Hastings Retail Study Update Part 2

December 2019

Contents

1. Introduction

1.1 This report has been prepared by Avison Young ('AY') for Hastings Borough Council ('HBC') and provides advice on a range of issues regarding 'town centres' and development management planning policies associated with retail and other main town centre land uses in Hastings Borough. This report follows the recent (December 2018) Retail Study Update 2018 ('the 2018 Retail Study') prepared by AY for HBC which provided an updated needs assessment for the HBC administrative area.

1.2 The scope of this report is as follows:

- A review of the existing hierarchy of shopping centres as set out in the Hastings Planning Strategy ('HPS') Policy E3, having regard to the salient content of the National Planning Policy Framework ('NPPF') and National Planning Practice Guidance ('NPPG') in respect of vitality, health indicators and strategic vision.
- A review of shopping management planning policies which deal with development proposals for main town centre uses within and outside of defined shopping areas.
- Advice on an appropriate local floorspace threshold for assessing the impact of retail proposals outside of defined 'town centres'.

1.3 The content and recommendations of this report will contribute to the update of the Local Plan, which will, when adopted, replace the HPS and the Development Management Plan ('DMP'). It will also incorporate the work undertaken to date on the Hastings Town Centre and Bohemia Area Action Plan, a first draft of which was consulted upon in Autumn 2018. When providing advice on the above matters, we have taken into account the latest version of the NPPF published in February 2019 and particularly Section 7 of that document which deals with town centres and managing proposals for main town centre uses. We have also taken into account the current regulations in relation to permitted changes of use relating to main town centre uses.

1.4 The remainder of this report is structured as follows:

- Section 2 provides our review of the existing shopping centre hierarchy in the Borough including the place of each centre in the hierarchy and their defined boundaries.
- In Section 3 we provide our review of the Council's existing development management policies for main town centre use proposals within and outside of defined 'town centres'.
- Finally, in Section 4 we provide advice on whether HBC should set its own local impact assessment for retail development proposals located outside of defined 'town centres'

2. The Retail Hierarchy

Assessment of the retail hierarchy in Hastings Borough

2.1 The existing town centre hierarchy in Hastings Borough is set out in Policy E3 of the adopted 2014 Planning Strategy document. It lists the following three tiers of centre:

- Town centre: Hastings town centre
- District centres: St Leonards, Old Town, Ore Village, Silverhill
- Local centre: Bohemia

2.2 In addition, Part (v) of the Hastings Development Management Plan also lists the following Neighbourhood Centres: Battle Road, Marine Court, Mount Pleasant, Mount Road, West St Leonards (Bexhill Road).

2.3 In order to assess whether the above centres are placed in the correct tiers of the hierarchy we have taken into account a number of factors including: national policy on the setting 'town centre' hierarchies, the size of centres in the Borough, shopping patterns, retailers and other businesses present and retail turnover levels.

2.4 In relation to national planning policy, paragraph 85(a) of the February 2019 version of the NPPF asks local authorities to define a network and hierarchy of town centres. Town centres are defined in the Glossary to the NPPF as:

> *"Area defined on the local authority's policies map, including the primary shopping area and areas predominantly occupied by main town centre uses within or adjacent to the primary shopping area. References to town centres or centres apply to city centres, town centres, district centres and local centres but exclude small parades of shops of purely neighbourhood significance. Unless they are identified as centres in the development plan, existing out-of-centre developments, comprising or including main town centre uses, do not constitute town centres".*

2.5 Therefore, based upon the definition provided by the NPPF and the content of the hierarchy in the current development plan, only Hastings town centre, St Leonards, Old Town, Ore Village, Silverhill and Bohemia will be classified as 'town centres' for the purposes of the sequential and impact tests and the five neighbourhood centres will not.

2.6 Whilst the provision of neighbourhood centres has an important part to play in overall shopping provision, consideration will need to be given to whether the five neighbourhood centres should stay in this tier of the hierarchy or whether any should move to local centre status.

2.7 National planning policy or its supporting guidance does not provide any definitions of town, district or local centres, although we consider that the definitions given in Planning Policy Statement 4 (2009) remain common sense and reasonable definitions. They are as follows:

> *"Town centres will usually be the second level of centres after city centres and, in many cases, they will be the principal centre or centres in a local authority's area. In rural areas they are likely to be market towns and other centres of similar size and role which function as important service centres, providing a range of facilities and services for extensive rural catchment areas. In planning the future of town centres, local planning authorities should consider the function of different parts of the centre and how these contribute to its overall vitality and viability. In London the 'major' and many of the 'district'*

centres identified in the Mayor's Spatial Development Strategy typically perform the role of town centres.

District centres will usually comprise groups of shops often containing at least one supermarket or superstore, and a range of non-retail services, such as banks, building societies and restaurants, as well as local public facilities such as a library.

Local centres include a range of small shops of a local nature, serving a small catchment. Typically, local centres might include, amongst other shops, a small supermarket, a newsagent, a sub-post office and a pharmacy. Other facilities could include a hot-food takeaway and launderette. In rural areas, large villages may perform the role of a local centre".

2.8 Based upon these definitions we now turn to the various types of centre across the Hastings Borough area.

2.9 In relation to the content and market share of centres in terms of convenience goods we make the following observations:

- **Hastings** town centre has a good level of provision of foodstores, ranging from the large Morrisons in the northern part of the centre to modest sized supporting provision including Marks & Spencer, Iceland, Tesco Express and Sainsburys Local. The Morrisons store is able to attract a large market share of main food trips from Hastings and beyond, including a third of all first choice main food shopping trips from Hastings residents. The town centre's overall market share for food shopping is as follows: 35% of first choice main food trips, 18% for other main food trips, 27% of first choice top-up food shopping trips and 33% of other top-up trips. In total, the town centre has 43 convenience goods units, making it the centre with the highest amount of this type of retail use. The centre has an overall convenience goods turnover of £61.1m which makes it the destination with the highest annual turnover. This is of course on a collective basis, with the Morrisons store contributing £37.1m of the turnover. This is the second highest turnover of any one supermarket, the highest being the out of centre Tesco Extra store at Church Wood Drive.
- **St Leonards** has 23 convenience goods retail outlets which makes it the second largest centre for this category of use. Convenience goods stores within the centre are generally small with the largest store being a Co-op on London Road. The size of stores in the centre is reflected in the available market share data within the quantitative assessment in the Stage 1 study. The centre has a 1% market share of first choice and a 3% market share of second choice main food shopping trips. The centre is able to attract 14% of first choice top-up food shopping trips and 10% of second choice top-up trips. The centre attracts a higher market share of top-up food shopping trips from Hastings residents. St Leonards residents clearly prefer to travel to larger out of centre supermarkets for both of these types of trips along with the ASDA at Silverhill. The centre has a convenience goods turnover of £5.9m.
- **Old Town**, alongside nearby Hastings town centre, is the focus for tourist/visitor trips to the Borough. Many of the uses in the centre are orientated around this theme and the available land use data confirms that there are 16 convenience goods retailers in the centre. Bakeries, fishmongers and convenience stores dominate and the size of retail units is small to reflect these functions and the urban environment in the centre. The centre has an annual turnover of £1.2m from study area residents although this is likely to be significantly boosted by expenditure from tourists/visitors. The level of turnover is unsurprisingly made up of top-up food shopping trip expenditure from just the Hastings urban area.
- **Ore** lies in the north-eastern part of the Hastings urban area. It has three convenience stores, two newsagents and a greengrocer. The size of convenience goods units in the centre mean that its

predicted annual turnover of £0.8m which is comprised of expenditure from Hastings residents and the rural area to the north-east of the town.

- **Silverhill** is the final district centre in the hierarchy. The centre is dominated by a large modern ASDA supermarket. There are also two convenience stores, a newsagent and a butcher. The ASDA has a reasonable market share for main food shopping although it is only the fourth most popular first choice main food shopping destination but the most popular second choice main food destination. It also has a good market share of top-up food shopping market share amongst Hastings and St Leonards residents. The convenience goods sector in the centre has an overall annual study area convenience goods turnover of £29.9m (£28.2m of which is contributed by the ASDA store).
- **Bohemia** is the only local centre in the existing centre hierarchy in the Borough. Convenience goods retailers in the centre include four convenience stores and a bakery. The quantitative assessment in the Stage 1 report indicates an annual convenience goods study area turnover of £0.3m which is likely to be an under-estimate given the number of retailers present. The only convenience goods store in the centre to be recorded within the household survey informing this study is the Co-op store with a 1% market share amongst first choice top-up food shopping trips.
- The defined centre at **Battle Road** is divided into two parts to the north and south of its junction with Ashbrook Road and Blackman Avenue. There is a newsagent, two convenience stores and an off-licence. The household survey used to inform the Stage 1 element of this study indicates that the neighbourhood centre has a 1% market share of first choice top-up food shopping trips and 5% of other top-up trips.
- **Marine Court** neighbourhood centre lies immediately on the western edge of St Leonards district centre. It comprises a parade of shops, services and other businesses. There are just two convenience goods stores, a Premier and an off-licence, and the focus of the centre is instead orientated towards food and beverage and tourist-related uses.
- **Mount Pleasant** is a small neighbourhood centre comprising six units. The only convenience goods retailer within the centre is a newsagent. The centre does not feature as part of the household survey results.
- **Mount Road** is another small neighbourhood centre in the northern part of the urban area. There are, overall, 11 units in the centre with one convenience store. The centre does not feature as part of the household survey results.
- **Bexhill Road.** The final neighbourhood centre which lies on the western edge of the Borough boundary. The defined extent of the centre lies on the southern side of Bexhill Road. Convenience goods uses comprise a greengrocers and a convenience store.

2.10 For comparison goods, the available evidence indicates that the only centres which have a material impact upon market penetration are Hastings town centre, St Leonards, Old Town and Silverhill (due to the ASDA supermarket). An examination of the market share data indicates that Hastings has clearly the highest market share beyond all other defined ‘town centres’ and this confirms its place at the top of the hierarchy.

2.11 St Leonards has the second highest level of study area derived turnover at £16.1m, followed by Silverhill at £5.8m and Old Town at £2.7m. The comparison goods annual turnover of Old Town is likely to be materially higher than this figure due to high level of visitor/tourist trips which are not accounted for in the household survey due to the scope of the study area and the wider attraction of Hastings.

2.12 The remainder of the local and neighbourhood centres in the existing development plan hierarchy do not feature in the household survey information which has informed our quantitative assessment. These stores will have a market share, albeit a very small one which indicates their individual and collective contribution to the retail offer in Hastings Borough.

2.13 The size of the centres in terms of the total number of units present is as follows:

Centre	Number of Units
Hastings	322
St Leonards	178
Old Town	145
Ore	33
Silverhill	41
Bohemia	40
Battle Road	36
Marine Court	25
Mount Pleasant	5
Mount Road	11
Bexhill Road	18

Source: based upon HBC data

2.14 The above data provides some very important instructive data on the scale of the retail centres across the Borough. It indicates that Hastings town centre is clearly at the top of the hierarchy if scale is to be taken into account. The data also suggests that Old Town and St Leonards are clear second tier centres on this basis. Below these three higher order levels there is a clear difference with the remaining lower order centres.

2.15 Based upon the above, we make the following recommendations regarding the existing centres in the current four tiers in the existing Hastings hierarchy:

- There is no question about the position of Hastings town centre at the top of the 'town centre' hierarchy. It remains the only higher order centre and the existing position in the development plan hierarchy should be retained.
- At the present time there are four district centres in the hierarchy (St Leonards, Silverhill, Old Town and Ore Village). All of these four centres play a particularly important role in the provision of retail and service provision across the Borough although, in our opinion, Old Town and St Leonards are materially different to the other two centres. As a consequence, we recommend that Old Town and St Leonards should retain their role as district centres whilst Ore Village should be re-classified as a local centre. In relation to Silverhill, we consider it borderline whether it should remain as a district centre or be re-classified as a local centre. On one hand, the centre is materially smaller than St Leonards and Old Town, thus making it distinct from these centres. However, on the other hand it has a large ASDA

supermarket, which other existing local centres do not thus making it similar to this lower level tier of centres. It should also be noted that the centre, primarily due to the ASDA supermarket, has a good market share amongst convenience goods shopping trips and also features in the market share data, albeit on a limited basis, amongst comparison goods shopping trips. As a consequence, we have reached the view that Silverhill should remain as a district centre but this is a borderline case given the differences in size between the district centres.

- The next tier of centre are local centres. At the present time there is only one centre in this category: Bohemia. There is no doubt that Bohemia plays an important part in local shopping and service provision across part of Hastings but there is no particular evidence to suggest that it should be placed higher than some of the other defined neighbourhood centres in the Borough. It is also important to note that a number of the existing neighbourhood centres play, in our opinion, a role which is beyond a purely neighbourhood function and therefore need to be re-classified as local centres. Therefore, Bohemia should remain as a local centre but should be joined by Ore Village plus some of the neighbourhood centres (see below).
- In relation to existing neighbourhood centres, we consider that in order to protect their role and function, particularly when assessing proposals for out of centre retail and leisure land use development, Battle Road and Bexhill Road should be re-classified as local centres. This is not necessarily a promotion of these centres in the hierarchy but instead a re-arrangement of their role in comparison to other centres.
- The other existing neighbourhood centres, Mount Road and Mount Pleasant, are in our opinion too small and with a limited function to act as a formal 'town centre' within the Borough's centre hierarchy. They have a limited retail and service function and whilst they may retain a neighbourhood centre role they do not, in our opinion, warrant protection as a formal 'town centre'.

2.16 In addition to our recommendations regarding existing centres, we have also considered whether any new 'town centres' should be identified in the next development plan. Having visited all parts of the Borough the one are we recommend HBC consider for inclusion is a section of London Road between Lower South Road and the junction with Woodland Vale Road and Tower Road. This area contains a mix of shops and services and whilst it does not contain a convenience store it is of a comparable size to some of the smaller existing neighbourhood centres. It has also been observed to be a reasonable vibrant shopping street during our visits over the course of completing both parts of this study. As a consequence, we consider that there is merit in including London Road in the 'local centre' tier of the retail hierarchy.

'Town centre' boundaries

2.17 Paragraph 85(b) of the February 2019 version of the NPPF indicates that local authorities should define the extent of their town centres and primary shopping areas. As previously noted, there is now on national planning policy requirement to define primary and secondary retail frontages which is, in our opinion, a sign of the changing nature of 'town centres' and the uses which sustain their health.

2.18 In light of this updated national policy we have therefore reviewed the existing defined boundaries for each of the centres proposed to be included in the formal 'town centre' hierarchy and also considered whether there should be a separate definition for primary shopping areas in certain centres.

2.19 We have visited each centre and provide our recommendations in turn below:

- At the present time, Hastings town centre has three separate definitions: a town centre boundary, a shopping area boundary and a shopping area boundary for Priory Meadow. We recommend that these are altered so there are two boundaries: the town centre and the primary shopping area. In relation to the town centre boundary, the existing boundary is considered to be fit for purpose although the south-eastern extent and its relationship with Old Town will need careful consideration. There is no reason to remove Pelham Place from the Hastings town centre boundary but we would recommend that it remains in either the town centre boundary or the Old Town district centre boundary. With regards to the primary shopping area boundary, our visits to the town centre during the course of preparing both parts of this study have indicated that the existing (SA1) shopping area definition does not need to change apart from the need to amalgamate the Priory Meadow and Shopping Area boundaries.
- In St Leonards, the current arrangement is to define primary and secondary shopping areas but without any defined town centre boundary. In light of recent changes in national policy we would recommend that the current situation is amended so that town centre and primary shopping area boundaries are provided. Having inspected the centre during the course of preparing this document we would recommend that the town centre boundary should cover: Kings Road, London Road (from Ocean House southwards to the seafront), Silchester Road, Norman Road and Grand Parade. We consider that the existing defined primary shopping area remains fit for purpose. One further area for consideration is Marine Court. At the present time it is defined as a separate neighbourhood centre. We have recommended that it remains in the formal hierarchy and consider that two options are available: either for the centre to remain as a separate centre or, alternatively, for it to be amalgamated with St Leonards. We do not consider that either option should be preferred over the other.
- For Bohemia local centre, the general extent of the defined centre remains relevant although it is reasonable to suggest that the southern boundary of the centre should be retracted in order that it ends at 89 Bohemia Road.
- At the present time, the defined 'town centre' at Old Town covers George Street and High Street. These streets clearly accommodate a large part of the retail and service function of the centre, but we consider that the town centre boundary should be extended to cover additional retail and service uses along East Parade and Rock-a-Nore Road as these streets also make an important material contribution to the health and attractiveness of Old Town. As a consequence, George Street and High Street should then have a separate primary shopping area definition.
- In relation to other defined 'town centres' we do not consider that any changes to defined boundaries at Silverhill, Ore Village, Bexhill Road, Battle Road, Mount Road are required.
- As noted above, we do not consider there is any need to retain the defined centre boundary at Mount Pleasant.

3. Planning Policy Review

Introduction

3.1 The main policies dealing with retail and other main town centre uses in the adopted development plan in Hastings are as follows:

- Hastings Planning Strategy (2014):
  - Policy DS3: Location of Retail Development
  - Policy E3: Town, District and Local Centres
- Development Management Plan (2015):
  - Policy SA1: Hastings Town Centre Shopping Area
  - Policy SA2: Other Shopping Areas
  - Policy SA3: Shops and Services outside the Shopping Areas

3.2 We consider the content of each of these policies in turn below, although in order to inform this exercise we provide a brief summary of changes in national planning policy (in the NPPF) since the adoption of the above documents, along with the current and forthcoming regulations in relation to permitted changes of use for main town centre uses.

National Planning Policy & Permitted Changes of Use

3.3 The HPS and DMP were prepared and adopted within the context of the 2012 version of the NPPF. Since that time new versions of the NPPF were published in July 2018 and February 2019. Section 1 of the 2018 Retail Study outlined the main changes to retail and main town centre land use policies in the July 2018 version of the NPPF and it is to be noted that no further changes to these policies were made in the February 2019 version. The main changes are as follows:

- Whilst the two main policy tests for proposals outside of town centres (and not in accordance with an up to date development plan) remain the sequential and impact tests, the new NPPF has clarified the issue of availability of alternative sites (in the sequential test) as being available within a reasonable period of time.
- The new NPPF has deleted the requirement for local authorities to define primary and secondary retail frontages in development plan, presumably on the basis of the changing nature of the contribution that retail uses make to the health of town centres and the need for a wider variety of uses to sustain vitality and viability.
- Whilst the requirement to allocate sites to meet identified needs remains, the new NPPF indicates that this should be at least ten years ahead, rather than the full plan period as previously advised.

3.4 It is also relevant for the review of development management policies relating to town centres in Hastings to understand the current scope of permitted changes of use which do not require planning permission. At the present time the following permitted changes are in force:

From	To
A1 (shops)	• A2 • A3 up to 150m² and subject to Prior Approval • D2 up to 200m² and subject to Prior Approval and only if the premises was in A1 use on 5th December 2013 • A mixed use comprising an A1 or A2 use and up to 2 flats may also be permitted subject to meeting certain conditions • C3 up to 150m² and subject to Prior Approval.
A2 (professional and financial services) when premises have a display window at ground level, but excluding betting offices or pay day loan shops	• A1 • A3 up to 150m² and subject to Prior Approval • D2 subject to Prior Approval and only if the premises was A2 use on 5th December 2013 • A mixed use comprising an A1 or A2 use and up to 2 flats may also be permitted subject to meeting certain conditions • C3 up to 150m² and subject to Prior Approval.
A3 (restaurants and cafes)	A1 or A2
A4 (drinking establishments)	A4 drinking establishment with A3 (restaurants and cafes)
A5 (hot food takeaways)	A1 or A2 or A3
A4 drinking establishment with A3 (restaurants and cafes)	A4 (drinking establishments)
B1 (business)	Up to 500m² B8.
B2 (general industrial)	B1
B2 (general industrial)	Up to 500m² B8
B8 (storage and distribution)	Up to 500m² B1 C3 (subject to prior approval)
C3 (dwellinghouses)	C4 (small houses in multiple occupation)
C4 (small houses in multiple occupation)	C3 (dwellinghouses)
Sui Generis (casinos)	• D2 • A3 only if existing building is under 150m² and subject to Prior Approval • C3 up to 150m² and subject to Prior Approval.
Sui Generis (betting offices and pay day loan	• A1 • A2

shops)	• C3 up to 150m² and subject to Prior Approval • A mixed use comprising a betting office or a pay day loa shop, or an A1 or A2 use and up to 2 flats may also be permitted subject to meeting certain conditions. • D2
Sui Generis (agricultural buildings)	A1, A2, A3, B1, B8, C1, C3, D2, all subject to meeting relevant criteria and Prior Approval.

3.5 In addition, the Ministry of Housing, Communities and Local Government ('MHCLG') announced in May 2019 that additional permitted change of use rights would be introduced, including:

- a new permitted development right to allow shops (A1), financial and professional services (A2), hot food takeaways (A5), betting shops, pay day loan shops and launderettes to change to up to 500sq m of office use (B1), with prior approval by the local planning authority of certain planning impacts, including on the sustainability of the existing shopping area.
- an amendment to the existing permitted development right for change of use of up to 150sq m of shops (A1), financial and professional services (A2), betting offices, pay day loan shops and launderettes to residential use (C3) to include change from hot food take-aways (A5).
- an amendment to the existing permitted development right for temporary change of use to allow change to specified community uses, including change of use to an art gallery, and to extend the period of temporary use from 2 years to 3 years to give businesses and community uses sufficient time to test the market.
- intend to amend the shops use class to ensure it captures current and future retail models, which will include clarification on the ability of the A use classes to diversify and incorporate ancillary uses without undermining the amenity of the area.
- MHCLG has also indicated that it intends to take forward a permitted development right to extend upwards certain existing buildings in commercial and residential use to deliver additional homes. Further information on the specifics of this change is awaited.

The Hastings Planning Strategy policies

3.6 **Policy DS3** of the HPS provides the development strategy for retail development across the Borough up to 2028. It outlines a need for an additional 20,500sq m of comparison goods floorspace, noting that this need is to be primarily met within Hastings town centre. The policy leaves the identification of sites to accommodate the identified need to the DMP but does note that the Council will use it land assembly powers, if required, to assist the private sector in delivering retail development. The policy also indicates that 2,800sq m of retail warehousing floorspace will be met on edge or out of centre sites which are well served by a choice of means of transport. The supporting text clarifies that retail warehousing floorspace relates to electrical, DIY and furniture goods – i.e. the traditional bulky comparison goods categories.

3.7 The policy which will replace DS3 will need to take into account the findings and recommendations of our 2018 Retail Study which made the following recommendations on retail needs in Hastings:

- There is a modest amount of convenience goods expenditure capacity which does not prompt the need to allocate land for a new foodstore in Hastings. The strategy for convenience goods floorspace in Hastings should instead be focused upon making qualitative improvements to the town centre convenience goods offer.
- There is no need to plan for additional comparison goods floorspace in Hastings in the short to medium term due to a loss in market share for the town in recent years. Rather than planning for net additional comparison goods floorspace, the 2018 Retail Study recommends that future growth in comparison goods retail expenditure be used to support and enhance existing retail floorspace in the town centre, with a cautious approach taken to proposals for comparison goods floorspace outside of the town centre.
- There is a modest amount of capacity for net additional food and beverage floorspace (Classes A3 and A4) which can be accommodated via the general turnover of units in the town centre and encouraging provision in redevelopment schemes in the centre.

3.8 **Policy E3** of the HPS is the other strategic policy for main town centre uses across the Borough. It defines the hierarchy of centres (as discussed in the previous section of this report), promotes a town centres first approach and outlines the key policy tests for development proposals. It also outlines the key measures for maintaining and enhancing town centre vitality and viability. In relation to the various parts of Policy E3 we make the following recommendations in light of current national planning policy in the NPPF.

3.9 First, whilst the policy is correct to identify the two main policy tests – sequential and impact - a number of additions and amendments are recommended in order to (A) bring it in line with national planning policy, and (B) provide clarity on the application of the updated version of this policy. References are made to 'need' and 'scale' in relation to the sequential test and these should be removed from the policy. The tests of 'need' and 'scale' no longer form part of national policy for retail development proposals and were removed from national policy in Planning Policy Statement 4, published in 2009.

3.10 Second, in relation to the sequential test, we consider it helpful if the updated version of this policy (or the supporting text) could identify:

- <u>The sequence of locations to be explored</u>. The sequence should be identified as town centre sites, then edge of centre sites and, thirdly, out of centre locations.
- <u>The 'town centre' for the purposes of the sequential test</u>. It should be noted that 'in centre' sites differ for retail and other main town centre uses. When assessing retail proposals, 'in centre' sites are locations within the defined Primary Shopping Area. For all other main town centre uses, 'in centre' locations are those which fall within the defined town centre boundary.
- <u>The requirement to demonstrate flexibility</u>. This is a key part of the proper application of the sequential test and regularly features as a key issue in appeal and Secretary of State decisions. The NPPF makes it clear that flexibility should be applied in relation to scale and format whilst the NPPG notes that: *"It is not necessary to demonstrate that a potential town centre or edge of centre site can accommodate*

precisely the scale and form of development being proposed, but rather to consider what contribution more central sites are able to make individually to accommodate the proposal".

3.11 Third, an amendment in relation to the application of the impact test is also required. The current text of Policy E3 appears to suggest that impact assessments are required for all main town centre land use proposals. However, the latest version of the NPPF restricts impact assessments to certain retail and leisure land use proposals and therefore we recommend that the text of the policy is amended to require impact assessments for proposals which relate to floorspace over the locally set threshold (see Section 4 of this report) and which are located outside of defined town centres and are not in accordance with the Local Plan. In relation to the specific uses which will be subject to an impact assessment 'retail' uses are clearly Class A1 uses although the NPPF Glossary is less specific on 'leisure' uses as a range of uses are referred to under the combined heading of leisure, entertainment and more intensive sport and recreation uses. However, we consider that leisure uses will include: cinemas, restaurants, drive-through restaurants, bars and pubs, nightclubs and casinos and indoor bowling centres.

3.12 Fourth, we consider it useful for the policy replacing E3 to be clear over the focus for impact assessments (when they are required by the Council). This should include: an assessment of the impact on the health of the relevant 'town centres' in the catchment of the proposal, impact on existing, planned or committed public or private sector investment in these same centres and also the impact upon Local Plan's strategy for nearby centres. As noted in Section 2 of this document, 'town centres' in Hastings for the purposes of the impact test will be the town centre, the district centres and the local centres.

3.13 Given the recommendations for the policies that will replace E3 and DS3, we consider that it would be preferable to produce one strategic policy for the new Local Plan. This should:

- Set the retail hierarchy for the Borough, including the importance of Hastings town centre;
- Reiterate the Council's support for a 'town centres first' approach to retail and other main town centre uses;
- Outline the Council's intended strategy for the different types of retail and food/beverage land uses across the Borough;
- Outline the two key policy tests for main town centre land use proposals located outside of the network of defined 'town centres'.

Hastings Development Management Plan policies

3.14 Retail and town centre policies in the DMP mainly concentrate upon the management of proposals within defined 'town centres' and proposals relating to drinking establishments, take-aways and existing local shops and services outside of 'town centres'.

3.15 Policies SA1 and SA2 deal with proposals within the Hastings Town Centre Shopping Area and the district, local and neighbourhood Primary Shopping Areas for Class A1/2/3/4/5 uses and other uses appropriate to the character of the shopping area. In both cases the policies are supportive of such proposals provided two criteria are met. These are:

- The proposal would not results in the proportion of non-A1 uses exceeding a particular threshold; and
- The proposal would not result in such a concentration of non class A1 uses as to lead to a significant interruption in the shopping frontage, thus harming the vitality and viability of the town centre shopping area as a whole.

3.16 The supporting text to both policies notes that the Council will consider each case on its individual merits, having regard to the existing situation and the use proposed and also taking into account (A) the size of retail unit(s) subject to the proposal, and (B) the concentration of non-retail units in the centre. When addressing the quantitative threshold in each policy, the supporting text notes that:

> *"When determining planning applications seeking a change of use away from A1, within a defined shopping area, the current percentage position between Planning Use Class A1 and non-A1 uses will be calculated ignoring units in a temporary flexible use. Only the permanent lawful use of the unit will form part of the calculation".*

3.17 The supporting text indicates that these various thresholds would allow scope for a range of land uses in the defined shopping areas without damaging the retail function of the area.

3.18 As a starting point for our assessment it will be noted that the different tiers of 'town centre' have different defined areas. Hastings has three areas: a town centre boundary, a shopping area and a defined area around the Priory Meadow shopping centre. St Leonards has primary and secondary shopping area whilst the other local and neighbourhood centres have one single shopping area definition. In light of the changes made in the latest version of the NPPF we recommend that a standardised approach to boundary definitions is adopted in the new Local Plan which are restricted to town centre and primary shopping area boundaries. Hastings, Old Town and St Leonards will be the only three centres where the town centre and primary shopping area boundaries will be different (due to the size of these centres) with the remaining local and neighbouring centres having one boundary where the town centre and primary shopping areas match.

3.19 In relation to the current approach in policies SA1 and SA2, proposals must meet both criteria, namely that (A) the relevant unit threshold should not be breached, and (B) there should not be a significant interruption in the shopping frontage. Therefore, one criterion is very much a binary quantitative consideration whilst the other is more related to planning judgement. As a consequence it would be possible for a proposal not to breach the quantitative threshold but still be refused where it led to a concentration of non-A1 uses and a significant interruption in the shopping frontage notwithstanding its potential contribution to the health and attractiveness of that particular centre.

3.20 In order to assess whether the current approach in SA1 and SA2 remains fit for purposes, two issues need to be considered. First, whether it is appropriate to continue with quantitative thresholds and, second, whether non-quantitative factors should be restricted to the number of non-A1 uses in a particular location. In relation the existing proportionate thresholds, the latest land use data (for 2018) for all 'town centres' gathered by HBC indicates to a number of centres are very close to their respective thresholds in Policy SA2 with the proportion of non-A1 uses, at the time of preparing this report, in Marine Court in excess of its threshold (although we appreciate that this is a particular point in time and not a static position). Therefore, based upon the current approach in SA2, and based upon a strict interpretation of the policy, a proposal to change the use of either an occupied A1 unit or a former (now vacant) A1 unit would have to be refused.

3.21 Further considerations in favour of a change in approach relate to the latest version of the NPPF and also the recent (and on-going) changes in permitted development rights. When the HPS and DMP documents were prepared, the 2012 version of the NPPF was in force. Paragraph 23 of that document asked local authorities to define primary and secondary retail frontages, with primary frontages being defined as areas where there is a high proportion of retail uses. That requirement has now been dropped in the February 2019 version of the NPPF[1] with paragraph 85(a) noting that planning policies should:

> *"define a network and hierarchy of town centres and promote their long-term vitality and viability – by <u>allowing them to grow and diversify in a way that can respond to rapid changes in the retail and leisure industries, allows a suitable mix of uses (including housing) and reflects their distinctive characters</u>"*

3.22 It is therefore clear that national planning policy is moving in a direction which is recognising that a wider mix of land uses are key to the future success of town centres and is driven by a number of factors. First, the on-going problems experienced by the retail industry, as a consequence of the continued growth of the internet and the failure of a number of high profile national multiple retailers, are leading to a situation in many small to medium sized towns where there is simply too much retail floorspace to meet current (Class A1) retailer demand. Second, there are local issues, such as the trends in Hastings for comparison goods shopping identified in the 2018 Retail Study where towns are losing market share to the internet, out of centre stores/retail park or large settlements further afield.

3.23 In relation to permitted development rights, national government has taken the view over the past few years that increasing the amount of flexibility for property in town centres will (A) assist businesses in locating in town centres, and (B) this in turn will assist town centres in maintaining and improving their health. Whilst this approach raises a number of issues over the effectiveness of this strategy, a consequence of the increasing breadth of permitted development rights is to affect the operation of quantitative style unit/floorspace threshold development management policies. Whilst the DMP document does anticipate[2] the effect that permitted development rights could have on the application of policies SA1 and SA2 this was at a time when changes to PD rights affecting town centres were to allow temporary uses whereas now there are an increasingly large number of permanent changes.

3.24 For all of the above reasons, we recommend that there is a change in approach for the assessment of change of use proposals and redevelopment proposals in the defined Primary Shopping Area (known as the 'Shopping Area' in the current version of the plan. We consider that whilst there is general logic in the proportions outlined in SA1 and SA2 they are now likely to be unworkable in light of permitted development rights whilst there could be unintended consequences of having a precise single threshold figure. Instead, we recommend that the Council adopts a more qualitative approach to the assessment of proposals in the Primary Shopping Area areas. We suggest the following wording for the new policy:

> *"Within the defined Primary Shopping Areas, at ground floor level, proposals for Class A land uses, and other uses appropriate to the character of the PSA will be permitted where the proposed use would not undermine the retail function of the town centre and maintain and enhance its vitality and viability. The determination of each application will have regard to the following factors:*
>
> - *The location and prominence of the premises;*
> - *The size and width of the premises;*
> - *The number and distribution of other existing and committed non-A1 uses within the defined primary retail frontage (including any premises subject to current Permitted Development changes of use);*

[1] With only town centre and primary shopping area boundaries being required
[2] See paragraph 5.26

- *Where applicable, the length of vacancy of the premises and evidence of marketing for the current permitted use;*
- *The nature and character of the proposed use; and*
- *The design of the shop-front".*

3.25 There is also a need to consider whether there should be a policy dealing with change of use and redevelopment proposals elsewhere in the defined centre boundaries of Hastings and St Leonards (but outside the PSA). There is not a specific development management policy for either for these centres although policies FA3 and FA4 in the HPS do outline the strategy for each centre including the range of land uses which are to be promoted and provided. We would recommend that a similar approach for each centre is adopted in the new Local Plan with additional text which deals with the determination of planning applications for change of use and redevelopment.

> *"Subject to the provisions of Policy [XYZ][3], the Council will permit retail, business, education, community, leisure, arts, cultural and tourism development within Hastings town centre / St Leonards district centre, as defined on the Proposals Map, provided that the development maintains and enhances the vitality and viability of the town centre and complies with other policies in this Plan. Residential development will also be permitted provided that it complies with other residential land use policies in this Plan and affect the ability of existing and planned/committed main town centre uses to maintain and enhance the vitality and viability of the centre".*

[3] The primary shopping area policy referred to above

4. Impact Assessment Threshold

4.1 As part of the scope of this study, HBC requires advice on an appropriate local floorspace threshold for assessing the impact of retail proposals.

4.2 National guidance on impact assessment thresholds is set out in paragraph 89 of the February 2019 version of the NPPF. It states that local planning authorities should request an impact assessment for retail, leisure and office development proposals outside of town centres (that are not in accordance with an up-to-date Local Plan) if the scale of development is over a proportionate, locally set threshold. Where there is not a locally set threshold the national default threshold of 2,500sq m gross will apply. This is generally the same as the 2012 version of the NPPF although the latest version clarifies that the threshold relates to the gross amount of floorspace in a development proposal.

4.3 At the present time, the development plan in Hastings does not set a local threshold and therefore until the new Local Plan is adopted (or so far advanced that any draft policy can be given reasonable weight) then proposals under 2,500sq m gross will not have to be tested against their impact on the health of, and investment within, defined 'town centres'.

4.4 The NPPG provides guidance on the indicators which should be taken into account by local planning authorities seeking to identify local impact assessments. These relate to the consideration of the following factors:

- Scale of proposals relative to town centres;
- The existing vitality and viability of town centres;
- Cumulative effects of recent developments;
- Whether local town centres are vulnerable;
- The likely effects of development on any town centre strategy;
- The impact on any other planned investment.

4.5 In relation to Hastings, we consider the following factors to be relevant:

- The scale of the existing centres in the retail hierarchy;
- The uses which are important to different centres in the hierarchy; and
- The health of the centres over time.

4.6 In relation to the scale of proposals relative to 'town centres', the size of the centres in the District's retail hierarchy varies quite considerably. According to Experian, the total amount of Class A1 retail floorspace in Hastings town centre is circa 40,000sq m. Conversely, some of the small centres have less than 1,000sq m of floorspace.

4.7 The national default threshold is therefore equivalent to 6% of the town centre's Class A retail floorspace but two and a half times as high as the total size of the smallest centres. Therefore, in 'scale' terms this would suggest that a very low threshold should be set as it should relate to the 'lowest common denominator' – i.e. the district and local centres.

4.8 However, we consider that other factors should be considered, including the type of retail provision and how modern out-of-centre retail developments across the UK compare to retail units in town centres.

4.9 In relation to convenience retail provision, there is a wide range of store sizes in Hastings from large supermarkets to discount and convenience stores, whilst many of the main foodstores in the smaller centres are convenience-style stores which do not extend beyond 500sq m gross (or 100-250sq m net). In many cases, particularly in district and local centres, small foodstores provide an important contribution to the health of centres and in some cases provide an anchor role. In many cases they are also the largest units in district and local centres. As a consequence, in the interests of seeking to protect the health of the smaller centres in the Borough, and given that it would be problematic to try and set different thresholds in relation to different centres, we consider that a low threshold for convenience retail proposals should be set, at 300sq m gross.

4.10 Turning to comparison goods uses, generally speaking such retailers do not provide a lone sole anchor to defined centres, although the range and quality of comparison goods retailers provides a very important contribution to their health and attractiveness. This is particularly true for Hastings town centre which has by far the largest market share in this category.With such a range of retailers present in the Borough it is difficult to be precise over the exact scale of floorspace which could have a detrimental impact upon the health of defined centres. However, there are a number of reasons why a low threshold should be set for comparison goods floorspace in Hastings.

4.11 First, trends in the comparison goods retail sector in recent years have been challenging with a number of high profile businesses either failing or reducing the number of stores they have in their portfolios. Second, there has been an evolution of the out-of-centre retail parks sector in developing much smaller unit sizes which has enabled traditional town centre retailers to relocate much easier. Third, the recently completed first part of this study has found a falling market share for Hastings town centre which suggests a need to be cautious over how future proposals could affect the future health of the centre. As a consequence, there is a strong case for also setting a low threshold for the assessment of comparison goods proposals, at 200sq m gross.

4.12 We would recommend that these thresholds should apply to new stand-alone retail floorspace, proposed extensions to existing stores and applications to vary the range of goods to be sold from existing floorspace (under Sections 73 and 106a of the Act).

4.13 The need for this low level of floorspace is, in our opinion, also reinforced by factors such as cumulative impact issues. Whilst it might be that the individual impacts associated with retail proposals of circa 100sq m to 200sq m may not cause any particular concerns on their own, the combined effects of multiple proposals could lead to different outcomes. Therefore, the Council must consider how the cumulative build-up of a certain scale of development could affect the health of its 'town centres'. In other words, if it is considered that the individual impacts of say a 100sq m retail proposal are unlikely to ever be significant then this would allow all future 100sq m proposals to avoid the assessment of cumulative impact. As noted above, the health of a centre may not rely on just one retailer but when the cumulative build-up comprises a range of retailers selling different types of goods then the longer term effects on the health of a centre could become an issue. This would be reinforced whether there is potential for store relocations.

4.14 In relation to the assessment of solus and cumulative impacts under the new impact policy in the new Local Plan, we would recommend that the supporting text to the policy indicates the range of factors which should be provided in the applicant's impact assessment and also guide the Council's determination of the proposal:

- Defining a clear catchment of the proposed development. This should include information on the pattern of trade draw from the catchment to the proposal from different parts of the catchment. It should also provide a clear indication of the likely pattern of trade diversion from existing stores and centres.

- Clear information on the scale of the financial impact of the proposed development on defined stores and centres in the catchment of the proposal and how this relates to the trading performance of the convenience and comparison goods sectors in these centres (in order to build up a clear picture of the overall impact on existing centres). When seeking to understand the overall impact upon a particular 'town centre', the scale of trading overlap (in terms of the scale of goods and services) between the proposal and the retail and service sectors in the relevant defined centres, including the contribution that these retail sectors make to the health and attractiveness of the centre.

- The applicant's assessment should provide up to date information on the health of the relevant defined 'town centres' in the catchment of the proposal, both now and over time (using the indicators outlined in the NPPG).