

ROTHER RETAIL & TOWN CENTRE USES STUDY

FINAL REPORT

Prepared on behalf of:

ROTHER DISTRICT COUNCIL

June 2023

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For and on behalf of Lambert Smith Hampton

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1. INTRODUCTION

- 1.1. Rother District Council (hereafter referred to as 'the Council') commissioned Lambert Smith Hampton (LSH) in June 2022 to prepare the Rother Retail, Leisure & Town Centres Assessment.
- 1.2. This study will provide the updated robust and sound evidence base needed to help inform strategic and development control policies on town centre uses, centre hierarchy, and site allocations within the emerging Rother District Local Plan. The study will also supersede the quantitative and qualitative findings of the Capacity Study for Bexhill-on-Sea 2018 ('2018 Bexhill Study'), the Rother Shopping Assessment Update 2013 ('2013 Study'), and Bexhill Retail Study Update 2013 (2013 Bexhill Study).
- 1.3. Other key objectives of the study area to:
 - Understand the impact that on-line shopping has on Rother's retail floorspace needs now and into the future, taking account of the district's dispersed rural population;
 - Identify current and future need retail floorspace and the opportunity to improve the shopping profile of Bexhill, Rye and Battle town centres in the sub regional context, as identifying demand/investment opportunities for different retail sectors.
 - Identify sites to accommodate forecast need and demand for new retail and service, and leisure offer and in the context of the sequential test and the need for sites to be commercially viable and deliverable when required
 - Provide advice on specific policies aimed at managing development of retail and leisure uses within and outside of the District's defined centres; and the potential to use Article 4 directions to protect town centre uses within defined centres.
- 1.4. The study has been prepared in the context of current and emerging local, regional and national development plan policy guidance, as well as other key material considerations; principally the National Planning Policy Framework (NPPF). Where relevant the study also draws on advice set out in the National Planning Practice Guidance (PPG). Both the NPPF and PPG place significant weight on the development of positive plan-led visions and strategies to help ensure the vitality and viability of town centres¹.
- 1.5. During the course of preparing the study, the UK's economy was tentatively recovering from the impact of the COVID-19 pandemic. Many town centre businesses were lost as a result of period of 'lockdown' on social activity and Government mandates requiring the closure of non-essential town centre businesses during peak infection periods. As the preparation of this study commenced town centre economies were in recovery and patterns of trade returned to more normal conditions. However, at the time of finalising the study the UK has been facing further economic challenges due to a number of external elements. The first being the invasion of Ukraine which has contributed to a significant rise in energy prices and other commodities. Along with a sharp rise in inflation on other goods and services, the UK is now experiencing a "cost of living crisis", which has led to the Bank of England raising the base interest rate. Consequently, a fall in household expenditure on retail goods is expected, particularly for households with debt that will be affected by the interest rate rise (e.g. mortgages and credit cards).
- 1.6. Notwithstanding, the economic certainties highlighted above this study does provide the robust evidence base and key findings to help inform and guide both plan-making and decision-taking across the District and its main centres up to the new Local Plan period. Whilst the study will assess outputs up to 2042, any findings beyond 2032 should be treated with caution on the basis that forecasts become less reliable after a 10-year period.

¹ Town centres or centres are defined by the NPPF (Annex 2) as 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.

1.7. The study is presented in a series of inter-related Volumes.

- Volume B: comprises the quantitative appendices that inform the economic capacity tables for retail and leisure needs;
- Volume C sets out the findings of the 2022 town centre health check assessments of Bexhill-on-Sea ('Bexhill'), Rye, and Battle; and an audit of out of centre retail and leisure provision in the District;
- Volume D provides the results of the household telephone interview survey conducted by NEMS Market Research (NEMS) for this study. Interviews were carried out with 1,000 households across the defined Study Area in August 2022.
- Volume E provides plans that helped inform recommendations on town centre boundaries and Primary Shopping Areas.

1.8. This Volume A study draws on the evidence and research in Volumes B-D. It provides robust policy recommendations to help the Council prepare positive strategies, plans and policies for the growth, management and adaptation of the District's main town centres over the short, medium and long term to help ensure their future vitality and viability.

1.9. Aligned with the NPPF (paragraph 86), PPG, and other material considerations, this study specifically provides advice and recommendations on:

- The quantitative and qualitative need ('capacity') for new retail floorspace and leisure uses, "*looking at least **ten years ahead***" (NPPF, paragraph 86d). Longer-term capacity forecasts are provided but are less reliable beyond ten years.
- Identifying where need, if identified, can be met through an assessment of current and proposed site allocations and in accordance with the town centres "first" (sequential) approach.
- The definition and extent of town centre boundaries and Primary Shopping Areas (PSAs).
- Recommendations on whether the current floorspace thresholds for triggering an impact assessment for proposals for town centre uses that are not within a defined centre are still appropriate.

1.10. It is also important to state at the outset that medium to long term forecasts should be treated with caution. They are influenced by the dynamic changes in economic, demographic, lifestyle and market trends; including the rise of online shopping over the last decade, and the impacts of the COVID-19 pandemic, and the unfolding impact of the cost of living crisis. Further to the advice in the NPPF (paragraph 86d), the PPG also recognises the uncertainty in forecasting long-term retail trends and consumer behaviour, and states that 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 reviewed². We therefore advise that the local planning authority should place greater weight on forecasts over the next five to ten-year period, up to 2032.

² PPG, Paragraph 004. Reference ID: 2b-004020190722

2. PLANNING POLICY CONTEXT

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

NATIONAL PLANNING POLICY & GUIDANCE

NATIONAL PLANNING POLICY FRAMEWORK (NPPF)

- 2.2. The NPPF was updated in July 2021 and sets out the Government's planning policies for England. Planning law requires that applications for planning permission be determined in accordance with the development plan³, unless material considerations indicate otherwise⁴. The NPPF must therefore be considered in plan-making and is a material consideration in planning decisions.
- 2.3. 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 needs⁵. 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**: *"...plans should positively seek opportunities to meet the development needs of their area and be sufficiently flexible to adapt to rapid change"* (paragraph 11a).
- 2.4. **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 location, scale and quality of development, 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** (see below). 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).
- 2.5. **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"**.
- 2.6. 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.
- 2.7. 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

³ This includes local and neighbourhood plans that have been brought into force and any spatial development strategies produced by combined authorities or elected Mayors.

⁴ Section 38(6) of the Planning and Compulsory Purchase Act 2004 and section 70(2) of the Town and Country Planning Act 1990.

⁵ Resolution 42/187 of the United Nations General Assembly

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)

- 2.8. The **Planning Practice Guidance (PPG)** provides specific guidance on plan-making and decision taking for retail, leisure and town centre uses, including guidance on Permitted Development Rights (PDR), Article 4 Directions, and the new Use Classes Order ('UCO') that came into effect on 1st September 2020⁶ (discussed later in this section). 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.
- 2.9. 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.
- 2.10. 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**"⁷. 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 tests⁸. 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*"⁹.

LOCAL PLAN CONTEXT

- 2.11. Rother District Council's current Core Strategy Local Plan was adopted on 29 September 2014 and is therefore more than 5 years old. RDC are now planning to undertake public consultation later in 2023. The preparation of the new Local Plan for Rother District will allow the Council to develop a Plan to deliver on Council objectives and community priorities set out in the latest Corporate Plan
- 2.12. The following provides an overview of relevant local Development Plan Documents (DPD) that guide both plan-making and decision-taking for new development in Rother.
- 2.13. Currently, the relevant development Plan documents for this Retail and Leisure Study comprise:
- Rother Local Plan Core Strategy (2014)

⁶ Paragraph: 007 Reference ID: 2b-007-20190722. Also refer to: Town and Country Planning (General Permitted Development) (England) Order 2015, as amended.

⁷ Paragraph: 004 Reference ID: 2b-004-20190722

⁸ 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.

⁹ Paragraph: 006 Reference ID: 2b-006-20190722

- Rother Development and Site Allocations Local Plan (2019)
- Rye Neighbourhood Plan (2019)
- Battle Civil Parish Neighbourhood Plan (2021)
- Saved policies of the Rother District Local Plan (2006)

Rother Core Strategy (2014)

- 2.14. The Core Strategy (CS) was adopted in September 2014, sets the overall vision for future land use, and provides the framework for the scale and distribution of development up to 2028. The Core Strategy does not allocate specific sites for development, which are instead covered in the Development and Site Allocations Local Plan (DaSALP) discussed later in this section.
- 2.15. The following review focuses on strategic and development management policies that support and manage the development of town centre uses in the District.
- 2.16. There is no specific policy in the CS that identifies a centre hierarchy for District and for promoting new development of town centre uses. However, it is evident from town centre policies discussed below that policies prioritise development in Bexhill Town Centre. It is also noted in paragraph 9.157 of the DaSALP refers to a hierarchy of centres but is unclear from CS and DaSALP what that is.
- 2.17. The CS outlines the strategy for retail and related services uses in Rother District in Policy EC7: 'Retail Development'. This supports the town centres of Bexhill, Battle and Rye in maintaining and increasing the proportion of retail spend available within their catchments. Part (ii) outlines the amount of additional floorspace. The policy supports the NPPF in a town centre first approach and sets its own threshold in part (iv) for the requirement to undertake a retail impact assessment for retail development in excess of 500sqm.
- 2.18. **Policy EC7: Retail Development** - The overall strategy for retail and related service uses in Rother district is to:
- Support the Town Centres of Bexhill, Battle and Rye in maintaining and increasing the proportion of retail spend available within their respective local catchments, consistent with the wider hierarchy of centres and their capacity for increasing and recovering trade in a sustainable manner;
 - Plan for the amount of additional floorspace in each of the town centres, as set out in the respective town chapters;
 - If there are no sites available (or will be available within a reasonable period of time) in town centres to meet identified retail needs, to firstly look at edge of centre locations and then out-of-centre locations, with priority to those with greatest accessibility in each category;
 - Require retail development proposals in excess of 500sqm to undertake a retail impact assessment;
 - Actively promote Town Centres through appropriate interventions in close collaboration with town centre businesses and local communities.
- 2.19. **Policy BX2: Bexhill Town Centre** sets out the strategy for Bexhill, which seeks to improve its use for shopping, services and leisure, including through investment in the public realm, increased parking capacity, links to the seafront, activities and marketing and improving accessibility for buses and parking. Part (iii) states that Bexhill will provide for 2,000sqm additional convenience retail floorspace and 4,000 comparison retail floorspace, particular emphasis placed on north of the railway. Part (iv) relates specifically to the provision of hotel accommodation, well related to the town centre and De La Warr Pavilion. Any new development should respect the town setting in the Conservation Area. The following criteria apply to Policy BX2:

- (i) To promote a co-ordinated town initiative to improve its use for shopping, services and leisure, including through investment in the public realm, increased parking capacity, links to the seafront, activities and marketing
- (ii) Develop a holistic pedestrian and traffic management strategy that combines improved accessibility for buses and additional parking capacity with ensuring a more attractive shopping environment;
- (iii) Provide for some 2,000 sq m additional convenience goods and 4,000 sq m comparison goods floorspace, primarily through 'edge of centre' retail expansion on the north side of the railway, as well as effective use of town centre accommodation;
- (iv) Provide for hotel accommodation, well related to the town centre and/or the De la Warr Pavilion;
- (v) Facilitate leisure, office and high quality residential developments within walking distance of the centre;
- (vi) Ensure that development and change respects and, where appropriate, enhances the late Victorian/Edwardian character of the Conservation Area

2.20. **Policy BA1: Policy Framework** for Battle states the importance of maintaining the physical form, local distinctiveness, character and setting of the town, particularly in and adjacent to the Conservation Area. Part (vi) seeks to maintain a vibrant and distinctive town centre and encouraging additional restaurants, cafes and/or retail service establishments as well as seeking opportunities for increased convenience shopping floorspace of some 1,000 sq m sales area within or adjacent to the town centre, as well as facilitating some additional comparison shopping floorspace

2.21. Under Policy BA1 Proposals for development and change in Battle are required to:

- (i) Maintain the essential physical form, local distinctiveness, character and setting of the town, particularly in and adjacent to the Conservation Area;
- (ii) Implement the ESCC Battle Local Area Transport Strategy, particularly measures that minimise the demand for cross-town vehicular traffic; and improve pedestrian and cycle access to services/facilities from new and existing development;
- (iii) Provide for 475-500 net additional dwellings in Battle over the Plan period 2011-2028, by developing new housing via opportunities both within the development boundary, and modest peripheral expansion opportunities that respects the setting of Battle within the High Weald AONB and supports community facilities;
- (iv) Enable new local employment opportunities by providing for at least 10,000 sq m of employment floorspace within the town centre, adjacent to Station Approach, at sites on Marley Lane and at other sites as necessary (including by assessing the potential for mixed use with housing development);
- (v) Enable growth in sustainable tourism by allowing the development of new tourist accommodation, particularly by the conversion and extension of suitable properties closely related to the town centre;
- (vi) Maintain a vibrant and distinctive town centre and encouraging additional restaurants, cafes and/or retail service establishments as well as seeking opportunities for increased convenience shopping floorspace of some 1,000 sq m sales area within or adjacent to the town centre, as well as facilitating some additional comparison shopping floorspace;
- (vii) Implement improvements to the provision of open space, sport and recreation facilities, in accordance with adopted standards and strategies;
- (viii) Ensure that new development does not put pressure on local infrastructure, and that it makes appropriate contribution to community and other infrastructure;
- (ix) Seek opportunities for habitat creation, restoration and enhancement, particularly in identified Biodiversity Opportunity Areas to the east and west of the town.

2.22. **Policy RY1: Policy Framework for Rye and Rye Harbour** seeks to improve connectivity between Rye and other major urban centres. It also highlights the importance of preserving and enhancing the character and historic environment of the Conservation Area. Part (iv) states the Rye town centre will continue to be the focus for retail and services for the town and the increase of choice for convenience shopping in Rye by facilitating the increase of some 1,650 sq m net additional convenience floorspace within or adjacent to the town centre.

2.23. Proposals for development and change in Rye and Rye Harbour Village will:

- (i) Promote efficiencies and improvements to the strategic transport network to improve connectivity between Rye and other major urban centres;
- (ii) Support traffic management on the local road network, promote sustainable alternatives to the car and implement the objectives stated in Local Transport Plan 3 and the Rye Local Area Transport Strategy;
- (iii) Preserve and enhance the character and historic environment of the Citadel and wider Conservation Area, and the distinctive landscape setting of the town;
- (iv) Retain the centre of Rye as the main focus for retail and services for the town, and increase the choice of convenience shopping in Rye by facilitating the increase of some 1,650 sq m net additional convenience floorspace within or adjacent to the town centre;
- (v) Provide between 355-400 dwellings net additional dwellings between 2011 and 2028. Opportunities for growth will primarily be sought within the built up area of Rye;
- (vi) Seek to secure and maintain effective flood defences for Rye and Rye Harbour, whilst also minimising and managing flood risk, including in relation to the location of new development in accordance with other criteria;
- (vii) Promote at least 10,000 sq m of employment floorspace at Rye Harbour Road industrial estate to promote economic regeneration and job creation, having particular regard to protecting the integrity of internationally designated habitats;
- (viii) Maintain and enhance navigation on the River Rother and the viability of the Port of Rye as a working harbour, having particular regard to protecting the integrity of internationally designated habitats;
- (ix) Promote green tourism initiatives, including careful management of Rye Harbour Nature Reserve and, where feasible, new habitat creation and green infrastructure linkages, which protects and enhances the integrity of the internationally important ecological interests;
- (x) Tackle social exclusion and promote opportunities for young people to access education, community facilities, employment and leisure;
- (xi) Maintain and enhance the community, cultural and tourism assets of both Rye and Rye Harbour village; and
- (xii) Maintain a strategic gap between Rock Channel and the industrial estate at Rye Harbour Road.

Rother Development and Site Allocations Local Plan (2019)

2.24. The Development and Site Allocations Local Plan (DaSALP) was adopted on December 2019 and forms part of the statutory Development Plan for the District. The Core Strategy identified the need for a plan to set out the more detailed development policies and to identify site allocation to deliver specific targets. The DaSALP two principal parts:

2.25. Part A 'Development Policies' complement the policies in the Core Strategy and also include policies relating to certain localities, inside and outside of development boundaries.

- 2.26. Part B 'Site Allocations' set out site specific proposals that are being proposed to meet the requirements of the Core Strategy, including new housing development and proposal regarding business and retail uses and open space.
- 2.27. The most relevant policies in relation to this study are found in Chapter 9: Bexhill and these are detailed below along with supporting text.
- 2.28. Paragraph 9.151 of the DaSALP outlines that a convenience goods-led retail development has been allocated in line with Policy BEX2 provision for 2,000sqm additional floorspace and that some other smaller sites may still come forward. The 2018 Bexhill Retail Capacity Study concluded that future expenditure growth on comparison goods should be met within comparison goods shops in town centre rather than through new additional floorspace, and so no allocation for comparison goods have been made within this plan.
- 2.29. **Policy BEX12: Bexhill Town Centre** states that within the Town Centre, the loss of significant town centre uses will be resisted. Public realm improvements to enhance the environmental quality and appearance of the town centre are encouraged.
- 2.30. **Policy BEX13: Bexhill Town Centre Primary Shopping Area** identifies the town centre and primary shopping area boundaries. Policy seeks to protect the predominant shopping role and character of the area by controlling the loss of such units. Proposals for redevelopment or change of use must have regard for:
- the harm to the shopping character, diversity and vitality of the area
 - the size and type of unit, with support for the provision of new and retention of larger retail units;
 - the type and characteristics of other uses in proximity to the application site; and (iv) the need to avoid an over-concentration or clustering of non-retail uses.
- 2.31. Planning permission will be granted for the introduction of new shops and the expansion or refurbishment of existing premises, subject to compatibility with other Plan policies.
- 2.32. In schemes for the redevelopment and change of use of sites within this area, regard will be made to the following factors:
- (i) whether there is harm to the shopping character, diversity and vitality of the area;
 - (ii) the size and type of unit, with support for the provision of new and retention of larger retail units;
 - (iii) the type and characteristics of other uses in proximity to the application site; and
 - (iv) (iv) the need to avoid an over-concentration or clustering of non-retail uses.
- 2.33. Where appropriate, consideration should also be made to Policy DEC1 shopfronts.
- 2.34. **Policy DEC1: Shopfronts, Signage and Advertising** relates to new or alterations to existing shopfront and how the loss of features or fabric of historic, architectural and/or socio-cultural merit or the installation of external roller shutters will not normally be acceptable in Conservation Areas.
- 2.35. Any proposal for a new shopfront, an alteration to existing shopfront (including external blinds), or signage on buildings, will be permitted where:
- (i) it relates appropriately to the architectural and historic character and appearance of the building in which the shopfront is located,
 - (ii) it relates to its overall setting in the street scene, and impact on public safety, and
 - (iii) it has due regard to its proportions, size, design, visual relationship to upper storeys, materials, colour, height and width, and illumination.

- 2.36. Particularly within Conservation Areas, the loss of features or fabric of historic, architectural and/or socio-cultural merit or the installation of external roller shutters will not normally be acceptable.
- 2.37. Freestanding signage and advertisements will be permitted where they have an acceptable impact on highway safety and amenity, including on the scenic, architectural and historic character of the locality. In rural areas, they should not detract from landscape character nor introduce unnecessary “clutter” into the countryside. Other than in exceptional circumstances, such advertisements should also have a close physical relationship to the premises that they serve.

Other Material Considerations

- 2.38. Neighbourhood Plans and Supplementary Development Plans also relevant to the preparation of the study include:
- 2.39. **Rye Neighbourhood Plan (2019)** – The Plan forms part of the Development Plan for Rother District and sits alongside the Core Strategy, seeking to achieve ‘a thriving town for the 21st Century’ with the aim of improving the economic and social wellbeing of the community and its role as a market town for tourism, leisure and culture. Policy E1 ‘Development Boundary, Strategic Gap and the Setting of Rye’ states that new development will be focused within the Town’s Development Boundary, as defined in the Policies Map. Policy B2 ‘Supporting Rye as a Visitor Destination’ states that development that enhances the town centre to improve visitor attraction will be supported.
- 2.40. **Battle Neighbourhood Plan (2021)** – This Plan was adopted in 2021 and forms part of the Development Plan for Rother District. The Neighbourhood Plan’s vision wishes to create a safe and friendly environment and pays particular attention to the ecological, agricultural, public enjoyment and intrinsic values of the Civil Parish. Policy HD5 ‘Protection of the Landscape Character’ states that proposals should be consider the landscape character, being sympathetic to the surroundings. Policy HD8 ‘Town Centre Boundary’ seeks to retain and enhance existing town centre uses stating that shopping and commercial development will be focused within Battle Town Centre. It continues that loss of existing ground floor retail space will be resisted and shop fronts should be in keeping with the character of the conservation area.
- 2.41. Other Neighbourhood Plans which form part of the statutory Development Plan within the District include:
- **Burwash Neighbourhood Development Plan (2022)** sets out a vision to enhance and protect the Area of Outstanding Natural Beauty while meeting the needs of the community, and to promote and support new and existing businesses and encourage tourism. The three main themes addressed are the Environment, Infrastructure (including leisure, economy and tourism) and; Housing. Policy IN04 states that development will be supported which would sustain existing retail premises or contribute to their ongoing viability.
 - **Ticehurst Neighbourhood Plan (2019)** states the Ticehurst will provide the working heart of the parish, with a good range of retail outlets and service-based industries. The overall aim of the Plan is to maintain and enhance the rural character of the parish within the landscape of the High Weald.
 - **Crowhurst Neighbourhood Development Plan (2019)** has a vision to maintain the village’s rural character by protecting the countryside and environment around its boundaries.
 - **Sedlescombe Neighbourhood Plan (2018)** seeks to ensure the character and identity of the village is maintained and the characteristics of AONB are conserved or enhanced. The overall objective is to keep the integrity of the ‘quintessential English village’.
 - **Salehurst & Robertsbridge Neighbourhood Development Plan (2018)** supports sustainable development that respects the location within the AONB. The Plan’s objectives include retaining the local retail and service provision and sustaining a thriving village centre with mixed use shopping. Policy EC1 supports new retail provision within the retail and the NP maps identities a housing / mixed-use site already approved and housing / mixed-use site allocations (Policy HO2) including residential development and at least 1200 sq. m. of employment space at the Mill Site.

2.42. **Camber Village SPD (2015)** – The establishes an overarching vision for the village and provides guidance for future development in the locality. Camber Village is located on the East Sussex coast, close to Shepway, Kent; and the market town of Rye. One of the SPD’s main objectives is to establish a ‘heart’ to Camber with shops and cafes at a central location which relates to the beach; increasing shop and amenity offer and improving access to community facilities.

SUMMARY

- 2.43. In summary, national and local plan policy and guidance seeks to maintain and grow the vitality and viability of centres over time by, amongst other measures, directing new investment and development to town centres first. There is also importance in promoting a diverse mix of sustainable uses that meet the needs of all those who live, work, shop and visit centres for a wide range of activities.
- 2.44. Support for retail uses will be focussed in Bexhill, Battle and Rye and should promote and maintain the historic architecture and conservation areas. Additional convenience retail floorspace is supported for all three centres as well as improving accessibility and public realm.
- 2.45. Given the pace of change on Britain’s high streets and the shifting nature of retail and leisure, combined with the impacts of the Pandemic, it will be important that the new Local Plan’s policies are based on an up to date evidence base, whilst allowing sufficient flexibility to allow town centres to adjust to market changes.
- 2.46. Section 9 of this report considers whether the current centre hierarchy for Rother District is still appropriate and whether changes should be made in line with the key outputs of this study. Consideration is also given to the boundaries currently identified in the DaSALP Policy Map for the District’s towns, district and village centres and whether any changes should be made. In addition, Section 9 will explore whether the locally set threshold for retail impact assessments in Policy EC7 of the CS is still appropriate.

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 which will continue to shape change in the future. It should be noted at the outset that this section was written at the time when the UK economy was in recession and in the midst of an energy and cost of living crisis. The Bank of England's response to rising inflation led to a rise in interest rates which will impact on household that are carrying debt, particularly those who are not on fixed rate mortgage deals or those with credit card debt. Up to this point, the economy was beginning to recover from the impact of the COVID-19 pandemic, with full recovery expected to stall as these new economic shocks take effect. As a result, forecasts used to inform the study are likely to change in the short term, particularly in relation to expenditure growth on retail goods and on leisure activities as households curtail spend on non-essential items.

ECONOMIC OUTLOOK

- 3.2. In the 18-24 months prior to the pandemic the UK economy had been characterised by low growth; GDP increased by +0.3% in the third quarter (Q3) of 2019, which was the weakest growth recorded since 2010 (Q1)¹⁰. The impact of the pandemic has resulted in the UK economy experiencing the biggest annual decline in GDP (-9.9%) for over 300 years. The latest ONS figures show the economy narrowly avoided a double-dip recession in 2020 following positive growth of +1% in the final quarter due to the loosening of the COVID-19 restrictions in the run-up to Christmas. The country was subsequently placed into a third lockdown from January 2021.
- 3.3. The impact of the pandemic has also resulted in Britain's budget deficit (i.e. the gap between public spending and income from taxes) reaching the highest levels recorded since World War II. Government borrowing climbed to a record £240.9 billion in the first eight months of 2020, and the Office for Budget Responsibility (OBR) forecast that this could be around £400 billion by summer 2021.
- 3.4. Against this background, Experian Business Strategies (Experian) predicted that the biggest risk to economic recovery from COVID-19 is rising inflation, particularly if it is not matched by wage inflation, which will impact on household incomes. This scenario is currently taking place and at the time of preparing this study inflation was sitting at 9% with concern that the rate may reach double figures by the end of 2022. Experian has predicted that GDP growth will dip in 2022 and will be 3% below the pre pandemic trend in the long term¹¹; an outlook that is most likely to occur given that Experian's forecast pre-dated the current cost of living crisis. Energy costs are significantly rising from October 2022, and along with rising costs of goods due in line with rising inflation and rising interest rates that will effecting those with debt, a further squeeze on household spending is expected in the third quarter of 2022. This will inevitably impact on consumer spending and in turn will inevitably impact town centre businesses across the UK. As such, all forecasts are subject to greater than usual uncertainty and volatility.

RETAIL SPENDING

- 3.5. The 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

¹⁰ Sourced from the Office for National Statistics (ONS)

¹¹ Experian Retail Planner Briefing Note 19 (February 2022).

June 2016, there had been increasing signs pre pandemic that growth was starting to “soften”. For example, household spending slowed to an eight year low (+1.2%) in 2019 due principally to the impact of BREXIT on consumer confidence. The latest figures show that household spending fell by over 20% quarter-on-quarter in the second quarter of 2020. This was the largest quarterly contraction on record and is attributed to the impact of the COVID-19 pandemic, particularly the effect of containment measures that limited spending potential and the impact on employment (i.e. job losses and furlough scheme). Spending on hospitality, travel and leisure was dramatically impacted during this period. Retail also suffered as businesses were forced to close; although this was partly cushioned by an increase in food and online purchases.

3.6. The latest Experian¹² retail and leisure spend per head forecasts show for:

- **Convenience goods:** after a significant +8.2% growth in spend in 2020 from household spend on “essential” food and convenience goods during the pandemic, spend is forecast to drop by -3.7% in 2021 and by -2% in 2022 as convenience spend patterns return to “normal” conditions. Experian predict that annual (per capita) growth in convenience spend will “flatline” at around +0.1% from 2023 in to the foreseeable future (up to 2040). This rate is still an improvement on the historic long-term trend (1997-2020) of -0.6% per annum.
- **Comparison goods:** experienced less fluctuation in per capita growth than compared to convenience per capita growth. Growth rates dropped from 2.2% per annum in 2019 to 1.6% in 2020, with Experian forecasting a steady improvement on growth rates in 2021 (1.9%) and 2022 (2.1%) before settling at 2.8% up to 2028 and 2.9% in future years. Although, this growth forecast is significantly below the historic long-term trend (1997-2020) of +5.1% per annum.
- **Leisure spend:** Following a dramatic -37.2% fall in leisure spend per head in 2020, Experian forecast a “bounce” back to growth in 2021 (+21.9%) and 2022 (+24.1%). Average yearly growth is then forecast to settle at approximately +1.1% over the period 2024-28 and +0.9% over the long term (between 2029 and 2040). This growth in leisure spend is consistent with the historic long-term trend (1997-2020) of 1.1% per annum.

3.7. Clearly any further dampening of growth rates over the short to medium term due to the current cost of living crisis, which will impact on the economic capacity forecasts identified by the study, as well as on the business models of investors and operators (including the demand for new space).

THE RISE OF ONLINE SHOPPING

3.8. 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 shops¹³. ONS figures show that the value of non-store retail sales (including the internet) stood at £84.2bn in 2019 (in 2016 prices). This represented more than a four-fold growth from £17.1bn in 2006.

3.9. As the figure below shows, Special Forms of Trading (SFT’s) overall market share (as a proportion of total UK retail sales) increased from 5.5% in 2006 to 25.2% in 2021. In other words, online sales accounted for approximately one-quarter of every pound spent on retail goods in 2021. Of this total non-store retail

¹² Experian Retail Planner Briefing Note 19 (February 2022). Figures 1a and 1b. The average expenditure per capita figures are a key input to the retail capacity and leisure needs assessments.

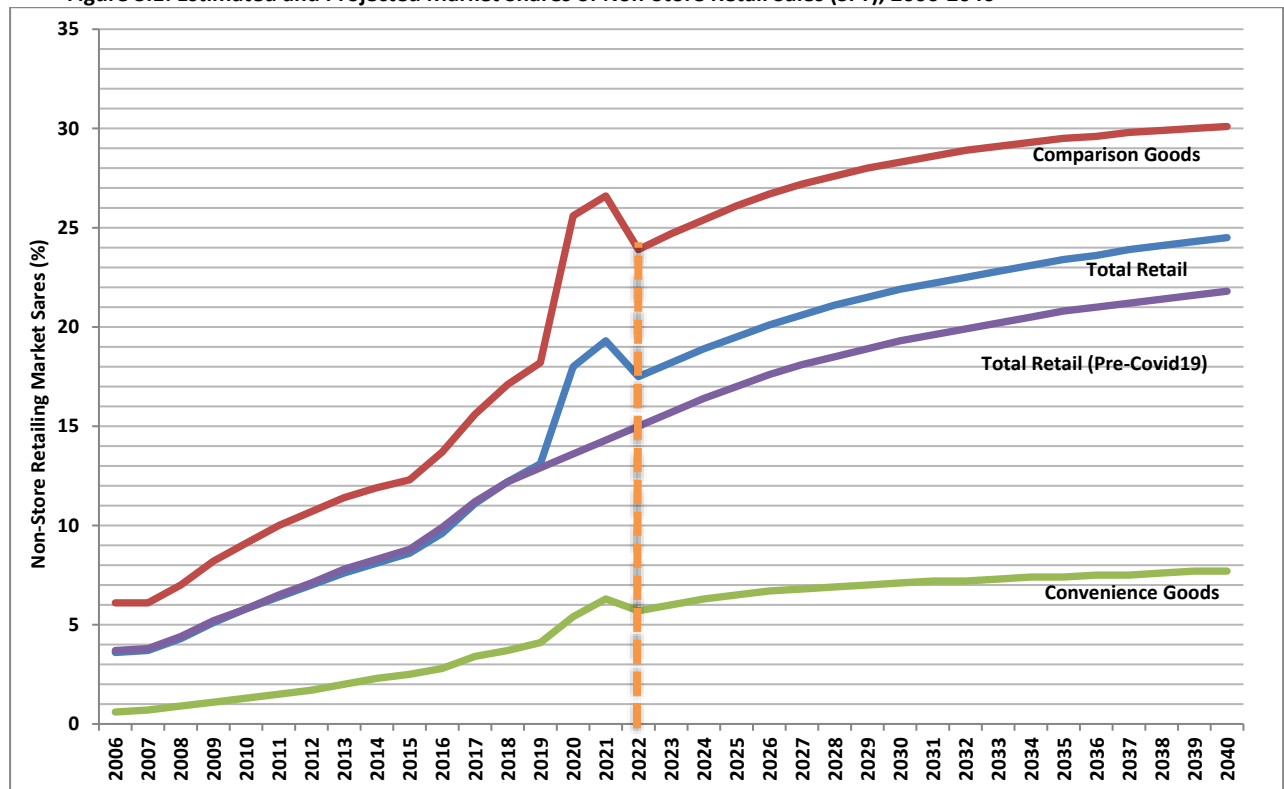
¹³ Non-store retailing is commonly referred to as **Special Forms of Trading** (SFT). This comprises all non-store retail sales made via the internet, mail order, stalls and markets, door-to-door and telephone sales. On-line sales by supermarkets, department stores and catalogue companies are also included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

sales, Experian estimate that comparison and convenience goods retailing achieved market shares of 29.1% and 18.1% respectively.

3.10. The latest Experian forecasts indicate that total SFT market shares will increase to 36.5% by 2040 (i.e. over one in every three pounds spent on retail in 17 years' time will be online). Comparison and convenience goods non-store retail sales are forecast to reach 40.2% and 25.7% respectively.

3.11. Experian predict that the pace of e-commerce growth will slow over the long term as research suggests that internet use is now almost at capacity. However, other research (published before the impact of the pandemic) has predicted that the growth in online sales could be even higher over the next decade; accounting for approximately 53% of total retail sales by 2028¹⁴. 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 technology (including mobile/wearable technology and Artificial Intelligence), 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 higher growth in online purchases.

Figure 3.1: Estimated and Projected Market Shares of Non-Store Retail Sales (SFT), 2006-2040



Source: Experian Retail Planner Briefing Note 19 (February 2022). Appendix 3

3.12. In terms of forecasting the potential capacity for new physical retail floorspace, Experian estimate that currently approximately 25% of all SFT sales for comparison goods and 70% for convenience goods are sourced through traditional ('bricks-and-mortar') retail space, rather than through 'virtual' stores and/or

¹⁴ 'The Digital Tipping Point – 2019 Retail Report' (Retail Economics and Womble Bond Dickinson)

'dot com' distribution warehouses. On this basis, Experian adjust their SFT market shares downwards, to 12.2% in 2018, rising to 19.3% in 2021 (boosted by online sales during the pandemic) before dropping back to 18.2% in 2022. SFT picks up again and is forecast to increase based on the adjusted rate to 22.5% by 2032 and 24.5% by 2040. In line with standard approaches, these adjusted/recalibrated market share figures are preferred for retail capacity assessments.

- 3.13. 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 was mainly concentrated on certain retail products and services (such as, for example, electrical goods, books, music and travel). This has resulted in a reduction in the number of retailers selling these types of products and services on the high street (for example, HMV, Currys and GAME). However, this does not mean that other comparison goods categories are immune to the impact of the internet. A clear illustration of this was the acquisition of the Arcadia brands (including TopShop, TopMan and Miss Selfridge) by online fashion retailer ASOS in February 2020 for £330m after Arcadia collapsed into administration. ASOS has purchased the stock, which it will sell online, but has no interest in the (“bricks-and-mortar”) store portfolio.
- 3.14. 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. However, the digital evolution will not replace the growing demand from customers for experience led activities, such as boutique cinemas that offer extras (considered in more detail in Section 7) and independent retail and services that cannot be replicated online.
- 3.15. In summary, 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. 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

- 3.16. The challenging economic conditions and growth in online sales have had a significant and permanent impact on consumer shopping and spending behaviour. As a result retailers need to constantly review and rapidly adapt their business strategies, requirements and store formats to keep pace with the rapid changes in the sector.
- 3.17. 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; with a focus now on growing market share through online sales and opening new smaller convenience store formats (including Tesco Express, Sainsbury’s Local and Little Waitrose). Consequently,

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’¹⁵ 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 been one of the biggest “winners” during the pandemic, as the majority of 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.

- 3.18. 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, which the trend for store closures and associated job losses. The most recent example relates to Marks and Spencer who are cutting their existing store portfolio by closing 67 of their full line (department store) stores by 2025, particularly those in town centres. Instead, the retailer will be focusing growth on a focus on closing town centre department stores formats while promoting new store openings for their Foodhall format at out of centre locations.
- 3.19. The peak pandemic years of 2019 to 2021 are regarded as one of the hardest for the retail sector for over 25 years. For example, the *Centre for Retail Research* (CRR) identified that in 2019 some 16,073 retail units closed across the UK with the loss of over 143,000 jobs; an increase from 14,583 shop closures and over 117,400 job losses recorded in 2018. A similar trend occurred in 2020 as the full effect of the pandemic took hold on the retail market with 11,459 shops closing and the loss of over 105,700 jobs. 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 Kath Kidston).
- 3.20. 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” and many high street businesses are burdened with rising debts. This is a further contributing factor to the significant number of store closures that have occurred over recent years. 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/debt 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 pandemic.

RISING OCCUPANCY COSTS

- 3.21. As described above, ‘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 (including rent, business rates, staff wages, utilities, etc) increased by +3.5% in 2018. This outpaced sales growth for many retailers, eroding profitability and resulting in more store closures. 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.

¹⁵ Also referred to as ‘Limited Assortment Discounter’ (‘LADs’) by the Competition Commission Report.

3.22. In this context, 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) prepared by Experian provides forecasts of annual floorspace productivity growth rates based on two different scenarios:

- the ‘**constant floorspace scenario**’, based on limited potential for new retail development, resulting in greater efficiency of existing floorspace; and
- the ‘**changing floorspace scenario**’, which takes account of the impact of new retail development on average retailer sales performance.

3.23. The table overleaf sets out the differences between the two scenarios.

Table 3.1: Floorspace Productivity Growth Rates (year-on-year growth %)

	2020	2021	2022	2023	2024-28	2029-40
CONSTANT FLOORSPACE						
Convenience Goods	6.6%	-9.4%	-0.9%	0.2%	0.3%	0.3%
Comparison Goods	6.6%	-9.4%	2.7%	1.6%	0.1%	0.0%
CHANGING FLOORSPACE						
Convenience Goods	-7.2%	-0.2%	6.4%	2.2%	2.4%	2.9%
Comparison Goods	-7.2%	-0.2%	7.2%	2.3%	2.2%	2.6%

Source: Experian Retail Planner Briefing Note 19 (February 2022). Figures 3b/3c and 4a/4b.

3.24. 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 conclude that these trends confirm the limited prospects for new retail floorspace development in the future. For these reasons we prefer to test lower ‘productivity’ growth rates (i.e. the ‘constant floorspace’ rates in the table above) for retail planning assessments, as we believe they are more robust as they better reflect trends at the national and local level. The testing of lower ‘productivity’ growth rates also supports the “*town centre first*” policy approach, as it allows existing retailers to increase their sales potential and profit margins to remain viable.

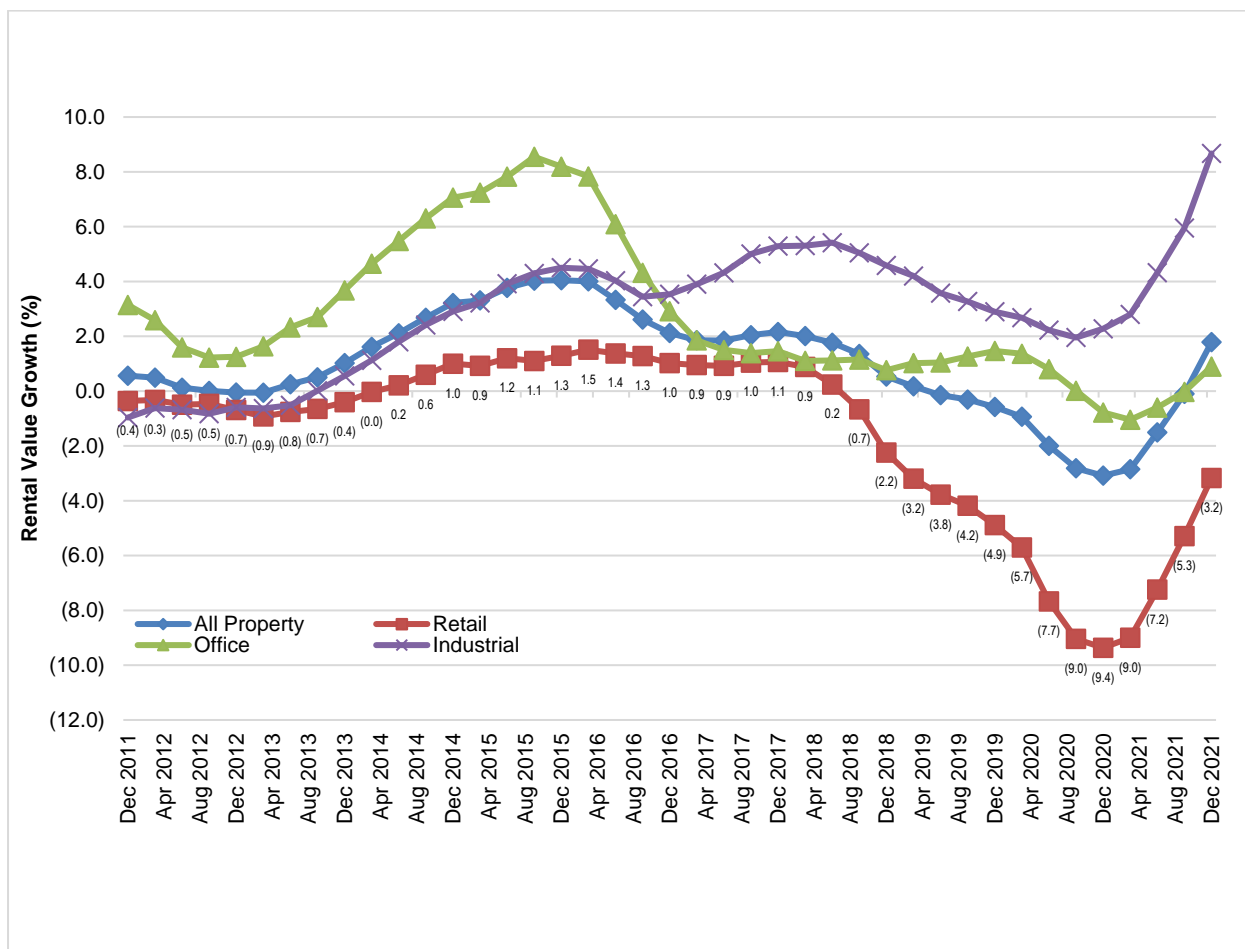
RETAIL & SHOPPING CENTRE INVESTMENT

3.25. 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 strongest regional shopping locations generally have the best prospects for attracting new investment, as they generally benefit from strong catchments and have the necessary critical mass of shops, leisure facilities and other town uses to remain commercially viable and attractive investment propositions. Outside of the regional shopping locations, 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.

3.26. Demand for retail space in centres across the UK has fallen dramatically since 2007 and is currently at an all-time low. This fall is impacting on property values and rents. For example, LSH research conducted before the pandemic showed that the retail sector recorded a 4.9% fall in rents over the year to May 2019¹⁶.

3.27. As the figure overleaf shows, retail has also performed poorly compared with the other property sectors since the economic crisis in 2007/08. This trend has been further exacerbated by the pandemic as event by average growth in retail rents falling by -9.4% over the year to December 2020. However, as the graph below shows there has been improvement in rental growth as the retail sector starts to recover.

Figure 3.2: Average Rental Growth (% Change Year-on-Year)



Source: MSCI

3.28. 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.

¹⁶ LSH research using MSCI data

In turn, this makes it difficult for property owners, investors and retailers to justify additional capital expenditure.

- 3.29. The shopping centre sector also has faced significant challenges over the past decade. 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 pandemic. As a result, shopping centre owners and property owners are struggling to retain existing tenants, let alone attract new retailers into vacant shops. The demise of Intu Properties is an example of the impact of these trends on the shopping centre sector. With total debts of £4.5bn it was forced into administration in June 2020; notwithstanding that it owns some of the highest profile shopping centres in the UK (including Glasgow's Braehead Centre, Manchester's Trafford Centre, Nottingham's Victoria Centre and Norwich's Chapelfield). Intu's business model, like most shopping centre owners, relied on ever-rising rental income from its tenants, along with a year-on-year increase in the value of its property portfolio; but these traditional models are “broken”. The pandemic has effectively accelerated the structural changes that were already impacting on the retail and shopping centre sectors.
- 3.30. Research shows that over the last 5-6 years, as many of the traditional investors in retail and shopping centres have looked to “exit” the sector, local authorities have been more acquisitive. For example, the joint research by LSH and Revo¹⁷ shows that Councils invested a record £775m purchasing shopping centres between 2016 and 2019. The investment and business rationale for many of these purchases was to provide local authorities with more control of the planning, regeneration and management of their town centres. The funding of these purchases was also generally supported by low-cost loans from the Public Works Loan Board ('PWLB'). For example, a number of local authorities have used the funding to acquire high street units, which has allowed them to manage and curate the optimum mix of retail, leisure, services and other uses at affordable rents. Other local authorities have taken similar approaches, involving the acquisition of multiple town centre units including whole assets (e.g. shopping centres) to help “take back control” and drive forward regeneration opportunities. However, the impact of the pandemic on the retail and shopping centre sectors, along with tighter restrictions on PWLB lending and higher risks generally, has inevitably impacted on Council purchases of shopping centre and retail property assets.

COMPETITION FROM OUT-OF-CENTRE RETAILING

- 3.31. 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.
- 3.32. 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

¹⁷ LSH and Revo research paper published in 2019 entitled: 'Fixing Our Broken Town Centres'

“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.

3.33. 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, 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.

RETAIL TRENDS & SOUTH EAST ENGLAND CENTRES

3.34. All the trends that are impacting on the retail and leisure sectors, and on towns and high streets at the national level, are impacting on centres across the regions. Rother’s centres will be no exception. The changes to the retail sector, particularly the rise of online shopping and new online habits formed during the pandemic, and other pressures faced by physical store retailers has led to a polarisation of how centres are performing.

3.35. As anchor retail and high street brands continue to rationalise store portfolio, better performing regional centres are in a better position to retain brands compared to mid-size town centres. This is usually due to larger centres benefiting from contained and/or growing catchments, and consequently is more likely to attract more significant investment and operator demand.

3.36. As the larger centres strengthen their roles and attraction, research indicates that smaller centres will survive by serving the basic *“essential”* local convenience needs and essential services of their local resident (*“walkable”*) catchment populations. The rise of *“essential”* shopping in local shops and centres has been further illustrated by the impact of the pandemic, as more people had to work from home and shop locally. These trends should help to maintain and enhance the future vitality and viability of Rother’s smaller centres (e.g. district centres and villages), where they primarily support convenience uses and day-to-day essential services.

3.37. Commuter towns have also performed better, particularly those in affluent locations. This is evident in the results of the Harper Dennis Hobbs (HDH) 2022 Vitality Ranking, which found that thriving commuter towns in the regions were performing strongest. For example, the top five ranking retail centres in the South East are represented by small towns including Beaconsfield (#1 in the region), Henley-on-Thames (#5), Tenterden (#6), Sevenoaks (#7), and Reigate (#9). According to HDH, the presence of towns at the top of the rankings reflects the increased footfall in commuter towns as a result of working from home and travel restrictions into London in place due to the pandemic. Rother’s three towns do not feature in the HDH rankings.

3.38. The District’s smaller towns (e.g. Rye and Battle) and village centres are better positioned to respond to economic impacts of the pandemic and long-term retail and market trends. The study will demonstrate that the two towns are vital and viable and serve different functions to each other (Rye benefiting from visitor trade and an affluent catchment; Battle serving rural communities). However, it is the District’s mid-size centre of Bexhill that potentially has a more challenging future. As the market share assessment (Section 4) and health check assessment (Volume C) for Bexhill will show, the town centre does not

support a particularly strong retail sector, despite being the administrative centre and largest town in the District. There has been a reduction in retail offer, which is likely to be influenced by the development of Ravenside Retail Park, which commands a higher retail market share than Bexhill. However, vacancies remain low and there are many opportunities to improve Bexhill's profile, not least developing the overnight visitor economy.

- 3.39. It is therefore essential for local authorities to prepare and implement evidence-based strategies for their network of centres. These strategies will have different objectives and outputs for different centres. Essentially, they should identify: how the centres are currently serving their local catchments or communities, and whether they are performing against their designated role/function in the hierarchy; and where a centre is failing, assess the need to reposition and repurpose the role and function of the centre for alternative and more flexible uses.

SUMMARY

- 3.40. 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), or they are forced out of business altogether due to failing business models and unmanageable debts. This has a knock on effect on sub-regional and smaller town centres where high street brands help to generate footfall.
- 3.41. Today, many of our traditional towns and shopping centres simply have too much retail space. The critical challenge for Rother over the short, medium and long term will be how to retain existing businesses, fill/replace the voids and attract new investment as all of the District's centres will be vulnerable to decline in their retail and leisure offer. The danger is that an increase in 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. 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.
- 3.42. Ultimately, policy needs to consider how town centres can diversify their offer by looking beyond retail and leisure as a way to secure the future of these centres. We consider the potential implications of retail and leisure trends and the options for Rother's main centres in more detail throughout the rest of this study and how emerging Local Plan policies can help to positively manage structural changes to the retail market.

4. HEALTH CHECK ASSESSMENT

- 4.1. This section summarises the findings of the town centre health check assessments for Bexhill, Rye and Battle. An audit was also carried out on the District’s out of centre retail and leisure provision. The detailed health checks and audits are set out in Volume C.
- 4.2. The health checks for each centre are based on the designated town centre boundaries for each centre. However, it should be noted that data on commercial outlets and floorspace is informed by datasets from Experian Goad, which do not align with the Council’s centre boundaries. However, the data provides the best evidence to assess commercial offer and diversity of uses for the three town centres.

TOWN CENTRE HEALTH CHECKS - SUMMARY

- 4.3. As described in Volume C (Section 2), the health checks were based on the *Key Performance Indicators* (KPIs) set out in the PPG¹⁸. The assessments are informed by different data sources and market intelligence, including published research, site visits, the Council’s monitoring data, and market research surveys. Taken together these KPIs enable a robust assessment of each centre’s SWOTs (Strengths, Weaknesses, Opportunities and Threats), and help to identify any significant “gaps” in provision.
- 4.4. We recommend that the Council carries out regular health checks at least every year to monitor the impact of the critical trends and policy reforms on the vitality and viability of the District’s three town centres.
- 4.5. By way of overview, the table below shows the scale of the retail, leisure and service provision in the District’s current town centres based on surveys of commercial outlets and floorspace for each centre identified by Experian Goad¹⁹. Audit data was not available at local centre level.
- 4.6. Based on total commercial floorspace²⁰, Bexhill (55,862 sqm) is the largest of the District’s three town centres, with Rye (23,086 sqm) being the second largest, followed by Battle (13,601 sqm).

Table 4.1: Rother District – Total Commercial Outlets and Floorspace (2021/2022)

	Commercial Outlets		Commercial Floorspace		Average Unit Size
	No.	% Total	Gross Sqm	% Total	Gross Sqm
Bexhill	116	49%	55,862	60%	482
Rye	87	37%	23,086	25%	265
Battle	35	15%	13,601	15%	389
Total	238	100%	92,549	100%	379

Source: Experian Goad Category Reports (2021/2022)

- 4.7. All three town centres are distinct from each other with their own physical characteristics, catchments, and market position in terms of commercial offer, which is described in the health check assessments in Volume C. The following tables and commentary summarise the main SWOTs (Strengths, Weaknesses, Opportunities and Threats) for each town centre. The findings help to identify the relative performance of the main centres in the District’s network and hierarchy of centres, and any significant “gaps” in provision.

¹⁸ Paragraph 006. Reference ID: 2b-006-20190722

¹⁹ Based on surveys undertaken in Bexhill, Rye and Battle on 12th July 2020.

²⁰ Commercial includes retail, leisure, service and related vacant units

BEXHILL TOWN CENTRE

4.8. The table below summarises Bexhill Town Centre's main SWOTs based on the key health check indicators:

Strengths:

- Seaside location that is easily reached by rail and unique in that the town centre is directly accessible from the seafront.
- Landmark architecture and popular arts venue with the De La Warr Pavilion that will benefit from a planned upgrade through the Government's Levelling Up Fund.
- Affordable rents for commercial businesses which have resulted in low vacancies which suggest strong demand for commercial accommodation in the town centre.
- Strong local independent economy, which helps to control rents and allowing the rental values to remain more affordable.
- Vintage shops along Sackville Road provide a more unique and distinctive retail offer.
- Affordable parking which provides an incentive for more people to visit and stay longer, potentially increasing dwell time and retention.
- Largest town in the district and has the largest quantum of retail floorspace and the widest range of national multiples.
- The town benefits from having a key anchor store within close proximity to the town centre boundary in Sainsbury's.
- A wide promenade along the beachfront, which encourages walking and gather points for the community.
- A lot of housing within the town centre, which means there is a relatively strong residential catchment in the heart of the town centre.

Weaknesses:

- The centre has a lack of visitor accommodation particularly hotels, which is limiting the scope to attract overnight guests, an untapped economy.
- There is a lack of large retailers to support footfall and therefore a greater reliance on independents to meet customer needs/ expectations for retail offer.
- Poor public transport to wider locations such as London and Hastings and the networks are slow.
- Poor road conditions which can be perceived as the town lacking in investment in infrastructure.
- The town centre has no pedestrianised streets resulting, which could otherwise promote more safe pedestrian environments, street events and pavement dining.
- Long-term / persistent vacant retail units in prime locations which not only impact the street scape but are a loss to the economy and a lost opportunity, with particular emphasis on the corner units at Sackville Road and the Marina.
- A potential loss of office employment with the potential relocation of Hastings Direct affects the local economy, although not located directly in the town centre.
- A lack of upkeep and maintenance of public spaces in key areas, which results in the town not being presented in its best form.
- The Conservation Area restricts redevelopment opportunities and the desire for larger retailers to locate into the town centre.
- The town has poor digital connections, which can be a barrier to businesses that require fast internet speeds.
- The traditional economic function has been eroded, as the tourist/visitor industry has declined which has not been replaced by alternative business investment.

- The town centre faces significant pressure from competing towns such as Hastings and Eastbourne, which hinders economic growth.

Opportunities:

- Significant potential to promote the overnight visitor market by investing in hotels, particularly branded operators.
- Reopen the rail station entrance/exit at the top of Devonshire Street / Devonshire Gardens to link the station better to the pedestrian flow into the town centre.
- Potential to increase the green infrastructure throughout the town as greener / softer physical landscape can have significant benefits to health and communities.
- Devonshire Square being more of a focal point and gathering place and with that, more emphasis on improving the market and other community events.
- To open up the prime retail location vacancies and allow for more diversification of town centre businesses, including less reliance on retail.
- High-speed rail to better connect the town to the wider region, which could attract new expenditure through new visitors and residents.
- Potential to invest in faster broadband to support businesses.
- Partial pedestrianisation of the high street along Devonshire Road could provide a more inviting thoroughfare from the station to the seafront and attract more footfall and cycling infrastructure investment.
- To redevelop the Sainsbury's site, which is in the Council's ownership.
- There is potential to drive cultural investment and tourism sector.
- Plans to upgrade the De La Warr Pavilion through Levelling Up funding will help to preserve and strengthen the role of this important asset for Bexhill including promoting cultural programmes and opportunities to use the pavilion for conferences and/or weddings.

Threats:

- The economic downturn due to cost of living and rising operational costs, with impacts on supply chains that could in turn could impact on retailers and other town centre businesses.
- Permitted Development Rights could lead to a loss of the towns occupied retail units as changes from shops to residential can occur outside of planning controls.
- Major shop retailers are relocating to other towns contributing to the overall decline.
- Reopening the rail station entrance / exit at the top of Devonshire Street could impact on the businesses on Sea Road
- Former hotels are not being replaced and the lack of hotel provision, which is expected for a seaside location, removes the opportunity for town centre businesses to capitalise on the overnight visitor trade.
- The town is competing with other larger towns, such as Hastings and Eastbourne, and Ravenside Retail Park. These locations are drawing customers from the town retail offering is stronger, which will have a knock on effect on the town's economy and the potential to support linked trips with non-retail town centre businesses.
- Online shopping presents a threat to the town centre particularly as the pandemic has increased online market share. The potential to claw back expenditure from online sales will be dependent on the town centre improving its profile as a shopping and leisure destination.

4.9. In summary, Bexhill is largest town centre in the District and is anchored by Sainsbury's north of the town centre. Despite the ongoing pressures town centres face, the town is performing reasonably well and has low vacancy rates, low rates and a strong local independent trader economy. In general, the commercial market is relatively strong the town is lagging behind in its leisure offer.

4.10. Due to the historic nature of the town centre and the buildings within it, there are signs of general wear on the buildings roofs and fenestration, which according to local stakeholders is difficult to maintain due to the buildings being listed. The town needs to improve on some general maintenance and there appears to be a large gap in the market in terms of hotels, which is surprising given the seaside and beach location of the town centre. The town is also rather vulnerable to competing towns, in particular Hastings and Eastbourne. Like other centres in the District, Bexhill will also be vulnerable to economic head winds such as rising costs for businesses and a limit on household disposable income as household costs and debt rise.

RYE TOWN CENTRE

4.11. The table below summarises Rye Town Centre's main SWOTs based on the key health check indicators:

Strengths:

- The town centre has a strong heritage offer in terms of its building architecture and street form, which makes Rye particularly unique and sets it apart from Bexhill and Battle.
- Rye's historic nature and proximity to the coast helps to support a strong visitor economy that influences the range and quality of retail and food and beverage offer in the town centre.
- The centre's fisheries is an important local industry and a popular visitor activity.
- The town has a good range of quality retail provision with a number of popular brands trading in the town centre.
- A strong independent retail economy and a traditional weekly market that will appeal to residents and visitors.
- Good demand from retailers seeking space in the town centre, particularly from those seeking to target the visitor market, but also from food retail (Lidl).
- The town is located near Rye train station, which provides good connections to wider locations.
- Rye has a lower proportion of vacant retail units compared to the UK average.
- Demand for space is strong and local agents report a quick turnaround when units become vacant.

Weaknesses:

- Although the tourist economy appears to be strong, trade is seasonal which can result in local businesses struggling during the off-season.
- Many shops in the core shopping area (i.e. High Street) are geared towards the visitor market. Whilst this is positive in supporting visitor trade, it may not meet the needs of the resident catchment.
- Pockets of deprivation with households having low income, and in turn this reflects the overall low wage of employment within Rye.
- No anchor retailers, particularly from the foodstore sector, which can help attract more regular visits into the town centre.
- The town is more expensive in terms of commercial rents compared to Bexhill and Battle, which may be a barrier to start-up businesses.
- Poor sense of arrival and signage from the train station, which could be improved.

Opportunities:

- Draw more catchment residents to the town centre by supporting retail that meets their needs and encouraging more family orientated leisure activities.
- Support the provision of a new foodstore in or close to the town centre.
- Build on its independent offer, which helps to differentiate the town from its competitors.

- Promote the all year round town centre economy, or to invest in businesses that are not so seasonally reliant.

Threats:

- The economic downturn due to cost of living and the cost of doing business, with impacts on supply chains.
- Permitted Development Rights could lead to a loss of occupied retail units in non-Listed Buildings as changes from shops to residential can occur outside of planning controls.
- Transport networks and traffic issues especially when the market is operating.
- Online shopping presents a large threat to the town centre and represents stronger competition than competing centres outside of the District for non-food goods in particular.

4.12. In summary, Rye Town Centre has a strong tourism led economy. However, the tourism industry is largely seasonal which means that businesses will be reliant on buoyant trade in seasonal months to offset lower sales in out of season months.

4.13. The town lacks a mainstream foodstore anchor, which would help to draw more regular residential catchment expenditure including on Sundays, which would help to support more opportunities for linked trade to other town centre businesses.

4.14. Vacancy levels are also slightly lower than the UK average and there are other outlets along the High Street that are currently under alternation. Vacancies have been reported to be occupied very quickly and local agents in the area confirmed that the commercial market is strong. However, Permitted Development Rights could also impact the town as this allows retail to come forward without the need to consider the sequential or impact test, drawing more people away from the town centre.

BATTLE TOWN CENTRE

4.15. The table below summarises Battle Town Centre’s main SWOTs based on the key health check indicators:

Strengths:

- Battle has some of the highest profile historic sites in the country with Battle Abbey, Battlefield and historic streets and buildings that help the local economy through tourism.
- The town is well connected with wider areas due to the train station and public transport network, although the station is not located in the town centre.
- Battle is located within the AONB and as a result is closely related to the more scenic and natural environments, which opens up opportunities to support a visitor market.
- The town centre is relatively compact and does not have too many vacancies, particularly if the buildings under alteration are not included.
- Strong local independent retailer market with only a handful of multiples in the town centre.

Weaknesses:

- Generally, traffic management is a key issue for Battle, which the following points provide more detail on.
- The road through the town centre is very busy, is regularly congested, and there is a lack any suitable infrastructure for cyclists.
- Large lorries having to traverse through the town centre as well as traffic related to school runs exacerbate congestion and can bring the town to a standstill
- The poor wider road network results in most traffic having to flow through Battle.

- The busy road does not provide a pleasant pedestrian experience and unfortunately contributes to a more unattractive physical environment.
- Some empty shops and offices lead to perception of poor local economy.
- Poor digital infrastructure means that the town suffers from poor broadband services and mobile signal, which would hinder businesses.

Opportunities:

- To promote and protect Battle's cultural heritage which can help boost visitor numbers and in turn support town centre businesses.
- To make more of the Abbey Green area, as key focal point and gathering point for the town.
- To use the market square more for community benefit as it currently appears to be a large vacant area that serves little purpose.
- Investment in the public realm, the High Street could be more visually attractive and would benefit from soft landscaping to minimise the visual and environment impact of heavy traffic passing through.
- To have more available retail on Sundays which may encourage more to visit and spend in the town centre over the entire weekend.
- Further promotion of the heritage and cultural aspects of the town.

Threats:

- Additional increase in traffic and congestion could impact on locals wanting to access the town centre and cause damage to the road infrastructure, with HGVs using the road, which is not suitable for them.
- Many businesses in the town centre will be reliant on visitor trade linked to the Abbey and Battlefield. As such, trade will be seasonal and so the town's economy will be vulnerable to economic shocks that impact on tourism numbers.
- Feedback from stakeholders indicate that the town centre is not meeting the needs of the younger resident population who are leaving the area for better work opportunities.
- As the smallest of the District's three towns, Battle is more susceptible to competition from Bexhill and towns outside of the District. The town is most at risk from existing retail multiples that may be seeking to consolidate their store portfolios and focus on higher order or stronger performing town centres.
- The introduction of use Class E could lead to the loss of the town's occupied retail and leisure units, which could have a significant impact on the town's ability to attract shoppers. This is some concern that certain personal service operators may proliferate street frontages (e.g. nail bars, tanning salons) which would affect the investment potential of the town centre, particularly the ability to attract better quality commercial operators.

4.16. Despite the pandemic Battle Town Centre appears to be relatively successful with a strong local economy and an emphasis on independent traders. Vacancies are slightly below the national average and there are some units under alteration, which suggests they will be reoccupied. The town could still be under pressure from Permitted Development Rights and there is a growing problem with traffic and congestion within the town. The town does have some opportunity areas in the market square and benefits from tourism due to the historic importance of the Abbey and the surrounding area.

OUT OF CENTRE RETAIL AND LEISURE PROVISION

4.17. The District does not have many out of centre retail destinations and is mainly represented by Ravenside Retail Park, which is located east of Bexhill Town Centre. The retail park hosts a broad range of comparison retailers including typical bulky goods retailers found at retail parks but also a number of high street retailers. Notable high street retail brands include Marks and Spencer, with the former operating from a

large format store. A Tesco Extra serves as a grocery anchor and represents the largest foodstore in the District. It is therefore not surprising that the market share analysis reported in Section 5 reveals that Ravenside Retail Park captures 15% of comparison retail expenditure generated from the study area. This is three times greater than the market share achieved for Bexhill Town Centre, which has the greatest market share of the Districts three town centres.

- 4.18. There is a Jempson's Superstore located approximately four miles northwest of Rye in Peasmarsh. The store opens from 7am to 7pm everyday with the exception of Sundays when it is closed. The superstore also has a pharmacy, a restaurant and there is a Jet petrol station adjacent.

SUMMARY

- 4.19. The health check and competition profile shows that Rother's centres were performing relatively well and appear to be recovering from the impact of the pandemic. Notwithstanding this, there are increasing challenges from the dynamic changes in the retail and leisure sectors (principally due to the impact of online shopping) and increasing competition from higher order centres in neighbouring authorities. Looking ahead over the next 5-10 years, potential for investment is likely to focus on close by higher order regional centres such as Eastbourne, Tunbridge Wells, and Hastings, which aside from online shopping, are the District's main competitors for comparison goods purchases and for many leisure activities. Further investment in these centres could draw further expenditure from the District's retailers and increase pressure on the vitality and viability of Bexhill, Rye, and Battle town centres.
- 4.20. Finally, the economic impact of the pandemic on the retail and leisure sectors and the expected impact on businesses as household spending is further squeezed as a result of the cost of living crisis will have likely implications for the District's town centres. Therefore, we advise that the local planning authority should carry out regular health checks to monitor changes in occupancy and vacancy levels, footfall and market demand. These regular health checks will also help to monitor the impact of policy changes at the national, regional and local level (including the impact of the UCO reforms and changes to PDR).

5. STUDY AREA AND MARKET SHARE ANALYSIS

- 5.1. This section sets out the headline results of the household telephone interview survey, which helps to identify shopping patterns and market shares for different types of convenience ('food'), and comparison ('non-food') goods purchases.

STUDY AREA DEFINITION

- 5.2. The definition of an appropriate Study Area is an important starting point for retail and town centre assessments. In this case, the Study Area has been formed based on postal sector boundaries. The Study Area has been sub-divided into nine zones (see plan in Appendix B1; Volume B), which help to identify variations in shopping and leisure patterns, and broadly correlate to a likely catchment for the District's town centres. The Study Area principally covers the administrative boundary for Rother but also covers parts of neighbouring local authorities²¹. This includes Zones 7 to 9. These zones have been included for various reasons. For example, the inclusion of Zone 7 (Hastings) will highlight the expected draw of Rother District's retail and leisure expenditure to Hastings. Zone 8 (St Leonards) will identify expenditure from the St Leonards area. Zone 9 (Lydd) is included as the previous retail study identified that Rye and other parts of Rother is drawing a reasonable level of expenditure from this area.
- 5.3. The table below sets out the study zones and the aggregated postal sector boundaries for each zone. The table also show the number and proportion of survey interviews that were conducted in each zone. The number of interviews conducted in each is influenced by the population density. For example, Zone 7 (Hastings) has the greatest population of the nine zones. Therefore, a greater number of interviews have been undertaken in this zone.

Table 5.1: Composition of the Study Area by Zones, Broad Geographic Area and Postal Sector

Zone	Geography	Postal Sectors	No. of Interviews	% of Total Interviews
1	Bexhill East	TN40 1, TN40 2	109	10.9%
2	Bexhill West	TN33 9, TN39 3, TN39 4, TN39 5	117	11.7%
3	Rother North West	TN5 7, TN19 7	105	10.5%
4	Battle	TN32 5, TN33 0	107	10.7%
5	Rye	TN31 6, TN31 7, TN36 4	109	10.9%
6	Westfield	TN35 4	104	10.4%
7	Hastings	TN34 1, TN34 2, TN34 3, TN35 5, TN37 6, TN37 7	132	13.2%
8	St Leonards	TN38 0, TN38 8, TN38 9	115	11.5%
9	Lydd	TN29 9	104	10.4%
Total			1,002	100%

Note: percentages may not sum due to decimal rounding.

- 5.4. The Study Area and zones provide the sampling framework for the household telephone interview survey (HTIS), and enables finer analysis of shopping patterns for convenience and comparison goods purchases, market shares and expenditure flows, and leisure preference both within and outside the defined study area

²¹ Wealden, Hastings, and Folkestone and Hythe.

5.5. NEMS Market Research (NEMS) was commissioned to carry out some 1,002 household telephone interviews between Monday 18th July and Wednesday 17th August 2022. The methodology and full ‘weighted’ survey results are set out in Volume D²².

MARKET SHARE ANALYSIS

- 5.6. The survey-derived market share analysis is detailed in Volume B (see Appendix B2 for convenience goods and Appendix B3 for comparison goods). As described above, the market share analysis at this stage of the assessment includes expenditure on ‘Special Forms of Trading’ (SFT), including online shopping.
- 5.7. Table 5.2 sets out the convenience and comparison goods market shares levels achieved by centres and stores in the Study Area. Note that the figures quoted for convenience and comparison are aggregate totals for the different forms of shopping within these two retail categories. Further analysis is provided on the different types of convenience and comparison retail market shares are set out in Appendix B2 and Appendix B3 (Volume B) and discussed for key centres in paragraph 5.10 and paragraph 5.13.

Table 5.2: Convenience and comparison goods markets shares for key centres in Rother District

	CONVENIENCE	COMPARISON
Bexhill	12.1%	4.8%
Rye	1.7%	2.0%
Battle	3.0%	1.1%
Little Common	0.7%	0.3%
Sidley	2.8%	0.2%
Fairlight	0.1%	N/A
Peasmarsh	0.7%	N/A
Robertsbridge	0.4%	N/A
Winchelsea Beach	0.2%	N/A
Other village stores	1.6%	N/A
Out of Centre incl Ravenside Retail Park	8.4%	15.4%
Total Expenditure Retention (Rother District)	31.8%	24.7%
All Centres/ Stores Outside District	58.8%	42.9%
Internet/ Special Forms of Trading	9.4%	32.3%
Total Expenditure Leakage	68.2%	75.3%
Total Market Share	100.0%	100.0%

Source: Household Survey (July to August 2022). See Volume B (Appendix B2 and B3).

Notes: Figures may not add up to 100% due to rounding. Convenience market share for Westfield is negligible and limited to top up convenience goods shopping. No market share identified for Northiam, Westfield, and Winchelsea Village.

²² Responses were weighted by the population in each zone to ensure that the results in more sparsely or heavily populated zones were not under or over represented in terms of the market share assessment. .

Convenience Goods – Market Share Analysis

- 5.8. The survey-derived market shares (%) for all convenience goods²³ shopping and purchases have been derived from the assessment of the ('primary') responses as to where people normally shop for their main ('bulk') and 'top up' grocery purchases. Furthermore, to prevent food shopping patterns being 'skewed' by larger superstores and food stores in the Study Area, the survey also asked respondents where else they normally shop (if anywhere) in addition to the first store identified (i.e. the 'secondary' responses).
- 5.9. The responses for 'primary' and 'secondary' food shopping purchase have then been merged through the application of a weighting based on judgements as to the proportion of household expenditure normally accounted for by each type of convenience goods shopping. In this case we have applied a reasonable and robust weighting of 60% for main 'bulk' shopping; 20% for secondary main 'bulk' shopping; 15% for primary 'top-up' shopping; and 5% for secondary 'top-up' shopping.
- 5.10. The main headlines are summarised below.
- **Special Forms of Trading (SFT)** - accounted for a market share of 9.4% in the Study Area, which is significantly below the national average of 19.1% in 2022.
 - **Bexhill Town Centre** – has the highest Study Area market share of the District's town centres within the Study Area (12.1%), the majority of which is generated by expenditure captured by the Aldi store on London Road (6.6%). This store is actually located just beyond the defined town centre boundary, but due to its close proximity to Bexhill it has been included. If Aldi is excluded then Bexhill's study area market share reduces to 5.5%. At zonal level, Aldi attracts almost a fifth of expenditure generated from Zone 1 ('Bexhill East' - 18.9%) and Zone 2 ('Bexhill West' - 19.2%). Despite the presence of a Sainsbury's within the defined town centre, the Sainsbury's store attracts a notably low market share (3% from the Study Area) and half the market share achieved by Aldi. This may reflect the condition of the Sainsbury's store, which is somewhat dated and may not meet customer expectations in terms of both customer shopping experience and store size (which impacts on product range).
 - **Rye Town Centre** – Of the District's three town centres Rye achieves the lowest market share (1.7%) of Study Area convenience goods expenditure. The town is served by only one supermarket, Jempson's at Station Approach, which largely supports all convenience goods expenditure retained for the town centre. Market share improves for the town's 'home' zone (Zone 5 – 15.6%) but the town centre remains a more popular location for top-up shopping where it captures over half (52.5%) of all spend for this type of grocery shopping.
 - **Battle Town Centre** – attracts the second highest market share of the three towns for Study Area expenditure (3.1%), albeit well below Bexhill and other competing locations outside of the District. For the town's 'home zone' (Zone 4) Battle's convenience retailers retain approximately a fifth (19.9%) of zonal convenience expenditure, although like for Rye, respondents living in Zone 4 are more likely to visit foodstores in Hastings, and also in St Leonards. Battle is notably more popular as a top-up shopping destination and captures over half of all top-up spend (first and second choice combined) generated from Zone 4.
 - **District Centres** – the district centres of Little Common and Sidley sit within the defined urban settlement for Bexhill and provide local service needs for the surrounding urban residential population. Little Common District Centre attracts a total Study Area convenience goods market share of 0.7% but increases to 5.6% for its home zone (Zone 4). Sidley District Centre performs stronger based on market share data and due to the presence of a Lidl store the centre supports a study area market share of 2.8% (just below the 3% achieved by Sainsbury's in Bexhill) and attracts almost a tenth of convenience goods expenditure from Zone 4. Comparison goods market share is very limited for both centres.
 - **Villages and local shops** – the District's network of rural villages and local shops combined retain a 3.2% of total Study Area convenience expenditure, which is mainly supported by expenditure on top-

²³ Convenience goods retailing is generally defined as comprising everyday essential items (including food, drinks, newspapers/magazines and confectionery), as well as an element of non-durable housing goods (such as washing up liquid, kitchen roll, bin bags, etc.).

up shopping (10.6% of total Study Area expenditure). For other centres, the distribution of top up convenience expenditure is highest for the villages of Peasmarsch (which includes Jempson's Superstore) and Robertsbridge, albeit still very low and ranging from 0.4% to 0.7% of total Study Area expenditure. Market shares are lowest for Westfield where only top up shopping market shares are identified for the centre at 0.1% (first and second choice top up shopping locations combined). At zonal level, retention rates increase for both centre and when assessed against total top-up shopping for respective 'home' zones: 14.2% for Peasmarsch (Zone 5); and 13.2% for Robertsbridge (Zone 4). At this stage, we have not considered additional expenditure generated from visitors, which is expected to increase the annual convenience goods turnover for villages where there is likely to be visitor trade (e.g. Winchelsea Beach). This is considered in Section 6.

- **Out-of-centre foodstores** – the District has one large foodstore, Tesco at Ravenside Retail Park, which attracts a Study Area market share of 6.4%, making it the second most popular store (based on the level retained Study Area convenience expenditure) after Aldi in Bexhill. A M&S foodhall is also located within the retail park and attracts a Study Area market share of 2%. Combined, the two foodstores at Ravenside Retail Park retain 8.4% of total Study Area convenience goods expenditure. It is noted that the two foodstores are more popular with respondents from the Bexhill area and when combined command over a quarter of convenience goods expenditure from Zone 1 (Bexhill East) and over a fifth from Zone 2 (Bexhill West).

5.11. The market shares indicate that the District's convenience store and foodstores are achieving a 31.8% "retention level" of all convenience goods expenditure from the Study Area. Whilst there is no set measure to identify what is a healthy retention level, we would expect a District or Borough to retain at least 75% of its convenience expenditure where there is good foodstore offer. Retention levels are significantly higher in the Bexhill zones (ranging from 77.7% to 83.7%), which is attributed to Aldi in Bexhill and foodstores at nearby Ravenside Retail Park. Retention levels dramatically fall for other zonal areas in the District and this is mainly due to a lack of foodstore offer and the proximity of foodstores in competing centres such as Hastings and Eastbourne. Despite the popularity of foodstores in and out of centre to Bexhill, these stores are not popular with residents in other parts of the District. Although this may relate to Bexhill being less accessible compared to competing locations. Overall, Rother District does not support a healthy level of convenience goods expenditure retention and the level of expenditure leakage from most parts of the District highlights an opportunity to claw back household expenditure currently lost to foodstores in Hastings, Eastbourne and other centres beyond the District. In addition to the economic benefits associated with improving expenditure retention by improving foodstore offer in areas where it is lacking will also ensure that residents have improved choice and can carry out food shopping in a more sustainable manner (e.g. reducing the need to travel out of the District).

Comparison Goods – Market Share Analysis

5.12. The household survey identified where households normally shop for different types of comparison goods purchases and an analysis of the results are set out in Appendix B3 of Volume B (Tables 2-12) . Table 1 (Appendix B3) sets out the total combined market shares for all comparison goods expenditure allocated to the main centres and stores, weighted by the different expenditure categories. The market shares identify Special Forms of Trading, which mainly relates to online retail sales but also includes sales made via shopping catalogues and tele-sales.

5.13. The main headlines are:

- **Special Forms of Trading (SFT)** - accounted for a 33% market share of all comparison goods expenditure in the Study Area, which is slightly higher the national average for 2022 (31.9%). SFT market share is highest in Zones 5 (Rye), 8 (St Leonards) and 9 (St Lydd) where it accounts for 38% to 39.5% of zonal expenditure. For Zones 5 and 9 the market shares may reflect the rural nature of these zones and distance from a retail centre, and whereby online shopping is more convenient. For Zone 8, the results are more counterintuitive given the proximity to Hastings but may reflect dissatisfaction in the town's offer and distance from alternative larger shopping destinations.
- **Bexhill** – of the District's three town centres, Bexhill commands the higher market share for comparison goods Study Area expenditure at 4.8%. Market share is higher for the Bexhill zones with

the town attracting almost a fifth of expenditure from Zone 1 and 14.8% from Zone 2. The town attracts nil to negligible market share from other zones in the Study Area. Bexhill commands a market share across all the different comparison goods shopping categories but is notably higher for Zones 1 and 2 in respect to personal goods (33%), medical goods (37.8%), books and stationary purchases (25.5%), furniture, flooring, and furnishings (17.2%) purchases and also purchases on gifts, kitchenware, and other comparison goods (17.3%).

- **Rye** – is achieving a Study Area market share of just 2% but increases to 14.7% for Rye’s home zone (Zone 5). Rye has a reasonably good retail offer and a higher than average representation in comparison goods retail outlets. On the face of it, we would expect a higher level of retained expenditure from Zone 5 and for the Study Area. However, the current rates will likely reflect how retail offer is geared towards the visitor market, rather than the resident market. That said, for a town of Rye’s size the potential to retain expenditure is expected to be relatively muted and given the lack of anchor high street retailers which do not typically located to smaller centres. Rye’s comparison goods market share of Zone 5 expenditure is strongest for toys, sports and hobby goods (10.7%), books and stationary (25.1%), DIY and gardening products (21%), personal goods (27.1%) purchases and especially for medical goods purchases (67.1%).
- **Battle** - is achieving the lowest market share of the District’s three town centres at 1.8% for the Study Area. Market share penetration for Battle’s home zone (Zone 4) sits at 7.6% and reflects a much smaller comparison retail offer (and centre size) compared to Bexhill and Rye. Respondents living in Zone 4 are more likely to visit shops at Ravenside Retail Park and town centres outside of the District, particularly Tunbridge Wells. Battle’s comparison goods market share for Zone 4 is mainly supported by books and stationary (19.7%), medical goods (30.4%), and personal goods (10.2%) purchases. The results indicate that the town’s comparison retail offer is mainly serving day-to-day comparison retail needs, which is expected for Battle’s size and role in the retail hierarchy.
- **District Centres** – Little Common and Sidley attract a very limited study area comparison goods market share at 0.5% and 0.3%, respectively. This reflects the limited comparison goods retail offer in the two centres, which mainly support convenience retail and service uses. Both centre achieve higher market shares from their home zone (Zone 2) and mainly relates to expenditure on personal goods and medical goods.
- **Local Villages and smaller centres** – the District’s network of villages and local shops attract a combined market share of just 1.1% increasing to 5.5% for Zone 3 expenditure. Comparison goods market share is mainly supported by day-to-day comparison goods purchases such as for medical goods, which reflects an expected limited comparison retail offer for smaller centres. There is a relatively high level of market share recorded for DIY and garden products but this relates to garden centres and farm shops that are counted as local shops in rural communities.
- **Out-of-centre retail** – The District has one out of centre shopping destination, Ravenside Retail Park, which the market share analysis reveals to be the most popular comparison retail shopping destination in the District. The retail park commands a Study Area market share of 15.2%, which is mainly attributed to strong market share levels from the Bexhill zones (Zones 1 and 2). In these zones, Ravenside Retail Park attracts a third of comparison goods expenditure from Zone 1 and over a quarter from Zone 2. The retail park also attracts reasonable expenditure from Zones 4 and 6 to 8 (12.9% to 14.9%). For Zone 7 in particular, which broadly represents Hastings, the retail park draws 12.9% of expenditure from this zone. The retail park’s proximity to Hasting’s District will influence its catchment reach into t Zone 7. Market shares achieved by the retail park are mainly from purchases associated with clothing and footwear, audio visual and electronics, domestic appliances, toys game, and hobbies, and DIY and garden products.

5.14. In terms of “**retention levels**”, the survey-derived market shares indicate that District’s centres and stores are retaining almost a quarter (24.7%) of all comparison goods expenditure in the Study Area. Focusing on zones that broadly reflect the District area (Zones 1 to 6) retention remains broadly unchanged due to high levels of leakage from peripheral zones to the north of the District. For example, the District’s stores only retain 7.4% of expenditure from Zone 3 (Rother North West) due to leakage to Tunbridge Wells. Generally, retention levels for the District’s stores are higher for items that are typically purchased locally, such as medical goods (41.1%) and personal care products (34.1%). This also includes DIY/Garden products with the District retaining over two-thirds of Study Area expenditure for this category. The market shares are

lower for other goods categories where offer is limited in the District, such as clothing and footwear. Overall, the District’s retention levels are considered to be low and are reflective of the scale and appeal of comparison retail offer in the District’s three towns and Ravenside Retail Park.

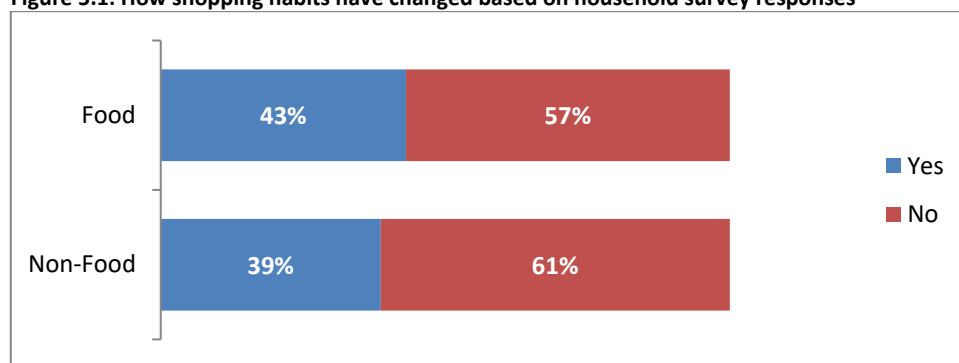
5.15. District retention is also influenced by the strength of **competition from centres beyond the District** and online shopping. District expenditure (i.e. collectively from Zones 1 to 6) is lost to a broad number of competing centres, but notably Hasting Town Centre (8.1%) and surrounding retail parks (4.7%), and Tunbridge Wells (4.8%). To a lesser extent, expenditure is also lost to Eastbourne Town Centre (3.4%) and surrounding retail parks (3.9%) and St Leonards Town Centre (3.1%). District area expenditure leakage is highest for flooring and carpets, and household textiles and furnishings with 51.8% of District area expenditure for this category, followed by clothing and footwear products (46.8%).

IMPACT OF THE COST OF LIVING CRISIS

5.16. The household survey asked respondents how the current cost of living crisis has to date influenced shopping habits for convenience and comparison goods purchases.

5.17. The survey revealed that 43% of respondents from the study area have changed their convenience shopping habits to account for rising grocery costs, while 39% have changed non-food shopping habits. Respondents from the District area zones were marginally less likely to have changed their shopping habits (41% and 34% stated they have changed food and non-food shopping habits respectively).

Figure 5.1: How shopping habits have changed based on household survey responses



Source: Q9 and Q23, HTIS, Volume D.

5.18. When asked how their shopping habits changed, respondents were more likely to cited that they have reduced spend generally. There were some variances between food and non-food shopping. In respect to food shopping, the most frequently highlighted changes and expected changes to shopping habits related to shopping more at discount stores, with Aldi highlighted in particular. For non-food shopping, the most frequently highlighted changes and expected changes to shopping habits related to cutting back on luxury items and non-essential items, and shopping more at discount stores.

5.19. The table below sets out the top ten most frequently cited changes or expected changes to food and non-food shopping and are listed in order of frequency.

Food (Convenience Goods) Shopping	Non-Food (Comparison Goods) Shopping
Spend less in general on food items	Spend less in general on non-food items
Shop more at discount foodstores (e.g. Aldi ,Lidl)	Spend less on luxury non-food items
Spend more on discounted food items	Spend less on non-essential non-food items
Spend less on non-essential food items	Spend less in general on non-food items

Carry out more bulk food shopping	Shop more at discount shops
Spend less on luxury food items	Spend more on discounted items
Shop more at local convenience stores	Shop more online
Carry out more basket / top up shopping	Shopped less frequently in general for non-food items
Shop more locally	Shop more locally
Compare prices / shop around more now	Compare prices / shop around more now

Q10 & Q24, HTIS, Volume D.

5.20. While there are some variances between current and intended changes to shopping patterns, the results point to a common theme, which is that a significant proportion of shoppers intend to cut back on shopping expenditure and where spend does occur it will be on essential items and a preference for discount products. This is likely to generate demand for discount retail provision. For the food/convenience sector, there will be increased demand for discount foodstore provision and opportunities to support another discount foodstore in the District. For the non-food sector, customer demand is likely to manifest in demand for discount multi-goods variety stores (e.g. Home Bargains, B&M, Poundland, etc.), but could also drive more sales online.

6. RETAIL CAPACITY ASSESSMENT

- 6.1. This section sets out the results of the economic retail capacity ('need') assessment for new retail (comparison and convenience goods) floorspace in Rother District and its main centres. Aligned with the NPPF and PPG the capacity forecasts take account of the lifetime of the plan starting from 2022²⁴ (base year) up to 2039. The detailed economic capacity tabulations are set out in Volume B (Appendix B8). These forecasts update and supersede the findings of the Council's previous evidence-based studies, including: Retail Capacity Study for Bexhill-on-Sea 2018 ('2018 Bexhill Study'); Rother Shopping Assessment Update Report 2013 ('2013 Rother Study'), and Bexhill Study Update 2013 ('2013 Bexhill Study').

THE CREAT^e MODEL

- 6.2. The CREAT^e economic model has been specifically designed, developed and tested by the LSH team over more than 25 years to assess the capacity for and impact of new retail (convenience and comparison goods) floorspace development. The evidence-based model has helped to inform and guide plan-making and decision-taking at the local, sub-regional and regional level. In brief, the **CREAT^e** (Excel-based) model adopts a transparent 'step-by-step' approach in which all the key assumptions and forecasts can be easily tested. The model is underpinned by the findings of the household survey, which provides a robust understanding of shopping patterns, market shares and the trading/turnover performance of existing centres, shops and stores.
- 6.3. At the outset, it has been assumed for the purpose of the capacity assessment that the local retail market in Rother District is in 'equilibrium' at the base year. In other words, all existing centres/stores are broadly assumed to be trading in line with expected average ('benchmark') turnover levels. This is a reasonable approach in this case as it reflects the impact of the economic downturn and the significant growth in online sales on the trading levels and performance of retailers and stores across the UK. It also reflects the outputs of the health checks and surveys covering the District's three town centres and the local centre audits. In this case, there is no evidence to suggest a strong latent demand or capacity for new retail floorspace across the District as a whole. In fact, the main challenge and focus for the District's centres over the short/medium term in response to market trends and the impact of the COVID-19 pandemic and expected impacts from the cost of living crisis and the emerging Government's fiscal policies will be to retain existing occupiers and to redevelop/repurpose vacant retail floorspace to attract new businesses and uses.
- 6.4. In simple terms, any residual expenditure available to support new retail floorspace over the forecast period will be generated by the difference between the forecast growth in 'current' (survey-derived) turnover levels and the growth in 'benchmark' turnovers based on applying robust year-on-year 'productivity' ('turnover efficiency') growth rates to all existing and new retail floorspace .
- 6.5. It is important to restate that medium to long term forecasts should be treated with caution, as they will be influenced by the dynamic changes in economic, demographic and market trends. As described previously (see Section 2), the NPPF (paragraph 86) states that local planning authorities should meet the need for retail and town centre uses "looking at least ten years ahead". The Planning Practice Guidance 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 this study assesses retail

²⁴ 2022 is the assumed base year for this assessment as it corresponds with the year when the household survey was conducted.

capacity up to 2039, greater weight should be placed by the local planning authority on forecasts over the next five (to 2027) to ten-year period (to 2032).

- 6.6. The updated capacity forecasts set out in this section provide the Council with a broad indication of the (quantitative) need for new retail (comparison and convenience goods) floorspace in the District and its main centres. In turn, this will inform whether there is a need to identify and allocate sites to meet any forecast need, in accordance with the advice set out in the NPPF (paragraph 86).
- 6.7. The key steps in the retail capacity assessment, and the main assumptions and forecasts underpinning the **CREAT^e** Model are described below.

BASE YEAR POPULATION AND PROJECTIONS

- 6.8. The 2022 ('base year') study zone population estimates and projections over the ten-year period to 2032 have been informed by the Office of National Statistic's 2018-based Sub-National Population Projections (released in June 2020), which have been adjusted for Zones 1 to 6 to account for a higher rate of population growth identified in population projections published by East Sussex County Council (ESCC). The ESCC projections are dwelling-led population and housing projections. The use of ESCC data ensures that the population projections for the District align as close as possible with the Council's other Local Plan evidence studies. The population projections for Zones 7 to 9 are purely based on ONS data.
- 6.9. Table 1a (Appendix B4, Volume B) to this study sets out the total estimated growth in the study area population using ESCC projections for Rother (applied to Zones 1 to 6). Table 1b sets out the unadjusted population projections based on ONS projections only.
- 6.10. The adjusted population projections in Table 1a have been used to inform the capacity assessment. Key headlines on population include:
 - The total Study Area population is expected to increase by 8,075(+3.9%) between 2022 and 2032, from 199,135 to 207,210. Over the full assessment period (2022 to 2039) the Study Area population is forecast to increase by 13,038 (+6.5%) to 212,175.
 - The increase in population for the Study Area is mainly driven by higher rates of population growth projected in Zones 3/ Rother North West (16.3% by 2039), Zone 4/ Battle (+13.4%), and Zone 5/ Rye (+10.6%).
 - The District's population is projected to increase by 6,528 (+6.5%), from 98,935 in 2022 to 105,463 in 2032; and to 108,974 by 2039.

EXPENDITURE PER CAPITA LEVELS AND FORECASTS

- 6.11. The baseline expenditure per capita figures and forecasts are set out in Table 2 (Appendix B4, Volume B) for convenience goods and Table 4 (Appendix B4, Volume B) for comparison goods²⁵. The growth in the expenditure per capita figures by zone are informed by the annual forecasts published in the latest *Experian Retail Planner Briefing Note 19 (RPBN)*²⁶. As described in Section 3, Experian forecast more limited year-on-year growth in retail expenditure than previous forecasts due to the impact of long-term economic and market trends, which have been further accelerated by the impact of the pandemic.

²⁵ The baseline (2022) average expenditure per capita figures have been derived from our in-house Experian MMG3 GIS (please note all expenditure and turnover figures are expressed in 2020 prices).

²⁶ Published in February 2022

SPECIAL FORMS OF TRADING

- 6.12. Special Forms of Trading (SFT) is deducted from the forecast retail (convenience and comparison) expenditure levels over the forecast period. For the purpose of this assessment we have discounted SFT using the 2022 SFT market share rate identified from the household survey for the Study Area for convenience (9.4%) and comparison goods (32.3%) shopping purchases. This includes online shopping, purchases at temporary markets, and other forms of SFT.
- 6.13. As described in Section 3, the SFT market shares have been adjusted to reflect the fact that a proportion of online convenience and comparison retail sales are sourced from traditional ('physical') stores rather than from dedicated ('dot com') warehouses²⁷. The adjusted baseline SFT market shares are 2.8% for convenience goods and 24.2% for comparison goods and are forecast to increase to 3.8% and 30.4% respectively by 2039²⁸.

TOTAL AVAILABLE EXPENDITURE

- 6.14. Tables 3 and 4 (Appendix B4, Volume B) forecast the growth in total available convenience goods and comparison goods retail expenditure across the study area and zones up to 2042 (excluding SFT).
- 6.15. The tables show for the ten-year period from 2022-32 total **convenience goods expenditure** is forecast to increase by +4.4% (+£23.3) in the Study Area from £526.3m in 2022 to £549.6m in 2032, and by +7.1% (+£19.1m) at District level. Over the study period to 2039, convenience goods expenditure for the Study Area will increase by +7.5% (+£39.2m), and by +11.2% (+£30m) for the District.
- 6.16. For **comparison goods**, total Study Area expenditure is forecast to increase by +24.8% (+£159.8m) for the Study Area between 2022 and 2032 from £644.3m in 2022 to £804.1m; and by 26.7% (+£92.7m) for the District. Over the entire study period to 2039, comparison goods expenditure for the Study Area will increase by 52.8% (+£340m), and by 56.3% (+£195.8m) for the District.

MARKET SHARE ANALYSIS

- 6.17. The next key stage in the capacity assessment involves allocating the baseline convenience and comparison expenditure (£ million) within the study area and zones to the identified centres, stores and floorspace based on the survey-derived market shares. This helps to establish the current trading performance of the main centres and stores within the District based on expenditure allocated from the study area only. It should be noted that no allowance is made at this stage for any potential 'inflow' (trade draw) of expenditure to centres and stores from outside the defined study area.
- 6.18. For the purpose of the retail capacity assessment, and in line with accepted approaches, the market share analysis has been adjusted for both convenience goods (Table 1, Appendix B5, Volume B) and comparison goods (Table 1, Appendix B6, Volume B) to exclude SFT. The 'baseline' (2022) turnovers are projected

²⁷ Experian assume 25% of SFT's market share for comparison goods and 70% for convenience goods are sales sourced from "physical" stores. See Appendix 3 for a more detailed commentary.

²⁸ It should be noted that if the growth in SFT (online shopping) is higher in the Study Area than the national projections, then this would effectively reduce the total available expenditure to support existing and new floorspace over the forecast period.

forward to 2027 (Table 3), 2032 (Table 4), 2037 (Table 5) and 2039 (Table 6) assuming no changes in market shares²⁹.

'INFLOW' FROM OUTSIDE THE STUDY AREA

6.19. In order to provide a complete picture of the current and likely future trading (turnover) performance of the main centres and stores in the District we have necessarily made informed judgements with regard to the likely 'inflow' (trade draw) from outside the widely defined Study Area. In this case our assumptions take account of:

- the scale, quality and mix of each centre's retail (convenience and comparison) offer based on the results of the health checks;
- the scale, offer and location of all other centres and stores in the District, including out-of-centre shopping locations;
- the likely competition from centres, stores and shopping facilities outside the study area, informed by the results of the survey-derived market share analysis;
- the likely retail expenditure derived from people visiting the District's shops and stores, but who live outside the study area (including tourists, visitors and those on business);
- the likely extent of each centre's catchment. This is informed, in part, by the results of the in-centre surveys; and
- the assumptions set out in previous studies and retail assessments.

6.20. Although the assessment of inflow is not an "exact science" due to the complex nature of overlapping catchments and shopping patterns, it is reasonable to assume additional expenditure is generated by visitors to popular destinations in the District. Typically, retail capacity models assume a percentage uplift on centre turnover to account for expenditure inflow. In this case, we have quantified inflow based on published data on visitor expenditure for the District and from this made assumptions on the distribution of District-wide visitor expenditure against different locations in Rother.

6.21. Two calculations are made in assessing inflow from outside the study area, which relate to visitor inflow and non-visitor inflow. The following provides an assessment of each:

Inflow From Visitors/Tourists

6.22. As a starting point, we have relied on estimates on visitor expenditure on retail purchases that are quoted in the Rother Tourism Economic Impact reports for 2019 and 2020. The estimate for the two years vary considerable as the 2019 estimate is based on pre-COVID visitor patterns, while the 2020 reflects visitors patterns during the pandemic. The figures for visitor expenditure on retail goods is summarised in the table below:

Table 6.1: Visitor Numbers and Expenditure in Rother District – 2019 and 2020

	2019	2020
Rother District – Overnight trips	538,500	189,000
Rother District – Day trips	5,700,000	4,446,000
Visitor Expenditure – Total (£m)	£296.9m	£102.8m

²⁹ The 'constant market share approach' is standard practice for strategic retail capacity assessments. This approach does not take account of the potential impact that new retail investment and development (both within and outside the District) can have on existing shopping patterns, market shares and turnover performance over time.

Visitor Expenditure – Retail (£m)	£44.4m	£14.2m
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Source: The Economic Impact of Tourism on Rother District, 2019 and 2020 editions

- 6.23. In the absence of up to date post-COVID visitor data it has been assumed that 2022 visitor numbers and expenditure levels will have largely recovered to 2019 levels. In addition, an allowance has been made for annual expenditure growth between 2019 and the base year (2022) and forecast years to 2042. This has been achieved by applying Experian’s annual uplift in convenience and comparison goods expenditure for past and forecast years. However, it should be noted that some visitor expenditure will originate from outside of the UK and will be subject to varying rates of growth depending on the country of origin. However, in the absence of any finer data on visitor expenditure we have deferred to Experian’s growth rates.
- 6.24. For the purpose of the assessment it has been assumed that total visitor spend on retail is based on the majority (75%) of expenditure allocated to comparison retail goods and the remainder (25%) on convenience goods.
- 6.25. The estimates on visitor spend and assumptions on where this spend is being distributed across the District is set out in Table 2 in Appendix B8.1 (Volume B) for convenience goods turnover and Table 2 in Appendix B8.2 (Volume B) for comparison goods turnover.
- 6.26. The assumptions on visitor expenditure distribution for Bexhill, Rye, Battle and some of the District’s villages for different reasons:
- **Bexhill (25% for convenience and 25% for comparison visitor expenditure)** - Bexhill serves as the administrative centre for the District and has a seaside position that will invariably attract visitor expenditure, albeit focused during the summer months and the spring and autumn school holiday periods. However, it is acknowledged that the town does not support a strong overnight visitor trade. Therefore, expenditure will be mainly generated by day trippers, which is account for in the assumption visitor spend market share. It is assumed that retailers that are located within the town centre have the potential to uplift their trade by 25% from visitors.
 - **Rye (40% for convenience and 50% for comparison visitors expenditure)** – the town centre is a very popular destination due to its historical and charming character, and also its location close to Camber Sands, a very popular beach destination for the South Coast (discussed further below). The town’s retail and food and beverage offer is biased to the tourism market and so the market share for visitor expenditure reflects this.
 - **Battle (10% for convenience and 15% for comparison visitors expenditure)** – the main tourist attraction in Battle is the Battle of Hastings battle site and the medieval abbey, both of which are accessed from the town centre. The southern end of the town centre, close to where the Abbey is located, has a number of gift shops and tearooms, which indicates that visitor trade is supported in the centre. However, it is assumed that Battle will not generate the same level of visitor numbers as Rye or Bexhill, which is reflected in the assumed market share of visitor expenditure.
 - **Villages and Local Shops (15% for convenience and 10% for comparison)** – the aggregated market share will mainly be supported by visitor expenditure captured by villages and smaller centres along the coast, namely Winchelsea Beach³⁰ and Camber where there is significant visitor trade during summer months. For example, Camber Sands can typically attract 20,000 to 25,000 beach visitors per day during the school holidays³¹.

³⁰ Market share was not identified for Winchelsea Village based on the household survey responses.

³¹ Source: figures quoted in the Camber Village SPD (2014) and by the RLNI in the Sussex Express (<https://www.sussexexpress.co.uk/news/people/camber-sands-beach-see-up-to-25000-visitors-a-day-during-half-term-3261662>)

6.27. It has been assumed that there will be no additional turnover generated for out of centre retail facilities in the District (namely Ravenside Retail Park) from visitor expenditure. Typically, out of centre retail facilities can generate uplifts in turnover from passing trade. However, the market share evidence indicates that the catchment for Ravenside Retail Park is primarily supported by the Bexhill catchment with limited market share penetration from other parts of the Study Area. As such, we have not allowed for any uplift in turnover for the retail park to inform the capacity assessment.

Inflow from Other Sources

6.28. As a next step in identifying expenditure inflow, we have assessed the potential uplift in centre/ shop turnover associated with non-tourist visitors. This will relate to people who are passing through the District or visiting on business.

6.29. The potential to support inflow from passing trade and business visitors will be limited for the District's centres. Given that Bexhill is the main administrative centre for the District it is assumed that the town may benefit from expenditure inflow from business visitors linked to the Council's offices, other financial and professional service businesses operating in the town centre. In addition, it is assumed that the town may attract shoppers who live just beyond the study area boundary along with general passing trade. Therefore, we have assumed an uplift in the centre's convenience and comparison goods turnover of 3% to reflect these expenditure inflow variables.

6.30. For Rye and Battle, we have assumed a 2% uplift in the town centre's convenience and comparison goods turnover.

6.31. No further uplift in turnover is identified for the District's smaller centres beyond what is identified in respect to tourism/ visitor expenditure inflow.

6.32. It is assumed that Ravenside Retail Park could support an uplift in its retail turnover of 5% on account of the presence of key retail brands, which may attract shoppers from beyond the study area.

6.33. A revised turnover for the District's centres and the District as a whole is set out in Table 3 Appendices B8.1 and B8.2 (Volume B) for convenience goods turnover and comparison goods turnover, respectively, which takes account of expenditure uplift associated with tourism/visitor expenditure and inflow from other sources.

RETAIL FLOORSPACE COMMITMENTS

6.34. The next stage in the retail capacity assessment takes account of all the new committed and planned retail (convenience and comparison) developments in the District³². Based on information provided by the Council, Appendix B7 (Volume B) sets out the new floorspace and the forecast (convenience and comparison) turnovers. It is assumed that all the reported committed retail floorspace will be open and trading by 2027 and will achieve a total retail turnover of £5.74m (split £4.38m for convenience goods and £1.36m for comparison goods).

FLOORSPACE PRODUCTIVITY

6.35. A key input to the retail capacity assessment is the application of a year-on-year floorspace '*productivity*' growth rate to all existing and new retail floorspace. As described in Section 3, existing retailers will need

³² I.e. all new floorspace (over 100sqm) that was not open and trading when the household survey was conducted in August 2022.

to achieve higher annual ‘productivity’ growth rates to cover their increasing costs (including, for example, rising rents, business rates and wages) and to remain profitable and viable over the short, medium and long term. This is particularly the case as the competition from online retailing increases; a trend that has been significantly accelerated by the impact of the pandemic. For these reasons, we have tested Experian’s higher year-on-year “productivity” growth rates.

RETAIL CAPACITY ASSESSMENT

- 6.36. The capacity assessments identify just 418 sqm net sales for new convenience floorspace at District level over the ten-year period, up to 2032. By 2039 capacity increases to 597 sqm net sales of convenience floorspace, which could a small foodstore. However, it is recommended that the Council focus only forecast need over the 10 year period to 2032 given that forecasts beyond a ten year period are not reliable and will inevitably be subject to changes from economic variables and consumer habits.
- 6.37. The assessment reveals a contrasting forecast for potential new comparison goods floorspace with no District-wide capacity identified over the entire assessment period.
- 6.38. The table below provides a breakdown of capacity figures for convenience and comparison floorspace need at centre level.

Table 6.3: Forecast Capacity for New Retail Floorspace in Rother District and Centres

	Convenience Goods Capacity (net sales sqm)				Comparison Goods Capacity (net sales sqm)			
	2027	2032	2037	2039	2027	2032	2037	2039
Bexhill Town Centre	56	101	135	141	-164	-405	-409	-397
Rye Town Centre	66	113	144	151	58	-38	-36	-29
Battle Town Centre	69	132	193	212	28	-14	3	13
Little Common District Centre	5	8	11	11	2	-10	-10	-10
Sidley District Centre	30	53	67	69	1	-9	-9	-8
Villages and Local Shops	4	6	7	6	33	-4	15	27
Edge and Out of Centre	3	5	6	7	-80	-973	-1,008	-972
Total Rother District	233	418	563	597	-122	-1,453	-1,454	-1,376

- 6.39. Capacity at centre level is identified based on the distribution of market shares and committed comparison retail floorspace. **Forecasts at centre level should be treated as indicative** but suggest that there is capacity to support new convenience goods floorspace in all of the town centres at varying levels of need. However, individually, capacity is limited for all three town centres with capacity greatest for Battle where there is an identified need for 132 sqm net sales of convenience goods floorspace over the ten-year period to 2032, increasing to 212 sqm net sales for the study period to 2039. For Rye, there is a forecast need for up to 113 sqm net sales by 2032 or 151 sqm net sales over the study period. Notably, forecast need is lowest for Bexhill (up to 101 sqm net sales by 2032 and 141 sqm net sales to 2039) with capacity mainly be supported by net residual expenditure generated from the edge of centre Lidl. Overall, the level of capacity identified for the three centres could only support a small convenience store and would not

particularly add to improving convenience offer in the town centres. Therefore, there is no need to identify additional future growth in any of the centres.

6.40. Turning to comparison goods capacity by centre, the table shows nil or negligible potential to support new floorspace.

6.41. The assessment findings are in contrast to the Council's previous 2018 Bexhill Study which identified higher levels of forecast convenience and comparison goods need for Bexhill and the 2013 Rother and Bexhill studies. Taking Bexhill as an example, the 2018 Bexhill Study identified need for up to 2,263 sqm net sales of comparison goods floorspace in Bexhill by 2028 and need for 1,160 sqm net sales of convenience goods floorspace. The earlier 2013 Rother Study identified need for 3,862 sqm net sales comparison goods floorspace in Bexhill by 2026. The change in position from the 2018 and 2013 studies is due to changes to economic variables over the intervening four and 9 year periods. This has ultimately impacted on the level of surplus residential expenditure to support new retail floorspace. The changes include:

- Higher rates of forecast growth in SFT market share, particularly online shopping, impacts on expenditure retained by existing stores in the District.
- Increased market share of online shopping reduces retained expenditure and turnover of physical stores in the District.
- Forecast productivity growth on the turnover of existing retail floorspace outstripping forecast growth in per capita expenditure, which leads to negative residual expenditure to support new retail floorspace.

6.42. However, it should be noted that although the capacity forecasts take account of all known planned and committed retail (comparison and convenience) floorspace in the District at the time of preparing this study, they do **not** take account of **vacant retail floorspace**.

6.43. It is reasonable to assume for the purpose of this assessment that a proportion of the more modern vacant floorspace could be reoccupied in the short to medium term, particularly in prime and sustainable shopping locations.

SUMMARY

6.44. 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*"³³. 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 2039, to help inform the Council's longer term plan-making and strategies.

6.45. The assessment shows there is no need at District level for new retail floorspace over the next ten years. Where capacity is identified at centre level, this remains limited in scale and can be accommodated by the reoccupation of existing vacant units. However, where market demand presents an opportunity to improve retail offer in the District's centres then this should not be discounted on the basis that there is no or limited identified quantitative need. This is considered further in Section 8. Where demand for new retail floorspace should arise over the plan period, then this should be directed to the District's existing

³³ PPG. Paragraph 004. Reference ID: 2b-004020190722

centres in accordance with the “*town centre first*” (sequential) approach detailed in national and local plan policy and guidance.

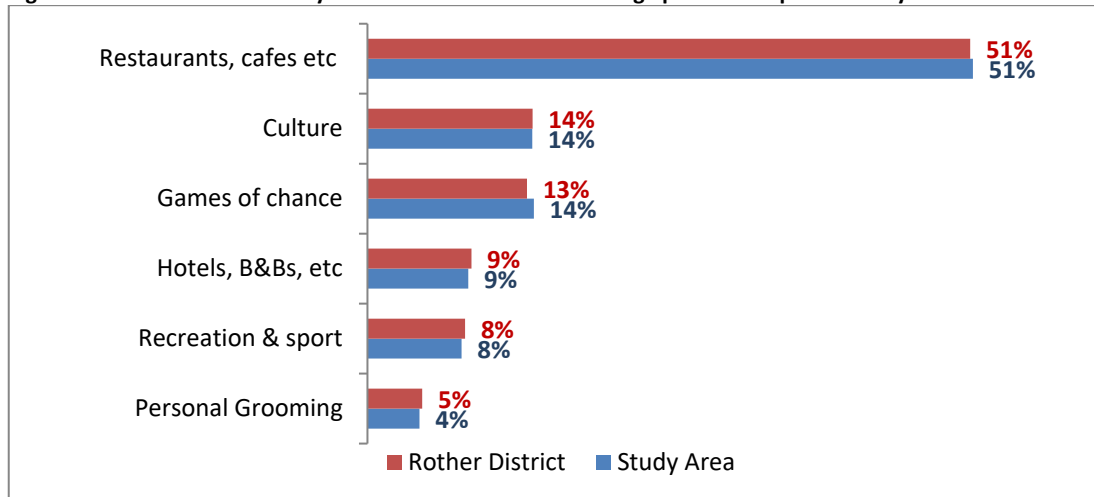
7. COMMERCIAL LEISURE NEEDS ASSESSMENT

- 7.1. Having assessed the capacity for new retail floorspace, this section focuses on the potential need for new leisure uses and facilities in Rother District over the plan period. This assessment necessarily focuses on the main leisure, entertainment and cultural uses identified by the NPPF (Annex 2). These uses are widely accepted as making a significant contribution to the overall vitality and viability of town centres and should be located in town centres first in accordance with national and local plan policy objectives.
- 7.2. It is important to understand at the outset that forecasting the need for new leisure uses is more problematic than for retailing, as the sector is highly complex and dynamic. For example, the demand for existing and new leisure uses and facilities is particularly sensitive to changes in economic, demographic, lifestyle and fashion trends. Consequently, the methods developed to forecast the need for new leisure uses are necessarily more flexible and high level. In this context LSH has developed robust and transparent approaches to assess the needs for new leisure uses based on the following key inter-related workstreams:
- A review of the key trends driving expenditure growth and market demand in the leisure sector over the last decade;
 - An audit of existing leisure provision in the District to help identify whether there are any significant 'gaps' in provision;
 - A review of current leisure participation rates and preferences across the study area based on the results of the household survey; and
 - For some leisure uses we have applied a robust economic need assessment based on accepted approaches.
- 7.3. Appendix B9 (Volume B) sets out the economic tables detailing the forecast growth in leisure expenditure. This section provides a summary of the key leisure trends, current provision and participation in the District's three town centres to help identify the potential (quantitative and qualitative) need for new uses and facilities over the plan period. As for the retail capacity assessment, all leisure need forecasts should be treated with caution as they are subject to dynamic market and lifestyle trends and changes in the market demand and investment preferences of leisure operators.

LEISURE EXPENDITURE GROWTH & PARTICIPATION LEVELS

- 7.4. The leisure sector has experienced significant growth in consumer and market demand since the mid-1990s; fuelled by a buoyant economy, growing disposable income and low unemployment levels. Although the sector will not be immune to the impact of the recent economic impacts of the COVID-19 pandemic and the recovery could lead to the loss of a number of established leisure operators (see below), the fact is that leisure and entertainment activities remain an important lifestyle and entertainment choice for many consumers over other areas of spending.
- 7.5. Against this background, Tables 1-5 (Appendix B9, Volume B) set out the forecasts of leisure expenditure growth across the Study Area and Zones based on the latest Experian-based expenditure figures and growth forecasts.
- 7.6. As Figure 7.1 shows, the 'food and beverage' ('F&B') sector (includes spend at restaurants, cafes, bars, etc.) accounts for the majority (51%) of total average leisure spend per head for the Study Area and the District, followed in order of proportion spend by 'cultural services' (cinema, theatre concerts, etc.), 'games of chance' (bingo, casino, betting), accommodation services (hotels, guesthouses, B&Bs etc.), 'recreation services and sporting events' (gym, fitness, etc.), and 'personal grooming' (hairdressers, barbers, etc.).

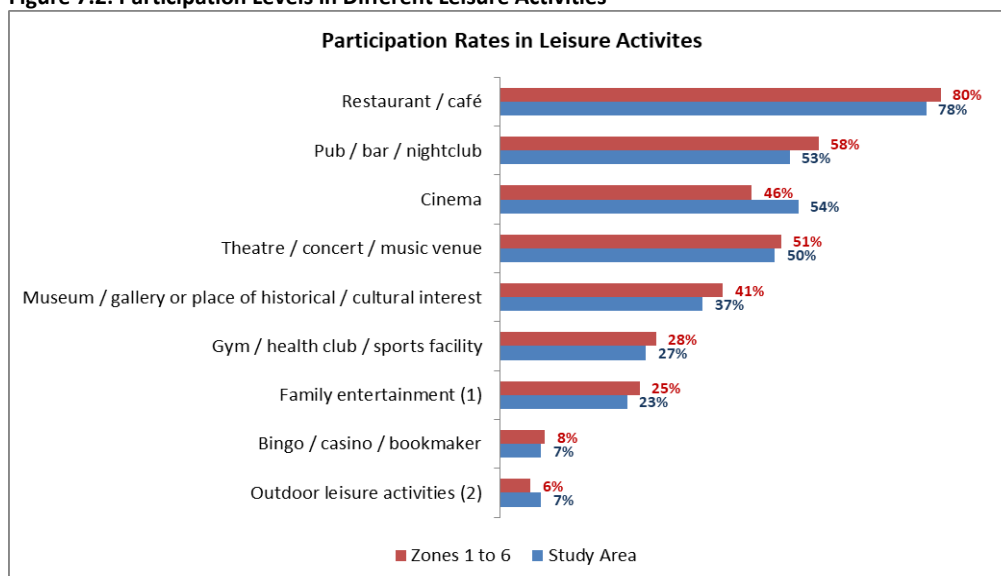
Figure 7.1: Distribution of Study Area and Rother District average per head expenditure by commercial leisure category



Source: Derived from Table 2, Appendix B11, Volume B.

7.7. This expenditure profile is broadly reflected by the participation levels of the Study Area population in different types of leisure activity. The household survey results show that the most popular leisure activities in the Study Area are eating out in cafés and restaurants, visiting the cinema, visiting pubs/bars/nightclubs, and going to concerts and/or the theatre. In contrast, gambling activities are the least popular commercial leisure activity amongst the respondents to the household survey. However, despite only 7% of Study Area respondents stating that they visit casinos, bingo halls, and betting shops, the proportion of leisure spend on gambling is third highest of the seven categories (Figure 7.1). This may reflect spend on online gambling platforms, which is not identified from the household survey.

Figure 7.2: Participation Levels in Different Leisure Activities ⁽¹⁾



Source: Answer to Q37, HTIS, Volume D.

Note (1): e.g. tenpin bowling, skating rink, etc.

Note (2): e.g. golf, fishing, water sports, swimming, running, cycling, etc.

7.8. Based on Experian’s forecasts - and after taking account of the likely impacts of the pandemic on leisure spend at the time of preparing this study – the table below shows that total available leisure expenditure in the Study Area is forecast to increase by +£81m (+15.3%) between 2022 and 2032 and by +£136.6m

(+25.8%) between 2022 and 2042. Leisure expenditure for Rother District is forecast to increase by +£50.5m (+17.9%) and +£83.9m (+29.7%) over the same periods.

Table 7.1: Study Area - Total Forecast Growth in Available Leisure Expenditure by Category

	2027	2032	2037	2039	Growth (£m):	
					2022-32	2022-39
Accommodation services (hotels, guesthouses, B&Bs)	£48.7	£52.1	£55.4	£56.8	£6.9	£11.6
Cultural services (cinema, theatre, concerts, etc.)	£79.7	£85.1	£90.6	£92.8	£11.3	£19.0
Games of chance (bingo, casino, betting)	£80.4	£85.9	£91.4	£93.7	£11.4	£19.2
Personal grooming (hairdressers, barbers, etc.)	£25.2	£26.9	£28.6	£29.3	£3.6	£6.0
Recreational and sporting services (gym, fitness, etc.)	£45.5	£48.6	£51.7	£53.0	£6.4	£10.9
Restaurants, cafes, bars, etc.	£292.5	£312.5	£332.6	£341.0	£41.4	£69.9
Total Study Area Leisure Expenditure:	£572.0	£611.0	£650.4	£666.7	£81.0	£136.6
Total Rother District Leisure Expenditure	£309.3	£333.4	£357.1	£381.6	£50.5	£98.7

Source: Tables 1-4, Appendix B11, Volume B.

7.9. Expenditure and participation rates for each leisure category are considered in further detail along with market trends and opportunities for the different leisure categories.

CINEMAS

7.10. The UK cinema sector has evolved dramatically since the 1990s when it was largely dominated by a handful of national multiples. Today the sector offer ranges from larger multiplexes to smaller independent operators and ‘pop up’ venues. Table 7.3 sets out some of the main cinema operators in the UK.

7.11. Notwithstanding the greater variety and choice in the cinema sector, the three largest cinema operators still account for around 70% of total UK screens. The six largest operators are collectively responsible for about 85% of the sector.

Table 7.2: Main cinema operators in the UK

Operator/ Brand:	No. of Cinemas	Position	Description:
Cineworld	116	Multiplex	Established in 1995. Cineworld is the leading cinema operator in the UK by box office market share (based on revenue). However, the business announced in August 2022 its intention to file for bankruptcy. There are currently no plans to close any of its outlets.
Odeon/UCI	120	Multiplex	Established in 1930s. In July 2016, Terra Firma sold Odeon/UCI to the Chinese-owned AMC Entertainment group for £921m.
Vue	93	Multiplex	Established in 2003, following the acquisition of Warner Village for £250m. It has since grown through new development and acquisitions
Showcase	19	Multiplex	Established in 1986. Owned by National Amusements Inc
Empire	14	Multiplex	Established in 2005 but has its origins in the Empire on Leicester Square, which opened in 1884.
Picturehouse (Cineworld)	25	Independent	Established in Oxford in 1989. Differentiated by its unique locations, homely atmosphere, and art-house film choices. Cineworld acquired the entire chain for £47.3m in December 2012.

Operator/ Brand:	No. of Cinemas	Position	Description:
Reel	10+	Independent	Established in 2001, following the purchase of Curzon in Loughborough. Independently owned and branded as Reel Cinemas Ltd in 2005. Vue sold four cinemas to Reel (Fareham, Port Talbot, Burnley and Morecombe).
Everyman	35	Independent	Established in 2000. Acquired the Screen Cinemas chain in 2008 and 4 cinemas from Odeon in 2015. Increased its revenue by 27% in 2018 and opened 7 cinemas in 2019.
The Light	9	Independent	Established in 2007. Have multiplexes in Wisbech, Cambridge, Walsall, Bolton, Sheffield, Stockport, Bradford and Addlestone. Has trialled its first non-multiplex, 3-screen cinema in Thetford, Norfolk, which opened in 2016.
Merlin	17	Independent	Established in 1990. Operates 12 cinemas in Devon and Cornwall, and 5 others in Gloucestershire (Coleford), Norfolk (Cromer), Somerset (Wellington), Scotland (Thurso) and Wales (Prestatyn).
Movie House	3	Multiplex	Established in 1990. Based in Northern Ireland and acquired the UGC (ex MGM/Virgin) multiplex in Belfast City Centre. Also owns two other multiplexes in Northern Ireland.
Curzon	13	Independent	Established in 1934. Operates 7 luxury 'art house' cinemas in London: Aldgate, Bloomsbury, Mayfair, Richmond, Soho, Victoria and, most recently, Wimbledon. Other cinemas in Canterbury, Colchester, Knutsford, Oxford, Ripon and Sheffield.
Savoy	5	Independent	Based in Nottingham and operates cinemas in the East Midlands: Nottingham, Boston, Worksop, Corby and Grantham.

Source: Various

7.12. The following provides a snapshot of the growth in the cinema market over the last 10-15 years and the impact of the COVID-19 pandemic based on current research:

- Total admissions in 2019 stood at 176.1 million. This was slightly down on 2018 (177m) but was still the second highest recorded admissions since 1970 (193m). Admissions in 2020 fell to 44m due to the impact of the COVID-19 pandemic; the lowest level since records began (dating back to 1935).
- UK box office receipts consistently reached their highest recorded levels in 2017 (£1.278bn), 2018 (£1.277bn) and 2019 (£1.251bn) but fell to £297m in 2020.
- The total number of cinema admissions in the UK fell by 75% from 176.1 million in 2019 to 44 million in 2020.
- The number of cinemas has increased from 697 in 2006, to 801 in 2017 and 840 in 2019.
- The number of cinema screens has increased from 3,741 in 2010, to 4,564 in 2019.
- Approximately three-quarters (78.2%) of the screens are in multiplexes.
- The average population per screen in 2019 was estimated to be 14,529.
- Average annual spending per head on cinema trips has increased steadily from £12.93 per capita in 2005 to £18.72 per capita in 2019, before falling to £4.37 per capita in 2020.

7.13. Although year-on-year admissions and box-office takings are notoriously volatile — driven by the appeal of individual films and Hollywood 'blockbusters' — the long-term trend since the mid-1980s has been upward and has principally been driven by the development of new cinemas. The growth in the cinema sector over the last 10-20 years is even more impressive when one considers that this has occurred against the increase in new and sophisticated in-home entertainment, driven by new technology, choice and flexibility (including, for example, Sky, Netflix and Amazon, and in 2020 the launch of Apple and Disney platforms).

7.14. As the competition in the sector has increased, cinema operators have responded by introducing changes to the cinema experience, including new innovations in technology, improvements to the auditoriums and the introduction of higher quality refreshments, alcohol and food. For example Odeon has introduced their luxury 'Luxe' branding into a number of converted and new cinemas since 2017, and this evolved into the opening in 2019 of its premium 'Luxe & Dine' concept in London, which is specifically aimed at adults.

Showcase also introduced their 'Cinema De Lux' branded multiplexes in 2014, with emphasis on customer service, lush décor, high quality food and other high-end amenities. However, demand for luxury end cinema venues are at present largely confined to London.

- 7.15. There has also been a growth in smaller (Digital) cinemas serving smaller catchment areas. These Digital cinemas are more flexible and less "space-hungry", as they do not require the large auditoriums needed to accommodate traditional projectors. There are therefore opportunities to provide a modern cinema offer in existing (repurposed) buildings and shopping centres, or as part of a mixed use offering. Other trends in the sector include the growth of 'pop-up' cinemas.
- 7.16. While the COVID-19 pandemic has had a significant impact on cinema attendances and sales in 2020 - potentially leading to a period of restructuring and consolidation across the industry - we nevertheless consider that cinema attendances will begin to recover over the medium term as major new films are released. There is evidence that the cinema market is recovering with the UK Cinema Association recording 7 million admissions in June 2021 alone. Although, the announcement in August 2022 that Cineworld will file for bankruptcy due to mounting debt shows that sector is still vulnerable. Cinema trips will remain a significant and popular leisure activity for all age groups. Notwithstanding this, the competition from home entertainment and alternative at-home film channels will intensify and cinema operators will have to keep updating and adapting their offer to respond to consumer needs.
- 7.17. The HTIS identified that on average 54% of Study Area respondents visit the cinema, while less than half (46%) of respondents from the Rother District area visit the cinema. This level of participation is considered to be low, particularly compared to participation rates identified from household survey data in other local authorities that LSH analysed. The reason for low participation rates and cinema visits will correlate to availability and proximity of cinema venues to District residents. Rother has one cinema venue, the boutique Kino cinema in Rye, which offers two screens. The nearest multiplex cinema is in Eastbourne.
- 7.18. The table below shows the top ten most popular cinemas based on the household survey market shares for the Study Area. The market share for the Study Area has been compared to correlating market shares for zones that broadly represent the District area (Zones 1 to 6).

Table 7.3: Cinema Provision in the Study Area

	Study Area	Zones 1 to 6
Odeon, Queens Road, Hastings	20%	10%
Kino Rye, Lion Street, Rye	21%	26%
Cineworld, The Beacon, Eastbourne	17%	19%
Hastings Town Centre	12%	9%
Kino Hawkhurst, Rye Road, Hawkhurst, Cranbrook	4%	9%
The Sussex Exchange, St Leonards-on-Sea	4%	2%
Odeon, Knights Way, Tunbridge Wells	2%	4%
Electric Palace, Hastings	2%	1%
Kino-Teatr, Norman Road, St Leonards-on-Sea	2%	1%
Ashford Town Centre	2%	2%

Source: Answer to Q39, HTIS, Volume D

- 7.19. As highlighted earlier, the District does not have a large multiplex cinema, but is represented by a boutique cinema brand, Kino, in Rye town centre. The cinema has two screens and is located within a former library building within the old town. While the cinema is popular based on reasonably strong market share of trips, the cinema’s capacity to show multiple screenings and audience numbers will limit its catchment reach. The table above indicates that the majority of households in the Study Area are visiting major multiplex cinemas in competing centres, notably Odeon in Hastings and Cineworld in Eastbourne.
- 7.20. At zonal level, the household survey reveals that the Kino Rye is mainly supported by households in Rye’s home zone (Zone 5) with over three quarters of households choosing the cinema as their main venue, followed by Zone 6 (44%). However, market share drops significantly for other zones that broadly sit within the District area. For example, the Kino’s market share of trips from Zones 1 to 3 range from nil to 4%, with household from these zones more likely to visit cinemas in Eastbourne, St Leonards, or Tunbridge Wells.
- 7.21. A high-level assessment of the potential need for new cinema provision in the District area has been undertaken and is based on standard approaches that draw on published national and regional ‘screen density’ averages (i.e. the number of screens per 100,000 population). According to the latest available research³⁴, the UK average is 6.8 screens per 100,000 people in 2019, which represents an increase from 6.1 screens in 2014. The equivalent 2019 figure for the South East region is 6.4 screens per 100,000 people³⁵.
- 7.22. On this basis the table below shows the potential quantitative need for additional cinema screens for Rother District up to 2032 and 2039, based on District’s population projections.

Table 7.4: Potential Capacity for New Cinema Screens in Rother, 2022-42

	2027	2032	2037	2039
Population – Rother District	102,505	105,463	108,010	108,974
Screen density per 100,000 people*	6.4	6.4	6.4	6.4
Screen potential	7	7	7	7
Existing screens – Kino Rye -2 screens	2	2	2	2
Indicative screen capacity	5	5	5	5

* Average screen density for South East of England. Source: BFI Statistical Yearbook, 2020.

- 7.23. In simple terms, we first apply the average screen density of 6.4 to the 10 and 15 year population growth estimates which produces a screen potential of 7. After allowing for existing screens (Kino Rye) this results in residual capacity to support five additional cinema screens over the entire study period to 2039.
- 7.24. However, in reality, cinema operators seeking new opportunities are not necessarily led by screen capacity estimates. Instead, operators will be interested in locations where there is market demand and a critical mass of customers to support new facilities and where suitable sites are available. The proximity of competition will be a key factor and operators will be drawn to locations that are easily accessible in order to maximise catchment reach.
- 7.25. Given that there is no major multiplex in the District and in Hastings, there is likely to be market interest from a multiplex operator, particularly given the distance from existing venues in Eastbourne and

³⁴ Dodona Research, Office for National Statistics (ONS) and BFI

³⁵ The average screen density for the South East region is 6.4. Source: BFI

Tunbridge Wells. Further consideration of potential market demand from the cinema sector is discussed in Section 8.

EATING AND DRINKING OUT

- 7.26. The food and beverage (F&B) sector includes restaurants, cafés, bars and pubs (former use Classes A3-A5). These uses are an integral part of a town centre’s wider offer and economy. A good choice and quality of F&B uses can help to complement other town centre uses, by generating trips, stretching ‘dwell times’ (i.e. the time people spend in centres), increasing ‘linked’ expenditure to other shops and businesses as part of the same trip, and strengthening both daytime and evening economies.
- 7.27. As identified above, the F&B sector dominates average household expenditure and participation in leisure across the Study Area and the District. Spend on F&B is also forecast to experience the greatest volume growth up to 2042. In theory, this expenditure growth should support the potential to enhance the scale, quality and choice of F&B uses across the District, particularly for Bexhill and Rye. In reality though, this growth will be determined by current and future trends in the sector and market demand. The table below summarises some of the current trends that are driving changes in the food and beverage sector.

Table 7.5: Key trends in the food and beverage sector

Use:	Headline Market Trends:
Restaurants	Notwithstanding the impacts of the pandemic, this sector had experienced mixed fortunes up to 2020. Some of the key trends driving change included an increase in ‘eating at home’, with operators increasingly entering the home delivery market using online third-party delivery companies (such as Just Eat, Deliveroo and Uber Eats). COVID-19 and “social distancing” has accelerated this trend, with more households now eating from home.
Pubs and Wine Bars	Pub operators have widened their food and non-alcoholic beverage offer the last decade, resulting in the growth of so-called “gastro-pubs” and, most recently, the rise in ‘micro’ and ‘craft’ pubs. Notwithstanding this trend, the sector has also been characterised by increasing consolidation and closures. This is mainly explained by high occupancy costs (e.g. business rates) and beer duty, and changes in consumer demand and drinking habits. Consequently, there has been a significant increase in the conversion and/or redevelopment of pubs to alternative uses over the last decade; including for residential uses and/or convenience retailing. Research by CAMRA indicates that some 854 pubs closed in 2018. On a positive note the number of closures slowed from 980 in 2017, which most likely reflected the impact of new planning policies and the recognition of pubs as ‘Assets of Community Value’ (ACV). Figures from the ONS show that the number of small pubs in the UK (defined as having fewer than 10 employees) has almost halved since the turn of the century; from 38,830 in 2001 to 22,840 in 2018. The latest figures show a slight (+0.4%) increase to 22,925 in 2019, which also probably reflects the impact of policy changes and the growing popularity of ‘micro pubs’ and craft beers.
Cafés and Coffee Shops	This sector has experienced strong growth over the last decade. Latest figures show that the UK coffee shop market comprises some 25,500 outlets and is valued at £10.1bn. Costa Coffee, Starbucks and Caffè Nero are the three largest chains in the UK, with 2,655 outlets and a total market share of 53%. The UK branded coffee shop market is estimated to exceed 10,000 outlets by 2023, equivalent to a 5-year compound annual growth rate of 5%. Notwithstanding the rise of the multiples, this sector has also been characterised by growth in independent and specialist cafés and coffee houses; particularly those serving a more luxury or specialist offer (e.g. organic, in-house roasted beans, and Fairtrade). In the specialty segment, artisan concepts continue to grow (such as ‘Department of Coffee’ and ‘Social Affairs’). Others include London-based ‘Grind’ and ‘Caravan’, which have the potential to expand to regional centres, particularly centres within the London commuter belt. The

	strong independent coffee sector has also fuelled many new start-up businesses in local centres. The continued growth of this sector has been one of the most successful in the UK economy.
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- 7.28. Research shows that the multiple chains mainly dominated the expansion of the F&B sector up to 2017 when they accounted for almost half of all net new business openings. However, since 2017 a number of multiples in the casual dining sector have struggled against a backdrop of increased competition, rising costs and a tightening of consumer spending due to wider Brexit and economic concerns.
- 7.29. The reality is that too many F&B operators expanded too quickly into increasingly marginal locations, funded by private equity, and the market became saturated and unsustainable. The growth in the availability, convenience and speed of home deliveries driven by new technology and apps represents a further significant challenge to more traditional F&B operators. These challenges have been further accelerated by the impact of the COVID-19 pandemic while sharp rises in energy prices and more difficulties in recruiting service workers (i.e. particularly from EU countries) is now impacting on the viability of many F&B businesses.
- 7.30. These new challenges and pressures have resulted in a radical restructuring of businesses across the sector, resulting in the closure of many loss-making branches. Pre-pandemic the biggest impact to the market was experienced in the 12 months to June 2019 when an estimated that some 1,412 UK restaurants closed. This represented a +25% increase in restaurant closures compared to the previous year and the highest number of insolvencies recorded since 2014, when approximately 750 restaurants closed. Causalities were primarily felt in the casual dining market which saw many brand exit the market either completely or saw their portfolio shrink considerably (e.g. Strada, Jamie's Italian, Byron Burger, Carluccio's and Prezzo). However, the impact of COVID-19 has created even more difficult trading conditions. In April 2021, there were 9.7% fewer restaurants trading in the UK compared to the year before, of which the biggest decline was in the casual dining market where the number of restaurants fell by almost 20%.
- 7.31. The impact of the pandemic on the restaurant market is likely to be felt into 2020/21 as operating costs rise, debt is carried forward, and profit margins are squeezed further. A "shakeout" in the sector will leave the proactively managed multiple and independent businesses that have strong brand loyalty and/or a clear differentiated offer as the main "winners". Brands such as Nando's, Greggs, Domino's Pizza, Five Guys, and Honest Burgers are performing well revenue-wise and are continuing to expand, which provides hope for the sector. According to LDC, there are also indications that some restaurant sectors are growing, such as vegan and Japanese sectors⁵³, while investors with capital are poised to take advantage of the bounce back (particularly throughout 2022) focus on more profitable formats.
- 7.32. F&B operators, like retailers, will also need to understand and cater for the needs of the changing demographic and consumer market to remain relevant and viable. For example, Section 3 identified that Millennials (under 35s) make-up almost one-quarter of the UK population and research shows that they spend a substantial 13% of their disposable incomes on eating and drinking out. Looking ahead, by 2025 it is estimated that Millennials will make up over 80% of all parents in the UK, meaning that restaurants, pubs and cafés will also need to evolve and adapt to cater for the changing needs of new 'Millennial families'. This could be driven for example, by increasing emphasis on convenience, affordability, entertainment, uniqueness and the use of technology and apps.
- 7.33. Restaurant operators will therefore, as a minimum, need to make sure that they are easy to reach online and on social media with up-to-date menus and strong images, and adapt the latest technologies to drive online booking. It will also mean sourcing more organic, vegetarian/vegan and local sustainably sourced produce that respond to customers' changing tastes and concerns with regard to climate change. For example, figures provided by the Vegan Society indicate that there are approximately 1.7m vegetarians in Great Britain and over 900,000 vegans. Forecasts indicate that vegans and vegetarians could make up a

quarter of the British population in 2025. This trend has impacted on the business models and menus of a number of the leading national restaurant and takeaway operators.

- 7.34. There is also the potential for restaurants and pubs to tap more into the growth in home deliveries following the impact of the pandemic, with the potential to reach new audiences and increase turnover at quieter times. The growth in use of delivery apps such as Deliveroo, Uber Eats, and Just Eat has helped many restaurant businesses reach more customers, although the affordability of these services can be prohibitive for independent businesses.
- 7.35. In this context it is no coincidence that the popularity of street food, market halls and “meanwhile”/“pop-up” restaurants and bars has also coincided with the growth in the spending power and influence of the Millennials. These more informal drinking and eating venues fulfil their desire to experiment and explore different styles of drink, food and new cuisines in exciting new and more informal environments. Trialling a “pop-up” site also represents an opportunity to test a new concept, gain a following, fine-tune details and secure investment before making a long-term commitment. The pop-up concept is also attractive to property owners and property companies who are increasingly nervous about signing long leases following numerous high profile restaurant closures.
- 7.36. Turning to the food and beverage provision in Rother’s three town centres, the table below summarises the current provision benchmarked against the Goad national average for all circa 2,500 shopping locations audited by Experian.

Table 7.6: Food & Beverage Provision – Bexhill, Rye and Battle

	Bexhill		Rye		Battle		UK Average
	Total Outlets	% of Total Outlets	Total Outlets	% of Total Outlets	Total Outlets	% of Total Outlets	% of Total Outlets
Bars & Wine Bars	5	1.4%	1	0.5%	1	0.8%	2.2%
Cafes	20	5.8%	10	4.8%	7	5.8%	4.9%
Fast Food & Takeaways	14	4.0%	8	3.8%	2	1.7%	6.0%
Public Houses	5	1.4%	11	5.3%	4	3.3%	2.6%
Restaurants	18	5.2%	11	5.3%	0	0.0%	4.8%
Total	62	17.8%	41	19.6%	14	11.6%	20.5%

Source: Experian Category Reports

- 7.37. The figures show that Bexhill has 64 F&B businesses trading in the town centre, which accounts for 18.4% of all commercial town centre outlets. This is below the national average figure (21.4%). Similarly, the number of F&B outlets in Battle (14) has a lower than average representation of all commercial town centre units.
- 7.38. Rye has 47 F&B outlets, which as proportion of all town centre commercial outlets is closer to the UK average compared to Bexhill and Battle, but still below it. This is surprising given the popularity of Rye as a visitor destination and typically, we would expect a higher than average representation. Although, when comparing proportional representation for individual F&B categories Rye has on par or above average representation for cafes, restaurants, and public houses; categories that are popular with visitors. It is

noted that Bexhill and Battle have above average representation for cafes and restaurants, and while Bexhill has a higher than average representation of public houses, Battle has no public house offer. For other F&B categories, namely bars/wine bars and takeaways, representation is below the UK average relates for all three town centres.

7.39. The headline results of the HTIS survey provide a further layer of analysis to inform the assessment of current provision, potential ‘gaps’ in provision and future potential F&B needs.

7.40. The HTIS reveals that the vast majority of respondents across the overall Study Area (78%) eat out and this is the most popular leisure activity. At zonal level, respondents living in the Bexhill zones (Zones 1 and 2) and Zone 8 where participation rates hover around 82% to 84%. In terms of frequency, 29% of all respondents eat out regularly (i.e. one a week or more), which increases to almost a third of respondents from Zones 2 (Bexhill West), 4 (Battle) and 6 (Westfield).

7.41. The table below shows the most popular locations for dining and drinking out based on responses given by all respondents in the Study Area and collective responses from those living in Zones 1 to 6, which broadly reflects the District area. The market shares are presented as percentages in the table below. The market shares represent the preferred locations for dining and drinking out as stated by Study Area and the District area (based on aggregated responses for Zones 1 to 6) respondents.

Table 7.7: Food and Beverage Market Share – Study Area and Rother District Zones (Zones 1 to 6)

	Cafes & Restaurants		Bars, pubs and clubs	
	Study Area	Zones 1 to 6	Study Area	Zones 1 to 6
Bexhill-on-Sea Town Centre	22.0%	35.5%	18.8%	27.4%
Rye Town Centre	12.4%	17.9%	8.9%	15.3%
Battle Town Centre	8.8%	9.7%	6.5%	8.7%
Other Rother	6.8%	10.8%	10.3%	17.0%
District Market Share	49.9%	73.8%	44.5%	68.5%
Hastings Town Centre	30.4%	11.2%	30.9%	13.3%
Other	19.7%	15.0%	24.6%	18.3%
Leakage		26.2%		31.5%

Source: Q43 and Q44, HTIS, Volume D.

7.42. Focusing on the responses for Zones 1 to 6, the table shows that a strong majority of respondents chose to dine out at cafes and restaurants in the District with Bexhill being the most popular location. Over a third of respondents from the District area chose venues in the town centre followed by 17.9% who choose venues in Rye. Battle captures a smaller proportion (9.7%), which is expected for a town of Battle’s size.

7.43. The District’s market share of trips for drinking out is not as strong but holds a reasonable market share; capturing over two thirds of trips. Again, Bexhill is the most popular destination for visiting pubs, bars and clubs with a District area market share of 27.4%, followed by Rye (15.3%) and Battle (8.7%). It is noted that the District’s village pubs offer a stronger market share compared to cafes and restaurants, with villages capturing 17% of visits to pubs and bars (versus 10.8% for cafes and restaurants). This will be influenced by one or two factors; availability of venues and/or a greater importance placed on pubs/bars as community venues.

7.44. The survey results confirm that eating and drinking out are popular leisure activities for most households in the Study Area and Rother District.

7.45. To help inform the high-level assessment of the potential need for new F&B uses over the forecast period we have first applied the average District-wide retention level of 69%³⁶ to the available spend on dining and drinking out of £144m in 2022 (see table below). This results in retained F&B expenditure (or turnover) of £99.8m in 2022, which is forecast to increase to £117.6m by 2032 and to £129.4m by 2039.

7.46. Applying a robust year-on-year 'productivity' ('efficiency') growth rate of 1.2% to retained-wide base year (2022) turnover of £99.8 to allow for existing businesses to cover their reasonable costs over time, produces a net residual expenditure capacity of £3.2m in 2032. The residual expenditure is converted into a floorspace using an assumed sales density of £1,750/sqm in 2022 and forecast to £1,972/sqm by 2032. This results in an indicative forecast need for up to 1,946 sqm gross of new F&B floorspace in the District by 2032. In reality, the turnover of an F&B operator will vary considerably based on whether it is a café, restaurant, hot food takeaway or public house. Cafes in prime locations can generate a turnover of at least £0.5 million while branded hot food takeaways and drive through facilities can generate a turnover of £2m.

7.47. A summary of the capacity assessment for new F&B floorspace is provided in Table 6, Appendix B9 (Volume B) and replicated in the table below. The assessment should be treated as indicative only and should not be used to inform capacity figures for F&B floorspace in policy:

Table 7.8: Food & Beverage: Total available spend and forecast growth

	2022	2027	2032	2037	2042
Total District Area Available Expenditure for restaurant, cafes, bars, etc (£m)	£144.0	£157.5	£169.8	£181.8	£194.3
District Retention rate for restaurants, cafes, bars, etc.	69%	69%	69%	69%	69%
Current retained turnover for cafes, restaurants, bars, etc (£m)	£99.8	£109.1	£117.6	£126.0	£134.6
Benchmark turnover* (£m)	£99.8	£105.9	£111.3	£117.0	£123.0
Net Residual Expenditure (£m)		£1.9	£3.8	£5.2	£5.7
Assumed sales density* (£/gross sqm)		£1,858	£1,972	£2,093	£2,143
Forecast capacity for new café/ restaurant/ bar floorspace (sqm gross):		1,024	1,946	2,487	2,664

Source: Table 6 (Appendix A9)

7.48. Ultimately, opportunities for F&B will be guided by market demand and the attractiveness in terms of a given location. F&B operators typically seek out opportunities in busy locations that support good footfall and in areas where existing F&B offer is performing. Currently, there is limited demand from the market for F&B openings as the sector recovers from the impact of COVID-19 and investors will be nervous about expanding portfolios until there is a more certain outlook on the cost of living crisis. When market interest

³⁶ Combined average for dining out (80%) and drinking out (69.8%).

picks up, it is likely to be focused on Bexhill and Rye where customer demand will be driven by resident and visitor markets, respectively.

7.49. Generally, where opportunities arise and in compliance with the objectives of the NPPF, any forecast need should be directed to the District’s town centres first to help increase competition and consumer choice, and to underpin both daytime/evening economies. Demand in the District’s smaller centres will be muted and will mainly relate to meeting local resident needs for takeaways and café offer. Further consideration of potential market demand from the F&B sector is discussed in Section 8.

HEALTH AND FITNESS FACILITIES

7.50. Pre-pandemic the health and fitness market was growing from strength to strength with the number of fitness facilities in the UK increasing to 7,239 over the year to March 2019 (compared with 6,435 in 2016), and total membership grew by 4.7% to 10.4 million³⁷. However, the pandemic had a significant impact on the health and fitness market when establishments were required to close during lockdown periods or operated at low capacity to meet social distancing requirements. This resulted in the number of UK gyms declining from 3,654 in 2020 to an estimated 3,610 in 2021³⁸. The impact is even more pronounced on the sector’s market value. Pre-pandemic the sector market value was steadily increasing annually; peaking at £2.25 billion compared to £1.49 billion in 2012. The impact of the pandemic led to market value dropping to £1.32 billion in 2021. However, early figures for 2022 indicate that market value has risen to £1.8 billion, which is a positive sign that the market is recovering³⁸. Although, there are now uncertainties on how fast the sector will recover in light of the current cost of living crisis.

7.51. Nonetheless, gyms and health/fitness facilities make an important contribution to the health and well-being of the population across all age levels. Table 7.9 shows the top 10 operators in the health and fitness sector in 2020, ranked by number of facilities.

Table 7.9: Main gym operators in the UK

Operator/Brand:	UK Facilities	Position	
Pure Gym	250+	Budget	Established in 2009. Acquired all gyms from LA Fitness in 2015. Most locations are open 24 hours and offer cardio equipment, fixed/free weights and exercise classes.
Anytime Fitness	166	Budget	24-hour health and fitness club. Membership rates vary by club. Operates on a franchise system.
The Gym Group	159	Budget	Established in 2007. 24-hour access. No fixed contract; membership starts from £10.99/month.
Snap Fitness	123	Mid-Market	Established in 2003. A privately owned and operated club. Operates on a franchise system.
David Lloyd Leisure	112	Premium	Established in 1982. Provide a family-orientated, high-quality fitness and leisure facility. Whitbread PLC acquired the company in 1995 for £182m. It is now owned by TDR Capital.
Nuffield Health	111	Mid-Market	Acquired 35 Virgin Active clubs in 2016 at a reported cost of £80m. Membership rates vary by club and locations but start from circa £60/month.

³⁷ *State of the UK Fitness Industry Report (2019)*. Leisure DB (formerly the Leisure Database Company). The research is compiled by independent leisure market analysts,

³⁸ www.statista.com

Operator/Brand:	UK Facilities	Position	
Energie Group	100+	Mid-Market	Established in 2003. Clubs are typically between 5,000-25,000 sqft and comprise a café/ lounge area, fitness area, studio, locker rooms and showers. Many include spa areas, swimming pool, treatment rooms and spinning studios. Operates on a franchise system.
Bannatyne's	70	Premium	Established in 1997. Growth driven by new openings and acquisitions; including the purchase of the LivingWell Premier Health club chain from the Hilton Hotel UK Group in 2006. Also operates 37 spas and five hotels across the UK
Exercise4Less	50+	Budget	Gyms are mainly located in the Midlands and North. Gyms in South are in Hounslow, Harlow, Southend, Milton Keynes, Bath and Bristol. Offer a full boxing ring and combat classes. Membership starts from £9.99/month off-peak.

Source: Various

7.52. Other major operators just outside the top 10 include Virgin Active, JD Gyms, Sports Direct and Total Fitness.

7.53. The structure of the UK health and fitness industry has evolved significantly over the last decade to reflect changes in consumer choice and trends, with value and budget gym operators have experienced the most significant growth in the sector in recent years.

7.54. According to figures by *Leisure DB*, budget gyms now account for over one-third of gym memberships in the UK. The budget business model is normally based on 24-hour opening, discounted monthly subscriptions (ranging from £9.99 up to £20), 'pay-as-you-go' rather than 'upfront' annual memberships, and gym-goers providing their own towels, toiletries and locker padlocks for the lockers. The popularity of the budget gyms is best reflected by the rapid expansion and success of Pure Gym since it was founded in 2007, along with relatively new entrants to this sector (such as Fitness4Less, Finspace, TruGym, and SimplyGym). As a result, the budget gym sector is becoming increasingly "crowded" and competitive, and operators are constantly striving for differentiation. Notwithstanding this, we anticipate that there will be some restructuring and consolidations within the budget gym sector as the market evolves, particularly post COVID-19.

7.55. The growth of the budget gym operators has resulted in the increasing polarisation of the gym sector between the budget operators at the value end of the spectrum, and the more exclusive health and fitness centres at the higher, more expensive end. As a result, analysts predict that those mid-market gym operators that are neither very cheap nor particularly exclusive will struggle to maintain market share in the competitive market place unless they revise their business models. Furthermore, as operators compete against the "at-home fitness" revolution (e.g. Peloton), boutique studios and tech-enabled fitness, they will need to evolve to be more than "just gyms". As with trends in the retail sector, experiences and entertainment will be important to attracting and retaining customers. For example, there has been continued investment into 'fitness-tainment' over the last few years and analysts predict that there is plenty of opportunity for future growth.

7.56. In this context, the table overleaf shows some of the main public and private gyms and leisure facilities in the District at the time of preparing this study based on the results of the household survey. It should be noted that the swimming pool in Rye Sports Centre is now closed which may impact on market shares.

Table 7.10: Health and Fitness - Market Shares

	Study Area	Zones 1 to 6
Bexhill Leisure Centre, Down Road, Bexhill	14.6%	21.7%

Rye Town Centre	5.7%	7.9%
Bexhill-on-Sea Town Centre	4.0%	7.5%
Bexhill Leisure Pool, Ravenside Retail Park, Bexhill-on-Sea	6.9%	6.4%
Rye Sports Centre, The Grove, Rye	2.1%	4.1%
Other Rother	12.2%	17.1%
Rother District Market Share	45.5%	64.8%
Bannatyne Health Club & Spa, Battle Road, Hastings	10.5%	10.6%
Sovereign Centres Pool, Eastbourne	3.3%	4.7%
Hastings Town Centre	8.9%	4.6%
Summerfields Leisure Centre, Bohemia Road, Hastings	9.5%	3.5%
Eastbourne Town Centre	2.4%	2.6%
Other	19.8%	9.1%
Leakage from District		35.2%

Source: Answer to Q40b, HTIS, Volume D

7.57. The survey-derived market shares show that the District is retaining approximately 65% of all trips made for health and fitness activities, which is considered a reasonably strong level of retention. Generally, trips to health and fitness venues are mainly retained by facilities in Bexhill and Rye. The most popular named health and fitness venues in the District are the Bexhill Leisure centre located north of Bexhill Town Centre and Bexhill Leisure pool at Ravenside Retail Park. It is noted that approximately a tenth of respondents from Rother District area and the wider Study Area identify Bannatyne Health Club and Spa in Hastings as their preferred location for health and fitness activities. This may reflect a lack of mid-market gym offer available in Rother, which is mainly supported by Council operated venues, independent budget gyms, and niche fitness franchises. It is notable that there are no branded gym venues in the District.

7.58. In terms of supporting new facilities, demand for new health and fitness provision will be dependent on how the market recovers from the impact of the pandemic and how the current cost of living crisis impacts on gym membership retention and take up.

7.59. However, the participation rates in health and fitness activities identified from the household survey indicate that on average 28% of District area respondents visit gym and fitness venues. If it is assumed that future residents follow a similar level of participation in this activity, it can be predicted that the projected population could generate some 1,859 potential new gym members up to 2032 increasing to 2,858 by 2039. This is above the average membership levels for gyms of 1,426 per venue³⁹. As such, based on

³⁹ Gym membership levels range from an average of 726 per club for independent venues, up to 2,198 members per club for the national operators. Average membership levels increase to 2,897 per club for the larger fitness chains (such as, for example, David Lloyd, Virgin Active, LA Fitness, etc.) and levels for the budget chains can be even higher at 3,452 members per club.

current participation rates and forecast population growth there could be capacity to support one new gym facility in the District by 2032, increasing to two new gyms by 2039. Furthermore, there is potential scope to improve participation rates gym and fitness activity, which could be encouraged if there is greater choice in gym offer.

7.60. In terms of potential market demand from the private sector, it is reasonable to expect that there will be interest from the budget gym market in opening a venue in the District, which forecast growth in population could support. However, as for the other commercial leisure sectors, the take-up of any need will be driven by the market and level to which new gyms will seek to compete for members of existing gyms. Section 8 provides further analysis of potential market demand from gym and leisure operators for sites in Rother, including potential investment from the public sector.

GAMBLING VENUES

7.61. Gambling represents a significant component of the leisure industry. The main sectors comprise 'games of chance' (namely bingo clubs, casinos, betting shops and amusement arcades). The latest research⁴⁰ figures show that the gambling industry in Great Britain generated a Gross Gambling Yield (GGY) for the year-end to March 2019 of £14.4bn. This represented a +4.2% growth from the 2017 GGY of £13.8bn. Remote (online) gambling accounted for £5.3bn of total GGY, equivalent to a growing market share of 37.1%, and the national lottery accounted for a further £3.1bn. The growth of remote and online gambling, alongside changes in regulations reducing maximum stakes for slot machines, has resulted in the fifth consecutive year of decline in betting premises and a -10% fall in the GGY of casinos to March 2019. The following assesses the main trends in this sector, current provision in Rother District and the potential need/demand for new facilities.

7.62. In terms of **Bingo Halls**, in response to falling admissions over a number of years bingo operators are increasingly taking advantage of the online market and embracing smart-phone technology through new 'app' development. This forms part of a wider trend and growth in 'remote/online' gambling, which includes gambling activities through the internet, telephone, radio, etc. Bingo operators are also increasingly looking to diversify their customer profile, and are marketing their clubs at a younger, predominantly female audience. As a result, there has been an increase in the number of younger and more affluent bingo players over recent years, particularly as deregulation has enabled clubs to offer bigger (national) prizes. At the opposite end of the scale, research⁴¹ shows that the 55-64 age group has generated the biggest growth in online gambling as more mature bingo players switch to online bingo sites, as they grow in confidence with the new technology. These trends have resulted in the closure of many bingo halls in centres across the UK over the last decade.

7.63. For **Casinos**, the latest figures published by the Gambling Commission show that casinos achieved a GGY of £1.059bn in the year end to March 2019. Although this was 10% down on GGY for 2018, there has been a circa 85% increase over the last decade from £751.1m in 2009. There were some 154 casinos in 2019 and the number of venues has increased steadily from 143 in 2009. The casino sector is dominated by two companies: the Rank Group with 67 venues has a 44% market share and Genting UK has 44 venues and a 29% market share. There has been some consolidation of the sector in the past few years, such as Rank

⁴⁰ The Gambling Commission – Industry Statistics (November 2019)

⁴¹ Gambling Commission (February 2019). Gambling Participation in 2018: behaviour, awareness and attitudes – Annual Report.

Group's purchase of Gala Coral Casinos. The nearest major commercial casinos⁴² to Rother are located in Central London.

- 7.64. There were some 8,320 **Betting Shops** in the UK in March 2019. William Hill accounts for 27% (2,264) of all premises, Ladbrokes has a 22% share (1,828 premises), Tote's market share is 19% (1,620) following its purchase of Betfred, and Gala Coral Group's share is 18% (1,529). Regulatory changes in 2015 led to a fall in revenue and profit resulting in a fall in the number of active premises from 9,111 in 2014. As gambling activities continue their shift to online channels, so the demand for physical outlets will inevitably dampen in the future and betting shops will inevitably close. Notwithstanding this, the presence of betting shops in high streets is a contentious issue in any case due to the perceived social and economic impacts on households. The Government has recognised that betting shops have specific impacts and in 2016 reclassified their use from Class A2 to 'Sui Generis' and remain so under the new Use Class Order. This reclassification means local authorities have greater planning powers to manage the number of outlets and therefore greater potential to limit impacts.
- 7.65. The survey-derived market shares for visits to bingo halls, casinos and bookmaker facilities show that 7% of Study Area respondents and 8% of District area respondents participate in this type of leisure activity. It is noted that participation levels in gambling activities are higher in the Bexhill zones (Zone 1 and 2) where participation ranges from 13% to 15%. There was nil or negligible levels of participation in gambling activities in Zones 3 (Rother North West), Zone 4 (Battle), and Zone 5 (Rye).
- 7.66. In respect to preferred locations for gambling activities, the HTIS results show that Hastings is the most popular destination for respondents. The town, which has a bingo hall is cited by over half (51.2%) of all respondents in the District area who partake in gambling activities. Bexhill Town Centre was cited by 39% of respondents from the District area and given that there are no casinos or bingo halls in the town centre it is assumed that respondents are referring to trips to betting shops and amusement arcades.

Table 7.11: Market Share for bingo halls, casinos and bookmaker facilities

	Study Area	Zones 1 to 6
Bexhill-on-Sea Town Centre	14.9%	13.1%
Little Common District Centre, Bexhill-on-Sea	6.7%	12.0%
Rye Town Centre	3.0%	5.4%
Sidley District Centre, Bexhill-on-Sea	7.6%	13.6%
Rother District Market Share	32.3%	44.2%
Bingo at The Deluxe, Hastings	34.2%	33.9%
Hastings Town Centre	29.5%	17.3%
Other	4.1%	4.7%
Leakage from District		55.8%

Source: Answer to Q38, HTIS, Volume D

⁴² Major casinos are considered venues comparable to those operated by Genting, Grosvenor, and Aspers. Excludes venues self-termed as casinos that are limited to slot machines.

7.67. Based on the evidence, there is no demonstrable need to enhance existing provision to improve competition and choice at the local level, although this will largely be driven by market interest and demand from bingo and casino operators. Given that current trends for bingos and casinos show activity moving online instead of physical venues, future demand for new venues is expected to be very limited. If demand does arise in the future, we advise that this should be directed to the town centres first in accordance with national and local plan policy.

THEATRE AND CULTURAL ACTIVITIES

7.68. Cultural activities include a broad range of activities that are focused on the arts and historic attractions. This assessment is concerned with the provision and potential need for theatres and museums in the District.

7.69. Visits to performing arts venues are the fourth most popular leisure activity for respondents living in the Study Area and District area. Approximately half of all households in the Study Area and Rother District area visit theatres, concerts and music venues. The participation rate for this leisure activity is noticeably higher in the Bexhill zones (Zones 1 and 3) where participation levels range between 59% and 63%. This may reflect the availability of performing arts venues in the town centre, notably the De la Warr Pavilion.

7.70. As Table 7.12 below shows, Bexhill overall captures 16.5% and 17.2% of visits from Study Area and District area respondents, respectively.

Table 7.12: Performing Arts Venues in the Study Area

	Study Area	Zones 1 to 6
Bexhill-on-Sea Town Centre	9.3%	8.3%
De La Warr Pavilion, Marina, Bexhill-on-Sea	6.3%	6.8%
The Blods Little Theatre, Manor Gardens, Bexhill	1.0%	2.2%
Sidley District Centre, Bexhill-on-Sea	0.5%	1.0%
Other, Rother	0.4%	0.9%
Rother District Market Share	17.4%	19.1%
Central London / West End	31.3%	29.2%
Eastbourne Town Centre	10.3%	15.1%
Hastings Town Centre	8.3%	7.4%
Other	32.7%	29.2%
Leakage from District		80.9%

Source: Answer to Q41, HTIS, Volume D

7.71. In terms of named attractions, the only attraction identified in the Districts by respondents is the De la Warr Pavilion which is chosen by 6.3% and 6.8% of Study Area and District area respondents. Although, Bexhill's market share is mainly supported by trips made from households living in the Bexhill zones and neighbouring zones. Respondents living in Zone 3 (Battle), Zone 4 (North West Rother), and Zone 5 (Rye), which broadly sit in the District boundary are less likely than other District zones to visit performing arts

venues in Rother and are instead more likely to choose venues in Central London. Overall, Central London is the most popular destination for visits to performing arts venues and account for 29.1% of visits made by respondents in the District area, followed by venues in Eastbourne (15.1%).

7.72. The Council has secured Government funding (Levelling Up Fund) to upgrade and refurbish the De La Warr Pavilion, which on completion is likely to improve the venue’s market share of study area trips to theatre and performance venues and improve accessibility to other areas of Bexhill and the District.

7.73. Some 37% of respondents from the study area stated that they visit the **cultural and historical attractions and venues**, with participation increasing to 41% for District area respondents.

7.74. Table 7.13 below identifies the most popular cultural and historical attractions in the District and beyond based on responses from the household survey. Table 7.13: Historical and Cultural Attractions – Market Shares

	Study Area	Zones 1 to 6
Bexhill-on-Sea Town Centre	6.1%	7.6%
Bexhill Museum, Egerton Road, Bexhill-on-Sea	3.5%	5.6%
De La Warr Pavilion, Marina, Bexhill-on-Sea	3.8%	5.3%
Rye Town Centre	1.4%	2.3%
1066 Battle of Hastings Abbey	3.6%	1.6%
Other, Rother	4.3%	4.3%
Rother District Market Share	22.8%	26.6%
Central London / West End	44.8%	49.6%
Hastings Town Centre	7.2%	7.6%
Eastbourne Town Centre	2.7%	5.3%
Other	22.6%	10.9%
Leakage from District	77.2%	73.4%

Source: Answer to Q42, HTIS, Volume D

7.75. When asked which attraction/venue they visit most, of the Study Area respondents that engage in this activity over one fifth stated that they visit venues in Rother, increasing to over one quarter of District area respondents. Bexhill is again the main destination in the District for cultural and historical attractions and is cited as a preferred location by 13.4% and 18.4% of Study Area and District area respondents. Attractions in Bexhill cited by respondents include the Bexhill Museum and the De la Warr Pavilion. Central London is again the preferred location for visiting cultural and historical attractions and captures 44.8% and almost half of visits made by respondents in the Study Area and District area, respectively.

OTHER COMMERCIAL LEISURE

- 7.76. Other commercial leisure facilities can be grouped together under ‘family entertainment venues’ (FEVs), which include paid activities that appeal to adults and children (such as, for example, tenpin bowling, roller skating, ice skating, and similar uses).
- 7.77. **Tenpin bowling** is possibly the most popular activity in the ‘family entertainment’ sector. After a period of decline in the 1970s, there are now 316 venues in the UK according to Mintel figures. The UK tenpin bowling market was valued at £285m in 2017. This represented a +9.7% year-on-year growth and represented the fifth consecutive year of growth. A number of the successful bowling facilities opened over the last 15-20 years (e.g. Hollywood Bowl and Ten Entertainment)⁴³ tend to form part of larger leisure complexes that include multi-screen cinemas, restaurants and nightclubs. The critical mass of leisure uses “*under one roof*” help to underpin the viability of tenpin bowling centres, as they tend to struggle as standalone destinations. The sector is evolving from old-style bowling alleys, to modern, multi-generational entertainment centres where bowling is blended with other forms of activity alongside an enhanced dining offer, along with smaller independent specialist bowling facilities (such as, for example, All Star Lanes and Bloomsbury Bowl)⁴⁴.
- 7.78. Over recent years, there has also been growth in other more specialist commercial leisure attractions, such as **trampoline parks**. Trampolining has become one of the UK’s fastest growing sport and leisure trends. It is estimated that there were some 150 parks in the UK in 2017/18, with the potential capacity for between 250-300 parks before saturation is potentially reached. The main brands operating in England include Oxygen Freejumping⁴⁵, and Gravity Active Entertainment⁴⁶.
- 7.79. There is also an emerging market in **multi-activity leisure venues** promoted by niche operators that offer a range of activity leisure uses under one roof. Examples include venues that include skateboard, snowboarding, BMX, free Ski, parkour, and climbing activities, alongside other activities. Active leisure venues such as those described above typically attract wider families and groups, who are generating ‘spin-off’ expenditure to other uses and facilities both within and outside the venues.
- 7.80. The table overleaf summarises the findings of the survey-derived market shares for trips to FEVs in the District.

Table 7.14: Family Entertainment Venues – Market Shares

	Study Area	Zones 1 to 6
Bexhill-on-Sea Town Centre	14%	22%
Other Rother	6%	5%

⁴³ Hollywood Bowl operates 59 venues under the Hollywood Bowl, AMF and Bowlplex brands. Ten Entertainment operates 44 venues and its growth strategy is focussed more on acquisitions of distressed assets than opening new venues, and then modernising the facilities to drive growth and value.

⁴⁴ All Star Lanes operates five bowling venues, primarily in London and is largely targeted at the corporate/private hire market. Bloomsbury Bowl also operates from smaller venues with sites in Bloomsbury (8 lanes) and Bristol (5 lanes).

⁴⁵ Oxygen Freejumping has parks in West London, the O2 in Greenwich, Croydon, Derby and Southampton. It also acquired Air Space in 2017, a subsidiary of the high wire adventure company Go Ape. However pre-pandemic Oxygen closed parks in East Kilbride (June 2018) and Wolverhampton park (December 2018) due to reported “trading difficulties”.

⁴⁶ Gravity Active Entertainment is a Castleford-based operator with 11 parks, mainly as part of existing shopping or adventure centres. Its venues include the Xscape in Castleford and Milton Keynes, Bluewater Shopping Centre and Riverside Entertainment Centre (Norwich).

Rother District Market Share	20%	27%
Tenpin Eastbourne	12%	16%
Hollywood Bowl, Ashford	7%	9%
Hastings Town Centre	19%	9%
Eastbourne Town Centre	9%	7%
Leakage from District	52%	60%

Source: Answer to Q45, HTIS, Volume D

- 7.81. As the table shows, the District attracts limited visits for FEV activities, which will reflect the lack of offer for traditional attractions. A review of FEVs in the District has identified a limited choice in venues. The only FEVs of note are the Bexhill Leisure Pool and family activities at Bexhill Leisure Park, including Jumbos soft play centre.
- 7.82. The most popular named venue identified from Study Area and District area respondents is Tenpin bowling venue in Eastbourne, followed by Hollywood Bowl in Ashford. Overall, 60% of respondents from the District area are travelling out of Rother to access FEVs. This highlights an opportunity to capture lost expenditure by investing in new FEVs for the District, particularly those in the active leisure market such as ten pin bowling. Attracting a tenpin bowling operator to the District such as, Hollywood Bowl and Ten Entertainment, will require sites in shopping locations that support high footfall levels or out of centre locations that are anchored by a cinema. The potential to support a bowling venue and/or other active leisure venues could come forward as part of a new cinema scheme development, subject to securing market interest.
- 7.83. In respect to other FEV opportunities, these are likely to be limited given the proximity of larger leisure destinations and there are no trampoline parks in Rother District and the nearest venue is located in Heathfield (Urban Jump) and Hastings (RBE Trampolines). Site requirements are generally focused on out of centre locations, close to leisure anchors, and require large units that have adequate floor to ceiling heights. Therefore, opportunities to support FEV uses in the District will be limited to out of centre locations where operational requirements can be met within larger units.

LEISURE NEEDS – VIEWS AND PERCEPTIONS OF RESIDENTS IN THE STUDY AREA

- 7.84. To further help inform the assessment of leisure needs in Rother District, we have also drawn on the responses to the Household Interview Survey (question 47), which specifically asked respondents what improvements to the District’s leisure provision/venues would make them take part and/or visit more often than they currently do.
- 7.85. Over 40% of respondents from the Study Area stated that no improvements would encourage them to visit or partake more often in leisure activities in the District. Of the six zones that broadly comprise the District area the HTIS found that those living in the Bexhill zones were more likely to highlight the need for improvement to leisure offer compared to those living in Zone 3 (Rother North West) and Zone 6 (Westfield).
- 7.86. The top five most frequently highlighted suggestions given by respondents to the HTIS to improve leisure offer in the District are set out in the table overleaf and are identified for the six study zones that broadly reflect the District area.

Table 7.15: Top 5 suggested leisure improvements

Zone 1 Bexhill East	Zone 2 Bexhill West	Zone 3 Rother North West	Zone 4 Battle	Zone 5 Rye	Zone 6 Westfield
Leisure / sports centre	Cheaper prices	Swimming pool (indoor)	Swimming pool (indoor)	Cheaper prices	Swimming pool (indoor)
Cinema (multi-screen)	Leisure / sports centre	Leisure / sports centre	More leisure facilities / activities for families	Indoor trampoline parks	More quality restaurants
Ten-pin bowling	More leisure facilities / activities for children	Concert halls	More leisure facilities / activities for children	More leisure facilities / activities for children	More classes available
More leisure facilities / activities for children	Cinema (multi-screen)	Live music venues	Outdoor festivals / events	Karting	More leisure facilities / activities for children
Cheaper prices	Ten-pin bowling	More local sports & recreation facilities	Better shopping facilities	More leisure facilities / activities for teenagers	Cheaper prices

Source: Q47, HTIS, Volume D

- 7.87. The responses for each zone and the suggested priority of improvements appear to reflect a lack of access to certain facilities for respondents in each zone. As the table above shows, the need for a leisure/ sports facilities was the most frequently suggested improvement for leisure provision from respondents living in Zone 1 (Bexhill East) and was second for those living in Zone 2 (Bexhill West). This will correlate with the absence of a dry-based public leisure facility in Bexhill. As highlighted earlier, Bexhill is served by a public indoor pool at Ravenside Retail Park. Conversely, a new indoor swimming pool was the most frequently highlighted suggestion for respondents living in Zone 3 (North West Rother), Zone 4 (Battle) and Zone 6 (Westfield). These zones are relatively rural areas and are some distance from Bexhill, which may influence this particular result. The need for a multi-screen cinema was highlighted frequently by respondents in the Bexhill zones (Zones 1 and 2), reflecting the lack of cinema offer serving this part of the District. It is noted that the need for cinema provision is not stated by respondents living in zones in and around Rye where a cinema (albeit a small venue) is available.
- 7.88. The results are notable in that respondents across all of the Rother District zones frequently suggest the need to improve leisure facilities and activities for children and for improved leisure/ sports centres offer. Suggestion for FEVs are also noted, such as ten pin bowling, karting and indoor trampolining. These suggested improvements to leisure offer reflect a potential opportunity to invest in a broader range of leisure uses that could help to retain leisure expenditure in the District and encourage more residents to partake in leisure activities.

SUMMARY

- 7.89. This section has shown that the commercial leisure industry faces considerable challenges and pressures. It is clear that consumers are becoming increasingly selective in terms of where and how they spend their discretionary leisure spending. There will also be a continued increase in at-home activities due to the advances in computers, tablets, television, gaming, and audio technology. The challenge for town centres and leisure operators in the future will be how to attract customers away from their homes.
- 7.90. Our review of the District's commercial leisure sector and offer, and the results of the household survey, indicate that residents are more likely to travel out of the District to access most of the leisure activities that have been assessed. Leisure activities and venues that are achieving a limited market share across the

District and in its main centres include theatres, music venues, cultural and historic attractions. The trend correlates with an absence of those leisure facilities in the District or where there is limited choice. This is to be expected to an extent given the proximity to larger centres (Hastings and Eastbourne) where there are more facilities and connections to Central London where there is a wealth of offer.

- 7.91. For theatre, music and performing arts in particular, while there is leakage to major theatre and concert venues in Central London (which is typical for centres that are well connected to the city), the De La Warr Pavilion in Bexhill is particularly popular music and theatre venue for District residents and beyond. The planned investment for the venue will help to claw back trips made to London and regional venues and help to build Bexhill's profile as a cultural destination. This in turn will help to stimulate trade to other businesses within the leisure sector that would benefit from linked trade, such as food and beverage outlets and potentially increase demand for overnight visitor accommodation.
- 7.92. For active/ fitness leisure provision, the results of the household survey indicate demand from respondents for improved active leisure offer and affordable leisure provision. This could be supported by investment from the public sector in a new leisure centre that offers affordable access to both wet and dry-based facilities under one roof. This would plug a gap in dry-based leisure, swimming pool provision, and affordable active leisure provision in the Bexhill and could serve communities to the north and east.

8. MARKET DEMAND ASSESSMENT

- 8.1. The section considers the findings of the retail and leisure needs assessments in Section 6 and 7 and considers whether there is interest from the market. We then consider how identified quantitative and qualitative need and market demand can be accommodated with the District's three town centres, with particular focus on undeveloped adopted Local Plan allocations.

RETAIL NEEDS AND MARKET DEMAND ASSESSMENT

- 8.2. This assessment has been prepared in the context of the many issues and challenges facing the UK's retail sector and high streets. These challenges have been driven by a combination of economic pressures, technological change (which has driven the growth in online activity and sales) and shifts in consumer behaviour. This has resulted in a significant year-on-year rise in business failures, with the resultant closure of stores and the significant loss of jobs. The pandemic has further accelerated and compounded these trends, while the current cost of living crisis is expected to slow down retail sales and spend on leisure.
- 8.3. As highlighted in Section 3 the retail market is particularly volatile as brands that were at one time considered to be immune to retail shock waves have collapsed. Even online brands are failing such as the recent demise of Made.com (which has now been acquired by Next). Notably the rapid success of online fast fashion brands which created major online giants (ASOS and BooHoo) are now facing challenges as a result of supply chain issues and scrutiny on working practices, which has seen previous market leaders facing collapse (e.g. Misguided). The key message is that there is continuous and significant downward pressure on retail values, at a time when retailers and landlords are facing rising costs and debts. In turn, this has led to many more retail operators being forced into administration and a rise in vacancies (see Section 3). Research indicates that Britain is over-shopped; meaning there is too much retail floorspace in our towns and shopping centres. In turn, these trends are all impacting on the capacity and market demand for new retail floorspace.
- 8.4. Rother's town centres are not immune from these national and regional trends. The health check assessment for Bexhill has shown that the number of retail outlets has declined over the past five years with many former retail outlets remaining vacant. This highlights the need for town centres to diversify offer by not relying solely on retail to support town centre vitality and viability. This trend is already being led by market forces with service and leisure uses become more prevalent in town centres, but there are also opportunities to draw new town centre users through civic and community uses. Examples of diversification are discussed in Section 9.
- 8.5. The forecast retail capacity assessment in Section 6 considered the need for new retail (convenience and comparison) floorspace in Rother District and its main centres over the ten-year period up to 2032, and over the lifetime of the plan (up to 2039). The capacity forecasts are informed by the latest forecasts published by Experian Business Strategies⁴⁷. Experian's forecasts take account of the potential impacts of the pandemic on retail expenditure levels over the short, medium and long term, and the growing market share of non-store retail sales (specifically online purchases).
- 8.6. The headline figures show capacity for up to 418 sqm net sales of new convenience retail floorspace over the ten-year forecast period to 2032 for the District as a whole. No forecast capacity is identified for comparison retail at District level over the ten-year period or beyond. At centre level, indicative capacity is identified for convenience goods floorspace, albeit limited for each centre. Capacity is greatest in the

⁴⁷ Experian Business Strategies (January 2022) Retail Planner Briefing Note 19

District’s larger centres of Bexhill (up to 101 sqm net sales by 2032), Rye (up to 113 sqm net sales by 2032) and Battle (up to 132 sqm net sales by 2032). There is limited need for new retail floorspace within the District’s smaller centres, including the district and village centres (collectively up to 67 sqm net sales by 2032).

- 8.7. In terms of market demand for new retail operators, the health check assessment identified retailers that have registered interest in locating within the District’s town centres. The table below summarises national retailers that have registered interested within the 12 months to August 2021.

Table 8.1: Retail Requirements – 12 months to November 2022

Bexhill	Rye	Battle
Lidl	Lidl	Lidl
Hobbycraft (out of centre)	Travelodge	Aldi
Matalan	Premier Inn	
The Range (out of centre)		
Home Bargains (out of centre)		

Source: Appendix C.1

- 8.8. In addition, the Council are aware of interest from Asda for a local format store in Bexhill, particularly in respect to the Beeching Road Local Plan site allocation.

Convenience Retail

- 8.9. As the table shows, there is significant interest from the discount foodstore market, with Lidl seeking sites in all three town centres, while Aldi is seeking a site in Battle. This is not surprising given that discount foodstore offer in the District is limited to the Aldi store on London Road, Bexhill, and the requirements reflect Aldi and Lidl’s drive for representation in most towns across the UK.
- 8.10. While the capacity assessment does not identify forecast need to support new convenience retail floorspace this should not necessarily prevent opportunities to support an improvement in foodstore offer in the District. The capacity assessment is based on market shares remaining constant and the potential to support new foodstore offer could expenditure retention by clawing back convenience shoppers who are traveling out of the district or divert trade from strong performing stores. However, to ensure that town centres are not impacted by any dilution of convenience goods trade opportunities to improve foodstore offer should be directed to sites within in the District’s town centres. However, meeting foodstore operator site requirements can be challenging in town centres particularly for operators such as Lidl and Aldi who are generally unwilling to compromise on standard site requirements for new stores. Current minimum requirements for Lidl and Aldi are:
- Lidl - minimum site area of 0.6 hectares to support a minimum store size of 1,672 sqm gross and at least 100 dedicated parking spaces.
 - Aldi - minimum site area of 0.8 hectares to support a minimum store size of 1,881 sqm gross and at least 100 dedicated parking spaces.
- 8.11. A review of the town centre boundary for Bexhill, Rye and Battle identifies no obvious sites to support a new foodstore scheme. Therefore, where sites are considered that are edge and out of centre it will be critical to assess the potential impact of a new foodstore on town centre vitality and viability. This will include an assessment on how trade diversion from convenience goods turnover, as well as the wider retail turnover and impact associated with the loss of linked trips to other town centre businesses.
- 8.12. There may also be potential interest from other formats that fall under the discount foodstore umbrella, particularly frozen food retailers, such as Iceland and Farmfoods. The District has one frozen food operator, an Iceland in Bexhill. We are aware that Iceland is seeking opportunities to expand their Food

Warehouse format portfolio and the nearest outlet is in Tonbridge. However, opportunities to support a new Iceland Food Warehouse would be limited to out of centre sites rather than Rother's town centres. Similarly, Farmfoods is seeking new sites nationwide and are not currently represented in Rother but are only considering sites that are edge or out of centre and provide dedicated customer parking.

Comparison Retail

- 8.13. In respect to identified comparison retailer requirements, the interest from Hobbycraft, Matalan and The Range is likely to be for out of centre locations, such as Ravenside Retail Park or standalone sites in close proximity. Store and site requirements for the three retailers are as follows:
- Hobbycraft - only considering retail park sites or standalone sites that offer customer parking and a minimum ground floor unit size of 465 sqm gross.
 - The Range – require retail park sites that support a minimum unit size 1,858 sqm gross and will consider units within a shopping centre.
 - Matalan – typical preference for retail park sites but will consider town centre sites. Matalan's current minimum store requirement is for a 1,390 sqm unit with full cover sales mezzanine.
 - Home Bargains – whilst Home Bargains do consider town centre sites the retailer's agent has confirmed that the requirement for Bexhill is for an out of centre site. Typical site requirements including a minimum site area of 0.8 ha to accommodate a minimum ground floor unit of 2,322 sqm gross and dedicated car parking.
- 8.14. There will be limited scope to secure the above retailers within any of the District's town centres and it is evident that demand from the retail multiple sectors is for big box units on retail parks and standalone sites. However, this should not preclude opportunities to encourage the operators identified above from taking sites in the town centres. For Home Bargains in particular, the retailer will consider town centre sites where site requirements can be met within an existing unit. Home Bargains' closest rival is B&M, which is currently trading at Ravenside Retail Park. The potential to secure Home Bargains in or close to Bexhill Town Centre would help claw back trade lost to the retail park.
- 8.15. In summary, market demand for new retail is principally led by the discount food sector and will be for the foreseeable future. Opportunities within comparison retail sector is limited and based on trends nationwide will be driven by customer demand for discounted goods and multi-good retailers that are growing in popularity, such as The Range and Homebase who have registered interest in locating within the District. However, the challenge is directing new investment in the District's towns as the majority of identified retailer requirements require larger sites that offer dedicated customer parking. However, retail development proposals that may emerge at edge or out of centre sites will need to be appropriately assessed against the sequential and impact tests.
- 8.16. It should be noted that not all national operators allow their requirements to be published so there may be other operators seeking space in the District's towns including independents.

LEISURE NEEDS AND MARKET DEMAND ASSESSMENT

- 8.17. Section 7 sets out the high level assessment of the potential need for new leisure uses and facilities up to 2032, and over the lifetime of the plan to 2039. Even under normal circumstances it is difficult to predict the need for new leisure uses, as the sector is very diverse and highly influenced by market, lifestyle and consumer trends. Predictions as to likely future need, even over the short term (i.e. the next 2 years), have been further complicated by the impact of the pandemic and current cost of living crisis on leisure expenditure trends and growth, consumer preferences and business viability.
- 8.18. Notwithstanding these caveats, commercial leisure uses are a critical part of the overall offer and attraction of centres. They make a significant contribution to their overall diversity, vitality and viability,

and to their daytime, evening and night-time economies⁴⁸. The findings of the market research surveys and health check assessments have confirmed the importance of leisure uses and venues to the overall mix and attraction of the District’s main centres of Bexhill, Rye and Battle. As part of their future adaptation and growth, it is therefore important that the local planning authority maintains and promotes diverse and flexible leisure uses, venues and events in Rother’s main centres over the plan period.

8.19. However, aspirations to improve leisure offer and the results of the needs assessment for leisure uses in Section 7 need to be tempered with what can be achieved in the market

8.20. Market demand for new leisure uses varies for the three town centres. The table below summarises identified requirements from leisure operators for each of the town centres in the 12 months to November 2022. Record requirements for Bexhill are limited to the fast food market, while for Rye it is for hotel opportunities. For Battle, only one requirement is listed which is for Boom Battle Bar⁴⁹, a competitive socialising operator that is seeking sites nationally.

Table 8.2: Published Leisure Requirements – 12 months to November 2022

Bexhill	Rye	Battle
Pizza Hut (takeaway) Taco Bell Travelodge	Travelodge Premier Inn	Boom Battle Bar

Source: Appendix C.1

8.21. The following provides an overview of the results of the leisure needs assessment in Section 7 for the different commercial leisure uses considered and the market reality of delivering investment, which takes account of identified operator requirements.

Cinema

8.22. The screen capacity assessment identified capacity to support four new screens in District up to 2032 increasing to 5 by 2037. This could support a new multiplex cinema that would complement the existing boutique cinema in Rye and would help to claw back considerable leakage in cinema trips made by District residents to cinema venues in competing centres (notably in Hastings, Eastbourne and Tunbridge).

Food and Beverage (F&B)

8.23. Eating out in cafés and restaurants is the most popular activity in the Study Area with 78% of respondents to the household survey dining out. Spending on F&B also accounts for the majority of total available leisure expenditure in the Study Area and District area and is forecast by Experian to experience the strongest growth up to 2032. A quantitative assessment on potential capacity to support new F&B offer suggests that there is potential to support up to 3,185 sqm gross of new F&B floorspace over the ten year period to 2032. There is registered interest from F&B brands, but this is limited to two fast food operators seeking units in Bexhill. However, there is likely to be unpublished requirements from other branded operators and the independent sector who are likely to seek opportunities in locations where there is sufficient footfall, such as high street pitches in Rother’s three towns. The flexibility of Class E will allow

⁴⁸ The “evening” economy generally relates to all leisure activities that are open until around 11pm. The “night-time” economy is generally defined as businesses and activities with late night licences that are open beyond 11pm, particularly at the weekend.

⁴⁹ Competitive socialising venues typically include adult game activities, such as darts, ping pong, crazy golf, etc, that sit within a bar and restaurant.

F&B opportunities to arise where demand is identified by operators. As such, there is no need to identify specific sites to accommodate future need for F&B provision.

Health and fitness

- 8.24. Health and fitness facilities (principally gyms) are currently achieving a 27% participation rate across the Study Area and 28% for the District. Capacity for one new gym/ fitness facility has been identified based on District-wide population growth up to 2032 and measured against an average membership level for a branded gym operator.
- 8.25. A review of published property requirements for major gym operators did not identify interest in locating within Rother, which may be influenced by the proximity of larger centres such as Eastbourne where offer is established. However, contact with a number of leading gym budget brands identified interest from The Gym Group, who recently opened in Hastings. The operator confirmed that Bexhill, Rye and Battle would be locations of interest for new gym opportunities.
- 8.26. Further demand is likely to arise from the gym market when a more settled economic outlook emerges when the cost of living crisis eases, which may encourage investment by gym brands in the District and particularly in Bexhill given it is the largest of the three town centres.
- 8.27. In terms of the public sector offer, we understand that the Council would like to explore opportunities to provide a leisure/ fitness venue that offers both wet-based facilities and dry based facilities. For example, this could support expanding provision at Ravenside Leisure Centre, which currently accommodates an indoor swimming pool, to include dry-based leisure uses. Alternatively, there may be an opportunity to relocate the swimming pool to a new site in Bexhill that can provide comprehensive leisure facilities.

Hotels

- 8.28. Whilst the need assessment does not review hotel provision, it is notable that there are requirements from Travelodge for sites in Bexhill and Rye, with the latter also attracting interest from Premier Inn. This is not surprising given that Bexhill and Rye are not served by any branded hotel operators. Requirements from Premier Inn and Travelodge may indicate interest from other hotel brands that have not published requirements.
- 8.29. Given that the two towns support a tourist market and given the lack of overnight accommodation, it would be reasonable to expect that there will be latent interest from the hotel sector. Opportunities to support new hotels in Bexhill and Rye should be encouraged and prioritised in order to strengthen the towns' visitor economy, which in turn will bring benefits from overnight tourism expenditure (e.g. support spend at complementary uses such as restaurants).

Other Commercial Leisure Uses

- 8.30. With regard to other commercial leisure uses, there is currently no identified market demand for gambling venues (e.g. bingo halls and casinos), tenpin bowling, trampoline parks, or other facilities. This is mainly due to the limited catchment potential of the District's town centres and the proximity of leisure facilities in larger centres in neighbouring authorities.
- 8.31. Whilst the district does not have many theatre and music venues, the De La Warr Pavilion is a major asset that is very popular with residents living in and around Bexhill. The household survey also indicates that the venue draws visitors from neighbouring authorities. However, the household survey also shows that the majority of respondents living in the District are travelling out of the District to visit cultural activities. This is to be expected to a certain extent given the profile of major destinations and in frequency of cultural/arts leisure activities. Demand is likely to be met by existing offer at the De La Warr Pavilion and The Blods Little Theatre in Bexhill. As highlighted in Section 7, the Council will be investing in the upgrade

of the De La Warr Pavilion using funding awarded by the Government through the Levelling Up Fund, which provides the opportunity to strengthen and promote Bexhill's profile as a cultural destination. In respect to the rest of the District, there may be potential to provide a multi-arts venue in Rye that provides performance space and serve as a leisure attraction for residents and visitors.

- 8.32. The towns are considered too small to generate interest from major family entertainment venue operators but a requirement from Boom Battle Bar in Battle suggests that there may be interest from smaller FEV operators that link activities with F&B and can operate from smaller sites.
- 8.33. As highlighted in respect to retail market demand, not all national leisure operators allow their requirements to be published so there may be operators seeking space in the District's towns.

ACCOMMODATING RETAIL AND LEISURE NEEDS AND MARKET DEMAND

- 8.34. The NPPF (paragraph 85d) states that planning policies should *"...allocate a range of suitable sites in town centres to meet the scale and type of development likely to be needed, looking at least ten years ahead"*.
- 8.35. Aligned with the NPPF, the PPG identifies that town centre strategies should establish the potential for *"...development or the redevelopment of under-utilised space"* to accommodate the scale of assessed need, and the more effective and efficient use of land (for example, the scope to group particular uses such as retail, restaurant and leisure activities into hubs, or for converting airspace above shops). In turn, this will help to establish the need for centre *"expansion"*, *"consolidation"* and/or *"restructuring"*.
- 8.36. In this context, the retail capacity assessment has identified need for only 418 sqm net sales of new convenience goods floorspace over the ten-year period, up to 2032, and no need for new comparison goods floorspace. However, the market demand assessment has identified interest from the discount foodstore market. Aldi has registered a requirement for Battle while Lidl has registered requirements across all three towns. As such, opportunities to support new retail offer in the District should be focused on opportunities that promote town centre retail offer where there is market demand.
- 8.37. We recommend that the Council explore the potential of allocating the Sainsbury's site and car park in Bexhill as an opportunity site to support mixed-use development but retaining the foodstore use. This could help to encourage the redevelopment of the site to support a larger and more modern foodstore to serve Bexhill's catchment.
- 8.38. We do not consider that there is a need to identify and allocate any further sites to support new retail floorspace in the District's main centres.
- 8.39. In terms of existing allocations that support retail, the following provides an over view of current allocations:

DaSALP Policy BEX14: Land south-east of Beeching Road, Bexhill

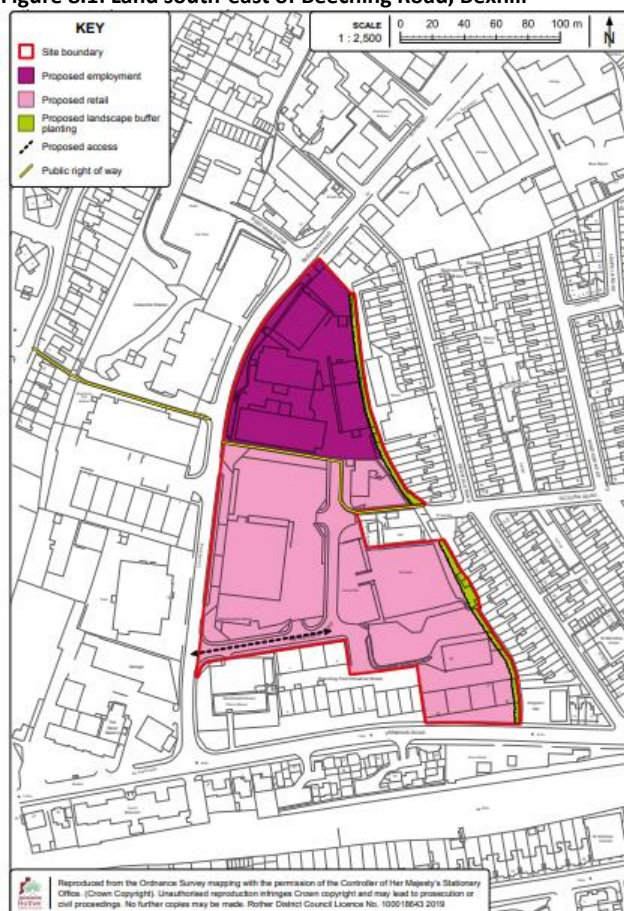
- 8.40. With a lack of available town centre sites to support new development, the site was identified in DaSALP the only edge of centre site to Bexhill that is available and suitable for convenience retail-led development. The site is reasonably close to the town centre but the DaSALP highlights that any future development to support convenience retail would need to support direct, attractive and safe pedestrian links from the site and along Terminus Road towards the town centre the town centre (para. 9.161 DaSALP).
- 8.41. The site allocation allows for up to 2,000 sqm gross of convenience retail floorspace. The site was originally allocated to support forecast need for convenience goods retail that was identified in the 2018 Bexhill Capacity Study. While the updated capacity study does not identify forecast need for same quantum of

convenience goods floorspace, given there is demand from the market for a new discount foodstore in Bexhill, it would be prudent to maintain policy support for convenience goods retail on the site as part of a wider mixed-use allocation.

8.42. We are also aware that there is interest in the site from one of the UK's top non-discount foodstore retailers, albeit to support a 'local' format store. This would mainly only serve a top-up shopping function for the immediate local area rather than support main food shopping.

8.43. The site could also potentially support a hotel and we understand that there has been interest in the site from the hotel market. Given the lack of hotel provision in Bexhill, this supports the recommendation to extend the allocation of uses to more mixed commercial uses. Reference to specific floorspace for retail as part of a mixed use allocation should be removed.

Figure 8.1: Land south-east of Beeching Road, Bexhill

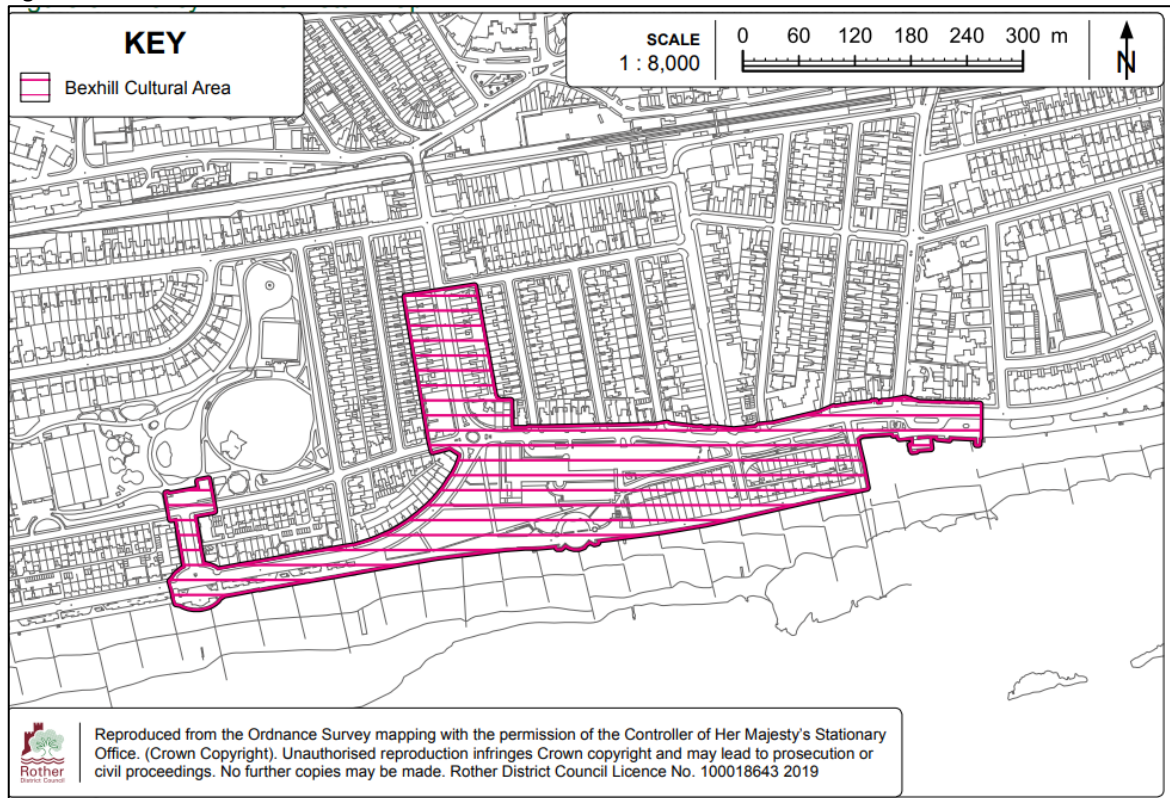


DaSALP Policy BEX15: Bexhill Cultural Area

8.44. The Bexhill Cultural area comprises land around the De La Warr Pavilion and where policy seek to promote investment in arts, culture and tourism activities. The designated area extends east and west of the Pavilion along West Parade and The Marina, and along the southern end of Sackville Road. As well as support public realm improvements and improvements to building frontages, uses that improve patronage and evening economy should be supported.

8.45. The designated area would be an ideal location to support tourism accommodation for Bexhill, such as a branded hotel. However, there are limited obvious sites within the designated area to support a hotel use unless there is redevelopment opportunities on Sackville Road.

Figure 8.2: Bexhill Cultural Quarter



- 8.46. The only other existing allocation that includes provision relates to Policy CAM2: Land at the Central Car Park, Old Lydd Road, in Camber. The site comprises the Central Car Park in the village and was allocated to promote the regeneration of Camber village by improving tourist offer. The Council supports a comprehensive mixed use development for the site, which according to Policy CAM2 should include *“development to include an improved public realm together with tourism, commercial and operational uses (beach patrol office, police/ medical offices) and some car parking”*.
- 8.47. It is assumed that the commercial uses would include a small amount of retail and food and beverage offer (e.g. café or restaurant) which would appeal to tourists and residents.
- 8.48. We recommend that the site allocation is retained.

9. TOWN CENTRE POLICY & STRATEGY RECOMMENDATIONS

- 9.1. This final section provides high-level advice and recommendations to help Rother District Council effectively plan and manage the vitality and viability of network of centres over the lifetime of the plan through appropriate town centre policies. The advice focuses on the next five to ten year period (up to 2032) in accordance with the advice set out in the National Planning Policy Framework (NPPF) and the Planning Practice Guidance (PPG). The NPPF states that planning policies and decisions should support the role that town centres play “...at the heart of local communities” and should promote the long term vitality and viability of centres, “...by 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” (paragraph 85a).
- 9.2. Our policy and strategy advice is based on assessments of the quantitative and qualitative need for new retail (comparison and convenience goods) floorspace and commercial leisure uses over the forecast period. These assessments have been informed by a comprehensive review and update of the dynamic economic and market trends that are impacting on the retail and leisure sectors. This includes the impact of the COVID-19 pandemic and the current cost of living crisis, which has effectively accelerated many of the long-term trends and structural changes that are placing significant pressures on the current and future performance and health of our towns and high streets.
- 9.3. It is against this background that we provide the Council with our robust recommendations on town centre policies to help inform plan-making and decision-making over the next 5-10 years, and over the lifetime of the plan up to 2039. The advice will focus on whether existing policies need to be amended to take account of the findings from the study and whether new policies need to be supported. In addition to the advice on site allocations to support new retail and leisure in Section 8 our policy advice covers the following:
- Define a network / hierarchy of town centres in Rother in line paragraph 86 of the NPPF, by reviewing existing town centre areas, local centres, retail core areas and making recommendations for the new Local Plan’s development strategy;
 - Recommend whether there is a need to update and change the definition of town centre boundaries, Primary Shopping Areas and shopping frontages within in light of the key findings and evidence, and recent planning reforms.
 - Provide recommendations on the scale, nature and timing of development that may be appropriate to support opportunities for growth in Bexhill.
 - Advise on whether there is a requirement to allocate a range of suitable sites to meet the scale and type of any forecast need identified for retail and leisure uses, looking at least ten years ahead (NPPF, paragraph 85d).
 - Advise on whether a locally set impact assessment threshold is still needed to inform the assessment and determination of applications for new retail and leisure developments proposed outside of town centres (NPPF, paragraph 89).
 - Provide evidence to support any future proposed Article 4 directions to protect the loss of retail or other uses in town centre areas if needed.

TOWN CENTRE HIERARCHY RECOMMENDATIONS

9.4. We have necessarily reviewed the Council’s existing network and hierarchy of main centres in accordance with the advice set out in the NPPF (paragraph 86a) and NPPG⁵⁰. This assessment takes account of current classifications, and these been “reviewed and tested” based on the key evidence and updated research findings identified by this study. To help inform this classification, the table below summarises the relative scale of the retail, leisure and service offer in the main centres.

Table 9.1: Rother Town Centres – Total Outlets and Floorspace

	Commercial Outlets		Commercial Floorspace		Average Unit Size
	No.	% Total	Gross Sqm	% Total	Gross Sqm
Bexhill	116	49%	55,862	60%	482
Rye	87	37%	23,086	25%	265
Battle	35	15%	13,601	15%	389
Total	238	100%	92,549	100%	379

Source: Experian Goad Category Reports (2021/2022)

9.5. Based on the study findings, we advise that the Council’s main centres largely function in line with their current roles in the hierarchy:

- **Bexhill Town Centre** is identified in the development plan (Core Strategy and DaSALP) as the focus for growth and investment. The centre stands apart from the District’s other two town centres in terms of the scale and range of its town centre offer. Notwithstanding, retail trends and the impact of the pandemic, it has the strongest comparison goods shopping offer in Rother District and draws on a more densely populated catchment compared to Rye and Battle. The town should be recognised as Rother’s principal urban area, and main shopping and leisure destination. It also has significant employment, service and civic functions that meet the needs of its wider District population. There is also significant potential for place-making, investment and regeneration of key sites in the town centre to accommodate new mixed-use development that will also help to strengthen its attraction over the plan period.
- **Rye Town Centre** is described as a market town in the development plan. The health check assessment confirms that the town centre is vital and viable and the profile of town centre uses indicates that it is a popular location for visitors and has a good leisure offer, and reasonably good retail offer, but the town would benefit from an improvement to its foodstore offer. Due to the town’s conservation status and surrounding rural environment there is limited potential to expand the town centre.
- **Battle Town Centre** is described as a market town in the development plan. Battle is a much smaller market town and there is a question as to whether it fully meets the role of a town centre given the more limited range of uses compared to Bexhill and Rye. However, it functions more than a district centre and on balance we advise that Battle maintains its town centre designation.
- **Little Common and Sidley District Centres** – the two centres serve residential communities living on the west and northern fringe of Bexhill’s settlement area. Both centres mainly serve a convenience retail and service function. Sidley benefits from a Lidl store which will help to boost trade for other businesses in the centre. The market share analysis shows that the centre has a relatively strong convenience market share due to Lidl. Little Common is anchored by a Tesco Express and will not have the same knock on benefits afforded to Sidley. The two centres are likely to experience further

⁵⁰ Planning Practice Guidance (PPG). Refer to Paragraph 004, Reference ID:2b-004-20190722.

demand in serves as new housing development comes forward in the Bexhill area. As such, it is appropriate to retain the two centres as 'District Centres' within the hierarchy.

- **Rural Service Centres and Villages** – Rother has a very high number of rural villages. A Rural Settlements Study (RSS) that is referred to in paragraph 12.12 of the Core Strategy identified two 'Rural Village Centres' (Robertsbridge and Ticehurst) and seven 'Local Village Centres'⁵¹ out of an assessment of 40 villages. An audit has not been carried out on the individual rural and local village centres. However, evidence from the retail market share analysis in Section 4 shows that where market shares are identified (and mainly relating to top-up convenience shopping) it is limited. Thus reflecting the day-to-day role of retail in these centres, which are mainly served by small convenience stores, if any. The market share evidence does not support the potential to promote any of the rural village centres to 'District Centre' status.

TOWN CENTRE BOUNDARIES, SHOPPING FRONTAGES, AND PRIMARY SHOPPING AREAS

- 9.6. The NPPF states that planning policies should "...define the extent of town centres and primary shopping areas and make clear the range of uses permitted in such locations, as part of a positive strategy for the future of each centre" (paragraph 85b). Annex 2 to the NPPF:
- defines the **Primary Shopping Area (PSA)** as an "...area where retail development is concentrated";
 - defines **Edge of centre** (for retail purposes) as a location that is "...well connected to, and up to 300 metres from, the primary shopping area" (our emphasis underlined); and
 - for all other main town centre uses edge of centre is a location "...within 300 metres of a town centre boundary" (our emphasis underlined).
- 9.7. The NPPF explains that the town centre is an area defined on the local authority's policies map, and includes the PSA and areas predominantly occupied by main town centre uses⁵² within or adjacent to the PSA.
- 9.8. The DaSALP Policy Map identifies defined town centre boundaries for the District's three towns and two district centres. A PSA is only identified for Bexhill Town Centre in the DaSALP, which is used to guide Policy BEX12: Bexhill Town Centre and Policy BEX13: Bexhill Town Centre Primary Shopping Area.
- 9.9. The policies pertaining to plan-making and decision taking for retail, leisure and town centre uses in the NPPF refer to the need to define a PSA. The definition of a PSA is key, for example, to the application of both the sequential and impact tests (paragraphs 86-91). To cover the fact that the NPPF appears to be "lagging" behind the Government's series of planning reforms over the last 3 years, it is important to review, and if justified, redefine and redraw the centre boundaries to reflect changes in retail activity and position of opportunity sites that support town centre use.
- 9.10. The application of a PSA in addition to a defined town centre boundary is firstly required by the NPPF as stated in para. 86(b) which states that planning policies should "*define the extent of town centres and primary shopping areas and make clear the range of uses permitted in such locations, as part of a positive*

⁵¹ Burwash, Hurst Green, Sedlescombe, Northiam, Westfield, Peasmarsh, and Catfield.

⁵² 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.

strategy for the future of each centre". They are also required to inform evidence in support of Article 4 Directions to remove permitted development rights as stated in para. 53 of the NPPF.

- 9.11. As highlighted previously, PSAs are used to measure whether a proposal for retail development that is not located in defined a centre is edge or out of centre, which again is referred to in the NPPF (i.e. NPPF Annex 2 definition of 'Edge of Centre' retail proposals).
- 9.12. Therefore, we recommend that the new Local Plan adopts PSAs for all three town centres. PSAs are not required for Rother's two district centres (Little Common and Sidley).
- 9.13. We have therefore reviewed the defined town centre for Bexhill within the DaSALP Policy Map as well boundary recommendations for Rye and Battle, which should be included in the new Local Plan. Drawing on the evidence and key findings of this study, the rest of this section sets out our judgements and advice on the definition of appropriate and robust boundaries for the District's three town centres. The recommendations should be read alongside the plans provided in Volume E.

Bexhill Town Centre

- 9.14. No changes are recommended to the defined town centre boundary as shown in Plan E1, Appendix E.
- 9.15. There is potential to contract the PSA boundary defined in the DaSALP at the eastern end of the town centre. Plan E2 in Volume E shows that retail uses are more fragmented along Sea Road and the eastern half of St Leonards Road. These frontages mainly comprise service uses and vacant outlets and can be excluded from the PSA. In relation to Sackville Road, the potential recommended PSA adjustment is along the southern half focussing on the area to the west that has a broad concentration of retail provision. The area excluded to the east, primarily comprises service and vacant units.

Rye Town Centre

- 9.16. As highlighted earlier, the DaSALP Policy Map does not identify a town centre or PSA boundary for Rye (or Battle). To guide our advice we have referred to the Rye Neighbourhood Plan ('RNP'), which identifies a 'Development Boundary' and 'Core Town Centre Area' to inform NP policies.
- 9.17. The Core Town Centre Area boundary has been compared to current occupancy of commercial and retail units in the town centre for retail use to guide recommendations on town centre and PSA boundaries.
- 9.18. On this basis the recommended town centre boundary has been defined to blend and incorporate the main town centre uses in the RNP. It is therefore a continuous boundary which encompasses the core commercial area town encompassing the High Street, the area bounded by railway line, to the west including Wish Street, Wish Ward and the Strad and to the East up to East Cliff.
- 9.19. The RNP Core Town Area is considered too large an area to represent a recommended PSA for Rye. A new PSA for Rye should focus on key areas of retail in the town centre only. As such, using the Experian Goad plan of occupied retail units as a guide, we recommend that the PSA boundary comprises properties along:
- High Street - including nos.1 to 42 (north side) and nos. 68 to 114 (south side).
 - Lion Street - all properties with commercial ground floor uses.
 - Cinque Ports Street – including: nos. 1 to 16 but excluding nos. 6 and 8 (north side); and 7 to 45 (south side).
 - Market Road – including nos. 1 to 7b (west side) and all properties on the east side between the junctions of Meryon Court and High Street.

- Station Approach – there may be merit in including the Jempson’s store (and car park) and the Royal Mail Sorting Office, particularly if these sites come forward in the future as potential development opportunities for foodstore development.

Battle Town Centre

- 9.20. The DaSALP Policy Map does not identify a town centre or PSA boundary for Battle. To guide our advice we have referred to the Battle Neighbourhood Plan (‘BNP’) as shown in Plan E5, Volume E, which identifies a ‘Town Centre Boundary’ to inform BNP policies.
- 9.21. The BNP Town Centre Area boundary has been compared to current occupancy of commercial and retail units in the town centre for retail use to guide recommendations on town centre and PSA boundaries.
- 9.22. We consider that the defined town centre boundary in the BNP is appropriate and should form the defined town centre boundary for Battle within the new Local Plan.
- 9.23. In recommending a PSA for Battle, we have used the Experian Goad plan of occupied retail units as a guide. In summary, we propose a new PSA for Battle that comprises properties along High Street only, broadly including nos.49 to 81 (north side) and nos. 7 to 33 (south side).

LOCAL FLOORSPACE IMPACT THRESHOLD

- 9.24. As described in Section 2, the National Planning Policy Framework (NPPF) requires an impact assessment to be undertaken for “*retail, leisure and office development outside of town centres, which are not in accordance with an up-to-date Local Plan*” (paragraph 89). Local planning authorities should require an impact assessment if the development is over a proportionate, locally set floorspace threshold, but if there is no local threshold, then the NPPF default threshold (2,500 sqm gross) should be applied. To help inform the setting of an appropriate impact threshold we have also referred to the Planning Practice Guidance (PPG), which states that it will be important to consider the following:
- scale of proposals relative to town centres;
 - the existing viability and vitality of town centres;
 - cumulative effects of recent developments;
 - whether local town centres are vulnerable;
 - likely effects of development on any town centre strategy; and
 - impact on any other planned investment.
- 9.25. For Rother District Council, Policy EC7 (Retail Development) of the adopted Core Strategy sets the floorspace threshold of 500 sqm gross, which triggers the need to submit an impact assessment for retail uses that are not located within a defined town centre:
- 9.26. We advise that a single threshold level of 280 sqm gross would be more appropriate and robust for assessing the impacts of any proposed retail uses that are located outside the defined PSA for Bexhill, Rye and Battle in accordance with paragraph 90 of the NPPF. For proposed leisure and other town centre uses, the threshold should apply to proposals located outside the defined town centre, also in accordance with paragraph 90 of the NPPF. The single threshold would also apply to any proposals for town centre uses that are not located within the defined town centre boundary for Little Common and Sidley district centres.
- 9.27. The justification and evidence to support this lower impact threshold is set out in the following paragraphs.

- 9.28. With the exception of Limited Assortment Discounters (e.g. Aldi and Lidl), the main grocery operators (i.e. Tesco, Sainsbury's, Asda, Waitrose and Morrisons) have effectively scrapped their superstore expansion programmes to focus on growing their market shares via online sales, improving existing supermarket performance, and opening smaller convenience stores (i.e. Sainsbury's Local, Tesco Express, Little Waitrose, etc.). Although sizes vary from location-to-location, the main grocers are promoting smaller convenience stores with a minimum gross floorspace of between 280 sqm and 372 sqm (circa 3,000 - 4,000 sqft).
- 9.29. The 280 sqm gross floorspace figure is also significant, as stores below this threshold are exempt from Sunday trading restrictions. In brief, the Sunday Trading Act defines a 'large shop' as generally being over 280 sqm. It is the Government's intention through this Act to protect smaller, independent stores, which are perceived to be financially weaker and therefore require protection from unfair competition from the major supermarket operators. In general terms therefore it follows that proposals for retail floorspace over 280 sqm gross are unlikely to be a purely local facility and will have the ability to draw trade from outside of their immediate local catchment with potential consequent impacts on existing stores and centres. For example, in circumstances where convenience stores are proposed on the edge or outside of centres, often as part of petrol filling stations or conversions of public houses, they can have a significant adverse impact on the trading performance, vitality and viability of smaller centres nearby. This will particularly be the case where these existing centres are dependent on smaller supermarkets and/or convenience stores to anchor their retail offer, and to generate footfall and linked trips/expenditure to the benefit of other shops, services and facilities. In some cases post office counters can also form an integral part of the convenience store offer and attraction in smaller centres, and their future operation could therefore also be jeopardised by new convenience stores opening outside of centres.
- 9.30. The Government's overarching aim to protect the role, function and integrity of local shops selling essential goods and comprising essential services (e.g. post-office counters) is further demonstrated by the reforms to the Use Class Order and the introduction of the new Class F2, which covers local community uses. Within this category, Class F2(a) specifically pertains to a shop (previously classified as A1) selling mostly "essential goods", including food, to visiting members of the public where the shop's premises cover an area of no more than 280 sqm and there is "*no such facility within 1,000 metre radius of the shop's location*". This new use class is intended to ensure that uses, which are important to local communities, have some protection through the planning system, because the scope to change use without planning permission is more limited.
- 9.31. At the same time, the market demand from operators seeking representation and space in town centres is falling significantly as the space available in centres is often of the wrong size and configuration, and in the wrong location to meet today's retailer requirements. For example, modern multiple retailers selling a range of comparison goods (including, for example, fashion, home store and 'bulky' goods) generally have requirements for larger format modern premises with a minimum size of circa 465 sqm gross (5,000 sqft), and usually 929 sqm (10,000 sqft) and above. This minimum floorspace provides operators with the necessary 'critical mass' of sales needed to display their full range of goods in-store and attract customers from a wider Study Area, particularly where they are co-located alongside similar stores in town centre and out-of-centre locations. These minimum floorspace requirements also fall significantly below the NPPF-default threshold of 2,500 sqm gross but are also below the Council's current threshold (500 sqm gross).
- 9.32. The health checks for the District's three town centres summarised in Section 4 (and covered in more detail in Volume C) have also identified that smaller independent stores and services make a significant and vital contribution to each centre's diverse offer and overall vitality and viability. For example, the table

overleaf shows the average size of comparison and convenience units in each centre as identified by Experian Goad data.

Table 8.3: Average Size of Retail Outlets by Centre (sqm gross)

	Comparison Retail			Convenience Retail		
	Total Floorspace (sqm)	Total Outlets	Average Outlet Size (sqm)	Total Floorspace (sqm)	Total Outlets	Average Outlet Size (sqm)
Bexhill	18,441	116	159	6,624 (4,894)*	28	237 (175)*
Rye	7,999	87	92	3,447	19	181
Battle	3,279	35	94	2,518	15	168
Average Outlet Size (sqm gross):			115			195 (175)*

Source: Experian Goad Category Reports (2021/2022).

* Excluding Sainsbury's (1,730 sqm gross)

9.33. As the table shows the average size of comparison goods units range from 92 sqm and 94 sqm in Rye and Battle, respectively to 159 sqm in Bexhill, with an overall average unit size for the three town centres of 115 sqm. For convenience goods the average unit size is 195 sqm; ranging from 168 sqm in Battle to 237 sqm in Bexhill. However, it must be noted that the convenience outlet average for Bexhill is skewed by the inclusion of Sainsbury's, which trades from a 1,730 sqm gross unit. If Sainsbury's is excluded, then the average unit size Bexhill falls to 175 sqm gross.

9.34. A review of retail and leisure operator requirements shows that foodstore operators seeking large floorplates (above 1,000 sqm gross). Other registered requirements comprise hotel operators, comparison goods retailers, and fast food operators that have registered interest in the District's towns and out of centre locations. Apart from hotel operators, most of the identified comparison retail and fast food operators are seeking units that fall below 500 sqm. If current requirements are diverted to edge and/or out of centre locations, then it could undermine the future retail offer and investment within the District's centres, particularly where there are sites that can accommodate requirements. In turn, this could result in a significant adverse impact on their vitality and viability, specifically in terms of reduced market demand, investment and trade.

9.35. Turning to the recent permissions for retail and leisure development in the District, only three planning consents have been identified for retail and leisure uses. In all three cases, the consents support 450 sqm or less of retail floorspace. Two of the consents will provide additional out of centre retail floorspace while the third consent relates to the provision of retail uses within a new local centre as part of the North East Bexhill housing development. While these schemes may not result in an impact on town centre vitality and viability, further development of out of centre retail could undermine the recovery of Rother's towns at a time when town centre economies are vulnerable to recessionary impacts and are still recovering from the impact of COVID-19.

9.36. It is therefore reasonable in our view for the Council to apply a lower floorspace threshold in this case in order to provide it with greater flexibility to robustly assess the individual ('solus') and cumulative impacts of any smaller commercial floorspace proposed outside of existing centres that could compete 'like-against-like' with the planned and proposed schemes in its main centres.

9.37. We have also had regard to the District-wide capacity assessment for new retail (convenience and comparison goods) floorspace, which identifies only capacity to support a limited quantum of new convenience goods retail floorspace. As such, there is greater onus on retaining and improving market

share for the District's town centre retailers. Therefore, it is even more critical that edge and out of centre proposals for retail and (leisure) are appropriately scrutinised in terms of potential trade diversion from the District's town centres and potential impact.

- 9.38. In conclusion, we consider that the above evidence provides robust support and justification for the setting of a lower floorspace threshold of 280 sqm gross that applies to all proposals for new retail and leisure floorspace that is located outside the defined town centre boundary. This will provide the Council with greater flexibility to robustly assess the individual ('solus') and cumulative impacts of any smaller commercial floorspace (including convenience stores) proposed outside of existing centres that could compete 'like-against-like' with existing, planned and proposed investment in its main centres. We also advise that this threshold should be applied, where relevant, to change of use applications and applications seeking variations of conditions. It should be noted that whilst the proposed threshold applies to net additional floorspace, where a proposal is for the redevelopment of existing retail floorspace, the threshold should apply to the total floor area proposed (i.e. existing and net additional).
- 9.39. For clarification, the local planning authority will be aware that the locally set impact threshold does not determine whether an application should be allowed or refused, only whether an application should be subject to an impact assessment. Furthermore, the PPG advocates that the level of information pertaining to the impact test (and the sequential test) provided in support of any application should be proportionate and considered in a locally appropriate way. We therefore advise the Council that they should pro-actively engage with any applicant at an early state in the pre-application process to scope and agree the detail of any assessment and the evidence required in support of an application on a case-by-case basis.
- 9.40. Threshold policy should also apply to proposed leisure. Therefore, the wording of any new threshold policy should be specific to Class E(a), (b), and (d), and Sui Generis leisure uses that serve an important role for town centres.

ARTICLE 4 DIRECTIONS

- 9.41. Finally, as highlighted in Section 2, paragraph 53 of the updated NPPF allows for the use of Article 4 Directions where appropriate and justified to remove PDR (relating to change from commercial use to residential) where to protect the vitality and viability of the core PSA. As part of the definition of the PSA boundaries, the local planning authority may also wish to consider the potential to apply for Article 4 directions where it considers that the loss of viable town centre shops and businesses to residential use could have a significant and adverse impact on the health, attraction, offer and integrity of these centres over the next 5 years, and beyond.
- 9.42. The Government's policy on Article 4 Directions is set out in para. 53 of the NPPF, which is discussed in Section 2. Policy accepts to some extent that Directions may be justified where they are focused on areas of town centres where PDR that leads to the loss of Class E uses would impact on town centre vitality and viability. However, the Government is taking a tougher stance with local authorities with regard to Article 4 Directions and are resisting blanket coverage of Article 4 Directions, such as on PSAs and frontages. Instead, the Government are requiring applications for Article 4 Directions to be scaled back and on a site-by-site basis.
- 9.43. In Bexhill, PDRs are less likely to come forward for key shopping streets such as Devonshire Road and Western Road where demand for shop units will be greatest from the commercial sector. We are aware that a number of ground floor commercial units on the junction of Sackville Road and the Marina (B2182) are currently being converted to residential. This is an usual location to support residential use given the units front onto a busy roundabout, are located within what was an uninterrupted row terrace of

commercial ground floor units. It raises the question on their suitability from a residential amenity point of view. PDR conversions to residential could come forward in other similar locations. However, given the Government is limiting the scope of coverage for Article 4 Directions it is difficult to pin point specific buildings within the town centre that could come forward for residential use under PDR. Otherwise, recommendations could be made to apply Article 4 Directions to entire street frontages. However, unless the Council is aware of a specific building or buildings in the town centre that could come forward for PDR then at this time we do not recommend any applications for Article 4 Directions in Bexhill.

9.44. For Rye, the need for an Article 4 Direction may be more relevant due to a number of commercial units on popular commercial streets that have recently been converted to residential use. We are also aware from anecdotal evidence that there is strong demand for short term holiday lettings in Rye Town Centre, which may encourage PDR residential conversions. We are not aware of PDR conversions taking place on High Street and other key shopping streets, which are expected to maintain strong demand for space from retailers and other commercial operators. However, there may be a case to prevent PDR in some of the town's secondary streets, which support off pitch and affordable commercial space. Lion Street is potentially susceptible to PDR conversions and Article 4 Directions on existing commercial properties that are not Listed Buildings could prevent the further loss of commercial uses in this secondary shopping street. The Council may wish to explore whether there are non-Listed Buildings in such locations that may justify the application of Article 4 Directions.

9.45. It is not considered necessary to apply Article 4 Directions in Battle Town Centre given that the entirety of the town centre is located in an Area of Outstanding Natural Beauty (AONB) and as a result PDRs are automatically removed.

9.46. Evidence to support these high level recommendations are based on the following considerations:

- Role and function of the town centres: the area of coverage recommended for the Article 4 Direction is influenced by the size and role of District's towns and position of the centre in the District's hierarchy.
- Location of key retailers and shopping areas: whilst town centres should have less reliance on retail, it is still important to ensure that there is a critical mass of retailers to support the shopping role of the towns and protect jobs in the retail sector. This is particularly the case for Bexhill and Rye. The same principal described above retail applies to non-retail uses within Class E.
- Shop vacancies: areas recommended for inclusion within an Article 4 Direction have low or no evidence of shop vacancies, as evidenced from the health check assessments. A lack of vacancies in an area or frontage is an indicator of demand for commercial use and should be protected to maintain the commercial function of the frontage.
- Evidence of consumer demand for commercial uses: market research evidence indicates a desire to maintain and/or support Class E uses, particularly retail uses. The responses to the household found that respondents wanted to see improvements to retail and leisure offer in all three town centres, which can only be achieved by maintaining enough commercial accommodation to support existing and new business and support the commercial function of the town centres.
- Evidence of market demand for Class E uses: there is evidence of market demand in each of the District's three town centres through identified operator requirement and the opening of new town centre businesses despite the impact of the pandemic. Ensuring space for new operators is essential and the loss of commercial space as a result of PDR could impact on the ability to accommodate new businesses and the expansion of existing businesses. This is particularly the case for Rye where PDR conversions have taken place in buildings that have been successfully trading in commercial use.

9.47. The recommendations on Article 4 Directions set out in this study for the three town centres should be considered alongside other evidence to inform and support an application for Directions. Other evidence that the Council may wish to assess include:

- Contribution of Class E uses to town centre economy: assess the Gross Added Value (GVA), employment, and other economic contributions generated by Class E in the District's town centres and how they compare to economic contribution of PDR conversions. Consideration should be given to whether the loss of economic contributions will undermine employment potential versus any economic net gain from residential conversions.
- Changes in footfall: areas where footfall levels are being maintained provide an indication on commercial performance. Areas where footfall has declined could be assessed further to identify if PDR has influenced change.
- Class E versus residential land values: further assessment is needed on the difference between the value of offices, retail and light industrial properties relative to residential use. Town centre locations where residential values could be higher than Class E is likely to apply to Rye given the popularity of the town centre as a visitor destination and place to live, and also in Battle where commercial values are lowest.
- Housing supply: consideration is needed on whether existing housing supply can be met on allocated sites or whether there is a need to meet supply through PDR in town centre locations. If current or intended Local Plan allocations meet targets this should help support the case for Article 4 Directions.

9.48. Ultimately, maintaining accommodation for Class E businesses within key commercial areas of the District's town centres is needed to protect their vitality and viability, and to aid the recovery from the economic and social impacts of COVID-19 and now the challenges arising from the cost of living crisis and economic recession. Equally, PDR can help to support the provision of new homes, but should not come at the cost of the loss of viable commercial units.

9.49. It should be noted that the Government's position on PDR and Article 4 Directions could change in the near future, which is likely to be dependent on what comes forward in future planning reforms. Therefore, the recommendations set out above may need to be reviewed to take account of future Government plans for further planning reforms.

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