overall percentage of 20.29%. From this information we can deduce that the overall vacancy rate for Hythe has reduced from 20.29% to 11% (September 2018), which is broadly the national average.
- 8.44 The key multiple retailer in the centre is Co-op (670 m²) located at the west edge of the survey centre. The local community, presumably local food business owners, were observed to frequently utilise the new Cash & Carry. The comparison shopping offer is more limited, however it provides residents with a choice of basic stock goods, rather than being a main shopping destination. The range of comparison retailers in the centre is characteristic of a traditional centre with a range of essential services provided by independent retailers.
- 8.45 Cheriton has a number of pubs and a significant proportion of A3 units, including cafes and takeaways. Cheriton also provides a range of other key retail and service facilities including a post office, dry cleaners, bank and estate agents. B1 and B2 use are visible within the surveyed centre, with car workshops being most prevalent.
- 8.46 All Souls Church of England Primary School is located to the west of the surveyed centre at the junction of Stanley Road and Cheriton High Street. Morehall Primary School is also located to the north of Cheriton District Centre. The Harvey Grammar School lies to the east. White House Surgery, Cheriton Road, serves local residents.
- 8.47 Cheriton benefits from its own train station, Folkestone West, to the south and as such is highly accessible by public transport. The station offers off-street parking spaces at a cost that serve the centre, however total off-street parking provision is low. Cheriton's bus network is successful with the main route running along Cheriton Road/Cheriton High Street, serving Folkestone to the east.
- 8.48 Overall, Cheriton district centre is performing well. The number of vacant units has decreased within the centre since the time of the previous GOAD survey. Cheriton has a good provision of convenience retailers with comparison provision characteristic of a traditional centre including a range of essential services, provided by both major and independent retailers. Further to the above the centre is very accessible with good bus links and its own train station. It can therefore be determined that the centre is in good health.

Lyminge

- 8.49 Lyminge is identified as a Rural Centre by Peter Brett Associates Shepway Town Centres Study 2015. It is located to the north west of Folkestone, around 11 km from the city centre. Lyminge centres around the confluence of Station Road and Canterbury Road. A small number of retail units line these two roads from adjoining roads; North Lyminge Lane to Nash Hill.
- 8.50 The rural centre contains approximately 13 units and at the time of our site visit (September 2018) and there was a single vacancy, in the centre (representing approximately 7% of total units). This single unit (Quick Check Convenience Store) acts as the Post Office at a size of c.60 m². The activity in the centre was consistent with the scale and function.
- 8.51 The key unit in the rural centre is a Premier, allocated the Village Store. This unit stands at 150 m² with residences spanning the top floor of the eastern portion of the unit. The comparison shopping offer is

limited, with Premier providing residents with a choice of daily needs rather than being a main shopping destination. The limited range of comparison retailers in the centre is characteristic of a rural centre with a minimal range of other essential services.

- 8.52 Lyminge offers a limited number of eating/drinking establishments. The rural centre hosts a Chinese and Indian Takeaway in addition to a bakery and coffee shop. Other services provided are a community pharmacy, estate agents, hairdressers, osteopathy clinic and library.
- 8.53 New Lyminge Surgery lies to the south at the junction of Canterbury Road, Station Road and Greenbanks.
- 8.54 Lyminge benefits from five bus stops that run along Canterbury Road/Station Road. Free off-street car parking of 30 spaces is provided adjacent to the library.
- 8.55 For a centre of its limited size, Lyminge is performing well against a number of the key health check Indicators and provides a good range of services, including top-up shopping, for local residents. Further, it has very low vacancy (one unit representing 9%) on the day of the Quod site visit.

Sellindge

- 8.56 Sellindge is identified as a Rural Centre by Peter Brett Associates Shepway Town Centres Study 2015. It is located to the west of Folkestone, around 14 km from the city centre. Sellindge is primarily a linear centre with a number of units also located on adjoining streets at its western end and eastern ends of Ashford Road.
- 8.57 The rural centre contains approximately 6 retail units and at the time of our site visit (September 2018) and there were no vacancies. The activity in the centre was consistent with its scale and function.
- 8.58 The key unit in the rural centre is a Co-op that acts also as the local Post Office. This unit stands at 255 m² with residences spanning the top floor of the unit. For a small rural centre, the comparison shopping provision is commendable. However, this is likely to be stretched upon the delivery of The Lees, a development of 50 2, 3 and 4 bedroom homes. A secondary low-scale food retail unit (farm shop) is located within the boundary of Potten Farm. The limited range of comparison retailers in the centre is characteristic of a rural centre with a minimal range of other essential services.
- 8.59 Sellindge offers a limited number of eating/drinking establishments. The rural centre hosts a Public House (Dukes Head). Other services provided are a Village Hall, cat boarding facilities, microwave servicing, and a hairdresser.
- 8.60 Sellindge Surgery is located on the same site of Sellindge Village Hall, south side of Ashford Road.
- 8.61 Sellindge benefits from eight bus stops that run along Ashford Road and down Swan Lane. Off-street car parking of is provided at the Village Hall/Surgery, Co-op, Dukes Head and Potten Farm.
- 8.62 For a centre of its limited size, Sellinge is performing well against a number of the key health check Indicators and provides a good range of services, including top-up shopping, for local residents. Further, there were no vacant units on the day of the Quod site visit.
- 8.63 It can therefore be concluded from the above town centre health checks that the centres are in good health, with key indicators such as vacant units decreasing since the time previous GOAD surveys.

Impact on Local Consumer Choice

- 8.64 Paragraph 89 of the NPPF requires LPAs to assess the impact that proposals have on consumer choice.
- 8.65 The application proposals will improve the choice and distribution of the retail offer in an accessible location, notably to the future community of Otterpool. The development will have the positive effect of reducing the need for local residents to travel to destinations further afield, but will also improve consumer choice and provide a more competitive sector – in line with Government objectives.
- 8.66 Thus, the proposals will significantly benefit, rather than adversely impact upon, local consumer choice.

Impact on Trade

- 8.67 The PPG states that the impact test should be undertaken in a proportionate and locally appropriate way, drawing on existing information where possible. The PPG suggests that applicants and local planning authorities should seek to agree the scope, key impacts for assessment, and level of detail required in advance of planning applications being submitted.
- 8.68 With regards to the impact assessment, the PPG states that:

“As a guiding principle impact should be assessed on a like-for-like basis in respect of that particular sector (e.g. it may not be appropriate to compare the impact of an out of centre DIY store with small scale town-centre stores as they would normally not compete directly). Retail uses tend to compete with their most comparable competitive facilities. Conditions may be attached to appropriately control the impact of a particular use” (paragraph 2b-016).

- 8.69 The PPG advises that any conclusions should be proportionate and that a judgement as to whether the likely adverse impacts are significant can only be reached in light of local circumstances. The PPG continues to state that “where evidence shows that there would be no likely significant impact on a town centre from an edge of centre or out of centre proposal, the local planning authority must then consider all other material considerations in determining the application, as it would for any other development” (paragraph 2b-017). As part of the general pre-application discussions, the scope of the retail assessment was discussed and agreed in respect of providing necessary evidence to determine the application.

Nature of Current Shopping Patterns

- 8.70 Current shopping patterns have been identified within the relevant retail evidence base, with no significant update being required beyond the delivery of one out-of-centre discount food retailer at Hythe. A wider pattern of spending is provided when one considers the function of other major centres of Ashford, Canterbury and Dover within the sub-region.

Proposed Unit Size Limit

- 8.71 In order to ensure that the proposed retail floorspace could not come forward in a format that could compete with established centres in the catchment, or attract retail spend from unsustainable locations outside of the catchment (notwithstanding), it is proposed to offer a limit on the size of units to 2,500m² (to accord with the impact threshold).

Available expenditure

- 8.72 Using Experian data (February 2018) it is possible to extrapolate the future available expenditure available to the resident community at Otterpool. Adopting the current expenditure for retail per household (within

the above 10-minute drive time catchment) this generates a future Otterpool expenditure as identified in the table below.

Table 0.1 - Otterpool Total Retail Expenditure (2015 Prices)

	Per household expenditure (£)	No. of households*	Total expenditure (£M)
Convenience Retail	£5,586	8,500	£47.4
Comparison Retail	£8,752	8,500	£74.4
Total Retail	£14,338	8,500	£121.9

*Source: Experian, February 2018 *includes C2 housing, which is considered would generate similar expenditure. SFT deductions will apply, as will expenditure growth in accordance with Experian Retail Planner Briefing Note 15 (or the relevant guide at the time of assessment).*

- 8.73 It is clear that even incorporating no expenditure growth across the delivery period the development provides an extensive level of expenditure to support existing retail floorspace to come forward within the Otterpool planning application. Applying the most recent growth assumptions for retail expenditure, this level of growth would increase, logically extending a modest element of expenditure to retail floorspace elsewhere within the district in support of the vitality and viability of the designated centres in the district.
- 8.74 Applying the available expenditure to the level of retail floorspace proposed (net sales) equates to a high level of potential approximate sales density (£9,598/m²)(combined comparison and convenience), leaving flexibility within the future retail delivery to enable an element of higher order retail alongside more modest convenience-level retail provision to be delivered. Residual expenditure for higher order retail goods would then revert to higher order centres in the established retail hierarchy (anticipated to be Hythe or Folkestone in the first instance).
- 8.75 If one equates the average sales density adopted by the most recent baseline evidence study (the Shepway District Council Town Centres Study 2015) the appropriate sales density for retail floorspace in the district is £5,000/m² (at 2014). To approach the assessment conservatively, and taking into account sales density efficiencies since 2014, the assessment will be conducted on the basis of £6,000 to 6,500 per m² net sales area.

Phased Delivery

- 8.76 Noting the global figures present a comfortable level of expenditure to support the overall floorspace proposed, we will present a review of how the indicative phasing will have a bearing on surplus/deficit of expenditure available to each phase.

Phased Delivery (m²) vs Expenditure (£)

Indicative Delivery Phase	Per household expenditure* (£)	No. of households	Available expenditure (£m)	Floorspace requirement (£6,500/m ² net)	Proposed floorspace (m ² sales area)	Surplus/deficit of retail sales area (m ²) (expenditure in brackets)
P1	£14,338	2,371	£33.99m	5,230m ²	5,560m ²	+330m ²
P2	£14,338	861	£12.35m	1,899m ²	4,860m ²	+2,961m ²
P3	£14,338	1,463	£20.97m	3,227m ²	920m ²	-2,387m ²
P4	£14,338	1,022	£14.65m	2,254m ²	600m ²	-1,654m ²
P5	£14,338	191	£2.74m	421m ²	0m ²	-421m ²
P6	£14,338	823	£11.8m	1,815m ²	600m ²	-1,215m ²
P7	£14,338	1,409	£20.2m	3,108m ²	400m ²	-2,708m ²
P8	£14,338	363	£5.2m	801m ²	0m ²	-801m ²
Total	-	8,500	£121.9m	18,755m ²	12,940m ²	-5,815m ²

Source: Experian, February 2018 *includes C2 housing, which is considered would generate similar expenditure. *combined comparison and convenience expenditure.

- 8.77 The above table identifies that relative to expenditure, the development will be proposing an overall deficit of floorspace, which will mean that a modest amount of expenditure would be available to support wider retail floorspace in other locations. Given the roles of these centres, it would be appropriate for this expenditure to be diverted to Folkestone as the logical proximate upper order centre in the retail hierarchy.
- 8.78 The residual floorspace capacity identified will support wider retail floorspace in neighbouring centres in the catchment (and Folkestone as the higher order comparison centre) and would equate to £38.06m across the lifetime of the development. This is consistent with the policy aspirations for the development in being able to serve its local requirements, whilst also supporting other centres in the hierarchy.
- 8.79 There will naturally be an element of expenditure that diverts to existing retail destinations, and in the context of the identified under-trading performance of the district's existing foodstores at 2015, this will harmonise with existing trading patterns successfully assisting with sustainable shopping patterns across the district.

Conclusion

- 8.80 The retail context for the application identifies that with regards to comparison and convenience goods expenditure Folkestone and Hythe represent the key centres within the borough. There is also a significant

amount of expenditure leakage relative to both categories which is largely lost to Ashford Town Centre and Canterbury City Centre.

- 8.81 At the time of the STCS there were several food stores within the district which were under trading, this was largely confined to the foodstores in Folkestone, with foodstores in Cheriton trading in line with company averages, and those in Hythe balancing each other out.
- 8.82 At the time of the STCS, it was concluded that with regards to comparison floorspace there was good diversity in the centres, supported by a strong independent sector. It Folkestone however it was determined that the retail offer needed to be improved. The STCS concluded there was no capacity for additional convenience goods floorspace. This was subsequently updated within the 2018 RLNA which found there to be both comparison and convenience capacity over the plan period.
- 8.83 Retail commitments are, at present, limited in the borough, with a new Aldi (1800sqm) representing the only significant consent in relation to new floorspace (App ref: Y17/1377/SH). This is situated in an out-of-centre location and thus has no policy protection when viewed in the context of the retail test.
- 8.84 The recent fieldwork completed by Quod indicates good health in all the centres considered, which is further re-enforced by vacancy rates improving in Folkestone, Hythe and Cheriton.
- 8.85 With regards to the wider surrounding context (Dover, Ashford and Canterbury), a review of their respective retail evidence bases identifies expenditure leakage to Folkestone & Hythe.
- 8.86 The projected retail spend that will become established as the Otterpool development is delivered over the construction programme will be such that the proposed retail floorspace will be supported by the needs of the residential community of Otterpool alone, without leading to the diversion of trade from designated centres reviewed within this study or the influx of spend from visitors or workers at Otterpool. Moreover, this spend will support existing retail floorspace currently trading, which will enhance the overall retail catchment of Folkestone and Hythe and whilst this is subject to several factors, it may assist in preventing leakage of retail spend from the catchment.
- 8.87 Taking the above into account, it is highly unlikely that the phased delivery of town centre uses within the scheme will bring about any negative impacts on existing defined centres (identified earlier). Further, the emerging Core Strategy designates a town centre at Otterpool. .s.
- 8.88 Extending this approach to incorporate other town centre uses required to be considered under para 86 of the NPPF (namely those of leisure and office development), it is anticipated that the proposals will be promoted in a similar phased manner, and set against the context of the emerging policy allocation for such uses within the Otterpool area (draft Core Strategy Policy SS6(3) and SS7(2)).

CONCLUSIONS

- 9.1 This retail Assessment has been prepared by Quod on behalf of Folkestone and Hythe District Council and Cozumel in support of the proposed new Otterpool community.
- 9.2 The applicant proposals have been tested against the requirements of the NPPF, specifically the impact tests. Given the site-specific need for the proposed retail floorspace within the new settlement, it is not appropriate to apply the sequential test to the application proposals.
- 9.3 In respect of the impact assessment this statement has demonstrated that when considered against the tests within the NPPF, there will not be significant adverse impact on investment or town centre vitality and viability as a result of the proposed retail development. Whilst situated just outside the drive time catchment of the development, Folkestone as the principal centre in the district will remain the destination for higher order goods.
- 9.4 By virtue of the existing health of the centres in the catchment, and the available spend within the new Otterpool community, there will be no appreciable trade diversion from existing retail centres. Given the nature of the new retail floorspace at Otterpool, the format of the floorspace (notably limited in scale to avoid any potential for becoming 'destination' retail), and the delivery timescales over a period of 25+ years, the proposed retail floorspace will not have any impacts on the investments in centres within the study area. Rather, the provision of the new settlement will mean increased spend within the district that can support, in part, existing centres and strengthen the Folkestone and Hythe retail catchment. This position is supported by recent independent analysis from Lichfields in the form of the RLNA, which has been published by the LPA in support of the emerging allocation for the Otterpool policy designation.
- 9.5 The increased consumer choice, high quality design, significant local job opportunities, and the promotion of sustainable travel patterns are all clear benefits that will be derived from the application proposals.
- 9.6 Overall, the assessment has demonstrated that the tests of NPPF have been satisfactorily addressed and the retail proposals should be supported as part of the wider Otterpool development in promoting sustainable patterns of development.



OTTERPOOL PARK

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APPLICATION DOCUMENT