New Local Plan Evidence Base

Retail and Leisure Needs Topic Paper 2017

Rochford District Council localplan
Shaping the future together

Rochford District Council

Contents

1 Introduction

1.1 The five South Essex Local Planning Authorities (Basildon Borough Council, Castle Point Borough Council, Rochford District Council, Southend-on-Sea Borough Council, Thurrock Council) and Essex County Council, have agreed and endorsed a Memorandum of Understanding (MoU) which identifies how the authorities' will work together on cross-boundary strategic planning issues and the key outputs this aims to deliver. The South Essex MoU was formally signed by Rochford District Council on 22 March 2017. The cross-boundary strategic planning matters that have been agreed by the five South Essex LPAs and Essex County Council are likely to be detailed in a further MoU. This Topic Paper covers retail and leisure issues.

1.2 As part of discussions at the South Essex Strategic Planning Officers group, South Essex Planning Heads of Service group and South Essex Strategic Planning Members group around retail, work on a South Essex Retail Study was commissioned to assess the retail needs of the South Essex region and identify a strategy going forward. Again, this evidence will help inform a Strategic Planning Framework for South Essex, alongside other evidence.

1.3 Peter Brett Associates LLP (PBA) was instructed by the five South Essex LPAs to complete a combined cross-boundary retail study. The purpose of this Study was to allow all participating Council's to work together to note sub-regional future trends and needs, which can be used to inform their Local Plan's collectively.

1.4 This topic paper reports on the main points and issues that the emerging South Essex Retail Study (as at October 2017) addressed with specific references to Rochford District. It should be read in conjunction with the new Local Plan: Issues and Options Document, the Infrastructure Delivery Topic Paper 2017 and other documents forming the evidence base for the new Local Plan.

1.5 The Study has been prepared in a way which is consistent with the evidence base and policy requirements relevant to Rochford District and the other participating Councils. This evidence base is considered to be a suitable basis to set policies on future retail and leisure development for the Rochford District new Local Plan.

2 Existing Retail and Leisure Evidence Base

2.1 The retail evidence base for Rochford District is contained within the Rochford Retail and Leisure Study Update (RLSU) prepared by NLP in 2014. This was used to inform the findings of the emerging South Essex Retail Study.

2.2 Based on population projections (from the South Essex SHMA Addendum 2017) an assessment of future retail needs up until 2031 was undertaken and states that:

- 1,824 sqm net comparison floorspace is required by 2024, rising to 4,937sqm net by 2034
- 1,697 sqm net convenience floorspace is required by 2024, rising to 2,711sqm net by 2034

2.3 The RLSU identifies a potential requirement of up to 3,000 sqm gross of Class A3-A5 floorspace for new food and beverage outlets, the priority should be for new A3 restaurant and café units within Rayleigh and Hockley.

2.4 A compatibility assessment between the RLSU, 2014 and the emerging South Essex Retail Study is being prepared. This will take the form of a Statement of Compliance and will bring together the predicted floorspace requirements presented in this section and the requirements identified up to 2037 in the emerging Study.

3 Planning Policy Context

3.1 The current national and local planning policy context for the emerging South Essex Retail Study is in the form of the National Planning Policy Framework (NPPF) and the Planning Policy Guidance (PPG).

3.2 'Ensuring the vitality of town centres' is addressed in Chapter 2 of the NPPF, this deals with retail and other town centre uses. Paragraph 23 states that planning policies should be positive, promote competitive town centre environments and set out policies for the management and growth of centres. There is a requirement for local authorities to recognise town centres as the heart of their communities and to define a network and hierarchy of centres that is resilient to anticipated future economic changes. Finally, there is an important requirement that: *"needs for retail, leisure, office and other main town centre uses are met in full and are not compromised by limited site availability".*

3.3 The NPPF requires Local Plans to be based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. In terms of a retail evidence base, paragraph 161 states that they should assess:

- ‘the needs for land or floorspace for economic development, including both the quantitative and qualitative needs for all foreseeable types of economic activity over the plan period, including for retail and leisure development;
- the role and function of town centres and the relationship between them, including any trends in the performance of the centres;
- the capacity of existing centres to accommodate new town centre development;
- locations of deprivation which may benefit from planned remedial action.’

3.4 The NPPF places a Duty on public bodies such as Local Planning Authorities, to co-operate on strategic cross-boundary planning issues, including the provision of retail and leisure development. Paragraph 178 states that such joint working enables Local Planning Authorities to meet development requirements which cannot wholly be met within their own areas. There is a requirement for authorities to provide evidence of effective co-operation on cross-boundary planning issues. Paragraph 180 states that this could be demonstrated by a Memorandum of Understanding or jointly prepared evidence base.

3.5 To be considered sound, paragraph 182 requires Local Plans to be positively prepared (i.e. based on a strategy which seeks to meet objectively assessed development and infrastructure requirements), justified (i.e. the most appropriate strategy, when considered against the reasonable alternatives), effective (i.e. deliverable and based on joint working) and consistent with national policy.

3.6 The PPG online resource was launched in March 2014 to provide further guidance on and support to the policies contained within the NPPF.

3.7 Town centre matters are set out in the section ‘Ensuring the vitality of town centres’; paragraph 002 states that a positive vision or strategy for town centres, articulated through the Local Plan, is key to ensuring successful centres which enable sustainable economic growth and provide a wider range of social and environmental benefits.

3.8 Paragraph 003 states that strategies should be based on evidence on the current performance of the town centre. Strategies should also identify opportunities to meet development needs; support town centre viability and vitality; and, identify changes in the hierarchy of town centres, including where a town centre is in decline. In these cases, strategies should seek to manage decline positively to encourage economic activity and achieve an appropriate mix of uses commensurate with a realistic future for that town centre.

3.9 Paragraph 005 of the PPG sets out 10 indicators of vitality and viability that should be considered when assessing the health of town centres.

3.10 Paragraph 009 states that authorities should allocate sufficient sites to meet the assessed need for town centre uses in accordance with the sequential approach. If needs cannot be met on town centre sites then sequentially preferable sites (i.e. edge of centre and then out of centre) should be considered. Sites should be assessed for their suitability, availability and viability with regard to the nature of the need that is to be addressed.

3.11 Paragraph 014 states that the impact test may be used in plan-making to determine whether proposals in certain locations would impact on *‘existing, committed and planned public and private investment or on the role of centres’.*

4 Market and Economic Trends

4.1 The future role and function of town centres together with a review of key trends likely to influence demand for new retail and commercial leisure floorspace has been undertaken for Rochford District and surrounding areas.

4.2 Four main factors that have had the greatest impact on the retail and leisure industry include:

- The polarisation trend;
- Restructuring of the convenience (food sector);
- Growth of the commercial leisure sector;
- Effects of digital technology.

4.3 Polarisation of the comparison (non-food) sector is a result of reduced consumer expenditure growth, changes in customer requirements and growth of internet and multi-channel retailing. Concentration of trading activities within larger retail centres and out of town retail parks continues to improve relative to small centres. Retailers now focus on these centres as larger stores can house a wider stock range and be more accessible to a wider audience, making them more comparable to online retailers. According to a 2011 Deloitte study, polarisation could lead to portfolio reductions between 30 to 40% in the short to medium term in certain retail categories.

4.4 Out of town retail parks have especially increased in demand due to accessible locations, large warehouse formats supplying a larger product range and click and collect options appealing to the multi-channel customer. Increased demand for floorspace within these centres has reduced vacancy levels. Due to a shortage there has been an increase in development within retail parks to improve quality and introduction of a greater range of uses such as leisure provision.

4.5 The convenience sector has traditionally been led by the big 4 (Tesco’s, Asda, Sainsbury’s and Morrison’s) and large foodstores. However structural changes have increased the market share in discounted food operators (e.g. Aldi and Lidl), C-format stores (e.g. Tesco Express, Sainsbury’s Local) and online shopping facilities. This is due to a change in consumer habits and has encouraged retailers to decrease the amount of larger stores they provide.

4.6 Commercial leisure uses such as cafes, bars, restaurants, health and fitness, children’s play and cinemas will constitute a growing share of town centre floorspace. This is driven by the reduced demand for traditional retail space in secondary centres and in part by the increase in leisure expenditure. There is a scope for town centres to capitalise on this trend by increasing footfall particularly outside of retail hours and visitors undertaking linked trips between retail, leisure and other uses.

4.7 Digital technology has facilitated the growth of online sales and altered the way in which retailers utilise physical floorspace; it is likely that digital technologies will impact the retail sector in unpredictable ways. Many retailers have reduced their smaller less profitable stores, generally found in small to medium sized towns. Experience has shown that retailers who have invested in multi-channel retailing (providing multiple channels for customers to purchase goods and services e.g. traditional outlets and online retail) have proved the most successful in recent years.

4.8 Retail expenditure is expected to grow at a rate of 3.1% for comparison goods, convenience expenditure at 0.1% and leisure is forecasted at 1.4% per annum between 2016 and 2035 according to the Experian Retail Planner Briefing Note (ERPBN14).

5 Overview of the existing network of centres in Rochford District

5.1 The Javelin Group undertake an annual survey that ranks the UK's top 3,500 + retail venues. They established a method for scoring centres known as VENUESCORE, this uses a weighted scoring system which ranks specific shopping areas based on factors such as; scale of offer, market positioning, fashionability and age positioning. The lower the VENUESCORE rank the more influence that retail venue has to its surrounding area. This research was used to inform the emerging South Essex Study Retail Study:

- Rochford District's main retail provision is contained in the centres of Rayleigh, Rochford and Hockley.
- Rayleigh is considered to be an influential destination in this area, with comparable VENUESCORE ranks located in Grays and Canvey Island. Rayleigh is the main shopping region for the district with a VENUESCORE rank of 716, and offers a wide range of comparison and convenience shops.
- The small town of Rochford holds a VENUESCORE rank of 2,577. It has a localised catchment including surrounding rural villages and has a high proportion of convenience floorspace.
- Hockley does not hold a VENUESCORE rank due to its small size, however serves a largely localised catchment including rural villages.
- Airport Retail Park (VENUESCORE rank 1,709) is the main out-of-centre retail provision in the district; it has a range of comparison retailers and lies close to the Southend Borough boundary. It is mentioned within the

Southend retail evaluation suggesting that it has a pull factor from neighbouring areas.

5.2 The emerging South Essex Retail Study confirms that Rochford District appears to hold the least amount of influential retail centres in the study area. Basildon, Castle Point, Southend-on-Sea and Thurrock Boroughs all hold a higher quantity of ranking local centres and out-of-centre shopping destinations. The major retail centres include Basildon, Southend-on-Sea and Lakeside Shopping Centre. Further influential areas out of the study area include Chelmsford (after recent major retail investment), Bluewater Shopping Centre based in Kent and Westfield's Stratford Shopping Centre. These are expected to see expansion in the coming years, increasing their market dominance over the South Essex area and south-east region.

6 Retail and leisure spending patterns in Rochford District

6.1 Spending patterns within the South Essex area are explored though the emerging Study, with evidence drawn from the household survey undertaken by NEMS Market Research (July 2016). The Study explores both the spatial spending patterns and the monetary value of spending across the South Essex centres and surrounding areas.

6.2 Southend and Basildon serve a local population, but both areas exert an influence on shopping patterns and attract shoppers from Rochford District. Lakeside attracts spending from all study areas in Essex, Kent and London Boroughs due to its markedly different retail function.

Comparison goods expenditure

6.3 Table 1 summarises comparison goods spending patterns in Rochford District, across different retail sectors. A significant amount of inflow comparison expenditure is received from surrounding zones. Rochford District's comparison expenditure leakage is the second highest within the South Essex study area; this is down to the limited comparison shopping offer in the district. Areas with lower leakage rates have a well-established in- and out-of-centre retail offer which helps to stem the outflow of expenditure.

Table 1: Comparison expenditure spending patterns summary in Rochford District

Retail sector	Expenditure retained	Expenditure inflow	Expenditure leakage to other locations
Comparison	55%	45%	68%

Convenience goods expenditure

6.4 Table 2 highlights convenience goods expenditure patterns, Rochford District experiences the highest amount of leakage (57%) in the South Essex area; this is more than double the rate in Thurrock, which has the second highest leakage rate (27%). This significant outflow is attributed to the out-of-centre foodstores located in Southend-on-Sea and Castle Point that sit close to the Rochford District boundary attracting shoppers.

Table 2: Convenience expenditure spending patterns summary in Rochford District

Retail sector	Expenditure retained	Expenditure inflow	Expenditure leakage to other locations
Convenience	79%	21%	57%

Leisure expenditure

6.5 A large proportion of food, drink and cinema facilities are lost to areas surrounding South Essex. Rochford District has demonstrated a significant food and drink spending leakage, which indicates an opportunity to improve provision within the district in order to meet local needs. Areas such as Southend set a good precedent, with a high retention rate established through the provision of good food and drink offers in terms of both diversity and quality of the local offer.

6.6 Rochford District does not house a cinema; this means that there is a 100% leakage to surrounding areas. While there is potential for improving the food and drink offer across South Essex, there is likely to be a policy decision about whether to plan to accommodate growth, particularly for cinemas, in the higher order centres which serve these larger catchments.

Table 3: Leisure expenditure spending patterns summary in Rochford District

Retail sector	Expenditure retained	Expenditure inflow	Expenditure leakage to other locations
Food and drink A3-A5	72%	28%	33%
Cinema	0%	0%	100%

Population expenditure growth

6.7 The emerging South Essex Retail Study sets out two types of population forecasts, the baseline scenario which has been established by Experian population predictions and the *housing led scenario* which is derived from the 2017 SHMA Addendum.

6.8 Table 4 highlights the expected population and expenditure growth over the period 2016-2037. Expenditure projections include a deduction made for special forms of trading (SFT); this includes all non-store retail sales e.g. internet shopping. This is derived from the November 2016 Experian Retail Planner Briefing Note 14 (ERPBN) and held constant after 2035. The housing-led population variation in Table 4 will equate to a higher population at the end of the study period in Rochford District and as a result greater expenditure growth in both comparison and convenience fields.

Table 4: Rochford District population and expenditure growth 2016-2037

Scenario	Baseline population	Housing-led population
Population growth	9,500	11,848
Comparison expenditure growth (£M) (exc. SFT)	£284.98	£299.05
Convenience expenditure growth (£M) (exc. SFT)	£16.19	£21.17

7 Need for additional retail floorspace and leisure uses up to 2037

7.1 The emerging Study assesses the need for additional floorspace within the comparison, convenience and leisure sectors in Rochford District.

Comparison and convenience needs

7.2 Table 5 highlights baseline and housing-led comparison needs by sqm from 2021 until 2037. There is a constant need that increases year on year for both baseline and housing-led comparison needs.

Table 5: Rochford District comparison retail needs summary (sqm net)

Population scenario	2021	2026	2031	2034	2037
Baseline	586	3,520	6,607	8,740	10,792
Housing-led	809	3,438	6,735	9,045	11,457

7.3 Convenience need is summarised in table 6. Growth is apparent in the convenience sector for both population scenarios, but increase is at a much slower rate than comparison needs. Rochford District has a limited convenience need compared to other districts in the South Essex area as it has a relatively small convenience retail market share.

Table 6: Rochford District convenience needs summary (sqm net)

Population scenario	2021	2026	2031	2034	2037
Baseline	110	207	574	739	880
Housing-led	209	281	616	835	1,077

7.4 It is clear from Tables 5 and 6 that population growth in line with a housing-led scenario would result in a greater need for both convenience and comparison space. This is due to the increased population growth associated with this scenario. However, studying both population consequences identifies a need to accommodate an increased floorspace for both convenience and comparison needs in the next 20 years. Comparison need requires the greatest amount of increased provision in Rochford District.

Leisure needs

7.5 Table 7 breaks down expenditure growth expected in Rochford District depending on population growth variation from 2016-2037. Within the South Essex area, the food and drink sector represents approximately 70% of the total spending growth. Rochford District's expenditure growth in this area equates to roughly half that of Basildon, Southend-on Sea and Thurrock Boroughs individually for both population scenarios. There are no major leisure development commitments in Rochford District that would provide additional leisure floorspace to meet the needs set out in table 7. As Rochford District has limited food and beverage facilities they tend to only serve the local population and attract limited inflow of expenditure. This highlights an opportunity to reduce expenditure leakage to neighbouring areas by improving the quality and offer of food and drink facilities in Rochford District.

Table 7: Rochford District leisure expenditure growth by sector 2016-2037 (£M)

Leisure sector	Baseline	Housing-led
Food and drink (A3-A5)	£33.93	£36.58
Cinema & theatre	£2.17	£2.34
Recreation	£5.28	£5.92
Games of chance	£6.40	£6.89

7.6 The emerging South Essex Retail Study calculated the cinema need, by applying a standard cinema screen density at 6.7 screens per 100,000 of the population to estimate the cinema screen potential. It concluded that 3 additional cinema screens across South Essex were required to meet needs. Basildon has a surplus of screens whereas Rochford District has no cinema provision which means there is a 100% expenditure leakage to neighbouring areas. The Rochford Retail and Leisure Study (RLS), which is the key evidence base used by the South Essex Retail Study suggests that a cinema is unlikely to be supported, however there may be potential to provide an independent niche cinema to complement mainstream provision in surrounding boroughs.

8 Retail impact assessment

8.1 The Study includes a retail impact assessment, which tests the impacts of the development of the identified comparison goods floorspace commitments on existing, committed and planned investment within a specified catchment area.

Two large retail centres within the catchment area are Lakeside and Bluewater.

8.2 Both Lakeside and Bluewater represent significant commitments, their impact across the study area and more specifically the five South Essex authorities is relatively dispersed. Even after expansions of these destinations are factored in, the turnover of all South Essex retail centres, including in Rochford District, is expected to increase.

9 Recommendations

9.1 Two population forecasts were used throughout this report baseline and housing-led, for the purposes of plan making it is logical to follow housing-led figures as this ensures consistency across the evidence base.

9.2 It should be noted that in the housing-led scenario, the population distribution used is the indicative split within the South Essex housing market area (HMA). The NPPF only requires housing needs to be met in full at the HMA level; it is therefore possible that housing needs may not be met in accordance with the indicative split identified in the 2017 SHMA Addendum. However, an alternative distribution has not been agreed so for the purpose of this study, PBA have adopted the indicative split. A recommendation of this Study will include revisiting this distribution in the form of an addendum to deal with housing distribution if and when an alternative approach is agreed between the South Essex authorities.

9.3 Within the hierarchy of centres within Essex; Southend-on-Sea and Basildon are considered to be major centres within the region, Lakeside although technically is classed as an out of centre shopping facility holds a regional centre status. Rochford District has no major classified centres within it, although houses town centres such as Rayleigh, Rochford and Hockley which serve a local catchment.

9.4 Rochford District is expected to have very low identified retail comparison and convenience needs in 2026. This is because the district currently achieves a very low market share. On this basis the district would benefit from further provision in order to promote more sustainable shopping patterns.

9.5 In relation to convenience needs, demand is attributed to predicted population growth. The distribution of new population is therefore critical in allocating convenience floorspace. Rochford District should monitor the location of housing growth in accordance with new convenience allocations; this will ensure that there is appropriate provision for increased population in specific areas.

9.6 The emerging South Essex Retail Study found that many of the town centres within the study lacked commercial leisure offer. The study recommends that all South Essex authorities should treat any leisure applications located in the town centres or new planned neighbourhoods positively.

9.7 Leisure activities such as cinema and theatres require a larger catchment in order to make them viable, for this reason they should be focused in the most accessible major centres such as Basildon, Southend and Lakeside.

9.8 Strategic housing growth should be accompanied by appropriate retail and leisure space to ensure that it functions in a sustainable manner. The scale of retail and leisure space required will depend on the scale and location of growth.

9.9 There is a limited quantitative requirement for additional convenience and comparison floorspace across the study area over the period to 2037. However small scale provision of retail floorspace should be considered when planning for new neighbourhoods, these should be concentrated within developments. This will improve prospects for commercial space being let to operators and reduce the chance of vacant units. When considering extra provisioning it is important to take into account:

- Effects new provision would have on existing centres
- Whether a new urban extension could support sustainability through enhancement of the existing centre
- Type of need that any facilities in the new urban extension would be expected to meet
- The extent to which it is reasonable to expect new spending associated with the urban extensions to be met through any new facilities within those extensions
- Whether the needs of any existing population near the urban extension could be more sustainably served by new facilities as part of a planned local centre

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