Lambert Smith Hampton

DOVER DISTRICT COUNCIL RETAIL AND TOWN CENTRE NEEDS ASSESSMENT (RTCNA) - 2021 UPDATE

for:

Dover District Council

FINAL
Volume 1:
Retail and Leisure Needs Assessment

October 2021

lsh.co.uk

Reviewed by:

Report Issue Date: October 2021

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Signed:

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For and on behalf of Lambert Smith Hampton

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Volume 2: Town Centre Shopping Patterns and Healthchecks

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1. Introduction

1.1 Lambert Smith Hampton (**LSH)** was commissioned by Dover District Council hereafter '**DDC**' to update the key findings of the '2018 Retail and Town Centre Needs Assessment (**2018 RTCNA**) in the light of:

- the COVID-19 pandemic,
- changes to the planning system (such as use-class and permitted development rights).
- DDC has started the process of developing a new Local Plan for the District which will replace the existing Core Strategy and Land Allocations Local Plan (the Regulation 18 document public consultation was undertaken between 20th January and 17th March 2021 and the Regulation 19 consultation is currently planned for January to March 2022); and
- the new Local Plan will set out planning policies and proposals for new development in the District over the period from 2020 to 2040.

1.2 The Study comprises of four Volumes as follows:

- **Volume 1: Retail and Leisure Need Assessment:** This first volume assesses the future need ('capacity') for new retail (convenience and comparison goods) floorspace over the Plan period to 2040 and updates the findings of the 2018 RTCNA. It also assesses the quantitative need for new commercial leisure facilities.
- **Volume 2: Town Centre Shopping Patterns and Healthchecks**: Replicates the findings of the 2018 RTCNA, specifically the Study Area and Shopping Patterns and the Healthchecks across the centres of the DDC area (i.e. Chapters 4, 5, 6, 7, 8, 9 of the 2018 RTCNA). It should be noted that this assessment represents a partial update by DDC of the 2018 RTCNA. Notwithstanding this, LSH has undertaken a broad review of retail composition and vacancies on Dover, Deal and Sandwich to inform the current update. This is based on the latest available Experian GOAD information.
- **Volume 3: Policy and Strategy Recommendations:** Provides the key conclusions and recommendations stemming from this update.
- **Volume 4: Quantitative Modelling Outputs:** Details the Appendices supporting the quantitative analysis.

1.3 The overall findings of this update will be used to inform the draft Local Plan Regulation 18 Document.

1.4 This update is based on the study area defined in the 2018 RTCNA (see **Volume 2 Section 1**). This includes the market share analysis that informed this Study which was informed by a household survey conducted in June 2017.

1.5 The capacity update takes account of:

- the most recent population projections for the study area derived from the ONS's 2019-based Sub National Population Projections (SNPP);
- the most up to date retail (convenience and comparison goods) expenditure per capita levels derived from Experian's MMG3 GIS;
- Experian's latest Retail Planner Briefing Note 18 (October 2020).This update is on the takes account of forecasts from Experian that account for the on-going impact of the COVID-19 pandemic;
- the most recent forecasts of expenditure growth and 'non-store' retail sales (otherwise referred to as Special Forms of Trading[1]) based on Experian's latest Retail Planner Briefing Note 18 (October 2020);
- an update and overview of key retail trends;
- the current pipeline of committed new retail floorspace as revised by DDC.

1.6 It should be noted at the outset that capacity forecasts carried out over a long period of time are inherently less certain and should be treated with caution. This is principally due to the impact of economic, demographic and market trends on the key assumptions and forecasts. As a result we advise DDC that greater weight should be placed on the short term forecasts carried out over a three-five year period in accordance with the NPPG and especially currently when the impact of the pandemic are still being realised. Notwithstanding this, account should also necessarily be taken of the forecast growth over the development plan period.

1.7 For ease of reference **Volume 1** of this report is structured as follows:

- **Section 2** updates and reviews the national and local planning policy context material to retail planning and town centres.
- **Section 3** highlights current trends that are driving the dynamic changes in the retail and leisure sectors.
- **Section 4** sets out the key assumptions and forecasts underpinning the quantitative need ('retail capacity') assessment.
- **Section 5** details the updated capacity outputs based on LSH's in-house **CREAT**[e] (excel-based) capacity model.
- **Section 6** sets out the updated findings of the commercial leisure and other town centre uses 'gap' assessment. This looks at current leisure provision and the potential need over the plan period for new food and beverage uses, cinema, gyms, etc.
- **Section 8** summarises the findings and advice of this update.

[1] Special Forms of Trading (SFT) comprises all non-store retail sales made via the internet, mail order, stalls and markets, door-to-door and telephone sales. On-line sales by supermarkets, department stores and catalogue companies are also included in the data collected by the Office for National Statistics (ONS)

2. Planning Policy Overview

2.1 To help inform the preparation of this study, this section provides a summary of the key national and local planning policies pertaining to retail, leisure and other main town centre uses.

NATIONAL PLANNING POLICY & GUIDANCE

2.2 The National Planning Policy Framework (**NPPF**) was revised on 20 July 2021 and sets out the government's planning policies for England and how these are expected to be applied. This revised Framework replaces the previous National Planning Policy Framework published in March 2012, revised in July 2018 and updated in February 2019.

National Planning Policy Framework (NPPF)

2.3 The latest update of the NPPF sets out the Government's planning policies for England. Planning law requires that applications for planning permission be determined in accordance with the development plan[2], unless material considerations indicate otherwise. The NPPF must therefore be considered in plan-making and is a material consideration in planning decisions.

2.4 The NPPF states that the purpose of the planning system is to contribute to the achievement of sustainable development, which is defined as meeting the needs of the present without compromising the ability of future generations to meet their own needs[3]. The Framework (paragraph 11) sets out the Government's view of what the presumption in favour of sustainable development means in practice. For plan-making: *"…all plans should promote a sustainable pattern of development that seeks to: meet the development needs of their area; align growth and infrastructure; improve the environment; mitigate climate change (including by making effective use of land in urban areas) and adapt to its effects.."*

2.5 Chapter 3 ('Plan-Making') of the Framework provides guidance to local authorities on preparing local plans. Paragraph 20 states that policies should set out an overall strategy for the pattern, scale and design quality of places and make sufficient provision for new sustainable development. It requires that strategic policies should look ahead over a minimum 15 year period from adoption ***except in relation to town centre development***

[2] Defined in section 38 of the Planning and Compulsory Purchase Act 2004, and includes adopted local plans, neighbourhood plans that have been made and published spatial development strategies, together with any regional strategy policies that remain in force. Neighbourhood plans that have been approved at referendum are also part of the development plan, unless the local planning authority decides that the neighbourhood plan should not be made.

[3] Resolution 42/187 of the United Nations General Assembly

(see below). Where larger scale developments such as new settlements or significant extensions to existing villages and towns form part of the strategy for the area, policies should be set within a vision that looks further ahead (at least 30 years), to take into account the likely timescale for delivery (paragraph 22). In preparing development plans, "policies should be underpinned by relevant and up-to-date evidence" (paragraph 31). To ensure the local plans and spatial strategies are relevant they should be reviewed at least once every five years and updated as necessary (paragraph 33).

2.6 Chapter 7 ('*Ensuring the vitality of town centres*') provides guidance on plan-making and decision-taking for retail and other town centre uses. Paragraph 86 states that "planning policies and decisions should support the role that town centres play at the heart of local communities", and sets out criteria that local authorities should consider when preparing planning policies. These include: (a) defining a network and hierarchy of centres; (b) defining the extent of town centres and Primary Shopping Areas (PSAs); (c) retaining and enhancing existing markets; and (d) allocating a range of suitable sites in town centres to meet the sales and type of development likely to be needed, "***looking at least ten years ahead***".

2.7 Paragraphs 87-91 specifically set out the requirement to apply the sequential and impact tests to determine applications for new retail, leisure and main town centres that are neither in an existing centre, nor in accordance with an up-to-date development plan.

2.8 Other Chapters in the NPPF are also relevant to the preparation of this study, and to the Council's plan-making and decision-taking policies for its network and hierarchy of centres. For example, Chapter 8 ('*Promoting healthy and safe communities*') sets out the need to achieve healthy, inclusive and safe places; including the need to plan positively for the provision and use of shared spaces, community facilities (such as local shops) and other local services to enhance the sustainability of communities and residential environments (paragraph 93a).

Planning Practice Guidance (PPG)

2.9 The latest update of the Planning Practice Guidance (PPG) was issued in September 2020. It provides specific guidance on plan-making and decision taking for retail, leisure and town centre uses, including guidance on Permitted Development Rights (PDR) and the new Use Classes Order ('UCO') that came into effect on 1st September 2020[4] (see below). The Guidance supports the policies and provisions of the NPPF; placing significant weight on the development of positive plan-led visions and strategies for town centres.

[4] Paragraph: 007 Reference ID: 2b-007-20190722. Also refer to: Town and Country Planning (General Permitted Development) (England) Order 2015, as amended.

2.10 In terms of planning for town centres, the PPG states that a wide range of complementary uses can, if suitably located, help to support the vitality and viability of town centres. These include residential, employment, office, commercial, leisure/entertainment, healthcare and educational development. Evening and night-time activities also have the potential to increase economic activity within town centres and provide additional employment opportunities.

2.11 The PPG (paragraph 004) sets out the importance of evidence-based strategies and visions for town centres to help establish their role and function over the plan period, the need for new retail, leisure and town centre uses, and other interventions. However, given the uncertainty in forecasting long-term retail trends and consumer behaviour, the PPG states that forecasts ***"…may need to focus on a limited period (such as the next five years) but will also need to take the lifetime of the plan into account and be regularly reviewed***"[5]. In those cases where development cannot be accommodated in town centres, the PPG requires planning authorities to plan positively to identify the most appropriate alternative strategy for meeting the identified need, having regard to the sequential and impact tests[6]. The PPG also sets out several Key Performance Indicators (KPIs) that "*may be relevant in assessing the health of town centres, and planning for their future*"[7].

Reform of Use Classes Order & Permitted Development Rights

2.12 The Government has issued a series of reforms to the planning system since the 2018 RTCNA. The reforms principally relate to Permitted Development Rights (PDR) and the Use Classes Order (UCO)[8], alongside the Government's White Paper "*Planning for the Future*" (published in August 2020) and the 2021 *Planning Reform Bill*.

2.13 The new UCO came into effect from 1st September 2020 and is relevant to the preparation of this study and the Council's plan-making and decision-taking on new retail, leisure and town centre uses. The new UCO amended and revoked a number of use classes under the 1987 Order, and has replaced them with much broader use classes. In summary, the main reforms introduced by the new UCO include:

- a new **Class E (commercial, business and service uses)**: which subsumes the former Use Classes A1 (shops), A2 (financial and professional services) and A3 (restaurants and cafés). It also incorporates: the former Class B1 (commercial,

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[5] Paragraph: 004 Reference ID: 2b-004-20190722

[6] Refer to Paragraph: 005 Reference ID: 2b-005-20190722. Paragraph 010A ID: 2b-010-20190722 also provides a checklist for local planning authorities to consider when applying the sequential test.

[7] Paragraph: 006 Reference ID: 2b-006-20190722

[8] The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020/757 was laid before Parliament on 21st July 2020 and amended the Town and Country Planning (Use Classes) Order 1987.

business and service uses), comprising office, research and development and light industry; Class D1(non-residential institutions) in part, comprising medical or health services, clinics, creches, day nurseries and day centres; and Class D2 (assembly and leisure) in part, comprising gyms or areas for indoor recreation.

- a new **Class F1 (learning and non-residential institutions)**: which includes some of the former uses under Class D1 (non-residential institutions), including museums, public libraries, art galleries, schools, and places of worship.
- a new **Class F2 (local community uses)**: which comprises (former Class A1) shops defined as being *"…not more than 280 sqm mostly selling essential goods, including food, and at least 1km from another similar shop*". This Use Class also includes former Class D2 (assembly and leisure), such as meeting places/halls, indoor/outdoor swimming baths, skating rinks, and outdoor sport and recreation.
- an extension to the **Sui Generis** uses (which fall outside the specified use classes) to include the former Use Classes A4 (pubs and drinking establishments) and A5 (hot food takeaways). It also incorporates some uses previously classified under D2 (assembly and leisure), including cinemas, concert halls, live music venues, bingo and dance halls.

2.14 The Government also consulted on a variety of changes to PDR in December 2020, including the Class E to Class C3 (residential) PDR. This PDR replaces the two existing commercial to residential PDRs under **Class O (office to residential)** and **Class M (conversion of shops, financial services, betting offices and pay day loan or mixed uses to residential).** The Order[9] introducing the new PDR under new **Class MA** (from 1st August 2021) will be subject to prior approval applications. It does contain some conditions and limitations informed by the consultation responses. For example, it only applies to buildings that have been vacant for a least three continuous months, to help protect existing businesses. It does not apply to buildings with a cumulative floorspace of more than 1,500 sqm or to listed buildings, but will apply in Conservation Areas.

2.15 In launching the reforms the Government announced that the regulations will give *"…greater freedom for buildings and land in our town centres to change use without planning permission and create new homes from the regeneration of vacant and redundant buildings*"[10]. These changes are relevant to this study. It should be noted that reference is still made throughout the study to classifications defined by the previous 1987 UCO.

[9] Town and Country Planning (General Permitted Development etc.) (England) (Amendment) Order 2021

[10] https://www.gov.uk/government/news/pm-build-build-build

Article 4 Directions

2.16 The expansion of PDR allowing fast-track consents for conversions from commercial property to housing without the need for a planning application has resulted in concerns for Local Planning Authorities (LPAs). This includes the introduction of the new Class MA PDR which allows conversions from the new E use class that covers a range of town centre commercial uses, including shops and offices, to residential.

2.17 The latest revision to the NPPF has tightened the rules on the ability of LPAs to secure Article 4 directions (A4Ds). Paragraph 53 of the NPPF states:

"The use of Article 4 directions to remove national permitted development rights should:

- *where they relate to change from non-residential use to residential use, be limited to situations where an Article 4 direction is necessary to avoid wholly unacceptable adverse impacts (this could include the loss of the essential core of a primary shopping area which would seriously undermine its vitality and viability, but would be very unlikely to extend to the whole of a town centre)*
- *in other cases, be limited to situations where an Article 4 direction is necessary to protect local amenity or the well-being of the area (this could include the use of Article 4 directions to require planning permission for the demolition of local facilities)*
- *in all cases, be based on robust evidence, and apply to the smallest geographical area possible."*

2.18 The resulting implication is that a higher threshold has been set for the use of A4Ds. LPAs will need to provide much more evidence to justify an A4D. Press reports[11] at the time of writing this update suggest that a survey London's 35 local planning authorities, has revealed that 17 of them have either introduced or have plans to introduce an A4D to prohibit Class MA permitted development rights to convert high street units to housing citing concerns over a loss of business space and poor-quality homes. These will come into effect from 31 July 2022 when any A4Ds introduced on the old office-to-residential PDR will cease to have effect.

LOCAL PLAN CONTEXT

2.19 The current Development Plan currently consists of:

- **Dover District Core Strategy (2010);**
- **Dover District Land Allocations Local Plan (2015);**
- **Dover District Local Plan 2002 (saved policies);**
- **Worth Neighbourhood Development Plan (2015); and**

[11] "London councils to ban new PDR" – Property Week (19/08/2021)

- **Kent Minerals and Waste Local Plan (2016)**

2.20 DDC has started the process of developing a new Local Plan for the District which will replace the existing Core Strategy and Land Allocations Local Plan. This section only reviews this new component as the analysis of the extant plan is detailed in the 2018 RTCNA.

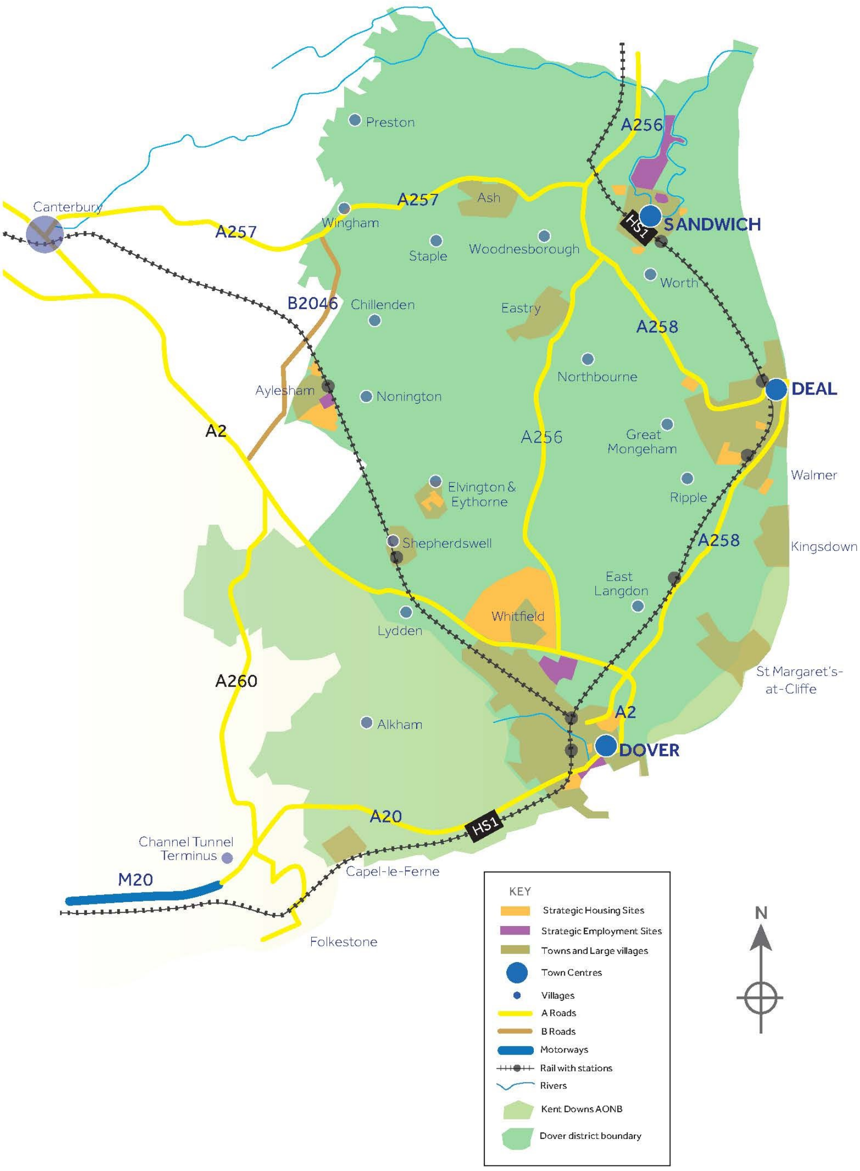
2.21 The new Local Plan will set out planning policies and proposals for new development in the District over the period from 2020 to 2040. Once adopted, the Local Plan will replace the current suite of Development Plan documents

DDC Draft Local Plan Regulation 18 Document (January 2021)

2.22 The Regulation 18 document on which public consultation was undertaken between 20th January and 17th March 2021 cites the following main provision and policies relevant to this study and are briefly summarised below.

- **Chapter 4 on "Vision and Objectives"** sets out the overarching vision as follows: Dover District in 2040 will be a place of aspiration, providing outstanding opportunities for sustainable living. Through careful stewardship of its world class landscapes and wealth of historic sites, it will be a destination of choice for people of all ages to make their home, for businesses to invest in and for visitors to explore and experience. Community spirit will be strong amongst the residents of the district, with an increased sense of health and wellbeing. Importantly also to "*support opportunities to strengthen the role of Dover, Deal and Sandwich Town Centres through their diversification, enhancement and improvements to the public realm (paragraph 4.2)*".

Figure 2.1: DDC Draft Local Plan (Regulation 18): Key Diagram



Source: https://www.doverdistrictlocalplan.co.uk/uploads/pdfs/dover-district-draft-local-plan-regulation-18-document.pdf Page 24.

- **Chapter 6** on **"New Homes"** details the strategic housing allocations at Whitfield, North and South Aylesham and Eythorne and Elvington. Of significance is the urban expansion of Whitfield is currently (identified as a strategic allocation in the Core Strategy 2010 (**Policy CP11**) for the delivery of at least 5,750 new homes). The Whitfield Supplementary Planning Document (2011) provides the planning framework to guide the delivery of the site. **Strategic Policy 4** in the draft Local (Regulation 18) Plan on the **"Whitfield Urban Expansion"** provides for:

- the "*creation of a new neighbourhood comprising at least 5,750 homes supported by transport, education, primary health and social care, utility services and green infrastructure together with retail, leisure and employment uses*".
- *Land is also allocated to the north-west of the existing allocation at Whitfield to deliver approximately 600 new homes*.
- A revised Supplementary Planning Document (SPD) will be required, incorporating the proposed extension to the site, to guide the future delivery of the Whitfield urban expansion (at the time of writing this report this had not been completed).

According to the plan (paragraph 6.72) to date 1,483 homes have been granted consent at Whitfield of which there have been 200 completions, leaving 1,283 homes extant (as at 31March 2020). It is currently estimated that in addition to the delivery of the extant permissions, a minimum of a further 2,200 homes can be delivered at Whitfield over the Plan period, with the remainder of the development being delivered outside the Plan period.

- **Chapter 7 on "Employment and the Local Economy"** provides that "opportunity exists to capitalise on the strengths of the Districts Town Centres in relation to their location, accessibility, heritage and tourism offer, to diversify uses within these areas and create vibrant hubs for retail, leisure, culture and employment" (paragraph 7.18) and that "*the council's new economic growth strategy will also need to respond to the economic impacts associated with Brexit and the coronavirus pandemic, in relation to businesses, town centres and working practices in general, to ensure that the local economy can respond positively to challenges and harness any opportunities going forward*" (paragraph 7.19).
  - **On revitalising town centres paragraph 7.34 states:**

  a) All of the District's town centres will offer a more diverse retail and leisure offer, excellent public realm, high quality town centre living and a thriving evening economy.

  b) Dover Town Centre will develop a new role as a hub for start up and scale up enterprises through the provision of new workspace concepts.

  c) The town centres will play a key role as part of White Cliffs Country in being hubs for an expanded visitor economy and cultural offer that can support richer experiences for residents and visitors alike

  - **Strategic Policy 9** on "**Employment Allocations**" details the following sites for business and employment purposes with uses restricted at the allocated employment sites to employment uses (Use Classes E-Office, B2 and B8), and not including main town centre uses as defined in the NPPF:

- Whitecliffs Business Park, Whitfield;
- Aylesham Development Area, Aylesham;
- Sandwich Industrial Estate, Sandwich;
- Discovery Park, Sandwich;
- Ramsgate Road, Sandwich; and
- Dover Waterfront.

In relation to Whitecliffs Business Park, Whitfield, paragraph 7.42 notes that "*Retail development has started to erode the longer term employment potential of parts of the site*… and that … *"that is unclear how much of this site will be available for additional employment purposes*".

- **Chapter 8 on "Retail & Town Centres"** sets out the issues facing the District's centres drawing on the outputs from the 2018 RTCNA with the following strategic and development management (DM) policies:
  - **Strategic Policy 10 on "Quantity and Location of Retail Development":** The provision of new retail floorspace as detailed in the 2018 RTCNA (shown below) should be focused in the main towns of Dover, Deal and Sandwich first and that the provision of town centre uses should reflect the individual role, character and heritage of the town centres, and be in conformity with the other policies in the Plan.

Figure 2.2: 2018 RTCNA Capacity Outputs

8.57 With regards to future retail need, the Retail and Town Centre Needs Assessmei

- Convenience goods – District wide forecast capacity over the plan period to 2037 can by existing commitments
- Comparison goods – there is no District wide capacity for new comparison goods fl short term (to 2022) and the medium term (to 2027). By 2032 there is the capacity

Source: https://www.doverdistrictlocalplan.co.uk/uploads/pdfs/dover-district-draft-local-plan-regulation-18-document.pdf ; Page 126.

  - This section also sets out of the role and function of the District's centres and sets out Dover's hierarchy of centres (which broadly accords with the settlement hierarchy) as follows:

Secondary Regional Centre	Town Centre's	District Centre	Local and Village Centres
> Dover	> Deal > Sandwich	>Aylesham	> Eastry > Wingham > Ash > Shepherdswell > St Margarets at Cliffe > Eythorne > Elvington > Kingsdown > Capel-le-Ferne > Lydden > Preston > Worth > Northbourne > Alkham > Goodnestone > Ripple > East Langdon

Source: https://www.doverdistrictlocalplan.co.uk/uploads/pdfs/dover-district-draft-local-plan-regulation-18-document.pdf ; Page(s)125 & 196.

In terms of the role of these centres in the retail hierarchy, the extant position is reaffirmed in that Dover Town Centre is the principal centre in the borough with the town centres at Deal and Sandwich serve the day-to-day needs of their local populations and visiting tourists. Aylesham is the largest rural settlement by population in the District and caters for local needs and services. The local and village centres play an important role for their immediate community catchment.

- **Strategic Policy 11 on "Dover Town Centre":** The Council will support proposals, in principle, that help to deliver the regeneration and development of Dover town centre, in accordance with the vision and town centre strategy.
- **Strategic Policy 12 on "Deal and Sandwich Town Centres"**: The Council will support in principle proposals which continue to place Deal and Sandwich at the heart of the communities they serve, and their role as vibrant town centres offering a range of compatible uses reflecting their individual character and economies.
- **DM Policy 25 on "Primary Shopping Areas":** Primary shopping areas are defined for Dover, Deal and Sandwich Town Centres as set out on the policies map. Within the Primary Shopping Areas, the Council will support in principle, retail and main town centre uses and commercial, business and services falling within Planning Use Class E.
- **DM Policy 26 on "Sequential Test and Impact Assessment**" details that proposals for retail development which are not located within the Primary Shopping Areas or for other 'main town centre uses' which are not located within the boundaries of Dover, Deal or Sandwich Town Centres (as set out on the policies map) and are not supported by other policies require a sequential assessment and for proposals for retail development which are greater than 350sqm, require an

impact assessment. Other main town centre uses will be required to carry out impact assessments in line with the requirements of the NPPF.

  - **DM Policy 27 on "Local Centres":** The Council will protect individual convenience shops outside designated centres, even where ancillary to another use (such as petrol stations).
  - **DM Policy 28 on "Shop Fronts":** New, replacement and alterations to employment and retail fronts will be supported in line with scale, architectural style.
- **Chapter 10 on "Design"** sets out the Council's strategy for design and place making. DM Policy 36 on "Achieving High Quality Design" states inter alia *"…Higher density development will be encouraged in accessible locations, such as around transport hubs or town centres, where this is appropriate…."*

Other Development Plans and Material Considerations

2.23 Other Supplementary Development Plans (SPDs) and evidence-based documents that provide background to the preparation of this study include:

- **Draft Economic Growth Strategy (January 2021)**
- **Tourism Strategy (May 2021)**

Draft Economic Growth Strategy (January 2021)

2.24 The Economic Growth Strategy sets out DDC's vision and long-term plan to grow the local economy. The defined "**Vision for Economic Growth**" is as follows:

"Dover District in 2040 will have a diverse, resilient and highly productive economy that maximises our global gateway location. We will be the first choice location for a variety of sectors at the forefront of innovation, enterprise and new technologies. Our residents will benefit from access to good quality jobs with long term prospects, and the best facilities available for their work".

2.25 A key theme for realising this vision is on "***Revitalising our town centres***" whose target objectives are:

- Secure investment in the District's town centres to offer a diverse retail and leisure offer, excellent public realm, high quality urban living and a thriving evening economy.
- Develop a new role for town centres as hubs for start-up and scale-up enterprises through the provision of new, flexible workspace concepts.
- Promote the role of our town centres as part of White Cliffs Country as hubs for the visitor economy, with an expanded cultural offer for residents and visitors alike.

2.26 On this basis the activities that are targeted are:

- **Dover Town Centre:**
  - Secure restoration of the Grade I Listed Maison Dieu project in Dover Town Centre by 2023 to deliver new commercial uses and help to create a new heritage quarter.
  - Bring forward plans for the rejuvenation of Dover Market Square to provide a new event space and water feature, highways improvements and new public realm to create a more attractive street scene and better pedestrian connections.
  - Deliver proposals through the Future High Street Fund to deliver transformational integration in Dover Town Centre and an enhanced creative and cultural offer. These include a new creative centre and gallery space, a hub for start-up enterprises, and improved connectivity to the Waterfront and public realm.
  - Secure funding through the Levelling Up Fund or private sector investment for further transformational measures such as a cable car, to make better use of our heritage assets and develop a café culture.
  - Work with the Port of Dover to deliver opportunities at Dover Waterfront and Wellington Dock

- **Sandwich**: Working in partnership to create a high-quality environment and multi-use event space at the Guildhall in Sandwich, fostering the café culture and other activities that bring footfall to the locality.

- Support investment in **quality hotel accommodation and the facilitation of new hospitality, restaurant and business conference & meeting space**, particularly 4* or 5* rated, to enhance and support the District's town centre, business and visitor offer.

Tourism Strategy – Destination White Cliffs Country (May 2021)

2.27 It is understood that this is the first Tourism Strategy produced by DDC with the aim of stimulating market growth and new investment in the District's visitor economy. The reference and branding to "White Cliffs Country" refers to the destination management and marketing organisation for Dover District (that includes the character towns of Deal, Dover, Sandwich and wider environs) and represents the tourism and visitor arm of DDC.

2.28 The ambition for the District is "*To be a vibrant world-class destination valued for its outstanding heritage, landscape and pursuits, as well as its ease of access, warmth of welcome and wealth of opportunity*".

2.29 In relation to the tourism and visitor economy the ambition is "b*y 2030, the tourism and visitor economy within White Cliffs Country will be a year-round sustainable, accessible and productive industry, where businesses and organisations are growing, and visitors return year after year*".

2.30 The aims under the strategy include:

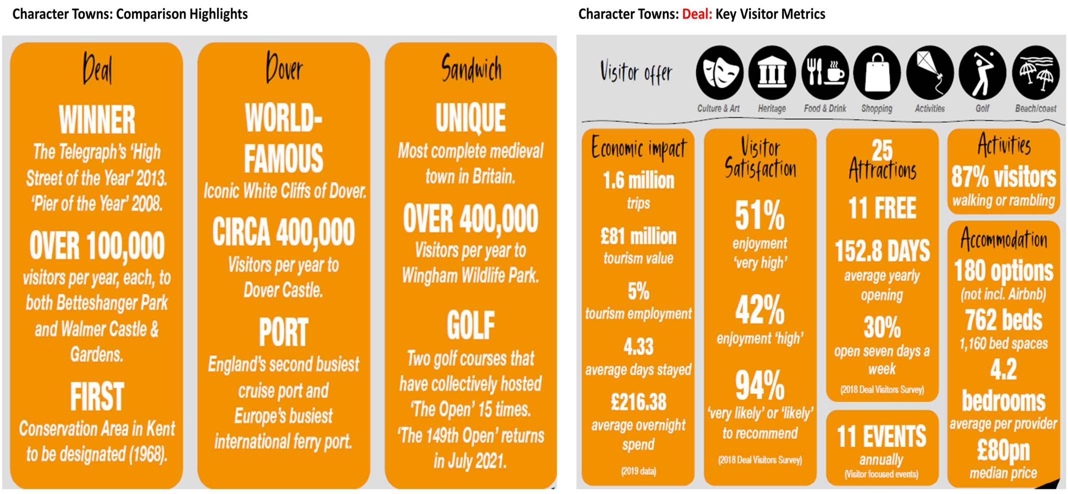
- To increase the number of staying visitors (international and domestic), year on year.
- To increase visitor spend per trip, year on year.
- To improve infrastructure and digital technology during the lifespan of the Strategy.
- To facilitate and aid the introduction of new hotels, restaurants, attractions, businesses and conference centres during the lifespan of the Strategy.

2.31 The strategy has a special focus for town centres, place making and transportation with emphasis being placed on:

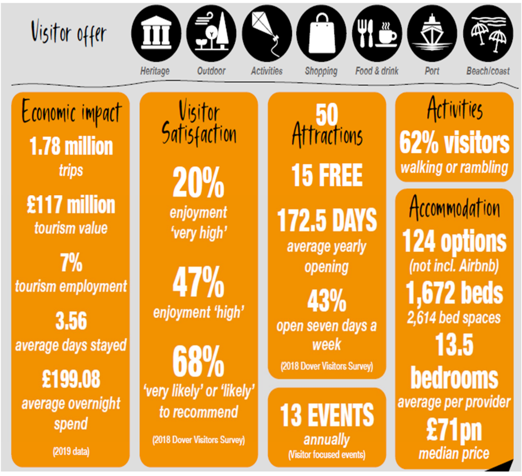
- wayfinding and signage *"…introduce an appropriate level of new visitor based roadside, town centre, train station and port signage...*" (page 11).
- *"…investing in 'placemaking and public realm' activity across the three character towns to position the district as a vibrant, outward-looking, safe and beautiful environment in which to live, work and visit; with a focus on festivals & events (including 'The Open'), culture & art, history & heritage and the evening economy in order to support and strengthen our town centres…*" (page 15)
- A Bus Rapid Transit (BRT) system is being developed as part of the Whitfield Urban Expansion to provide a strong connection between Dover town centre and Dover Priory railway station (page 45).

2.32 The current key tourism metrics by centre are summarised below

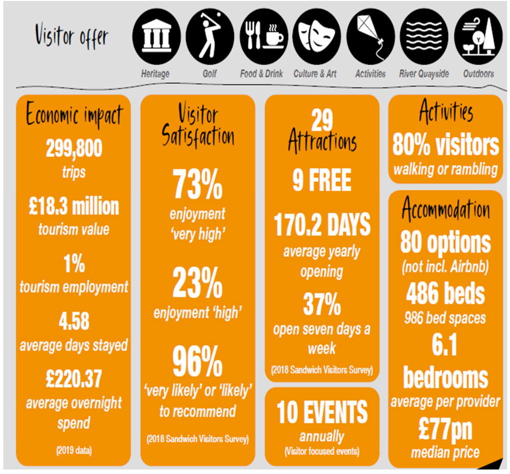
Figure 2.3: Key Tourism Metrics



Character Towns: Dover: Key Visitor Metrics



Character Towns: Sandwich: Key Visitor Metrics



Source: Tourism Strategy – Destination White Cliffs Country (May 2021)

2.33 In July 2021, the White Cliffs Country hosted 'The 149th Open' as the only golfing major held outside the US returning to Royal St George's in Sandwich. This raised the profile for Sandwich, the District and Kent both nationally and internationally.

Summary

2.34 The underlying objectives of national, regional and local plan policy is to maintain and enhance the vitality and viability of town centres, and to promote new sustainable development and economic growth in town centre locations 'first'.

2.35 This policy objective is even more critical at this point in time as town centres and high streets are facing increasing economic challenges from competing forms of retailing. These include the long term competition from out-of-centre shopping and leisure facilities and, over the last decade, the growth in online shopping. These trends and challenges have been further accelerated by the COVID-19 pandemic, and are covered in more detail in the next section.

3. Retail and Town Centre Trends

3.1 This section summarises some of the key economic, consumer and property market trends that have driven the changes in the retail and leisure sectors over the last decade and how town centres can respond to these dynamic trends to remain competitive and enhance their overall vitality and viability in the future. In addition, as this update has been written during the period of the ongoing coronavirus pandemic ('COVID-19'), it also focuses on the impact of the series of lockdowns and *"social distancing*" measures implemented by the Government since March 2020. The pandemic has created one of the toughest trading environments for the retail and leisure sectors and this section also reports on its immediate effects.

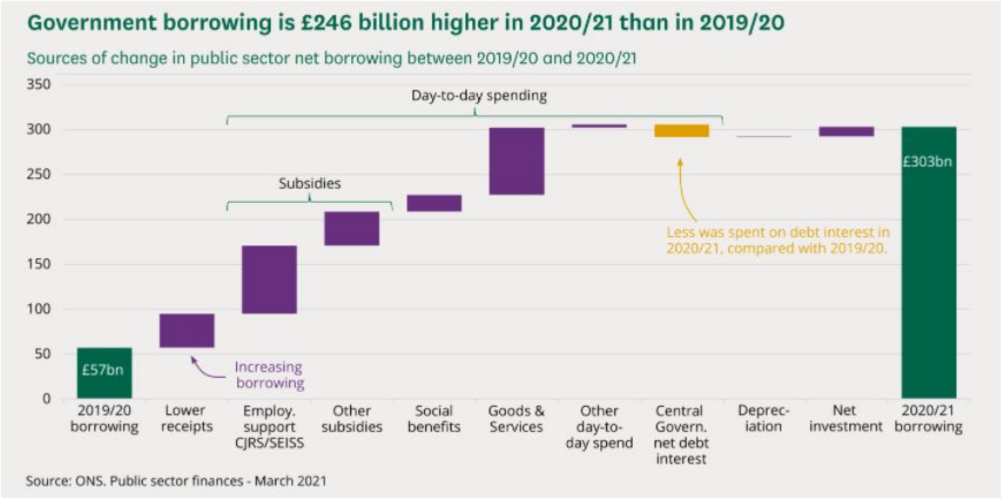
UK Economic Outlook

3.2 In the 18-24 months prior to the COVID-19 pandemic the UK economy had been characterised by a low growth trajectory. The *Office for National Statistics* (ONS) identified that the UK's GDP increased by +0.3% (quarter-on-quarter) in the third quarter (Q3) of 2019. This represented a +1% year-on-year increase since 2018 (Q3), which was the weakest growth recorded since 2010 (Q1).

3.3 The impact of the COVID-19 pandemic in 2020 saw the UK economy experience its biggest annual decline in GDP (-9.9%) for over 300 years. Experian Economics forecast a +7.6 growth for 2021. The latest ONS figures for GDP for 2021 (Quarter 2) show the UK economy expanded by 4.8% (compared with the Q1, 2021), as restrictions were eased, following a 1.6% decline in 2021 (Q1). Services and production both shared in the rise. Much of the increase came from a bounce back in activity in the consumer facing service sectors, with household expenditure expanding by 7.3%, as pent up-demand from lockdown was satisfied.

3.4 Britain's budget deficit (i.e. the gap between public spending and income from taxes) has also reached the highest levels experienced since the Second World War. Government borrowing climbed to a record £303 billion (or 14.5% of GDP) in 2020/21.

Figure 3.1: Government Borrowing: 2019/20 compared with 2020/21



Source: House of Commons Library: Government borrowing: Peacetime record confirmed (23/04/2021)
https://commonslibrary.parliament.uk/government-borrowing-peacetime-record-confirmed/

3.5 Experian Business Strategies (Experian) predict in their latest *Retail Planner Briefing Note* 18 ('RPBN 18') that the economy will not recover to pre-pandemic levels until at least 2022. This is based on Experian's assumptions that the economy will return to some "normality" from mid-2021 due to the roll-out of vaccines and the end of the third lockdown. However, the unprecedented nature of the global pandemic means that all forecasts are subject to greater than usual uncertainty and volatility.

Retail Spending

3.6 The COVID-19 pandemic has inevitably had a dramatic impact on consumer spending and retail sales in 2020. Although consumer spending has been a key driver of economic growth since the BREXIT referendum in June 2016, there had been increasing signs pre-COVID-19 that growth was starting to "soften". Figures show that household spending slowed to an eight year low (+1.2%) in 2019 due principally to the impact of BREXIT on consumer confidence.

3.7 The latest Experian[12] forecasts for **retail spend per head** show:

- **Convenience goods:** The impact of COVID-19 resulted in a significant +8.4% surge in spend per head in 2020 according to Experian. This followed negative growth in 2019 (-0.9%) and for most years since 2005. As we describe below, the negative growth in convenience goods spending over the last 15 years has had a significant

[12] Source: Experian Retail Planner Briefing Note 18 (October 2020) Figures 1a and 1b.

impact on the grocery sector and on retailer business models. Experian predict that the boost to convenience goods spending in 2020 will start to *"unwind"* in 2021 assuming a return to more *"normal"* conditions. Experian forecast a fall in convenience spend in 2021 (-6.2%), and annual (per capita) growth over the medium to long term *"flatlining"* at around +0.1% up to 2040.

- For **comparison goods** the figure shows year-on-year growth rates recovering from a low of -1.0% in 2009, to a high of +5.7% in 2015. Following negative growth of -8.5% in 2020, Experian predict that (per capita) growth will settle at around +3% per annum on average up to 2040. This growth forecast is significantly below the historic long term trend (1997-2019) of +5.5% per annum.

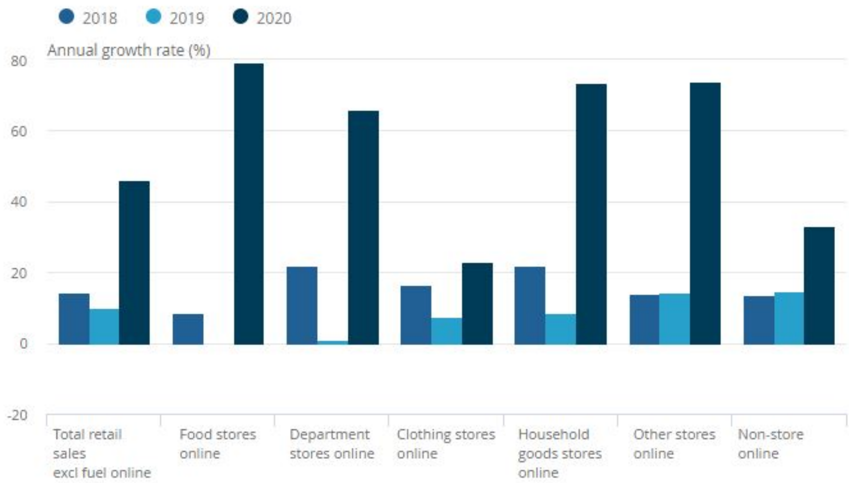
3.8 These expenditure growth trends and forecasts have informed the updated assessments of retail capacity. Clearly any further dampening of growth rates over the short to medium term due to the on-going impact of the pandemic will have implications for the viability of existing retail businesses and the demand for new space.

The Rise of Online Shopping

3.9 The growth in non-store retail sales has undoubtedly had the most significant impact on consumer spend and behaviour over the last decade, and on our High Streets and traditional shops[13]. ONS figures show that in 2020, the amount spent in online retail sales increased by 46.1% when compared with 2019 as a whole, the largest annual increase since 2008. Food stores reported the largest increase for total online sales in 2020 of 79.3%

[13] Non-store retailing is commonly referred to as **Special Forms of Trading** (SFT). This comprises all non-store retail sales made via the internet, mail order, stalls and markets, door-to-door and telephone sales. On-line sales by supermarkets, department stores and catalogue companies are also included in the data collected by the Office for National Statistics (ONS).

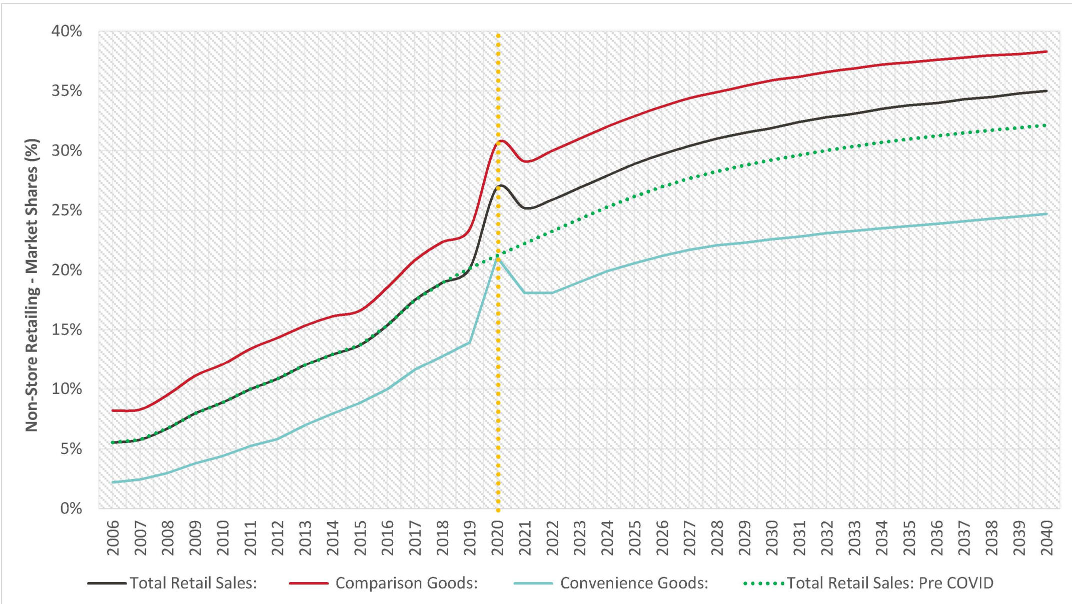
Figure 3.2: Annual Increase in Total Online Retail Sales for 2020



Source: ONS: Retail sales, Great Britain: December 2020 (22/01/2021)
https://www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/december2020#annual-increase-in-total-online-retail-sales-for-2020

3.10 As the figure below shows, SFT's overall market share (as a proportion of total UK retail sales) increased from 5.5% in 2006 to 20.2% in 2019. In other words, online accounted for more than one in every five pounds spent on retail goods in 2019. Of this total non-store retail sales, Experian estimate that comparison and convenience goods retailing achieved market shares of 23.4% and 14.1% respectively in 2019.

Figure 3.3: Estimated and Projected Market Shares of Non-Store Retail Sales (SFT), 2006-2036



Source: Experian Retail Planner Briefing Note 18 (October 2020). Appendix 3

3.11 The impact of COVID-19 has been to increase the market share of non-store retail sales following the series of lockdowns. Experian's latest figures indicate that the total non-store market share increased to 26.9% in 2020; and the share of comparison and convenience goods retailing increased to 30.6% and 21.1% respectively. This compares with Experian's previous forecasts (pre-COVID-19) of 21.1% for all total retail sales, 24.8% for comparison retailing and 14.2% for convenience.

3.12 The forecast for 2021 is 25.2% for total retail sales, 29.1% for comparison retailing and 18.1% for convenience.

3.13 The latest Experian forecasts indicate that total SFT market shares will increase to 35% by 2040 (i.e. over one in every three pounds spent on retail in 19 years' time will be online). Comparison and convenience goods non-store retail sales are forecast to reach 38.3% and 24.7% respectively by 2040.

3.14 Experian predict that the pace of e-commerce growth will slow over the long term as internet use is now almost at capacity. ONS statistics show that some 92% of all UK adults have internet access and almost all of those aged between 16-44 years in 2020[14]. Hence, Experian expect that the growth of the internet user base will be less of a driver than it has been in the past decade. Instead, generational differences in internet use will increasingly drive growth. For example, the 'Millennials' (defined as anyone born between 1981 and 1996) and 'Generation Z' (anyone born between 1997 and 2010) generations have grown up in digital environments and use technology more intensively. These groups will account for half of the adult population by the end of the 2020s (compared to 39% in 2019) and the bulk of retail and leisure spending. Their preference for online shopping could well represent the "*tipping point*" for the retail industry as a whole, and this will have been further accelerated by the impact of the pandemic.

3.15 Other research[15], published before the impact of the pandemic, predicted that the growth in online sales could be even faster than forecast by Experian; accounting for a substantial 53% of total retail sales by 2028. This faster growth it is argued will be driven by the significant improvements in the convenience and choice of online purchasing through further advances in smartphones, mobile/wearable technology and Artificial Intelligence (AI), alongside improved web-based platforms and social media. The expansion of 5G and fibre networks, cheaper and faster deliveries (including the potential for drone deliveries, autonomous delivery vehicles, etc.), more 'click-and-collect' options and easier return processes will also provide the platform for increasing online purchases.

[14] Source: ONS: Internet users, UK: 2020 (Release date 06/04/2021) https://www.ons.gov.uk/businessindustryandtrade/itandinternetindustry/bulletins/internetusers/2020

[15] 'The Digital Tipping Point – 2019 Retail Report' (Retail Economics and Womble Bond Dickinson)

3.16 Whatever the forecast growth in online sales and market shares, it is clear that high streets, town centres and physical retailers will need to work even harder to retain their existing customer base and attract new customers over the short (post-pandemic), medium and long term.

3.17 In terms of forecasting the potential capacity for new physical retail floorspace, Experian estimate that approximately 25% of all SFT sales for comparison goods and 70% for convenience goods are still sourced through traditional (‘*bricks-and-mortar’*) retail space, rather than through ‘*virtual’* stores and/or *‘dot com’* distribution warehouses. On this basis, Experian adjust their SFT market shares downwards, to 16.6% in 2020, 18.6% by 2025, 21% by 2030 and 23.6% by 2040. These market shares are higher than Experian’s pre-COVID-19 forecasts of 13.6% in 2020, increasing to 21.8% by 2040. In line with standard approaches these adjusted/recalibrated market share figures are preferred for retail capacity assessments and used in this update.

3.18 It is clear that the “*digital revolution*” and growth of online retailing has, and will continue to have a significant impact on Britain’s retailers, sales and high streets. The early impact of Internet shopping has been mainly concentrated on certain retail products and services (such as, for example, electrical goods, books, music and travel). In turn, this has resulted in a reduction in the number of retailers selling these types of products and services on the high street (examples being the rationalisation of HMV, Currys, GAME and other stores across the UK). However this does not mean that other comparison goods categories are immune to the impact of the internet. For example, there has been an increase in online fashion ‘stores’ and purchases over the last decade. The online fashion retailer Asos purchased the Arcadia brands (including Topshop, Topman and Miss Selfridge) in February 2021 for £330m after Arcadia collapsed into administration. Asos has purchased the stock, which it will sell online, but has no interest in the store portfolio. As a continuation of this trend the online fashion retailer Boohoo bought Dorothy Perkins, Wallis and Burton in February 2021 completing the breakup of the Arcadia Group. The deal to buy the three remaining fashion brands out of administration did not include any of the 214 UK stores.

3.19 The “*digital revolution*” is also impacting on how and where people choose to spend their leisure time. For example, instead of visiting the cinema or theatre, consumers can digitally stream to their televisions a vast library of filmed entertainment on demand through say Netflix or Amazon Prime, and through new recently launched channels by Apple and Disney. Social media, Skype, Zoom, etc. are also displacing face-to-face interactions. The innovation and development of these alternative digital customer experiences has accelerated during the pandemic and is exacerbating a *‘digital divide’* between, on the one hand, those well-resourced companies investing and competing in the digital arena, and on the other hand the small independent businesses that serve the day-to-day needs of their local (high street) communities. Yet the success of businesses at both ends of the ‘divide’ is mutually dependent, and is essential to a successful high street.

3.20 In summary, both retailers and high streets will need to compete for shoppers and expenditure through a variety of means including creating experiences that will attract the interest and attention of potential consumers across all age and socio-economic groupings.

Retailer Business Models and Requirements

3.21 The challenging economic conditions and growth in online sales have had a significant and permanent impact on consumer shopping and spending behaviour. This has created significant challenges for traditional “*bricks-and-mortar*” retailing and the high street. Consequently national multiple retailers are having to constantly review and rapidly adapt their business strategies, requirements and store formats to keep pace with the dynamic changes in the sector and consumer demand.

3.22 These dynamic trends are best illustrated by the changes in the grocery sector over the last decade. In the circa 25 years up to 2010 the sector enjoyed a period of strong growth, principally driven by new larger format store openings in predominantly edge and out of centre locations. Since 2010 the top-5 main grocery operators (i.e. Tesco, Sainsbury’s, Asda, Waitrose and Morrisons) have dramatically changed their business models; their focus has been on growing market share through online sales and new smaller convenience store formats (including Tesco Express, Sainsbury’s Local and Little Waitrose). As a consequence, applications for large store formats have slowed to a virtual standstill over the last decade and extant permissions have not been implemented. Outside of the so-called top-5 grocers, the ‘deep discount’[16] food operators (namely Aldi and Lidl) have significantly increased their respective market shares through new store openings. Notwithstanding this the grocery and convenience sector has had buoyant sales during the pandemic, particularly in town, district and local centres as many households have been forced to work from home and only the foodstores and ‘essential stores’ have been open during the series of lockdowns, including local independents.

3.23 The non-food retail sector has also experienced a significant impact from the rise of online shopping over the last decade, which has impacted on business models and store viability. Many well-known retailers have either closed or have significantly reduced their store portfolios. The table below summarises some of the higher profile “*casualties”* since 2008.

[16] Also referred to as ‘Limited Assortment Discounter’ (‘LADs’) by the Competition Commission Report.

Table 3.1: The Largest Retailers that have gone in Administration since 2008

Year	Retailer	Stores	Employees	Sector
2020	M&Co	262	2,700	Clothing
	DW Sports	75	1,700	sportswear
	Benson Beds	242	1,900	Furniture
	Harveys Furniiture	20	240	Furniture
	TM Lewin	65	600	Clothing
	Le Pain Quotidien	10	200	food and beverage
	Monsoon Accessories	35	550	Fashion & accessories
	Oasis & Warehouse	92	2,300	Clothing
	Cath Kidston	60	900	Fashion & accessories
	Brighthouse	240	2,700	Household goods
	Laura Ashley	155	2,350	Clothing
	Oddbins	56	567	off licences
	Hawkins Bazaar	22	177	toys & games
	Beales	22	n/a	Department Store
2019	Select	180	2,000	clothing
	Debenhams	165	25,000	Department Store
	Clinton Cards	332	2,500	cards, gifts
	New Look	60	1,000	Clothing
	Mammas & Pappas	32	740	Babywear, etc.
	Mothercare	79	2,500	Babywear, etc.
	Bonmarche	318	2,887	Clothing
	Thomas Cook	560	9,000	Travel Agents
	LK Bennett	41	480	Clothing
	Patisserie Valerie	71	900	food and beverage
2018	HMV	133	2,200	music, DVD, games
	House of Fraser	59	17,500	department
	Poundworld	350	5,300	discount
	Wine Rack / Bargain Booze	760	4,000	off licences
	Maplin	200	2,500	IT
	Toys 'R' Us	105	3,200	toys & games
2017	Palmer & Harvey	-	4,000	wholesaler
	Store Twenty One	76	1,080	clothing/variety chain
2016	BHS	164	11,000	clothing/variety chain
	Brantano	200	2,000	footwear
2014	Phones4U	550	5,600	mobile phones
2013	HMV	238	4,350	music
	Blockbuster	528	4,190	DVD rental
2012	Comet	236	7,000	electricals
	Game	600	6,000	video games
	Peacocks	550	9,600	clothing
	JJB Sports	250	6,300	sportswear
	Alexon	990	2,700	clothing
2011	Focus DIY	170	3,919	DIY
2009	Wine Rack/ Threshers/ Bottoms Up/ Victoria Wine	1,300	6,500	off licences
	Zavvi	150	3,500	music
2008	Ethel Austin	300	3,100	clothing
	Adams	271	3,200	children's clothing
	Woolworths	820	30,000	variety chain
	Stead & Simpson (Shoe Express/ Lilley & Skinner/ Peter Briggs)	375	3,000	footwear
	Faith Shoes	284	2,000	footwear
	Roseby's	280	2,000	furnishings
	Motor World	284	2,235	car accessories
	MFI	173	1,100	furniture
	Stylo Shoes	1,067	5,400	footwear
	Allied Carpets	273	2,300	floor coverings
	Blacks Leisure	400	2,640	outdoorwear
	TOTAL:	**15,330**	**233,305**	

Source: Centre for Retail Research (2020)

Notes: These figures relate to retail corporations that went into legal adminstration in the year shown. The test for inclusion is (a) administration and (b) national significance. The table does not indicate or purport to show whether the company has disappeared, such as Woolworths, or still survives in a robust manner, such as HMV or Peacocks. Appearance in the table does not imply that the brand is no longer used or does not trade. Where a retailer has suffered several failures the date used is normally the one where most assets or staff were involved. Retailers that have shrunk their businesses without going through administration are not included.

3.24 Whilst 2019 was generally regarded as one of the hardest for the retail sector; with a net closure of some 7,550 retail units, this was surpassed in 2020 due to the impact of the pandemic and represented probably the worst year for retailers for over 25 years. The *Centre for Retail Research* (CRR) has identified that over 16,000 shops closed in 2020 across the UK, impacting on over 180,000 jobs, and this trend is being mirrored by the figures for 2021. The pandemic has accelerated the demise of a number of high profile retailers that were already struggling due to falling sales and increasing costs/debt; including Debenhams, Oasis, Warehouse, Laura Ashley, the Arcadia Group and Cath Kidston. At the time of this update John Lewis also announced the closure of four department stores and four 'At Home' stores. This illustrates that impacts are being experienced by all high streets and shopping locations, including centres within the DDC area.

3.25 National retailers with extensive high street store portfolios are struggling to maintain market shares and remain profitable in the increasingly competitive environment. The higher costs of trading from high streets compared with online and out-of-centre retailing, also means that it is not a "*level playing field*". This is a further contributing factor to the significant number of store closures that have occurred over recent years.

3.26 In summary, although some retailers are better positioned to cope with the growth in online shopping and the shifts in consumer behaviour and preferences, many are struggling to position themselves quickly enough to absorb rising costs and engineer the vital transition to a more technology-focussed business model. These trends and challenges will have been further exacerbated and accelerated by the impact of COVID-19.

Rising Occupancy Costs

3.27 'Bricks and mortar' retailers are having to absorb higher than inflation increases in year-on-year occupancy costs (for example, rents, business rates, service charges, staff costs, etc). Research shows that, on average, retailers' operating costs increased by +3.5% in 2018. This outpaced sales growth for many retailers, eroding profitability and resulting in more store closures.

3.28 As described above it is not a "*level playing field*" between high street and online retailing, or between high street and out-of-centre retailing. In response to the budgetary challenges from rising costs and tight margins, retailers will need to drive up efficiencies and productivity from existing floorspace to remain viable.

3.29 It is standard practice for retail planning assessments to make a reasonable and robust allowance for the year-on-year growth in the average sales densities of existing and new (comparison and convenience) retail floorspace for it to remain vital and viable. However, there is limited evidence detailing actual changes in the turnover and profitability of retailers over time. The latest *Retail Planner Briefing Note* (RPBN 18) prepared by Experian provides forecasts of annual floorspace productivity growth rates based on two different scenarios: (i) the ‘**constant floorspace scenario’**, based on limited potential for new retail development, resulting in greater efficiency of existing floorspace; and (ii) the ‘**changing floorspace scenario’**, which takes account of the impact of new retail development on average retailer sales performance. The table below sets out the differences between the two scenarios.

Table 3.2: Floorspace Productivity Growth Rates (year-on-year growth %)

	2020	2021	2022	2023-27	2028-40
CONSTANT FLOORSPACE:					
Convenience Goods:	5.4%	-4.8%	0.7%	0.3%	0.3%
Comparison Goods:	-14.1%	8.6%	3.4%	2.6%	2.9%
CHANGING FLOORSPACE:					
Convenience Goods:	5.4%	-4.7%	0.8%	0.0%	0.0%
Comparison Goods:	-14.1%	10.1%	4.5%	3.0%	2.6%

Source: Experian Retail Planner Briefing Note 18 (October 2020). Appendix 2, Figures 3b/3c and 4a/4b.

3.30 As Experian explain, budgetary pressures mean that retailers will have to increase efficiencies from current floorspace: including through redevelopment/repurposing of existing floorspace; adoption of new technology and innovations; more effective marketing strategies; and using internet sales to increase the sales performance of physical shops. This is against a backdrop of weak demand for retail property, high vacancy levels and a significant fall in new retail-led development in centres across the UK. Experian reaffirm the limited prospects for new retail floorspace development.

3.31 For these reasons we prefer to test higher ‘constant floorspace productivity’ growth rates for retail planning assessments, as they better reflect national trends and the need for existing retailers to increase their sales potential and profit margins to remain viable.

Retail & Shopping Centre Investment

3.32 The rise in the number of retailer “*casualties*” and vacancy levels has created a challenging environment for existing retailers and investments in towns and shopping centres across the UK. The current investment climate is becoming increasingly polarised. The top 50 shopping locations generally have the best prospects for attracting new investment and development. This is because they benefit from strong catchments and the necessary critical mass of shops, leisure facilities and other uses to remain commercially viable and attractive investment propositions.

3.33 Outside of the top 50 it is the more secondary towns and shopping locations that potentially remain vulnerable to further reductions in their existing retail and commercial offer. This is against the backdrop of limited and falling demand for new shops and commercial space.

3.34 Demand for retail space in centres across the UK has fallen dramatically since 2007 and is currently at an all-time low. In turn this fall in demand is impacting on property values and rents. For example, LSH research conducted before the pandemic showed that the retail sector recorded a 5.9% year-on-year fall in rents in December 2019 and fell further in December 2020 by 10.1%[17]. As the figure below shows, retail has performed poorly compared with the other property sectors since the economic crisis in 2007/08. This trend has been further exacerbated by the pandemic.

Figure 3.4: Average Rental Growth (% Change Year-on-Year)

Source: MSCI

3.35 In simple terms many centres and shopping locations across the UK simply have too much retail floorspace stock, or they have the "*wrong type*" of retail floorspace that does not meet the needs of modern national retailers for larger format shop units. Some analysts indicate that there was as much as 30% too much physical space in the retail sector pre pandemic. This over-supply of retail floorspace and limited market demand is placing further pressures on the viability of existing stores and shopping centres. In turn, this makes it difficult for landlords, investors and retailers to justify additional capital expenditure.

3.36 The shopping centre sector also has faced significant challenges over the past decade from the rise of online shopping, falling market demand and increasing retailer failures. In recent years, the response to diminishing demand from traditional retailers has been to turn to the casual dining and commercial leisure (for example, cinemas) to take up surplus space. However, this is now becoming increasingly difficult due to the pressure on disposable income and a fall in demand from food and beverage operators in an increasingly "saturated" market - a trend that has been further accelerated by the

[17] LSH research using MSCI data

pandemic. As a result, shopping centre owners and landlords are struggling to retain existing tenants, let alone attract new retailers into vacant shops.

3.37 Against this backdrop, occupiers are negotiating shorter lease terms and greater incentives from landlords to continue trading in the face of increasing online competition and economic uncertainty. This will further force down rents and profits across more marginal, secondary shopping locations.

3.38 In this context, research shows that total investment activity in the first half of 2020, of circa £118.5m, was the lowest level ever seen. Presently consumer confidence is at an all-time low due to the impact of the pandemic, which has resulted in rising unemployment, and the enforced closure of retail and leisure businesses during a series of lockdowns. Whilst the gradual 'unlocking' in spring/summer 2021 has resulted in increased economic activity, it is too early to tell what the scale and nature of the recovery will be. All these factors are resulting in a significant structural shift in retail property and shopping centres, and the way in which this type of floorspace will be utilised in the future.

Out-Of-Centre Retailing

3.39 The development and take-up of food and non-food out-of-centre space has also slowed over recent years, in line with the trends impacting on high streets and town centres. As described above, the main grocery retailers have pulled back from new larger format superstore openings in edge and out of centre locations to focus on maintaining and increasing market shares through online sales and opening smaller convenience outlets. The exception to this is the deep discounters, Aldi and Lidl, who continue to seek new sites in mainly edge and out of centre locations.

3.40 Vacancy levels in out-of-centre retail warehouses and parks have also increased over the last decade following the closure of major operators (such as, for example, Toys R Us, Poundworld, Office Outlet, etc.), and a reduction in the store portfolios of other major out-of-centre retailers (such as, for example, B&Q and Homebase). There are likely to be further increases in closures, particularly in the poorly performing *"first generation*" and secondary shopping locations, as leases come up for renewal and more retailers go into administration. As a result a number of out-of-centre foodstore and retail warehouse sites are being repurposed and/or redeveloped for alternative uses, including logistics and residential uses.

3.41 Notwithstanding this, most out-of-centre shopping locations retain their significant competitive advantages over town centres and high streets in terms of their supply of larger format modern outlets, their lower occupancy costs, extensive free parking and convenient access to the road network. This is still an attractive proposition for those retailers that are still seeking space in the current market. For example, as part of its revised business model Marks & Spencer has closed a number of its traditional high street stores and *"replaced"* these with 'Simply Food/Food Hall' branded stores in out-of-centre locations (for example in Dover (High Street branch closed in May 2018 and a Foodhall opened at the St James Shopping Centre) as well as Maidstone, Great Yarmouth, Harlow, Wakefield and Rugby). As a result, retailers who previously anchored the vitality and viability of town centres, are now competing directly with high streets for shoppers, spend and sales.

Vacancy Rates

3.42 According to Local Data Company (LDC), the UK lost 11,000 shops in 2020, with a further 18,000 set to close in 2021. At the end of 2020, the GB average 'All Vacancy Rate' (retail and leisure combined) according to LDC stood at 13.7%. The sharpest increase in vacancy rates was seen in Shopping Centres category, rising from 14.4% at the end of 2019 to 17.1% at the end of 2020.

3.43 With the national lockdowns and consumers being confined to work in their local areas, centres with an immediate residential catchment have benefited. This has resulted in cities and larger centres that are dependent on commuting populations to suffer more adversely than smaller centres. LDC state that the City Centre vacancy rates increased by 2.5% to 16.1% in 2020. By way of comparison, commuter towns increased by 1.1% to 10.9% and villages by 0.4% to 11.1%. The vacancy rates for the South East area overall increased from 10.4% in 2019 to 12.1% in 2020.

3.44 It is anticipated that 2021 may see some return to normality dependent on the impact vaccine rollout and loosening of restrictions. Nevertheless there is likely to be a continuing level of consolidation amongst operators. LDC forecast that retail vacancy rate may reach 14.6%; leisure 11.4%; with the combined rate rising to 15.7% by the end of 2021.

Use Classes Order & Permitted Development Rights

3.45 As detailed previously, since the 2018 RTCNA, the Government issued a series of reforms to the planning system. Effectively, changes to the use classes were brought in to provide a more flexible approach to controlling commercial land uses. This saw the replacement of Use Class A1 to A5, D1 and D2 replaced with E Classes (Commercial), F1 (Learning and Non-Residential) and F2 (Local Community Uses) and the restructuring of sui-generis uses (public houses, hot food takeaways, cinemas, music venues, bingo etc.).

3.46 The result of these changes is that what would previously be a change of use under the subsumed use classes is no longer considered development under the Planning Acts, and accordingly is no longer subject to planning control. In launching the reforms the

Government announced that the regulations will give "…*greater freedom for buildings and land in our town centres to change use without planning permission and create new homes from the regeneration of vacant and redundant buildings*"[18].

3.47 The impact of the changes will still require the definition of a town centre boundary and a primary shopping area, or a primary 'commercial' area to be the foci for E and F Classes. Also, in most instances the former use classes can be 'translated' into the equivalent categories within the new E and F Classes. This can assist with the interpretation of policy wording and the effective use of conditions. It is worth noting that under the previous use-class system such categories as convenience, comparison (and bulky) goods fell within the A1 use-class and there is a long established planning pedigree of reflecting these A1 retail categories effectively in planning conditions.

3.48 The changes will have implications for primary and secondary shopping frontages, as the control of shopping and service uses is legally less enforceable in commercial areas, as a change of use between Class E does not constitute development and will therefore not require planning permission. It should be noted that the effectiveness of frontage policies was declining before the pandemic and previous changes to the UCO. However, there may still be a role to control some sui-generis uses in key town centre locations, such as provision of fast food takeaways, betting shops, payday loan shops or other uses that are justified to be subject to planning control.

3.49 Hence beyond 2021, town centres are likely consolidate their retail and shopping role with more emphasis on place and non-transaction uses, this could include high activity based land uses such as health, education being located in more central locations and stem previous trends of decentralisation.

3.50 The increase in city living and residential development in town centres is likely to be a growth area in the next 10 years and could be a positive regenerative mandate. A more concerted consideration of the potential for new residential provision within centres, particularly as part of mixed-uses. We also expect more emphasis on residential upper floor living accompanying ground floor commercial uses. This will build on emerging strategies such as DDC Draft Plan that encourages complementary uses, particularly residential in and surrounding the shopping core; and the need for planning 'flexibility' to capture future investment.

3.51 Permitted Development Changes (Amendment No. 2) (2020) released in August 2020[19], introduced Class AA and AB that allows new residential on detached or terrace buildings in

[18] https://www.gov.uk/government/news/pm-build-build-build
[19] The Town and Country Planning (General Permitted Development) (England) (Amendment) (No. 2) Order 2020.

commercial or mixed use areas. This could potentially lead to the loss of commercial floorspace to residential.

3.52 Furthermore, the Town and Country Planning (General Permitted Development etc.) (England) (Amendment) Order 2021 (Order) that came into force on 21 April 2021 creates a new class of permitted development right (Class MA) into the Town and Country Planning (General Permitted Development) Order 2015 (GPDO) authorising changes of use from Use Class E commercial uses to Use Class (C3) residential. The changes within the Order have effect from 1 August 2021 and will authorise a change in the permitted use of a property or land from a use falling with Use Class E to Use Class C3 residential use where the property has:

- been in Class E use for 2 years (including time in former uses i.e. A1, A2, A3, B1, D1 or D2 now within that Class); and
- has been vacant for at least 3 continuous months.

3.53 These changes will replace existing retail, light industrial and office to residential rights with rights applying to all of the relatively recent Use Class E in which those uses now sit. Exercise of the right is subject to prior approval by the local planning authority and therefore would be subject to some planning control. Details must be submitted relating to flooding, transport, contamination, noise amenity, natural light, fire safety and agent of change issues. The area that can be converted is capped, with a maximum size limit of 1,500 sqm of floorspace capable of conversion using the right.

3.54 The implications arising from these changes result in more flexibility and are likely to be focussed in the peripheral parts of existing town centres, reflecting the influence of land values, but the outcomes are unclear, particularly the likely scale of increased residential and loss of commercial space and this should be investigated further. In addition, these use-class and permitted development rights changes have added complexity to the types of uses that are supported in centres – particularly how the new use classes link with the current NPPF definitions of 'main town centre uses' and it would be important for the BCP to set out a clear policy approach to uses in centres.

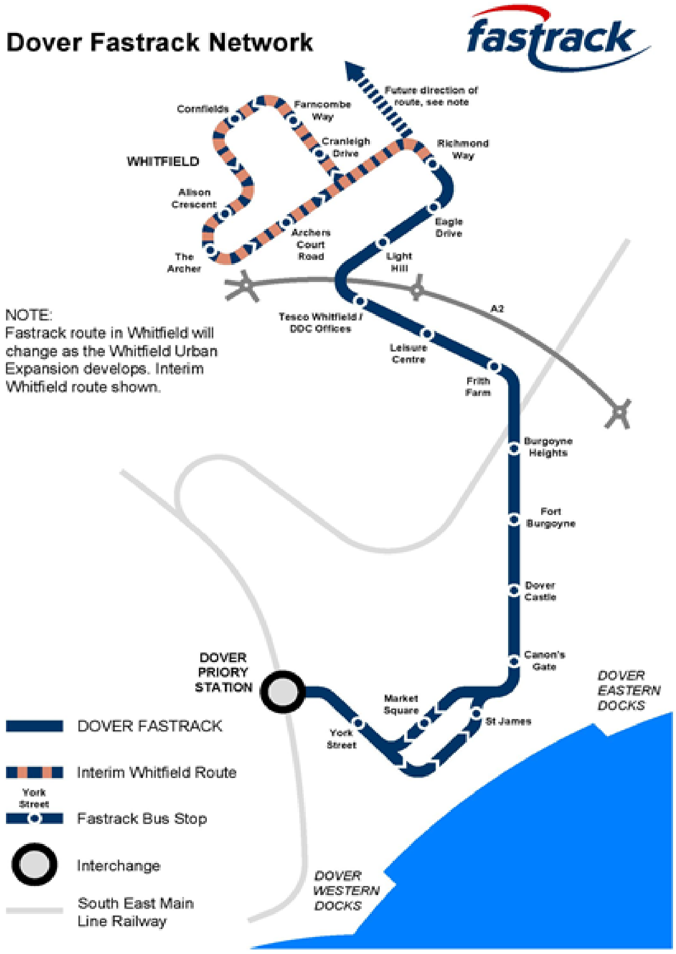
Dover District in Context

3.55 The overarching vision under the emerging Local Plan is for the District is for a destination of choice for people of all ages to make their home, for businesses to invest in and for visitors to explore and experience. Since the 2018 RTCNA the District has witnessed the following investment, identification of growth priorities and future potential investment:

Dover

- St. James Retail and Leisure Park development completion comprising some 7,473 sqm gross of modern retail and leisure offer[20] .
- Dover Fastrack - In March 2021 Kent County Council approved plans for Dover Fastrack, a rapid bus transit system connecting Whitfield with Dover town centre and Dover Priory railway station. This includes infrastructure for fast, reliable sustainable transport links between Whitfield Urban Expansion and the town centre, including High Speed Rail. Some £16.1m of funding from Homes England confirmed with a £1.42m contribution from DDC.

Figure 3.5: Dover Fastrack Network



Source: Dover District Council: Link as follows:
https://www.dover.gov.uk/News/Press-Releases/2021/Rapid-Bus-Plans-Move-Into-the-Fast-Lane.aspx

- Dover Market Square - Complete renovation to improve connectivity, public realm and events capacity. Received £2.44m funding from Coastal Communities with £0.5m

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[20] Application Reference: 13/00107.

contribution from DDC. The aim of the project is to attract more people to visit and shop in Dover by making the Market Square more welcoming for local residents and creating a focal point for visitors to the town centre. It will provide a new opportunity and approach for Dover to attract festivals and markets.

Figure 3.6: Dover Market Square: Design Concept

Source: Dover District Council: Link as follows:

https://www.dover.gov.uk/Planning/Regeneration/Market-Square/Reinventing-Dovers-Market-Square-Dover.aspx

- Future High Streets Fund together with a £1.7m commitment from DDC's Town Centre Regeneration Fund, the £4.9m plans will deliver two key projects designed to increase footfall and local spending on the high street.
    - Bench Street creative space - At the heart of the latest plans is a £2.9m project to comprehensively redevelop part of Bench Street. Providing a key thoroughfare between the waterfront and town centre, a new creative space will form part of a mixed-use development that will also include seven residential units.
    - Reimagining the Townwall Street/A20 Subway - A £2.0m reimagining of the subway under the A20 on Townwall Street will encourage greater movement of people between the town centre, waterfront and cruise terminals, and link with the £250m Dover Western Docks redevelopment, including the new marina.
- Maison Dieu – A £9.1m Resoration project underway in 2021 after a £4.27m grant from The National Lottery Heritage Fund. The project will see the restoration with a new street-level visitor entrance to the Connaught Hall, along with improved access throughout the building. The project will create a sustainable future for the Maison Dieu by bringing redundant spaces back into commercial use, including restoring the Mayor's Parlour as a holiday let in conjunction with The Landmark Trust, and a unique new café in the space once occupied by Victorian gaol cells.
- Site of Former Co-op, Stembrook, Dover – Proposed 4*+ Hotel as prime town centre use. DDC funding initial site assessment.
- Cable Car, Dover – DDC is working with English Heritage to develop a Project Execution Plan and funding solutions to develop a cable car between Dover Castle and the town centre.
- Dover Waterfront - the Port of Dover's flagship Dover Western Docks Revival (DWDR) project seeks to deliver[21]:
    - a transformed waterfront with a new marina pier and marina curve to ultimately attract a host of shops, bars, cafes and restaurants with Dover's unique backdrop of the harbour, cliffs and castle;
    - relocation and further development of cargo business with new cargo terminal; and
    - a distribution centre; creation of greater space with Eastern Docks for ferry traffic; and much needed high quality employment opportunities for local people.

[21] Source: Dover Port: Link as follows: https://www.doverport.co.uk/about/port-development/dwdr/

Deal:

- Art and culture focus on Deal Pier Apron. New look café and range of improvements at Deal Pier.
- Cycle Friendly Deal – plans to encourage cycling through improvements in infrastructure, visibility, promotion, information and education.

Sandwich:

- In July 2021, the 149th 'Open' was hosted in Royal St George's in Sandwich - the only golfing major held outside the United States. DDC played overarching Project Management role with key participation in management groupings and organisational reporting.
- Budget hotel chain Travelodge opened its first hotel at the Discovery Park, in August 2021.
- Guildhall - Reimaging of Guildhall Forecourt to improve functionality and environment as part of placemaking-based improvement. DDC as Project Manager and contributing £0.4m.
- Quay - Reimaging of Sandwich Quay to provide enhanced functionality for visitors, residents and commerce, utilising the waterside location. Creating a new strategically important placemaking visitor/cultural/social zone

Summary

3.56 In summary, our towns, traditional high streets and shopping centres have been challenged for more than a decade by falling market demand, rising occupancy costs and increasing competition from online and out-of-centre shopping. These trends have been further accelerated and compounded by the COVID-19 pandemic; and are resulting in an increase in vacant shop units, often in primary shopping areas, as retailers and occupiers either choose to downsize and/or close stores in some locations (e.g. Marks & Spencer, John Lewis), or they are forced out of business altogether due to failing business models and unmanageable debts (e.g. the Arcadia Group).

3.57 Today, many of our traditional towns and shopping centres simply have too much retail space. The critical challenge over the short, medium and long term will be how to retain existing businesses, fill/replace the voids and attract new investment. The danger is that an increase in long-term vacancies in centres will lead to a 'spiral of decline', which will further engender feelings of neglect and lack of investment confidence in town centres, and "push" more people to shop online.

3.58 As set out above, residential provision in centres is already being encouraged, including by previous national planning changes (such as office to residential conversions through prior approval, and permitted development for two flats above a shop), and through emerging local development plan policy. In those cases where retail vacancies are long-term and more often than not concentrated in secondary shopping streets/pitches, it will be necessary to plan for alternative uses and/or consider options for redevelopment. As a result of the increasing drive towards more flexible planning through changes to the Use Classes Order and Permitted Development Rights, there will inevitably be more mixed-uses within centres particularly residential, and, this should be encouraged and planned for through enabling planning policies.

3.59 The draft Local Plan includes ambitious housing targets. Future residential and employment growth provides a unique opportunity to be served by the District's network of mixed-use town and local centres which can help ensure their future vitality and viability, particularly as centres are facing challenges, especially high vacancy rates. It should be a priority that any justified new centre use provision to serve housing and employment growth should be directed to centres in the first instance, which is consistent with national guidance, rather than outside centres including 'on site' provision.

3.60 In addition, it will be important to maximise residential provision in the most sustainable locations, particularly in centres, as part of a balanced mix of uses. Therefore, consideration needs to be given to planning policies and allocations enabling the growth of other uses, such as education, leisure and recreation, within centres, which, along with residential, are particularly positive in terms of enhancing the vitality of centres.

3.61 Furthermore, enhancing Dover's cultural and creative offer and better connecting the high street and waterfront lie at the heart of a successful £3.2m bid by DDC to the Government's Future High Streets Fund. Together with a £1.7m commitment from DDC's Town Centre Regeneration Fund, the £4.9m plans will deliver two key projects designed to increase footfall and local spending on the high street.

- Bench Street creative space - At the heart of the latest plans is a £2.9m project to comprehensively redevelop part of Bench Street. Providing a key thoroughfare between the waterfront and town centre, a new creative space will form part of a mixed-use development that will also include seven residential units.
- Reimaging the Townwall Street/A20 Subway - A £2.0m reimaging of the subway under the A20 on Townwall Street will encourage greater movement of people between the town centre, waterfront and cruise terminals, and link with the £250m Dover Western Docks redevelopment, including the new marina.

3.62 The plans complement existing projects to rejuvenate Dover town centre, including the £9.1m Lottery funded restoration of the Grade I Listed Maison Dieu and a £2.95m Coastal Community Fund project to reinvent the Market Square. Together with the proposed

Creative Centre at Bench Street this will enhance the offer of the lower high street and create a feature for the area.

4. Quantitative Retail Needs Assessment: Assumptions

4.1 This section provides an update on the key assumptions and forecasts underpinning the quantitative need (capacity) assessment for new retail (comparison and convenience goods) floorspace in the DDC area up to 2040. The assessment updates and supersedes the retail capacity findings identified in the 2018 RTCNA.

Assumptions & Forecasts

4.2 The 'baseline' capacity tabulations are set out in **Appendices 1 to 4** (**Volume 4**) for convenience goods and **Appendices 5 to 8** (**Volume 4**) for comparison goods. The capacity forecasts are based on the population growth projections from Experian, which are derived from the Office of National Statistics' (ONS) ONS 2018-based subnational population projections (released March 2020)[22] and this methodology reflects best practice when undertaking capacity modelling.

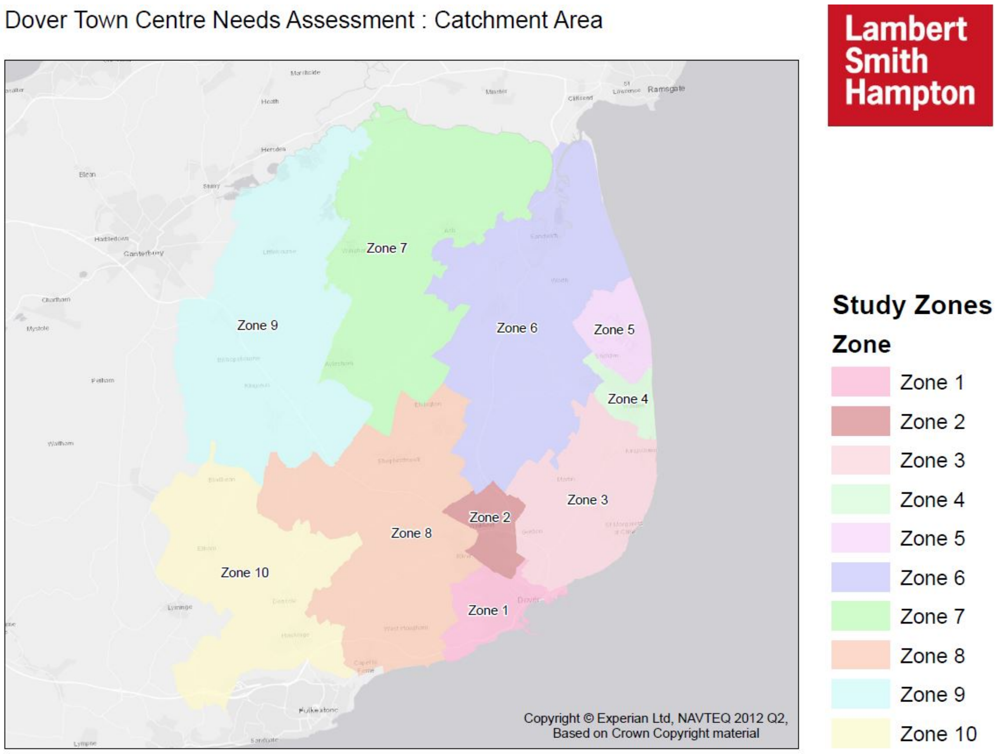
4.3 The following describes the key steps and assumptions underpinning the retail capacity assessment.

Study Area and Zones

4.4 The Study Area and zones remain the same as that defined under the 2018 RTCNA (as shown below).

[22] Experian: Retail Planner UK 2020 Release Note

Figure 4.1: Study Area



Source: RTCNA 18

Market Shares

4.5 The capacity assessment is underpinned by market shares for stores and centres across the catchment which was identified by a Household Telephone Interview Survey (HTIS) conducted by NEMS Market Research in June 2017. As this is a partial update, the Council has not sought to update this research. However, this will need to be updated to reflect prevailing shopping patterns and provision. It is understood that this will occur when the Council considers it appropriate, when shopper behaviours have normalised in the post-pandemic period.

Population Projections

4.6 Table 1, (**Volume 4**, **Appendix 1** for convenience goods and **Appendix 5** comparison goods) sets out the latest base year (2021) population and projections (to 2025, 2030, 2035 and 2040) sourced from the Experian MMG3 Geographic Information System (MMG3 GIS) for the Study Area. Experian have noted that every year the latest data inputs from ONS are used. In terms of the current update the latest 2021 mid-year ONS inputs have been used.

4.7 Experian's population projections show the Study Area population (Zones 1-10) is forecast to increase by +14.9% (+20,916 people) between 2021 and 2040. In the core DDC area (Zones 1-8) is forecast to increase by +15.2% (+18,189 people) between 2021 and 2040. By way of comparison the 2018 RTCNA showed a lower +12% growth (+16,313) for the Study Area as a whole between 2017 and 2037; and for the District (+11.0%; +12,772).

Expenditure per Capita & Special Forms of Trading (SFT)

4.8 Table 3 of **Appendices 1 and 5 (Volume 4)** forecasts the growth in total available convenience goods and comparison goods retail expenditure respectively across the Study Area and zones between 2021 and 2040 (excluding SFT)[23].

4.9 The base year average expenditure figures have been derived from our (MMG3 GIS) is based on 2019 prices (the 2018 RTCNA was based on 2016 prices).

4.10 In identifying expenditure per capita, an allowance has been made for the market share of non-store retail sales (i.e. Special Forms of Trading) at the base year and over the forecast period. As with the 2018 RTCNA an allowance for SFT at the base year has been informed by the results of the household telephone interview survey and 'adjusted' to take account of goods sourced from traditional ('physical') retail space based on Experian's latest Retail Planner Briefing Note 18 (October 2020).

Average Expenditure Growth Forecasts

4.11 The growth in average expenditure per capita levels over period to 2040 has been informed by the forecasts set out in Experian's latest Retail Planner Briefing Note (as described in **Section 2**. Experian's forecasts show for:

- **convenience goods** – a fall in convenience spend in 2021 (-6.2%), and annual (per capita) growth over the medium to long term "flatlining" at around +0.1% up to 2040. By way of comparison, the 2018 RTCNA was reliant on Experian's Retail Planner Briefing Note 15 (December 2017) that forecast a return to 'no' or 'negative' growth over the period 2017 to 2019, with limited growth of +0.1% thereafter up to 2036.
- **comparison goods** – following negative growth of -8.5% in 2020, Experian predict that (per capita) growth will settle at around +3% per annum on average up to 2040. In contrast the 2018 RTCNA 2020 showed a growth of +0.9% in 2018; +2.1% in 2019 and predicted growth of circa +3.2% between 2020 and 2036.

Total Available Expenditure

[23] Total expenditure is derived by multiplying the population and average expenditure per capita levels together.

4.12 Total available retail expenditure over the period to 2040 shows:

- a 15.3% (+£50.7m) growth in total convenience goods expenditure by 2040 across the Study Area (Zones 1-10) (Table 3, **Appendix 1, Volume 4**). In comparison the 2018 RTCNA forecast a lower increase of +11.8% (+£36.5m) for the Study Area by 2037. The increase to 2040 is attributable to the higher population growth forecast over the period.
- a +76.8% (+£309.7m) growth in total comparison goods expenditure by 2040 (Table 3, **Appendix 5, Volume 4**). In comparison the 2018 RTCNA forecast a higher increase of +93.5% (+393.6m) across the Study Area by 2037. The lower growth to 2040 is attributed to the lower expenditure projection and higher SFT rates.

'Inflow' (Trade Draw) from outside Study Area

4.13 We have necessarily made informed judgements with regard to the likely 'inflow' (trade draw) from outside the Study Area drawing from the 2018 RTCNA for consistency.

4.14 The 'inflow' of convenience goods expenditure to the main centres and stores from outside the wider Study Area will also be more limited than for comparison goods, as households generally carry out their main food shop at their more local and convenient stores, and do not generally travel longer distances for food purchases.

4.15 Based on the (survey-derived) market analysis and the 'inflow' assumptions, **Table 1, Appendix 4 (Volume 4)**, set out the revised turnover estimates for convenience goods with estimates for comparison goods turnover presented in **Table 1, Appendix 8 (Volume 4).**

Planned Commitments & New Development

4.16 In terms of retail commitments, Table 2 in **Appendix 4 (Volume 4)** (convenience goods) and Table 2 **Appendix 8** (comparison goods) set out planned retail floorspace identified for both goods types.

4.17 This updates the major planned / committed retail schemes across the District as detailed in the 2018 RTCNA with the latest available information. Commitments that have been built-out since 2018 RTCNA with are accounted for in the modelling work as they would not have been identified by respondents in the Household Survey.

4.18 The major planned / committed retail schemes by type of goods are:

Table 4.1: DDC Commitments: Convenience Goods

	Centre	Scheme	Planning Ref	Gross Floorspace (sq m)	Net Floorspace (sq m)
[1]	Dover Town Centre	St James's Site (DTIZ) between Townwall Street, Castle Street/King Street, Russell Street, Woolcomber Street	13/00907	7,473	1,046
[2]	Dover Town Centre	62 Castle Street Dover CT16 1PA	18/00221	1,353	474
[3]	Deal - Town Centre	Erection of a building incorporating 3 retail units (A1) and 16 self contained flats (existing building to be demolished).	18/01169	350	123
[4]	Deal - Town Centre	Land on the west side of Albert Road, Deal - mixed use development inc 142 residential units	15/01290	370	259
[5]	Aylesham - Town Centre	Aylesham Village Expansion, Aylesham	07/01081	477	334
[6]	Whitfield - Out-of-Centre	Whitfield Urban Extension (land to east of Sandwich Rd and nw of Napchester Rd)	10/01011	1,900	652
[7]	Whitfield - Out-of-Centre	Land at Honeywood Parkway, White Cliffs Business Park, Dover CT16 3FH	16/00976	2,760	1,546
[8]	Dover - Out-of-Centre	Maxton Service Station 367-371 Folkestone Road Dover CT17 9JR	20/00869	412	288
[9]	Deal - Out-of-Centre	Land On The West Side Of Albert Road Deal CT14 9RB	18/00892	370	259
	TOTAL			**15,465**	**4,980**

Notes:

[1] 13/00907 - Demolition of existing buildings to provide 7429 sqm of retail (A1) floor space in 2 main blocks together with 2472 sqm of cinema (D2) floor space, 1060m2 of restaurant (A3/A4) in a further block and 44 sqm of retail (A1) in a kiosk to Flying Horse Lane, together with associated car parking, highway works and landscaping at St James Site (DTIZ) generally between town wall Street, Castle Street/King Street, Russell Street, Woolcomber Street and including land fronting Flying Horse Lane. Commitment in the 2018 RTCNA, now built out and therefore incorporated into the current assessment.

[2] 18/00221 - Erection of a six storey building, comprising flexible Class A1, A2, A3 & A4 uses (ground floor) and flexible Class A1, A2, A3 & A4 uses and B1 (1st Floor) and the formation of 28no flats (2nd - 5th floor); Separate Commercial and residential access; Associated commercial bin storage; Secure residential bin and cycle storage; Gated rear service yard; 4no parking spaces; Communal roof garden at third floor level and associated works. Proposed 3no Class A units at ground floor level (467sqm GIA in total)" plus "Class A1/B1 (TBA) at first floor level (886sqm in total) i.e. at total of 1,353 GIA. Of the 1,353 sqm gross it is assumed that the convenience /comparison split will be 50% / 50%. This is thereafter netted down using a gross to net factor of 70%.

[3] 18/01169 - Erection of a building incorporating 3no retail units (Use Class A1) and 16no self-contained flats (existing building to be demolished). Of the 350 sqm gross it is assumed that the convenience /comparison split will be 50% / 50%. This is thereafter netted down using a gross to net factor of 70%.

[4] 15/01290 - Land on the West side of Albert Road, Deal, CT14 9RB. Outline Application for a mixed use development inc 142 residential units, 960 sqm B1 office, 370 sqm A1 & 280 sqm D1 & link road between Albert Rd & Southwall Rd. Commitment in the 2018 RTCNA, since that time the residential element of permission has been implemented but the commercial element has not commenced. The permission remains live and therefore incorporated in to the current assessment.

[5] 07/01081 - A full application for residential development for 191 dwellings of which 20% will be affordable; all associated works and infrastructure, together with new shops and apartments; alterations to existing shops and apartments; landscaping to existing streets and public open spaces including Market Square; the formation of new public open spaces; upgrade of sports pitch and provision of changing facilities at Ratling Road; formation of squares and a strategic play area; traffic management schemes and new car parking areas; other landscaping works; temporary works and access; construction compounds and off-site highway works. Commitment in the 2018 RTCNA, now built out and therefore incorporated into the current assessment.

[6] 10/01011 - Outline Application for the construction of a new community hub/district centre, comprising BRT hub, health and social care centre (class D1) and police office (Class b1) totalling up to 1900 sqm, retail space (class A1-A3) and employment space (Class B1(A) totalling up to 2,725 sqm, and 100 no. 2-5 bed residential units including 6 no. supported living units (class C3) provision of learning and communit6y campus to incorporate secondary energy centre, new 420 place 2fe primary school including early years provision and provision of access arrangements, all associated car parking, infrastructure and landscaping, with all matters reserved for future consideration (referred to as |Phase 1A in application documentation). For the purposes of this assessment it is assumed that 70% of the floorspace will be for convenience goods and 30% for comparison goods. Commitment in the 2018 RTCNA, since that time the residential element of permission ihas been implemented but the commercial element has not commenced. The permission remains live and therefore incorporated in to the current assessment.

[7] 16/00976 - Erection of detached retail store (2760 sqm gross internal floor space, including mezzanine) together with provision of 159 car parking spaces and assoc landscaping. It is assumed that 80% of the net sales area will be used for convenience goods and 20% for comparison goods. Commitment in the 2018 RTCNA, now built out and therefore incorporated into the current assessment.

[8] 20/00869 - Change of use to retail store (Use Class A1) from car showroom (Sui Generis) with associated access, car parking, alterations to shopfront, installation of plant equipment, internal walls and associated works. Based on information supplied by Council, floorspace of 412sqm gross for convenience goods only netted down by 70%.

[9] 18/00892 - Reserved Matters application for the approval of Appearance, Layout, Landscaping and Scale pursuant to DOV/18/00203 for the erection of 142 dwellings and 370sqm of retail (A1) space, together with associated parking and groundworks. Assumed 370 sqm gross is all for convenience goods. This is thereafter netted down using a gross to net factor of 70%.

Table 4.2: DDC Commitments: <u>Comparison Goods</u>

	Centre	Scheme	Planning Ref	Gross Floorspace (sqm)	Net Sales Floorspace (sqm)
[1]	Dover - Town Centre	St James's Site (DTIZ) between Townwall Street, Castle Street/King Street, Russell Street, Woolcomber Street	13/00907	7,473	4,185
[2]	Dover - Town Centre	62 Castle Street Dover CT16 1PA	18/00221	1,353	474
[3]	Deal - Town Centre	Erection of a building incorporating 3 retail units (A1) and 16 self contained flats (existing building to be demolished).	18/01169	350	123
[4]	Whitfield - Out-of-Centre	Whitfield Urban Extension (land to east of Sandwich Rd and nw of Napchester Rd)	10/01011	1,900	279
[5]	Whitfield - Out-of-Centre	Land at Honeywood Parkway, White Cliffs Business Park, Dover CT16 3FH	16/00976	2,760	386
[6]	Staple - Out-of-Centre	Layham Garden Centre Lower Road Staple CT3 1LH	13/00783	4,830	1,014
	TOTAL			**18,666**	**6,461**

Notes:
[1] 13/00907 - Demolition of existing buildings to provide 7429 sqm of retail (A1) floor space in 2 main blocks together with 2472 sqm of cinema (D2) floor space, 1060m2 of restaurant (A3/A4) in a further block and 44 sqm of retail (A1) in a kiosk to Flying Horse Lane, together with associated car parking, highway works and landscaping at St James Site (DTIZ) generally between town wall Street, Castle Street/King Street, Russell Street, Woolcomber Street and including land fronting Flying Horse Lane. Commitment in the 2018 RTCNA, now built out and therefore incorporated into the current assessment.

[2] 18/00221 - Erection of a six storey building, comprising flexible Class A1, A2, A3 & A4 uses (ground floor) and flexible Class A1, A2, A3 & A4 uses and B1 (1st Floor) and the formation of 28no flats (2nd - 5th floor); Separate Commercial and residential access; Associated commercial bin storage; Secure residential bin and cycle storage; Gated rear service yard; 4no parking spaces; Communal roof garden at third floor level and associated works. Proposed 3no Class A units at ground floor level (467sqm GIA in total)" plus "Class A1/B1 (TBA) at first floor level (886sqm in total) i.e. at total of 1,353 GIA. Of the 1,353 sqm gross it is assumed that the convenience /comparison split will be 50% / 50%. This is thereafter netted down using a gross to net factor of 70%.
[3] 18/01169 - Erection of a building incorporating 3no retail units (Use Class A1) and 16no self-contained flats (existing building to be demolished). Of the 350 sqm gross it is assumed that the convenience /comparison split will be 50% / 50%. This is thereafter netted down using a gross to net factor of 70%.

[4] 10/01011 - Outline Application for the construction of a new community hub/district centre, comprising BRT hub, health and social care centre (class D1) and police office (Class b1) totalling up to 1900 sqm, retail space (class A1-A3) and employment space (Class B1(A) totalling up to 2,725 sqm, and 100 no. 2-5 bed residential units including 6 no. supported living units (class C3) provision of learning and communit6y campus to incorporate secondary energy centre, new 420 place 2fe primary school including early years provision and provision of access arrangements, all associated car parking, infrastructure and landscaping, with all matters reserved for future consideration (referred to as |Phase 1A in application documentation). For the purposes of this assessment it is assumed that 70% of the floorspace will be for convenience goods and 30% for comparison goods. Commitment in the 2018 RTCNA, since that time the residential element of permission has been implemented but the commercial element has not commenced. The permission remains live and therefore incorporated in to the current assessment.

[5] 16/00976 - Erection of detached retail store (2760 sqm gross internal floor space, including mezzanine) together with provision of 159 car parking spaces and assoc landscaping. It is assumed that 80% of the net sales area will be used for convenience goods and 20% for comparison goods. Commitment in the 2018 RTCNA, now built out and therefore incorporated into the current assessment.

[6] 18/00985 - Erection of a building for the use as an extension to the Garden Centre including retail displays, new entrance, new wcs, café, offices, mess room for staff and additional covered display areas. Based on information supplied by Council, floorspace of 995 sqm gross for comparison goods only netted down by 70%.

4.19 The turnover of the commitments is thereafter discounted from residual expenditure in order to estimate net residual expenditure from which forecast new retail floorspace is identified.

Summary

4.20 This section has provided an update on the key assumptions and forecasts the quantitative need (capacity) assessment based on Experian Retail Planner Briefing Note 18 (October 2020) and outputs from Experian's MMG3's (latest average expenditure and 2021 mid-year ONS inputs on population projections).

4.21 These assumptions and forecasts underpin the quantitative need (capacity) assessment in the following section.

5. Retail Needs Assessment: Update

5.1 This section sets out the updated results of the quantitative need (capacity) for new retail (comparison and convenience goods under former use class A1) floorspace across the DDC area over the period to 2040. These results update the capacity findings of the 2018 RTCNA and also take account of the updates on the population projections, expenditure forecasts, and commitments.

Methodology

5.2 The update is based on the CREATe model and draws on the most up to date population and average retail (convenience and comparison goods) expenditure reviewed in the previous **Section 4**.

5.3 The capacity forecasts will enable DDC to test the strategic options for the spatial distribution of any new retail-led development over the plan period to 2040, and make informed policy choices about where any forecast need should be met in accordance with the advice set out in NPPF paragraph 85 (d). The allocation of sites to meet any identified need over the next five years and over the lifetime of the emerging Local Plan will depend on a range of key considerations, including the suitability, viability and availability of sites in or on the edge of existing centres.

5.4 It has necessarily been assumed for the purpose of the capacity assessment that the (convenience and comparison goods) retail market is in 'equilibrium' at the base year. In other words we assume that existing centres and stores are broadly trading in line with appropriate 'benchmark' turnover levels at the base year and based on adjusted market shares for new store openings. Therefore, any residual expenditure available to support new retail floorspace within the study area over the development plan period is derived from the difference between the forecast growth in 'current' (survey-derived) turnover levels; and the growth in 'benchmark' turnovers based on applying year-on-year 'productivity' ('efficiency') growth rates to all existing and new retail floorspace[24].

5.5 For all existing and new convenience floorspace we have assumed an annual average 'productivity' growth rate ranging from a low of 0.7% (2022) to 0.3% (2023 and onwards). Corresponding annual productivity growth for comparison floorspace is higher, ranging from 3.4% (2022) to 2.6% (2023-27) and 2.9% (2028 and onwards). These growth rates have been informed by Experian's latest Briefing Note 18 (October 2020).

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[24] The 'productivity' growth rates are based on Experian's latest Retail Planner Briefing Note 18 (October 2020). However, it should be noted that individual centres, stores and shopping facilities will be capable of achieving higher and/or lower annual 'productivity' growth depending on a range of trading factors (including the size, quality and type of retail floorspace).

5.6 At the outset we advise that all capacity forecasts beyond a five year period should be treated with caution. This is because long term trends in the economy, consumer demand and retail property market could have a significant impact on the potential capacity and need for new retail floorspace. For example, the pandemic has illustrated the rapid changing pace in consumer behaviour. As discussed previously, a higher growth in non-store retail sales (i.e. online sales) than forecast by Experian would reduce the capacity for new retail floorspace over time even further.

Retail Capacity Forecasts

5.7 In order to robustly assess the potential capacity for new **convenience goods** floorspace up to 2040 we have necessarily tested the same two trading scenarios as per the 2018 RTCNA:

- '**Superstore format' trading scenario** – assuming the residual expenditure could support one of the 'top 6' foodstore operators (i.e. Tesco, Sainsbury's, Asda, Morrisons, Waitrose and Marks & Spencer), which together could achieve an average sales density of approximately **£10,000 per sq.m** in 2021 (2019 prices); and
- **'Supermarket/discounter' trading scenario** – assuming the residual expenditure is taken up by a supermarket (e.g. Co-op, Budgens, etc.) and/or 'discount' retailer (principally Aldi and Lidl) trading at a slightly lower average sales levels of circa **£7,500 per sq.m** in 2021.

5.8 For **comparison goods** it is assumed that new floorspace will achieve average sales levels of between **£3,500 per sq.m to 6,000 per sq.m** in 2021.

5.9 As stated previously, it has been assumed that the local retail market is in 'equilibrium' at the base year, as there is no qualitative evidence to show that existing stores/floorspace at the local level are significantly over and/or under trading.

5.10 The baseline average sales levels for all new and existing convenience and comparison goods floorspace will experience a year-on-year growth in turnover 'efficiency' (floorspace 'productivity') levels in line with the latest forecasts set out in Experian's Retail Planner Briefing Note 18 (Figures 3a and 3b).

Capacity Forecasts

5.11 The following sets out the convenience and comparison goods capacity forecasts for the main centres and stores in the DDC area. The detailed capacity tabulations for convenience and comparison goods are set out in **Appendix 4 and 8 (Volume 4)** respectively.

Convenience Capacity

5.12 Table 3 (**Appendix 4, Volume 4**) sets out the total residual capacity for new convenience goods floorspace and the table below summarises the convenience goods capacity for the main centres and stores over the period to 2040.

Table 5.1: DDC Area: Convenience Goods Capacity (Net sq.m) Forecasts by Location

	Superstore Format (sqm net)				Local supermarket/ Deep Discounter Format (sqm net)			
	2022	2027	2032	2037	2022	2027	2032	2037
Residual Expenditure (after Commitments)	**-£39.4**	**-£33.4**	**-£27.8**	**-£22.6**	**-£39.4**	**-£33.4**	**-£27.8**	**-£22.6**
Dover Town Centre	-1,110	-1,096	-1,084	-1,073	-1,983	-1,958	-1,936	-1,915
Deal & Sandwich Town Centre(s)	-121	18	143	256	-216	32	256	458
All Other Local & Village Centres	-186	-166	-149	-134	-331	-297	-266	-239
All Out-of-Centre Floorspace	-1,688	-1,344	-1,033	-752	-3,015	-2,399	-1,844	-1,343
Total District	**-3,105**	**-2,588**	**-2,122**	**-1,702**	**-5,545**	**-4,622**	**-3,790**	**-3,039**

5.13 Overall, the capacity forecasts show **no** LPA area-wide capacity for new convenience goods floorspace across both foodstore formats up to 2040 after taking into account all known commitments. By way of comparison the 2018 RTCNA also identified no forecast convenience goods capacity due to the quantum of known commitments.

5.14 In terms of the various locations:

- Dover Town Centre - no forecast capacity based on either formats to 2040.
- Deal and Sandwich 'town centres' - there is identified capacity for a modest 256 sq.m net ('superstore format') to 458 sq.m net ('supermarket/discounter format') by 2040. This quantum could easily be met through infill development, change of use applications and/or extensions to existing stores, without the need to identify larger comprehensive development in-centre or edge-of-centre sites.
- The capacity for 'Local & Village Centres' - no forecast capacity based on either formats to 2040.
- The out-of-centre category shows no identified capacity over the forecast period to 2040.

Comparison Capacity

5.15 Table 3 (**Appendix 8, Volume 4**) sets out the total LPA area-wide capacity for new comparison goods floorspace after allowing for the turnover of all known commitments. Tables 4-8 disaggregate this total capacity by centre. The table below summarises the comparison goods capacity for the main centres and stores and shows **no** identified capacity over the period to 2040.

Table 5.2: DDC Area: Comparison Goods Capacity (Net sq.m) Forecasts by Location

	2025	2030	2035	2040
Dover Town Centre	-4,069	-4,015	-3,902	-3,688
Deal & Sandwich Town Centre(s)	-33	15	115	304
All Other Local & Village Centres	2	4	9	18
All Out-of-Centre Floorspace	-953	-919	-849	-716
TOTAL DISTRICT WIDE COMPARISON GOODS CAPACITY	**-5,053**	**-4,915**	**-4,628**	**-4,082**

5.16 By way of comparison the 2018 RTCNA identified no capacity for new comparison goods floorspace over the short term (up to 2022) or medium term (up to 2027) with capacity emerging by 2032 capacity emerging for 615 sqm net of new comparison goods floorspace and increasing to 3,243 sqm net by 2037.

Summary

5.17 The NPPF (paragraph 86d) is clear that local planning authorities should plan to meet the need for new retail and town centre uses by "*looking at least ten years ahead*". The PPG also states that given the uncertainty in forecasting long-term retail trends and consumer behaviour, assessments *"…may need to focus on a limited period (such as the next five years) but will also need to take the lifetime of the plan into account and be regularly reviewed"*.. Therefore, whilst greater weight should be placed on forecasts over the next five to ten-year period, we have also assessed the potential capacity for new retail floorspace over the lifetime of the plan, up to 2040, to help inform DDC' s longer term plan-making and strategies.

5.18 As shown, there is no quantitative requirement for the Council to identify and allocate new sites for retail development over the ten-year period up to 2031, or over the longer lifetime of the local plan to 2040. A robust policy approach should therefore be adopted, especially development management policies in accordance with the NPPF (paragraphs 86 - 91), to enable the assessment and determination of future proposals that are not in a centre and not in accordance with an up-to-date development plan. The lack of capacity particularly emphasises the importance of the sequential test and having locally set thresholds for the undertaking of NPPF impact tests, to ensure that edge and/or out-of-centre proposals avoid causing any significant adverse impacts on centres.

6. Commercial Leisure Needs Assessment: Update

6.1 This section updates the leisure assessment contained in the 2018 RTCNA and focuses on forecast need for new cinema, food and beverage (former Use Classes A3 to A5), and health and fitness provision. The assessment also takes account of recent trends across the leisure sector.

Commercial Leisure Trends

6.2 Following a dramatic -53.8% fall in leisure spend per head in 2020, Experian forecast a return to growth in 2021 (+64.7%) and 2022 (+14.8%). Average yearly growth is then forecast to settle at approximately +2.5% over the period 2023-2027 and +0.9% over the long term (2028-2040). This growth in leisure spend is consistent with the historic average growth of +1.1% per annum recorded between 2012 and 2018, and higher than long term trend (1997-2019) of -0.6% per annum. These expenditure growth trends and forecasts have informed the updated leisure needs assessment. Any further dampening of growth rates over the short to medium term will have implications for the viability of existing leisure businesses and the demand for new space.

6.3 The pandemic has posed the most significant challenge to the commercial leisure industry in recent years. Never before has the sector been unable to operate in its entirety. With restriction on movement which is essential for commercial leisure pursuits including eating and drinking out; going to the cinema or gym all of these sectors have suffered as a result. Lockdown resulted in a more home focused consumer.

6.4 Even prior to the pandemic, the 2018 RTCNA had highlighted the over-provision, saturation and increasing costs in certain sectors such as the casual dining sector. This trend of consolidation is likely to be accelerated with the likelihood that certain establishments will remain closed forever.

6.5 Despite such restrictions, during the course of the pandemic and subsequent waves of reopening and lockdowns commercial leisure business have tried novel methods of positioning themselves to surmount the reliance on customers being physically present to purchase their services. For example:

- McDonalds, Burger King, Wagamama have benefitted from drive-through and delivery service;
- Many food and beverage outlets/restaurants which were closed to in-house customers provided takeaway and home delivery services and home-cook meal kits;
- Some restaurants with outdoor seating on terraces etc. were able to re-open subject to the necessary social distancing being applied.

6.6 Whilst it is too soon to assess the impact on footfall and sales, both, will take time to get back close to pre-pandemic levels. By way of example, the 'Eat Out to Help Out' initiative was a significant success in the summer of 2020 and boosted the sector through a 50% discount to customers being underwritten by the UK Government. Success in the future will be contingent on type and location of destination. For example major city centres and tourism destinations where commuters and tourists are a driver of footfall and spending are likely to recover slowly.

6.7 It is anticipated that the post-pandemic demand for leisure is unlikely to decline but will be dependent on broader economic recovery and prevailing sentiment. The anticipated focus on more working from home will result in local areas benefiting from any uptake in leisure provision. This is likely to benefit independents and potentially chains moving into these locations as they rethink their location strategies and could therefore potentially benefit centres in the DDC area.

6.8 The key issues for commercial leisure provision in a post pandemic world will encompass a number of factors, particularly:

- economic recovery and resulting consumer sentiment;
- the pent-up demand for consumers to meet and socialise after waves of lockdown;
- the rise in home working and benefiting local / suburban locations and businesses;
- rise of home delivery;
- as with the retail sector new digital strategies and multi channels to interact with customers; for example, Costa has developed what it is calling a 'post-coronavirus' format: a street-facing kiosk with socially-distanced seating and in-app ordering; and
- the increase in the use of open spaces and pursuits; for example, the number of drive-in cinemas across the U.K. has grown from three to 40 during the pandemic[25].

Leisure Expenditure Growth

6.9 Based on the latest Experian growth forecasts the table below updates the UK average expenditure per head per annum on commercial leisure services and the average for the defined Study Area. The expenditure per head data is updated annually by Experian and these are reliant on household surveys conducted by ONS. On this basis it should be noted that these estimates are a product of the inputs used at the time, therefore comparative analysis can prove problematic due to the different households conducting survey and the overall change in national spending totals used to calibrate the data each year.

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[25] Source: "U.K. Drive-Ins Boom in Pandemic Era With 40 New Cinemas"; Varity Magazine 21/07/2020 (https://variety.com/2020/film/news/uk-drive-in-cinemas-boom-40-venues-comscore-1234712174/)

6.10 As with the 2018 RTCNA, it shows that household spending on leisure services is dominated by the restaurant and café category (including pubs).

Table 6.1 Estimates of Expenditure per Capita on Leisure Services 2021

	Accommodation	Cultural services	Games of chance	Hairdressing salons & personal grooming	Recreational & sporting services	Restaurants, cafes, etc.	Total
Zone 1	£139	£293	£238	£101	£137	£1,110	£2,018
Zone 2	£164	£322	£261	£115	£156	£1,209	£2,228
Zone 3	£287	£456	£203	£155	£235	£1,590	£2,926
Zone 4	£209	£365	£259	£130	£194	£1,372	£2,528
Zone 5	£193	£399	£263	£127	£199	£1,435	£2,615
Zone 6	£251	£422	£214	£152	£227	£1,494	£2,761
Zone 7	£200	£370	£188	£127	£168	£1,286	£2,338
Zone 8	£257	£420	£218	£155	£216	£1,476	£2,742
Zone 9	£297	£489	£178	£177	£280	£1,591	£3,012
Zone 10	£262	£412	£214	£161	£250	£1,457	£2,757
Study Area Average (£)	£226	£395	£224	£140	£206	£1,402	£2,593
(% of Total)	8.7%	15.2%	8.6%	5.4%	8.0%	54.1%	100.0%
Dover DC Area Average (Zones 1-8) (£)	£213	£381	£230	£133	£192	£1,372	£2,520
(% of Total)	8.4%	15.1%	9.1%	5.3%	7.6%	54.4%	100.0%

6.11 The latest expenditure per head data when compared with the 2018 RTCNA shows an increase. As previously detailed, this is because the annual household surveys conducted by ONS are not undertaken by the same households resulting in the variation.

Table 6.2: Expenditure per Capita on Leisure Services
Comparison of 2018 RTCNA Against 2021 Update

	2018 RTCNA	2021 Update	Change (£)	Change (%)
Zone 1	£1,612	£2,018	£406	25%
Zone 2	£1,855	£2,228	£374	20%
Zone 3	£2,461	£2,926	£465	19%
Zone 4	£2,178	£2,528	£351	16%
Zone 5	£2,185	£2,615	£430	20%
Zone 6	£2,386	£2,761	£375	16%
Zone 7	£2,145	£2,338	£193	9%
Zone 8	£2,457	£2,742	£285	12%
Zone 9	£2,273	£3,012	£739	33%
Zone 10	£2,412	£2,757	£345	14%

Leisure Expenditure Forecasts

6.12 The table below shows the most recent leisure spend projections by Experian Business Strategies (EBS) as set out in Retail Planner Briefing Note 18 (December 2018).

Table 6.3: Actual & Forecast Growth in UK Leisure Spend (% per annum)

	2017	2018	2019	2020	2021	2022	2023-27	2028-40
Leisure Spend Growth (%)	0.4	-1.5	-0.5	-53.8	64.7	14.8	2.9	0.9

6.13 The above forecast is a contrast from that shown in the 2018 RTCNA (see table below from EBS Retail Planner Note 15). The current forecasts show a higher overall decrease in 2020 followed by a higher level of growth to 2022 and beyond to 2027, followed by a comparative lower level of growth to 2040.

Table 6.4: 2018 RTCNA: Actual & Forecast Growth in UK Leisure Spend (% per annum)

	2013	2014	2015	2016	2017	2018	2019	2020-24	2025-36
Leisure Spend Growth (%)	0.7	0.2	1.7	0.7	0.3	-0.1	0.8	1.1	1.2

6.14 The current growth rates (from EBS Retail Planner Note 18 (December 2018) in the short term show unprecedented levels of growth. By way of comparison, and over the period 2021-2024, the latest EBS Retail Planner Note 18 results in an annualised leisure growth of 6.7% per annum compared with 1.2% per annum based on the EBS Retail Planner Note 16 (as detailed in the 2018 RTCNA). Over the longer period 2021-2040, EBS Retail Planner Note 18 results in an annualised leisure growth of 2.1% per annum compared with 1.2% per annum based on EBS Retail Planner Note 15 (up to 2036). Given such volatility, the update takes account of the latest growth projections that take account of the impact of the pandemic.

6.15 The base year expenditure per capita levels for leisure have been projected forward to 2040 using Experian's forecast annual growth rates, and then applied to the projected population for each Study Zone to identify the total available expenditure on leisure and recreation goods and services.

Table 6.5: Total Forecast Growth in Commercial Leisure Expenditure: 2021 – 2040 (£m)

Zone	2021	2025	2030	2035	2040	Change: 2021-2040	Change: 2021-2040
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(%)
Zone 1	37.8	49.3	56.3	61.4	67.0	29.2	77.4%
Zone 2	23.4	30.5	34.8	37.7	40.8	17.4	74.4%
Zone 3	16.4	21.1	23.7	25.4	27.0	10.7	65.2%
Zone 4	30.6	39.5	44.5	47.8	51.3	20.8	68.0%
Zone 5	33.5	43.4	49.0	52.6	56.3	22.9	68.3%
Zone 6	26.9	34.8	39.1	41.9	44.8	17.9	66.3%
Zone 7	25.5	33.4	38.0	41.4	44.9	19.4	76.1%
Zone 8	29.6	38.4	43.3	46.5	49.9	20.3	68.7%
Zone 9	18.9	24.0	26.8	28.8	30.7	11.8	62.6%
Zone 10	26.0	33.6	38.0	41.3	44.7	18.8	72.4%
Study Area (Zones 1-10) (£)	268.4	348.1	393.4	424.7	457.5	189.1	70.5%
Dover DC Area (Zones 1-8) (£)	223.6	290.5	328.6	354.7	382.1	158.5	70.9%

6.16 The available commercial leisure expenditure across the defined Study Area is forecast to increase by 70.5% (+£189.1m) by 2040. By way of comparison, the 2018 RTCNA forecast lower commercial leisure expenditure across the defined Study Area of 39% (+£113.4m) by 2037.

6.17 The higher level of leisure expenditure growth is attributed to the higher levels of projected growth in leisure spend over the period to 2040.

Eating and Drinking Out

6.18 Based on the broad leisure expenditure profile, and as with the 2018 RTCNA, the majority of the growth in leisure expenditure is weighted towards eating and drinking out (food and beverage). This highlights the potential to enhance the scale and quality of the food and drink offer in the centres in the DDC area over the development plan period, subject to market demand.

6.19 Across the Study Area (Zones 1-10) the total available expenditure for food and drink in the Study Area is £121.8m in 2021 and this is forecast to increase by 70.9% (+86.4m) over the forecast period to 2040 to £208.2m. By way of comparison the 2018 RTCNA forecast total available expenditure for food and drink in the representative DDC area of £125.3m in 2017 with a rise to £172.6m by 2037 (+£47.3m, +37.7%). The 2018 RTCNA showed that the contributing HTIS indicated the DDC area having a retention level of 70.5% for eating and drinking out.

Table 6.6: DDC Area: Total Leisure Spend Across (£m)

	Dover DC Area (Zones 1-8): Total Leisure Spend (£m)					Change: 2021-2040 (£m)	Change: 2021-2040 (%)
	2021	2025	2030	2035	2040		
Accommodation	18.3	23.8	26.9	29.0	31.3	£12.9	70.6%
Cultural services	33.6	43.7	49.4	53.3	57.5	£23.8	70.9%
Games of chance	21.3	27.7	31.3	33.9	36.5	£15.2	71.4%
Hairdressing salons & personal grooming	11.7	15.2	17.2	18.5	20.0	£8.3	70.8%
Recreational & sporting services	16.8	21.8	24.7	26.6	28.6	£11.9	70.6%
Restaurants, cafes, etc.	121.8	158.3	179.1	193.3	208.2	£86.4	70.9%
Total	**223.6**	**290.5**	**328.6**	**354.7**	**382.1**	**£158.5**	**70.9%**

6.20 To help inform the high-level assessment of the potential need for new food and beverage uses over the forecast period we have first applied the DDC-wide retention level of 70.5% to the available F&B spend of £121.8m in 2021 (see table below). This results in retained F&B expenditure (or turnover) of £85.9m in 2021, which is forecast to increase to £146.8m by 2040.

Table 6.7: Total Leisure Spend Across DDC Area (£m)

	2021	2025	2030	2035	2040
DDC Area - Available Spend on F&B:	£121.8	£158.3	£179.1	£193.3	£208.2
DDC Area - Participation Levels (%)	70.5%	70.5%	70.5%	70.5%	70.5%
DDC Area - Market Share (£m)	£85.9	£111.6	£126.3	£136.3	£146.8
DDC Area - Benchmark Turnover (£m)	£85.9	£93.0	£102.7	£113.3	£125.1
Net Residual F&B Spend Capacity	£0.0	£18.7	£23.6	£23.0	£21.7

6.21 Applying a robust year-on-year 'productivity' ('efficiency') growth rate of 2% to the DDC-wide turnover of £85.9m to allow for existing businesses to cover their reasonable costs over time, produces a net residual expenditure capacity of £125.3m in 2040. Based on the available evidence it is assumed that the average annual turnover of a café/restaurant/bar is around £1 million resulting in a potential for circa. 22 F&B outlets by 2040.

6.22 In our opinion, not all the available spend growth will be available to support new F&B businesses. As detailed previously this is a sector that has been hit hard prior to, and even more so, during the pandemic and the broader macro-economic position will also influence discretionary leisure spending. The sector was effectively shut down and carried high overheads. On this basis, it can be reasonably assumed that a proportion of the growth will need to be absorbed by existing businesses to cover the debt incurred during the pandemic, rising operational/occupancy costs and inflation. Notwithstanding this, it is clear that there is forecast growth available to sustain new cafés, restaurants and bars, but very much subject to market demand.

6.23 In compliance with the objectives of the NPPF, any forecast need should be directed to the town centres first, and, to help increase competition and consumer choice, and to underpin both daytime/evening economies. In most cases the forecast need and any market demand from operators will be satisfied by the take-up of suitable vacant units in existing centres, the repurposing of floorspace and/or as part of mixed use developments

Cinemas

6.24 The pandemic has hit the cinema industry hard, particularly for the major chains. As previously mentioned smaller nimble operators have found novel ways to show films. A temporary or mobile cinema (referred as a pop-up cinema) such as drive-in cinemas and UK's smaller independent chains, Curzon, Picture House (which is owned by Cineworld) and Everyman have fared much better during the pandemic. They have shown a more diverse selection of films, and with high-quality food offering, fully stocked bars and high-end seating, attracting more visitors during periods in which restrictions have eased. The future growth in the sector is dependent on the easing of lockdown measures and the settling in back to a level of normality.

6.25 As with the 2018 RTCNA, we have used the standard accepted approach to assess the current level of cinema provision and future needs based on national and regional 'screen density' averages (i.e. the number of screens per unit of population). According to Dodona (a specialist market research consultancy in the cinema industry), in their latest available research (2020), the UK average was 6.8 screens per 100,000 people, up from 6.6 screens in 2017 and 6.1 screens in 2014. The average for the South East region as a whole is **6.4 screens per 100,000 people** up from 6.3 screens in 2017.

6.26 The 2018 RTCNA indicated that the broad retention levels in the DDC area as follows:

Table 6.8: DDC Area: Cinema Facilities Market Shares (%)

Cinema	% Visits from Study Area
Dover - Silver Screen Cinema	16.5%
Sandwich - Empire Cinema	9.4%
Total	**25.9%**

6.27 The table below shows the requirement for additional cinema screens based on applying the DDC area retention rate of 25.9% to the latest forecast growth in the associated zonal area population. In addition the following commitments have also been considered:

- **13/00907 -** Demolition of existing buildings to provide 7429m2 of retail (A1) floor space in 2 main blocks together with 2472m2 of cinema (D2) floor space, 1060m2 of restaurant (A3/A4) in a further block and 44m2 of retail (A1) in a kiosk to Flying Horse Lane, together with associated car parking, highway works and landscaping at St James Site (DTIZ) generally between town wall Street, Castle Street/King Street, Russell Street, Woolcomber Street and including land fronting Flying Horse Lane. Based on the submitted plans, some **6 screens** are proposed. Commitment in the 2018 RTCNA, now built out and therefore incorporated into the current assessment.
- **18/01395 -** Change of use and conversion to a mixed use comprising **2 screens**, 100 seat cinema (D2) with 114 seat café/bar area (A3/A4), re-landscaping of public space fronting the Time Ball Tower and erection of a single storey side extension and outside terraced area for tables and chairs with glass balustrade to front and side, replacement windows and doors, infill glazing to first floor front/side elevation, block up 3 windows to rear, erection of 3 poster panels to rear and 6 poster panels and fire escape door to side, 2 ventilation louvers to rear, installation of satellite dish and extraction flue and re-painting of exterior, together with use of the public car park at rear of the site for deliveries and associated works including partial demolition of the existing car park wall, relocation of the ticket machine and alterations to car park layout.

Table 6.9: DDC Area: Potential Capacity for New Cinema Screens

	2021	2025	2030	2035	2040
Potential Cinema Catchment Population (Zones 1-8)	31,021	32,246	33,552	34,664	35,732
Cinema Screen Density (screens per 100,000 persons) based on South East Region	6.4	6.4	6.4	6.4	6.4
Cinema Screen Potential	2	2	2	2	2
Existing: Screen Numbers	2	2	2	2	2
Proposed: Screen Numbers	8	8	8	8	8
Net Screen Potential	-8	-8	-8	-8	-8

6.28 Across the DDC area, with or without commitments there is no forecast capacity to 2040. The output above is reflective of the 2018 RTCNA in which no capacity was identified.

Health & Fitness Need

6.29 This is another sector that has been badly hit by the pandemic, with lockdowns forcing the closure of facilities. It is undeniable that the pandemic has reinforced the need for outdoor activity particularly to support mental health and wellbeing. Furthermore as we have been under lockdown, alternative means of exercise have come to fore such as at-home workouts, digital work-outs and associated purchase of home gym equipment. For example, Peloton (cycle fitness), saw demand surge during the pandemic. Whilst this was an accelerated reaction, the long term impact of this remains unclear.

6.30 In terms of the need for new health club/gym facilities, the latest projected growth in the DDC area based on the representative zonal area population is some 9,771 up to 2030 and up to 18,189 by 2040. By applying the participation rate for gym and health club activities identified for the DDC area in the 2018 RTCNA of some 15%; this results in some 1,466 potential new gym members over the period to 2030 and 2,728 over the period to 2040. Based on average membership levels for key premium gym operators (average 2,897 members per facility) or a budget gym (which 3,452 average members per facility) the projections cannot support these type of operators. The 2018 RTCNA also did not identify sufficient growth to support these types of operators.

6.31 As for the other leisure sectors, attracting new health and fitness facilities will be determined by the level of market interest and demand. This is likely to be more subdued in the short term especially as operator priorities are likely to be focussed on establishing membership levels to pre-pandemic levels.

6.32 It should be noted since the 2018 RTCNA, the District has benefited from recent investment in this sector from the new £26m Dover District Leisure Centre that opened February 2019 marking the culmination of a three year project to bring modern and accessible leisure facilities to the District. Furthermore, Anytime Fitness (a commercial operator) opened at the St. James Retail and Leisure Park in Dover town centre. Additionally, at the time of writing this report the Council is understood to be working on more detailed proposals for a new leisure centre in Deal resulting in a new build on the existing Tides site in Park Avenue.

Golf

6.33 The 149th Open was played at Royal St George's, Sandwich in July 2021. This marked the 15th time that the Championship has been staged there and also the only golfing major held outside the United States. It has been stated that this will contribute to an estimated £30m of local spending by visitors to Kent during the Championship week, while 600 million households watching The Open on television around the world will generate a tourism marketing benefit for Kent worth more than £50m[26].

6.34 The Open at Royal St George's is therefore an important contributor to the District and Kent economy. It also supports the Destination White Cliffs Country Strategy marking the importance of the international attention and significance that is placed upon the district. As part of this strategy it is recognised that golf and associated sports tourism is a growing area of development that will contribute to further golf tournaments and maximise the marketing and promotional opportunities for the District.

Hotels

6.35 Dover's strategic location and connectivity is considered the main economic driver for the district. As detailed earlier, the visitor economy is regarded as a catalyst for future growth – a key sector for enabling Dover to capitalise on its international gateway position, and to build regeneration and future prosperity. Future demand for accommodation, conference and meetings will capitalise on DDC's ambition to become a centre for new technology businesses, with developments such as the Discovery Park on the former Pfizer site near Sandwich.

6.36 The Kent Accommodation Study (2020)[27] provides the latest outputs for the hotel sector across the District. The key metrics for the DDC area show:

- Across Kent, Dover District is in the top third of districts for group provision, and for 3*/budget hotel accommodation
- Three key areas of provision are centred around the coast (Deal to Kingsdown, St Margaret's at Cliffe, and, to a lesser extent, Dover);
- There are 13 Meetings, Incentives, Conferences & Exhibitions (MICE) ready accommodation establishments (comprising 12.1% of Kent county total);
- Total MICE accommodation capacity in the DDC area of 1,850 beds which is some 11.4% of county capacity within accommodation establishments; and
- Largest single MICE venue capacity has 400 beds.

6.37 The priority gaps identified include:

- 4 Star hotels with 100+ rooms – aspiration for 5* in the future;

[26] https://www.dover.gov.uk/Open-Golf/See-our-Online-Community-Exhibition-about-preparations-for-The-149th-Open.pdf

[27] https://www.visitkentbusiness.co.uk/insights-and-resources/kent-accommodation-study/

- MICE – particularly in Dover, and mixed use sites (e.g. Discovery Park, Dover Waterfront);
- Spa hotel accommodation; and
- Executive "glamping" / high end boutique hotels (coastal and rural)

6.38 The gaps are already being addressed, for example, the Budget hotel chain Travelodge opening first hotel (with 75 rooms) in the District at Discovery Park, in August 2021. Additionally, DDC is funding an initial site assessment for a 4*+ Hotel as prime town centre use on the site of the former Co-op, Stembrook, Dover.

6.39 As part of the need to diversify the offer in the District's main centres, and build greater resilience into their daytime and evening economies, we advise that the Council should continue to proactively market and promote the District through its "Destination White Cliffs Country" Tourism Strategy to help draw year-round visits from day-trippers, "weekenders" and tourists. In this way, there may be potential opportunities for future growth in accommodation sector.

Summary

6.40 The review of the commercial leisure sector has focused on updating the quantitative need for new food and beverage provision, cinema screen, and health and fitness facilities. The update takes account of the household survey that informed the 2018 RTCNA and focused on current leisure market trends.

6.41 The commercial leisure industry is presently under the shadow of the impact of the pandemic whose effects over the long term are unclear. The consumer after months of lockdown is eager to venture out and this may provide an interim boost to the sector, particularly the food and beverage sector as consumers are able to engage more socially. However there remains the prospect of a shakedown and retrenchment as the industry consolidates its revenue position and adapts to the new normal.

6.42 On this basis whilst there is the prospect of growth based on demand across the food and beverage, we recommend that the Council review and refresh this assessment when more normal conditions return. In all cases, it has to be emphasised that any demand for space will be dependent on market interest.

7. Conclusions

7.1 This volume provides an update on the quantitative need for new retail (comparison and convenience goods) floorspace in the DDC area and its centres over the period to 2040. The findings update the results of the 2018 RTCNA for the retail and leisure sector. This report also provides an analysis of the impact of the pandemic and the possible implications of planning changes, such as use class and permitted development rights changes.

7.2 The capacity assessment update is underpinned by robust evidence and forecasts, including:

- the latest ONS-based population projections for the Study Area and study zones within;
- the most recent base year estimates for convenience and comparison goods expenditure (2019 prices) by zone as derived from Experian;
- the latest forecast growth rates for retail expenditure, Special Forms of Trading (SFT) and floorspace 'productivity' informed by the latest Retail Planner Briefing Note published by Experian Business Strategies (EBS);
- the estimated turnover of all commitments in the DDC area.

7.3 Based on the key baseline assumptions that the retail market is in 'equilibrium' at the base year (2021) and that market shares remain constant over the study period, the analysis shows that there is no capacity for new retail (convenience and comparison goods) floorspace over the period to 2040 as shown below

Table 7.1: DDC Area: Aggregated Convenience Goods Capacity (Net sq.m) Forecasts

	Foodstore Format (sqm net)				Local supermarket/ Deep Discounter Format (sqm net)			
	2022	2027	2032	2037	2022	2027	2032	2037
Residual Expenditure (after Commitments)	**-£39.4**	**-£33.4**	**-£27.8**	**-£22.6**	**-£39.4**	**-£33.4**	**-£27.8**	**-£22.6**
Dover Town Centre	-1,110	-1,096	-1,084	-1,073	-1,983	-1,958	-1,936	-1,915
Deal & Sandwich Town Centre(s)	-121	18	143	256	-216	32	256	458
All Other Local & Village Centres	-186	-166	-149	-134	-331	-297	-266	-239
All Out-of-Centre Floorspace	-1,688	-1,344	-1,033	-752	-3,015	-2,399	-1,844	-1,343
Total District	**-3,105**	**-2,588**	**-2,122**	**-1,702**	**-5,545**	**-4,622**	**-3,790**	**-3,039**

Table 7.2: DDC Area: Aggregated Comparison Goods Capacity (Net sq.m) Forecasts

	2025	2030	2035	2040
Dover Town Centre	-4,069	-4,015	-3,902	-3,688
Deal & Sandwich Town Centre(s)	-33	15	115	304
All Other Local & Village Centres	2	4	9	18
All Out-of-Centre Floorspace	-953	-919	-849	-716
TOTAL DISTRICT WIDE COMPARISON GOODS CAPACITY	**-5,053**	**-4,915**	**-4,628**	**-4,082**

7.4 The NPPF requires that: *"…planning policies and decisions should support the role that town centres play at the heart of local communities, by taking a positive approach to their growth, management and adaptation*" (paragraph 86). The NPPF supports the need to maintain and enhance the long term vitality and viability of town centres first, as the most appropriate and sustainable locations for new investment and development.

7.5 However, it is apparent that all centres in the DDC area (like other centres across the UK) are facing a myriad of issues and challenges due to the dynamic changes in the retail and leisure sectors. The challenges have been further accelerated and compounded by the impact of the pandemic, and include: the growth of online shopping and home-based leisure activities (from watching movies to eating at home); the increase in retail failures and closures; a dramatic fall in market demand for space; a rise in vacancies and fall in footfall; and limited/no forecast need or market demand for new retail floorspace.

7.6 The latest assessment by Experian GOAD shows that Dover has a vacancy rate above the national rate (18.95% v/s 14.04 nationally); Sandwich just under (13.46% v/s 14.04 nationally); whilst Deal has an exceptionally low rate (4.09% v/s 14.04 nationally).

Table 7.3: DDC Area: Current Retail and Service Offer By Units

DOVER	Number of Outlets			% of Total Outlets			UK (%)		
Category	**2021**	**2018**	**2016**	**2021**	**2018**	**2016**	**2021**	**2018**	**2016**
Comparison	80	104	89	23.32%	28.80%	28.20%	27.27%	30.90%	31.50%
Convenience	32	26	25	9.33%	7.20%	7.90%	9.14%	8.90%	8.70%
Retail Service	43	42	34	12.54%	11.60%	10.80%	15.62%	14.50%	14.30%
Leisure Service	90	102	86	26.24%	28.30%	27.20%	24.51%	24.00%	23.70%
Financial & Business Service	33	32	36	9.62%	8.90%	11.40%	9.20%	10.30%	10.40%
Vacant Retail & Service Outlets	65	55	46	18.95%	15.20%	14.60%	14.04%	11.20%	11.10%
TOTAL:	**343**	**361**	**316**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

DEAL	Number of Outlets			% of Total Outlets			UK (%)		
Category	**2021**	**2018**	**2016**	**2021**	**2018**	**2016**	**2021**	**2018**	**2016**
Comparison	91	94	88	33.83%	36.60%	34.40%	27.27%	30.90%	31.50%
Convenience	25	21	25	9.29%	8.20%	9.80%	9.14%	8.90%	8.70%
Retail Service	36	29	31	13.38%	11.30%	12.10%	15.62%	14.50%	14.30%
Leisure Service	82	78	75	30.48%	30.40%	29.30%	24.51%	24.00%	23.70%
Financial & Business Service	24	20	22	8.92%	7.80%	8.60%	9.20%	10.30%	10.40%
Vacant Retail & Service Outlets	11	15	15	4.09%	5.80%	5.90%	14.04%	11.20%	11.10%
TOTAL:	**269**	**257**	**256**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

SANDWICH	Number of Outlets			% of Total Outlets			UK (%)		
Category	**2021**	**2018**	**2015**	**2021**	**2018**	**2015**	**2021**	**2018**	**2016**
Comparison	38	39	37	36.54%	35.10%	35.60%	27.27%	30.90%	31.50%
Convenience	7	9	10	7.63%	8.10%	9.60%	9.14%	8.90%	8.70%
Retail Service	15	15	13	14.42%	13.50%	12.50%	15.62%	14.50%	14.30%
Leisure Service	24	28	25	23.08%	25.20%	24.00%	24.51%	24.00%	23.70%
Financial & Business Service	6	14	9	5.77%	12.60%	8.70%	9.20%	10.30%	10.40%
Vacant Retail & Service Outlets	14	6	10	13.46%	5.40%	9.60%	14.04%	11.20%	11.10%
TOTAL:	**104**	**111**	**104**	**101%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: 2018 RTCNA & Experian Goad Category Reports (2021)

7.7 In the context of the issues and challenges, and the findings of the capacity forecasts, it is clear that the Council needs to plan for less, not more retail floorspace over the next 5-10 years and beyond. This emphasises the importance of having locally set thresholds for the undertaking of NPPF impact tests. Although retail will remain a key part of their overall offer, vitality and viability - helping to generate trips, footfall and spend – it is critical that the strategic policies in the emerging Local Plan are supported by policies and strategies developed for each centre to help promote greater flexibility and diversity, so that they can respond more effectively and rapidly to future trends. This flexibility and diversity will, in turn, help to create more resilient, attractive and successful town centres. It will also help to strengthen their respective roles in the network and hierarchy of centres as places to live, work, shop, study, play and visit for a wide range of uses and activities.

7.8 Notwithstanding their distinctive roles, characters and offers, the findings and wider trends point to a number of common themes and actions that apply to all of DDC's centres and extend beyond retail. These include:

- The potential to provide a mix of new residential development in and on the edge of centres, which will help to maintain and strengthen their overall vitality and viability. Provision of the right type of homes, in the right locations that cater for the needs of different ages and socio-economic groups will help to generate new trips, footfall and spend for the benefit of existing shops and business, as well as supporting new provision.

- The trend to home-working that was a necessity during the pandemic, is predicted to continue. As a result, businesses are adapting their office and workspace needs. This should benefit commuter towns in a number of important respects. Firstly, more of the population working from home will meet their essential day-to-day needs close to where they live, which will help to strengthen the vitality and viability of tier-two and tier-three centres and businesses. Secondly, there will be an increase in demand for more flexible workspace in the particularly focussed on transport hubs.
- The need to invest in the quality of town centre environments - including frontages, streetscapes, buildings and public realm, including more outdoor space for pedestrians - to create more attractive, accessible, safe and “greener” (carbon neutral) environments that appeal to all ages and groups. The positive impacts on the environment and on health and well-being of introducing more planting (particularly of trees) and parks into centres, where space allows, should not be underestimated or undervalued.