

RUNNYMEDE BOROUGH RETAIL & TOWN CENTRE USES STUDY: VOLUME A

for:

Runnymede Borough Council

**FINAL
REPORT**

October 2022

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VOLUME A: CONTENTS

SECTION:	PAGE:
1 INTRODUCTION & SCOPE OF STUDY	1
2 PLANNING POLICY CONTEXT	3
3 RETAIL & TOWN CENTRE TRENDS	11
4 TOWN CENTRE HEALTHCHECKS & LOCAL CENTRE AUDITS SUMMARY	21
5 STUDY AREA & MARKET SHARE ANALYSIS	29
6 RETAIL CAPACITY ASSESSMENT	36
7 COMMERCIAL LEISURE NEEDS ASSESSMENT	44
8 MARKET DEMAND ASSESSMENT AND ACCOMMODATING GROWTH	65
9 TOWN CENTRE POLICY & STRATEGY RECOMMENDATIONS	71

VOLUME B: ASSESSMENT: APPENDICES

APPENDIX

B1: DEFINED STUDY AREA & ZONES
B2 MARKET SHARE ANALYSIS : CONVENIENCE GOODS (incl SFT)
B3 MARKET SHARE ANALYSIS: COMPARISON GOODS (incl SFT)
B4 POPULATION PROJECTIONS & EXPENDITURE GROWTH
B5 CONVENIENCE GOODS TURNOVER FORECASTS
B6 COMPARISON GOODS TURNOVER FORECASTS
B7 TURNOVER OF COMMITTED RETAIL & LEISURE FLOORSPACE
B8 RETAIL CAPACITY FORECASTS
B9 LEISURE NEEDS ASSESSMENT – EXPENDITURE GROWTH

VOLUME C: TOWN CENTRE HEALTH CHECKS & LOCAL CENTRE AUDITS

VOLUME D: MARKET RESEARCH DATA

APPENDIX

D1 IN-CENTRE SURVEY RESULTS
D2 HOUSEHOLD TELEPHONE INTERVIEW SURVEY RESULTS

1 INTRODUCTION & SCOPE OF STUDY

- 1.1 Runnymede Borough Council (hereafter referred to as ‘the Council’) commissioned Lambert Smith Hampton (‘LSH’) in November 2021 to prepare the 2022 Retail & Main Town Centre Uses Study (‘the study’). It has been commissioned to provide the robust evidence needed by the Council to inform the preparation of its new Local Plan and other development plan documents pertaining to retail, leisure and other town centre uses. It 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.
- 1.2 This study was prepared in the midst of the coronavirus (COVID-19) pandemic, but at a time when the economy was beginning to bounce back from the impact of the Government’s containment response, which resulted in the ‘lockdown’ of social activity and the closure of non-essential town centre businesses during the course of 2020 and first six months of 2021. Over this period, the pandemic had an unprecedented impact on the way the nation lived, shopped, worked and carried out a range of activities at the time. The full impacts on the UK’s economy, business/investor confidence, commercial property and our town centres will not be realised until after the pandemic has passed and the country returns to more “normal conditions”.
- 1.3 Notwithstanding the caveat with regard to the impact of COVID-19, this study does provide the robust evidence base and key findings to help inform and guide both plan-making and decision-taking across the Borough and its main centres up to the new Local Plan period of 2040. Whilst the study will assess outputs up to 2042, any findings should be treated with caution on the basis that forecasts become less reliable beyond a 10-year period.
- 1.4 The study assesses the quantitative need for town centre uses for the Borough as a whole, but also for the Borough’s three town centres (Addlestone, Chertsey, and Egham) and for the Local Centres of Englefield Green; Ottershaw; Virginia Water; New Haw/ Woodham.
- 1.5 In summary the main objectives of this study as set out in the Council’s brief are to:
- Identify and assess the existing supply and future needs (in quantitative terms) for new retail and commercial leisure floorspace in Runnymede Borough.
 - Identify the capacity of the Borough’s main centres to accommodate this demand and the potential sites that could accommodate identified need.
 - Advice on planning policies to manage and support identified need for main town centre uses.
- 1.6 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;

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.

- **Volume C** sets out the findings of the 2022 town centre health check assessments of Addlestone, Chertsey, and Egham; findings of the in-centre surveys for the three towns (see Volume D); and town centre use audits of the Borough’s four Local Centres;
- **Volume D** provides the results of the three market research exercises conducted by NEMS Market Research (NEMS) for this study, which include:
 - 1) face-to-face in-centre street interviews conducted in Addlestone, Chertsey, and Egham in December 2021 and January 2022²;
 - 2) 1,000 household telephone interviews conducted by NEMS across the defined Study Area in January 2022³.

1.7 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 Borough’s main town centres over the short, medium and long term to help ensure their future vitality and viability.

1.8 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.
- Guidance on appropriate policy to manage hot food takeaway uses in the Borough’s centres and in close proximity to schools.

1.9 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 recent impacts of the COVID-19 pandemic. 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 reviewed⁴. 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.

² 100 face-to-face interviews were conducted between 15th and 21st December 2021 in Chertsey, with 100 interviews conducted each in Addlestone and Egham between 19th and 27th January 2022.

³ The household survey was conducted between 11th and 27th January 2022.

⁴ 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 plan⁵, unless material considerations indicate otherwise⁶. 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 needs⁷. 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 promote a sustainable pattern of development that seeks to: meet the development needs of their area; align growth and infrastructure; improve the environment; mitigate climate change (including by making effective use of land in urban areas) and adapt to its effects" (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.

⁵ This includes local and neighbourhood plans that have been brought into force and any spatial development strategies produced by combined authorities or elected Mayors.

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

⁷ Resolution 42/187 of the United Nations General Assembly

- 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 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 2020⁸ (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"⁹. 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 tests¹⁰. 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*"¹¹.

Reform of Use Classes Order & Permitted Development Rights

- 2.11 The Government has issued a series of reforms to the planning system at the time of preparing this study. The reforms principally relate to Permitted Development Rights (PDR) and the Use Classes Order (UCO)¹², alongside the Government's White Paper "*Planning for the Future*" (published in August 2020) and the 2021 *Planning Reform Bill*.

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

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

10 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.

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

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

- 2.12 The new UCO came into effect from 1st September 2020 and is relevant to the preparation of this study and the Council's plan-making and decision-taking on new retail, leisure and town centre uses. The new UCO amended and revoked a number of use classes under the 1987 Order, and has replaced them with much broader use classes. In summary, the main reforms introduced by the new UCO include:
- a new **Class E (commercial, business and service uses)**: which subsumes the former Use Classes A1 (shops), A2 (financial and professional services) and A3 (restaurants and cafés). It also incorporates: the former Class B1 (commercial, business and service uses), comprising office, research and development and light industry; Class D1 (non-residential institutions) in part, comprising medical or health services, clinics, crèches, day nurseries and day centres; and Class D2 (assembly and leisure) in part, comprising gyms or areas for indoor recreation.
 - a new **Class F1 (learning and non-residential institutions)**: which includes some of the former uses under Class D1 (non-residential institutions), including museums, public libraries, art galleries, schools, and places of worship.
 - a new **Class F2 (local community uses)**: which comprises (former Class A1) shops defined as being “...not more than 280 sqm mostly selling essential goods, including food, and at least 1km from another similar shop”. This Use Class also includes former Class D2 (assembly and leisure), such as meeting places/halls, indoor/outdoor swimming baths, skating rinks, and outdoor sport and recreation.
 - an extension to the **Sui Generis** uses (which fall outside the specified use classes) to include the former Use Classes A4 (pubs and drinking establishments) and A5 (hot food takeaways). It also incorporates some uses previously classified under D2 (assembly and leisure), including cinemas, concert halls, live music venues, bingo and dance halls.
- 2.13 The Government also consulted on a variety of changes to PDR in December 2020, including the Class E to Class C3 (residential) PDR. This PDR replaces the two existing commercial to residential PDRs under Class O (office to residential) and Class M (conversion of shops, financial services, betting offices and pay day loan or mixed uses to residential). The Order¹³ introduced the new PDR under a new Class MA and is subject to prior approval applications. It does contain some conditions and limitations informed by the consultation responses. For example, it only applies to buildings that have been vacant for a least three continuous months, to help protect existing businesses. It does not apply to buildings with a cumulative floorspace of more than 1,500 sqm or to listed buildings, but will apply in Conservation Areas.
- 2.14 In launching the reforms the Government announced that the regulations will give “...greater freedom for buildings and land in our town centres to change use without planning permission and create new homes from the regeneration of vacant and redundant buildings”¹⁴. These changes are relevant to this study. It should be noted that reference is still made throughout the study to classifications defined by the previous 1987 UCO.

Article 4 Directions

- 2.15 Article 4 Directions are a tool used by local authorities to remove national permitted development rights, if warranted and supported by robust evidence.

¹³ Town and Country Planning (General Permitted Development etc.) (England) (Amendment) Order 2021

¹⁴ <https://www.gov.uk/government/news/pm-build-build-build>

- 2.16 The Government supports the use of Article 4 Directions in a “*highly targeted way*” to protect core high street areas whilst not restricting the ability for much needed housing to be delivered.
- 2.17 The July 2021 update to the NPPF provides more detail on Article 4 Directions in paragraph 53. Of relevance, the NPPF states that Article 4 Directions should only be used to “*avoid wholly unacceptable adverse impacts*” such as “*the loss of the essential core of a primary shopping area which would seriously undermine its vitality and viability*”, but discourages against the use of Article 4 Directions across the entirety of a town centre. The NPPF also advocates the use of Article 4 Directions to protect the local amenity or well-being of an area, particularly where there could be a potential loss of local facilities.
- 2.18 A proviso is stated in paragraph 53 that any case made for Article 4 Directions must be based on robust evidence and should apply to the smallest area possible. This means Local Planning Authorities will need to be very careful in where Article 4 Directions are used, that they are necessary and there is a strong evidence base to underpin them.

LOCAL PLAN CONTEXT

- 2.19 The following provides an overview of the more relevant local Development Plan Documents (‘DPD’) that guide both plan-making and decision-taking for new development in Runnymede Borough Council.
- 2.20 The following provides an overview of the more relevant local Development Plan Documents (‘DPD’) that guide both plan-making and decision-taking for new development in Runnymede Borough Council.
- 2.21 The Development Plan for Runnymede Borough Council comprises the Runnymede 2030 Local Plan , which was adopted July 2020. The Plan is currently under review, this commenced in January 2021, and the evidence base is being updated.
- 2.22 The Local Plan sets out key planning policies which determine the location, scale and timing of new development within the Borough, up to 2030. It also includes the spatial development strategy and allocations for housing, employment and retail development. The relevant policies are set out below.

Runnymede 2030 Local Plan (2020)

- 2.23 The spatial vision refers directly to the town centres of Runnymede stating:

“The town centres in Addlestone, Chertsey and Egham will offer an enhanced range of retail and leisure opportunities for residents, workers and visitors to the Borough having been the focus for regeneration.”
- 2.24 **Policy SD1 ‘Spatial Development Strategy’** sets out the expected growth in settlements, directed mostly towards the most sustainable, larger settlements in Runnymede and towards the garden village at Longcross Garden Village. The expected minimum growth deliveries include new additional A class floorspace, with almost 8,000 sqm expected across Addlestone, Chertsey and Egham. Approximately 4,657 homes are also expected to be delivered in these areas over the period of the Local Plan (2015-2030).
- 2.25 **Policy SD2 ‘Site Allocations’** highlights large capacity site allocations in town centres and smaller centres. The largest of these is located in Longcross Garden Village and further details of this are set out in Policy SD9. The policy states that a minimum of 1,700 net additional dwellings will be delivered, along with 79,025sqm of gross employment floorspace.

- 2.26 **Policy SL1 'Health and Wellbeing'** states that development that promotes community facilities and access to cultural experiences will be supported by the Council. New major development should encourage physical activity and promote opportunities for recreation and social interaction.
- 2.27 Runnymede offers a varied visitor experience and the visitor economy provides an essential part of the Borough's economy. The promotion and enhancement of tourist and leisure attractions, that are sustainable, is important to the Borough's prosperity.
- 2.28 **Policy IE4 (The Visitor Economy)** states that applications that increase the contributions, that tourism, arts and cultural heritage make to the quality of life, economic growth and social and cultural wellbeing will be supported following a sequential approach. The loss of such attractions will be resisted unless replacements are proposed in an equally accessible location.
- 2.29 The supporting text to **Policy IE5 (Centre Hierarchy, sequential approach and impact assessment)** highlights that the primary role of Runnymede's main town centres is to provide convenience goods shopping and a range of services, and not to act as a major comparison goods shopping destinations. Generally, comparison goods expenditure flows out of the Borough, towards Staines-upon-Thames and Woking and further afield.
- 2.30 In addition to town and local centres, there are also a range of shopping parades and individual stores of purely neighbourhood significance and not classed as centres for the purposes of policy, but are important for resident's daily needs. All centres are vulnerable to the increase from out-of-town retailing and online shopping, and the loss of existing retailers in centres could be detrimental to their vitality and viability.
- 2.31 This Policy states that town and local centres are the preferred location for the development of main town centre uses as defined by the NPPF. The policy also confirms the hierarchy of centres which are defined as:
- **Town centres:** Addlestone; Chertsey; Egham
 - **Local Centres:** Englefield Green; Ottershaw; Virginia Water; New Haw/ Woodham.
- 2.32 It continues, that applications for main town centres uses that are not proposed in the centres above will only be permitted if the proposal; satisfies the NPPF's sequential test and flexibility has been demonstrated (format and scale of development for example) and;
- 2.33 For retail proposals greater than 500sqm and other town centre use proposals greater than 2,500sqm an impact assessment has been undertaken, which shows that the proposal will not have a significant adverse impact in line with requirements set out in the NPPF
- 2.34 Edge-of-centre and out-of-centre sites, which satisfy the sequential test, should be accessible including by public transport, bicycle and foot and well-connected to the centre. This sequential approach should not be applied to applications for small scale rural offices or other small-scale rural development.
- 2.35 The three town centres identified in Policy IE5 focus mostly on convenience and service provision, and anchored by supermarkets or a superstore in the case of Addlestone. A key aim in the Council's Corporate Strategy is to bring forward renewal and enhancement of facilities in the Borough's town centres. Although, Egham and Chertsey town centres contain designated conservation areas and have a significant number of listed buildings. In Chertsey, only Sainsbury's and Aldi, Gogmore Lane and a small area near the station lie outside the conservation area.

- 2.36 **Policy IE6 (Town Centre Development)** states that within the three town centres proposals for development within the primary shopping areas, as defined on the Policies Map, will be permitted where they improve the quality and broaden the range of retail and leisure facilities, to enhance the role of the town centres as sustainable shopping and leisure destinations and strengthen their vitality and viability.
- 2.37 Other town centre uses and residential uses will not be permitted on the ground floor within Primary Shopping Frontages. Residential use may be permitted within the Secondary Primary Frontages where the use would not harm the vitality or viability of the centre. Residential use on upper floors will be encouraged.
- 2.38 The policy concludes by stating that development proposals should make a positive contribution to the townscape of the centre in which it is proposed and should accord with the criteria set out in **Policy EE1 (Townscape and Landscape Quality)**.
- 2.39 **Policies IE7-12** identify **Town Centre Allocation and Opportunity Areas** based on the Carter Jonas Town and Local Centre Study (TLCS) February 2015. These would accommodate the need for new retail and leisure floorspace. The study forecasted fairly modest capacity for additional retail floorspace, especially in Chertsey. It also forecasted a need for additional commercial leisure facilities in the Borough.
- 2.40 The forecast retail growth in the Borough's town centres up to 2030 (net sales sqm) are shown below:

	2020	2025	2030
Addlestone Town Centre			
Convenience retail	-308	-75	156
Comparison retail	-513	257	1,310
Chertsey¹⁵ Town Centre			
Convenience retail	95	180	263
Comparison retail	56	156	294
Egham Town Centre			
Convenience retail	295	556	814
Comparison retail	132	364	685

- 2.41 **Policy IE7 (Addlestone East Allocation)** is a 0.3ha site allocated for a mix of commercial uses at ground floor level and a minimum of 70 (net) residential units.
- 2.42 **Policy IE8 (Addlestone West Allocation)** is a 0.8ha site allocated for approximately 500sqm of a mix of commercial uses at ground floor level, 70 (net) residential units and an additional/replacement community/health facility.
- 2.43 **Policy IE9 (Egham Gateway East Allocation)** is a 0.3ha site allocated to deliver a re-provision of existing commercial units and the provision of a minimum of 45 (net) residential units.
- 2.44 **Policy IE10 (Egham Gateway West Allocation)** is 0.8ha site allocated for high quality mixed use development which would deliver up to 120 residential units, a range of uses, approx. 1,450sqm of net D class floorspace. The site is currently under construction and due for completion in 2022.

¹⁵ figures do not take into account the Aldi store

- 2.45 Finally, **Policy IE11 (Strodes College Lane Allocation)** is a 0.2ha site located in Egham Town Centre and is allocated for a minimum of 100 units of student accommodation and ground Class A uses. Planning permission for these was granted in February 2019.
- 2.46 The Council has identified a number of sites within the town centres as having development potential in **Policy IE12 (Town Centre Opportunity Areas)**. The policy states that the Council will work positively with landowners to bring these sites forward and to meet identified development needs. Other development opportunity areas in this Policy include the High Street North Opportunity Area (Egham) which comprises a 2.5ha site as potential redevelopment of underutilised yards serving the existing High Street units and the Egham Library Opportunity Area which is 0.24ha site considered as potential for residential development for approximately 40 flats.
- 2.47 The Sainsbury's in Chertsey has been identified as an opportunity for reconfiguration and redevelopment to create a signature new retail offer. This would help increase footfall and spending and present an opportunity to provide additional apartments in a sustainable location.
- 2.48 **Policy IE13 (Local Centres)** states that local centres provide a range of services for their local communities, serving specialist local needs or day to day needs. The scale of development that will be appropriate in local centres will be determined by reference to the scale and function of the centre in question
- 2.49 Lastly, **Policy IE14 (Shops and parades outside defined centres)** states that development proposals that enhance the community function of shops and parades located outside centres defined on the Policies Map will be supported. If there is high level vacancy rates of more than 50% for over a year, residential use may be considered.

Thorpe Neighbourhood Development Plan (2021)

- 2.50 Currently, there are four established Neighbourhood Forums in Runnymede (Thorpe, Virginia Water, Englefield Green, Ottershaw), however only Thorpe has a made neighbourhood plan in place and the remaining forums are working towards their Neighbourhood Plans.
- 2.51 The Thorpe Neighbourhood Plan includes policies on a range of matters including site allocations, supporting the development of the Tasis School, housing mix, design, heritage assets, green and blue infrastructure, local green space and community facilities. In relation to commercial activity, the Thorpe Neighbourhood Plan vision concludes by stating that "*local businesses have been able to flourish and are making a valuable contribution to the vitality of the village*" and a key objective is to support existing businesses including retail activity and to encourage new businesses.

Chertsey Masterplan (2013)¹⁶

- 2.52 The Chertsey Masterplan SWOT concludes that Chertsey faces significant challenges, such as the lack of activity and energy on Guildford Street even though there is an array of heritage assets, anchor supermarkets and an office core. There is a recognised threat of continued decline due to the Waitrose in Egham and Tesco in Addlestone, which will capture shoppers that were drawn to Chertsey in the past. It states "*A major initiative will be required to halt decline and reinvigorate a town centre that should so obviously be performing better and making more of a contribution to the Borough than it does*".

¹⁶ Prior to Aldi

2.53 The Sainsbury's supermarket has little functional links to the rest of the town and the 2015 Retail Study noted there were few linked trips and this lack of draw is reflected in the low proportion of multiple retailers in the Town Centre. With that, the principles outlined in the masterplan include creating a higher quality of arrival, pedestrian route improvements, create a town square and realise opportunity site potential for bringing greater density, footfall and activity into the town centre.

Egham Masterplan (2013)

2.54 Egham has substantial assets, but also substantial competition and a number of actions and interventions will be required to stop decline.

2.55 The town centre is principally a convenience retail and local service centre. There are a number of national multiples clustered close to the Tesco on the High Street and the Precinct. An emphasis is clearly placed on the Waitrose and the opportunity that it would bring to increasing trade and recapturing spend.

2.56 Some of the principles in the masterplan to improve the town centre also include the creation of a town square, improving pedestrian routes and renovating the railway station.

Summary

2.57 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 and 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.

2.58 There are a number of major site allocations identified, most of which are located in Addlestone and Egham town centres, and for the latter in particular, development is currently underway that will significantly increase the towncentre's residential population.

2.59 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 for the Council's new Local Plan to ensure relevant policies are based on an up to date evidence base, whilst allowing sufficient flexibility to allow town centres to adjust to market changes.

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 of the Coronavirus ('COVID-19') pandemic.

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)¹⁷. 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, to date, 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) predict 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. It is predicted that GDP growth will dip in 2022 and will be 3% below the pre pandemic trend in the long term¹⁸. This is likely to be exacerbated further due to more recent rises in energy costs, which are expected to rise again as the Russian invasion of Ukraine continues. We can therefore expect a further squeeze on household spending which will inevitably impact on consumer spending. 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 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.

¹⁷ Sourced from the Office for National Statistics (ONS)

¹⁸ Experian Retail Planner Briefing Note 19 (February 2022).

- 3.6 The latest Experian¹⁹ 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 on-going impact of the pandemic 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

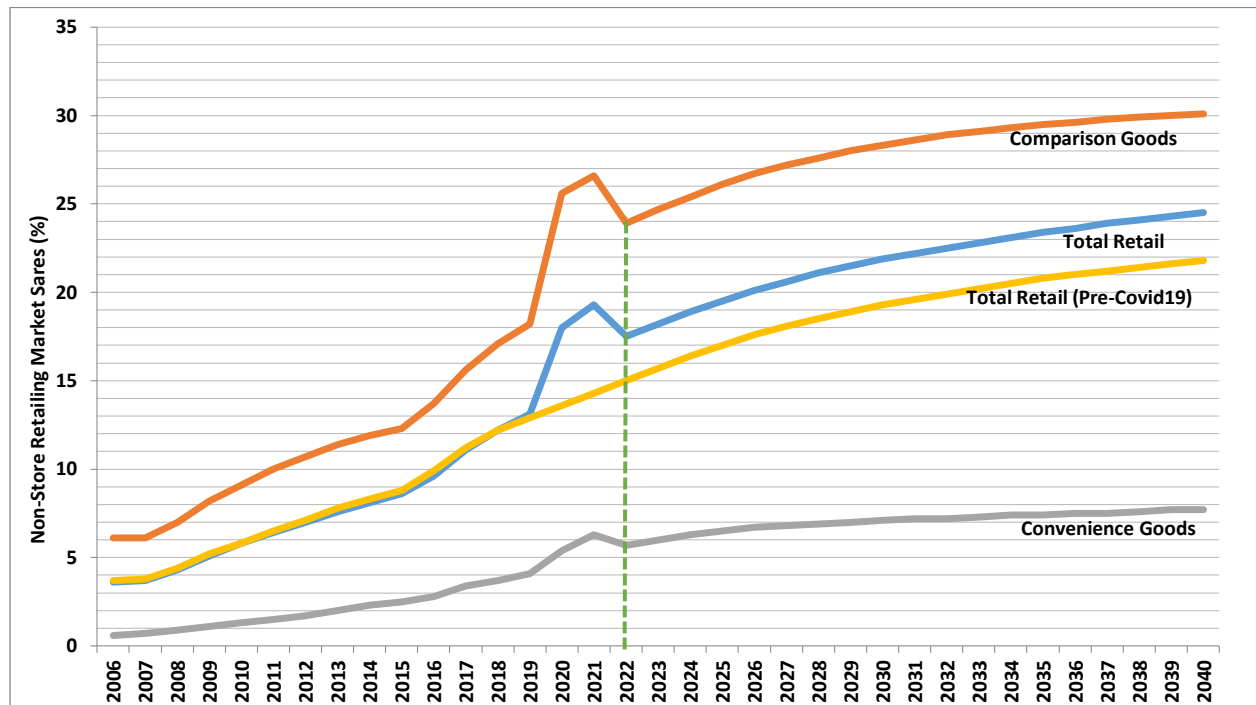
- 3.8 The growth in non-store retail sales has undoubtedly had the most significant impact on consumer spend and behaviour over the last decade, and on our High Streets and traditional shops²⁰. ONS figures show that the value of non-store retail sales (including the internet) stood at £84.2bn in 2019 (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 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;

¹⁹ 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.

²⁰ 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).

accounting for approximately 53% of total retail sales by 2028²¹. 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 *‘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

²¹ ‘The Digital Tipping Point – 2019 Retail Report’ (Retail Economics and Womble Bond Dickinson)

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). As a consequence, applications for large store formats have slowed to a virtual standstill over the last decade and extant permissions have not been implemented. Outside of the so-called top-5 grocers, the ‘deep discount’²² 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 “*winner*s” 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.

²² Also referred to as ‘Limited Assortment Discounter’ (‘LADs’) by the Competition Commission Report.

- 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.
- 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.
- 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 below 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.

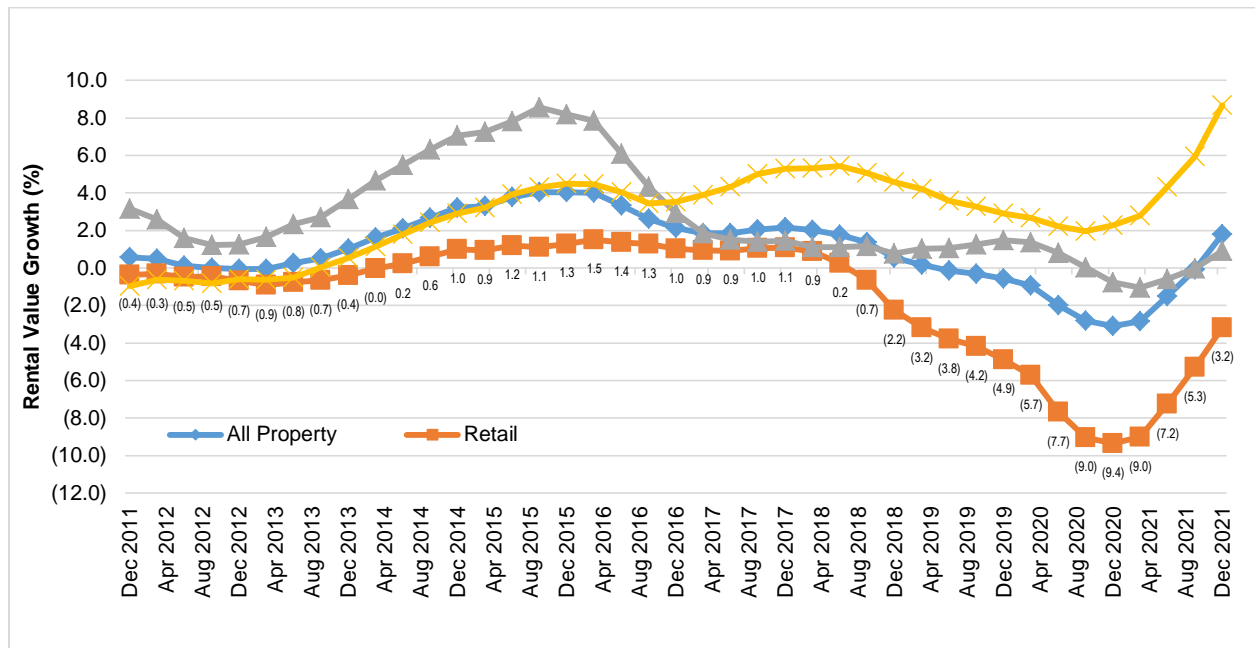
- 3.24 As Experian explain, budgetary pressures mean that retailers will have to increase efficiencies from current floorspace: including through redevelopment/repurposing of existing floorspace; adoption of new technology and innovations; more effective marketing strategies; and using internet sales 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 2019²³. As the figure below 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.

²³ LSH research using MSCI data

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



Source: MSCI

- 3.27 In simple terms many centres and shopping locations across the UK simply have too much retail floorspace stock, or they have the “*wrong type*” of retail floorspace that does not meet the needs of modern national retailers for larger format shop units. Some analysts indicate that there was as much as 30% too much physical space in the retail sector pre pandemic. This over-supply of retail floorspace and limited market demand is placing further pressures on the viability of existing stores and shopping centres. In turn, this makes it difficult for landlords, investors and retailers to justify additional capital expenditure.
- 3.28 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 landlords 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.
- 3.29 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 Revo²⁴ shows that Councils invested a record £775m purchasing shopping

²⁴ LSH and Revo research paper published in 2019 entitled: 'Fixing Our Broken Town Centres'

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

- 3.30 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.
- 3.31 Vacancy levels in out-of-centre retail warehouses and parks have also increased over the last decade following the closure of major operators (such as, for example, Toys R Us, Poundworld, Office Outlet, etc.), and a reduction in the store portfolios of other major out-of-centre retailers (such as, for example, B&Q and Homebase). There are likely to be further increases in closures, particularly in the poorly performing "first generation" and secondary shopping locations, as leases come up for renewal and more retailers go into administration. As a result a number of out-of-centre foodstore and retail warehouse sites are being repurposed and/or redeveloped for alternative uses, including logistics and residential uses.
- 3.32 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

- 3.33 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. Runnymede'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.
- 3.34 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 as a consequence is more likely to attract more significant investment and operator demand.

- 3.35 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 Runnymede’s smaller centres, with a strong mix of food and convenience uses, along with essential services and other town centre uses.
- 3.36 These trends are evident in the results of the Harper Dennis Hobbs (HDH) 2021 Vitality Ranking which found that smaller 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 (#2), Tenterden (#3), Sevenoaks (#4), and Cobham (#5). According to HDH, the presence of smaller 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. Runnymede’s three towns do not feature in the HDH rankings.
- 3.37 While Egham and the Borough’s smaller local centres are better positioned to respond to the impacts of the pandemic and long term retail and market trends, it is the Borough’s mid-range centres that potentially have a more uncertain future and role. This is particularly the case for Addlestone and Chertsey where there has been a reduction in retail offer and demand due to the competition from larger centres, out of centre retail, and online sales. They will therefore have to find alternative non-retail uses to fill the voids and help maintain their competitive positions.
- 3.38 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, but 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

- 3.39 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.
- 3.40 Today, many of our traditional towns and shopping centres simply have too much retail space. The critical challenge for Runnymede 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 Borough’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.

- 3.41 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 Runnymede’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 CHECKS & COMPETITION PROFILE

4.1 This section summarises the findings of the town centre health check assessments for Addlestone, Egham and Chertsey²⁵. In addition, this section also summarises audits carried out on the diversity of uses of the Borough’s five Local Centres (Englefield Green; Ottershaw; Virginia Water; Woodham and New Haw). The detailed health checks and audits are set out in Volume C.

TOWN CENTRE HEALTH CHECKS - SUMMARY

- 4.2 As described in Volume C (Section 2), the health checks were based on the *Key Performance Indicators* (KPIs) set out in the PPG²⁶. 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.
- 4.3 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 Borough’s centres.
- 4.4 By way of overview the table below shows the scale of the retail, leisure and service provision in the Borough’s designated town centres based on surveys of commercial outlets and floorspace for each centre identified by Experian Goad²⁷. Audit data was not available at local centre level.
- 4.5 Based on total commercial floorspace²⁸, Egham (27,609 sqm) is the largest of the Borough’s three town centres, with Addlestone (21,950 sqm) being the second largest, followed by Chertsey (21,440 sqm).

Table 4.1: Runnymede Borough – Total Commercial Outlets and Floorspace (2020/2021)

	Commercial Outlets		Commercial Floorspace		Average Unit Size
	No.	% Total	Gross Sqm	% Total	Gross Sqm
Addlestone	114	31%	21,950	31%	193
Chertsey	117	31%	21,440	30%	183
Egham	142	38%	27,609	39%	194
Total	373		70,999		

Source: Experian Goad

4.6 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 and a summary of the audits for the Borough’s five Local Centres. The findings help to identify the relative performance of the main centres in the Borough’s network and hierarchy of centres, and any significant “gaps” in provision.

²⁶ Paragraph 006. Reference ID: 2b-006-20190722

²⁷ Based on surveys undertaken in Addlestone, Chertsey and Egham on 21st December 2021.

²⁸ Commercial includes retail, leisure, service and related vacant units

ADDLESTONE TOWN CENTRE

4.7 The table below summarises Addlestone's SWOTs based on the key health check indicators:

Strengths

Addlestone is the second largest town in the borough in terms of quantum of commercial floorspace and is also the administrative centre for the Council.

The Tesco Extra is a key anchor and located right in the middle of the town centre making it very accessible.

The large-scale regeneration scheme 'Addlestone One' contributes to an attractive and clean built environment that has helped to attract new anchor uses and brands to the town, including Waitrose, The Light Cinema, and Nandos.

The town is well connected with a railway station within the heart of the town centre and provides connections to London. The town is also well served by road access and is close to the M25.

The presence of Tesco Extra will draw many shoppers to the town centre and the household survey has found that the store's catchment reach extends across the Borough.

Addlestone has the lowest vacancy rate (under 8%) of the three town centres.

The town centre is walkable and is largely accommodating in terms of accessibility and mobility, with wide paving on parts of Station Road providing a safe and open pedestrian environment.

There is demand from the foodstore market with Lidl actively seeking a site in the town centre.

The town centre is new and therefore not as constrained in planning terms compared to the Borough's other two town centres (i.e. not located in a Conservation Area).

Investor interest in the town centre will be boosted by the development of the Addlestone East scheme.

Weaknesses

The town does not have much heritage or historical links and lacks the character and atmosphere found in the Borough's other two towns.

The town is overly saturated with Hairdressing, Health and Beauty services, which account for a significant proportion of total service uses.

A lot of the same category of comparison outlets (Electrical Goods & Home Entertainment).

The town centre is also over-represented by fast food outlets, which account for the majority of food and beverage outlets and are concentrated in one area of Station Road. This can lead to dead frontage during daytime hours and attract anti-social behaviour in the evening time.

The surveys found that there is currently a lack of dwell time in the town centre with most visitors visiting the town centre for an hour or less.

The town centre's built environment deteriorates in condition and quality the further east, which means that visitors entering the town centre from the station do not have a strong 'sense of arrival'.

The comparison retail offering will likely never be as strong as the surrounding towns/cities and there has been a steady decrease in comparison retail outlets since 2017.

Whilst Tesco Extra is major generator of shoppers to the town centre, its one-stop-shop nature is unlikely to encourage linked trips with other town centre businesses.

Addlestone One appears to have several vacancies in both commercial and residential units, which raises questions on the viability of new commercial uses in the town centre.

The town lacks a good mix of convenience retail, including traditional convenience retailers, which is likely attributed to Tesco Extra dominating local convenience goods expenditure. The town would benefit from another supermarket, specifically a limited assortment discounter that would provide greater choice and affordability for residents.

Opportunities

There may be opportunities to diversify the commercial offer of Addlestone One to encourage greater uptake in vacant commercial units. This could include supporting leisure uses within vacant units or pop up businesses to help generate more footfall during the daytime, which in turn will create the prospects of securing longer-term tenants.

The wide paving along Station Road means that cafes and restaurants could provide more outside dining / café culture, this would contribute to active frontages and add to the vibrancy of the high street.

Investment in public realm and building frontages will create a more attractive environment. This will require buy-in from freeholders and leaseholders to invest and maintain their property.

Creating more greenspace in the heart of the town centre will encourage more people to visit the town centre and promote linked trips to commercial facilities.. This could come in the form of traditional soft landscaping or more innovative urban solutions such as pop up trees and 'parklets'. A more radical approach would be to create a green space or public open space from developed land, which could also be used for public events, such as a street market and seasonal events.

Market research found demand from respondents to the household and visitor survey for better retail offer in the town centre. Whilst opportunities to improve retail offer will be limited for Addlestone, there could be opportunities to promote independent retail, which is more likely to thrive, but subject to affordable rents and rates.

The household and visitor surveys also showed strong support for the introduction of a regular street market in the town centre, with 82% of visitor survey respondents stating that a new street market (e.g. food market, farmers' market, etc) would encourage more visits to the town centre.

Office to residential PDR conversions could result in an increase in the town's resident population and in turn the availability of retail and leisure expenditure. There is an opportunity for existing and new town centre businesses to attract this expenditure, but it will be dependent on meeting the needs and aspirations of new residents.

Threats

The town is competing with larger towns including those in the Borough, such as Egham, and in particular concerning comparison retail which is mainly limited to provision available in Tesco. This would draw people out of the town to look for better retail offering and potentially have a knock on effect for other retailing classes.

Market research found that town centre users and catchment residents are not satisfied with current retail provision and will continue to shop elsewhere for these goods. However, this also presents an opportunity to improve retail offer (see 'Opportunities').

Online shopping presents the biggest threat to the town centre and represents stronger competition than competing centres outside of the Borough for non-food goods in particular. At the same time, Addlestone will also be competing for retail and leisure custom with other centres, including Egham.

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.

PDR office to residential conversions are a threat to town centre day time trade, such as the recent conversion of Aviator Park to residential. Whilst new residential communities will bring expenditure this is unlikely to replace day time weekday trade that benefitted from office worker expenditure. As such.

CHERTSEY TOWN CENTRE

4.8 The table below summarises the key SWOTs for Chertsey based on the health check indicators:

Strengths

Strong foodstore offer that includes Sainsbury's and Aldi. The opening of Aldi in 2017 has helped to boost convenience goods expenditure in the town centre, particularly from residents living beyond the town's surrounding catchment.

There is further demand from the foodstore market with Lidl actively seeking a site in the town centre.

Historic connections and architecture adds character to the town's environment and sets it apart from other towns in the Borough. The town's environment is highlighted by town centre visitors as the feature they liked most about the centre.

Opening of new independent retailers on Guildford Street may encourage other independents to open in the town centre.

The presence of office workers helps to support daytime trade, but this sector is vulnerable (see 'Weaknesses').

Chertsey has a good supply of car parking and within easy walking distance of shopping streets.

The Chertsey Museum is a particularly popular leisure attraction with residents in the Borough.

The Goose Fair is a popular annual event that attracts many visitors to the centre and highlights the popularity of outdoor community events (see 'Opportunities').

Weaknesses

The elongated nature of the town centre, particularly the length of Guildford Street has led to areas of inactivity. The consequence of which is that the town centre is fragmented with and has created a divide between commercial activity to northern end of the town centre (London Road and the northern end of Guildford Street) and the southern end of the town centre.

The town's retail function has diminished over the years, which is in line with national trends.

However, this has led to many vacant shops on Guildford Street. This has limited the town's role to that of a food retail and service centre.

The absence of a regular street market is notable, particularly given the growing popularity of markets; demand for which has been influenced by the pandemic where shoppers have sought out environments that are perceived to be more COVID safe (see 'Opportunities').

Historic buildings in commercial use will limit their potential for modernisation to suit the requirements of many commercial tenants. This will in turn limit the potential to attract commercial brands.

The vacancy rate improved between 2017 and 2019, but since then the vacancy rate has been on the rise. However, it is noted vacant units in Chertsey are less likely to be vacant in the long term based on recordings of vacancies over the past five years .

The town's daytime economy is supported to an extent by trade from office workers as evident from in-centre survey, footfall counts, and presence of offices . However, many offices surrounding the town centre have been converted to residential use or are earmarked for conversion, which will impact on daytime trade for retail and service operators. However, this also presents an opportunity to attract new residential expenditure (see 'Opportunities').

Opportunities

Build on independent offer, which is popular with town centre users and residents. This will help to differentiate the town from Addlestone and Egham, and competitors beyond the Borough.

Potential to make more parts of the town centre more pedestrian friendly and encourage café culture and events. This could apply along parts of Guildford Street by removing parking spaces to allow outdoor seating for cafes and restaurants, and create a safer pedestrian environment in general.

Investment in public realm and building frontages will create a more attractive environment. This

particularly applies to building frontages along Guildford Street and High Street where ad hoc alterations and poor maintenance have had an impact on the streetscape. This will require buy-in from freeholders and leaseholders to invest and maintain their property.

Work with asset owners to create more favourable lease structures and rents to support independents and to diversify away from retail offer, particularly along Guildford Street where vacancies are more prevalent.

Potential to bring back into use or repurpose the Kings Head public house on Guildford Street. The building could be repurposed as a multi-use venue that supports daytime and evening time trade.

Creating more greenspace in the heart of the town centre will encourage more people to visit the town centre and promote linked trips to commercial facilities. The library site presents a good opportunity to create an urban green space that would link the two ends of the town centre.

Market research (including the findings of the household survey and visitor survey) show very strong support for a regular street market, particularly one that supports a broad range of stallholders and aimed at food produce.

Office to residential PDR conversions will result in an increase in the town's resident population and in turn the availability of retail and leisure expenditure. There is an opportunity for existing and new town centre businesses to attract this expenditure, but it will be dependent on meeting the needs and aspirations of new residents.

Threats

The town will always compete with Addlestone for convenience goods market share where Tesco Extra is drawing custom from Chertsey's shopping catchment and centres beyond the Borough for non-food shopping purchases (e.g. Staines-upon-Thames).

Whilst the town benefits from two foodstores, these stores are relatively small and as highlighted above, many catchment residents are travelling to Addlestone to carry out food shopping where they have access to a larger foodstore.

Market research found that town centre users and catchment residents are not satisfied with current retail provision and will continue to shop elsewhere for these goods. However, this also presents an opportunity to improve retail offer (see 'Opportunities').

Online shopping presents the biggest threat to the town centres and represents stronger competition than competing centres outside of the Borough for non-food goods in particular.

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 impact on the investment potential of the town centre, particularly the ability to attract better quality commercial operators.

The potential impact of new Permitted Development Rights (PDR) allowing changes from use Class E (including shops and offices) to residential (Class C3) outside of planning controls. The loss of office space could be a weakness, particularly where conversions have resulted in viable office space being repurposed for higher value residential use.

EGHAM TOWN CENTRE

4.9 The table below summarises Egham's SWOTs based on the key health check indicators:

Strengths

Egham has a strong convenience core, which includes a variety of offers, from Tesco, Waitrose (which is considered a premium offering) and Iceland.

Universities and colleges in and close to the town centre support a strong student population, which adds to the town's vibrancy. Crucially, the student population will generate trade for town centre businesses, especially during lunch time hours and the evening economy.

A rich history with the sealing of the Magna Carta being one of the key heritage links, but also the mix and range of architecture from different time periods add to the character of the town centre.

The recent Magna Square regeneration scheme will bring additional students, residential units and commercial outlets.

A steady retail market with strong prime rents and vacant retail units being re-occupied quickly. In addition, secondary positions are obtaining rents around £56 per sq ft, still much higher than Chertsey's primary locations, showing investor interest in the area. Lettings are gaining multiple offers throughout the town centre, which demonstrates healthy competition.

Several large firms are located in and around Egham such as Belron International, Enterprise Holdings Ltd etc. Employees are likely to support daytime trade for businesses in the town centre.

Two-thirds of retailing representation is independent businesses and the town is anchored by well-established multiples.

The town is old and, although dated in parts, is in relatively good condition.

Well connected in terms of rail links, the station located very close to the town centre and the M25 is located very close to the town centre.

The high street has a spacious pedestrian environment and is generally good for mobility. The speed restrictions and the pedestrian zone contribute to this environment.

There is further demand from the foodstore market with Lidl and Aldi actively seeking a site in the town centre.

Egham has a good supply of car parking and within easy walking distance of shopping streets.

Weaknesses

The comparison retail offering will likely never be as strong as the surrounding towns/cities and there has been a steady decrease in comparison retail outlets since 2017.

Parts of the town centre look outdated and are in need of redevelopment

The town is overly saturated with 'Hairdressing, Health and Beauty' services.

The surveys found that there is currently a lack of dwell time in the town centre with most visitors wanting to stay only for an hour or less.

No retail representation in discount and surplus stores, florists and garden, sports and toys.

As for Chertsey, Egham does not support a regular street market. Feedback from the visitor survey indicated strong support for a regular street market, which should be easily accommodated within the town's pedestrian area. This could come in the form of a monthly food market or farmers' market that could increase in frequency to a weekly market if there is sufficient customer demand.

Commercial units in the town centre are mostly made up of unmodernised units and units converted within historic buildings. This is likely to limit the scope for attracting high street multiples.

Opportunities

The high street could be more of a shared surface environment, as it would be well suited for this due to the pedestrian zone already limiting the amount of car use. Shared surfaces give priority to

pedestrians and acts as an effective traffic calming measure.

The steps on the high street currently lead to mostly vacant retail units which lends itself to opportunity of repurposing them for residential.

The area around the Magna Carta Monument is well suited for a square.

A lot of the town centre looks out dated and could be redeveloped to freshen up the town centre, adding colour, lighting, greenery etc.

Given the town's strong student population there are likely to be opportunities to support emerging retail and leisure formats that particularly appeal to students and young people. This could include pop-up retail and leisure, maker markets and indoor food halls, and active leisure uses.

The Magna Square development will add a lot to the town centre and could draw in more visitors if what is offered is different / unique.

The cafes and restaurants could provide more outside dining / café culture, this would contribute to active frontages and add to the vibrancy of the high street.

Investment in public realm and building frontages will create a more attractive environment. This will require buy-in from freeholders and leaseholders to invest and maintain their property.

Creating more greenspace in the heart of the town centre will encourage more people to visit the town centre and promote linked trips to commercial facilities. The area around the monuments on High Street presents a good opportunity to create an urban green space, which could come in the form of parklets This form of urban greening is suited to town centres where there is not scope to create permanent green spaces.

The opening of a cinema in town centre as part of the Egham Gateway West scheme will help to boost the town's evening time economy and the town's leisure offer.

Market research shows very strong support for a regular street market albeit from current town centre users.

Threats

The town is competing with other, larger, town centres which offer more than Egham, in particular with regards to comparison retail. This would draw people out of the town to look for better retail offerings and potentially have a knock on effect for other retailing classes.

Despite Egham having a greater choice of retail offer compared to Addlestone and Egham, the market research findings found that Egham's town centre users and catchment residents are not satisfied with current retail provision in the town centre. Given Egham's proximity to higher order centres such as Staines there is a threat that without investment in the town centre's retail offer that further expenditure will be lost to competing locations.

Online shopping presents the biggest threat to the town centres and represents stronger competition than competing centres outside of the Borough for non-food goods in particular.

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 impact on the investment potential of the town centre, particularly the ability to attract better quality commercial operators.

The potential impact of new Permitted Development Rights (PDR) allowing changes from use Class E (including shops and offices) to residential (Class C3) outside of planning controls. The loss of office space could be a weakness, particularly where conversions have resulted in viable office space being repurposed for higher value residential use. It is recognised that new residential communities bring opportunities for new spend within the town centre. However, to achieve this town centre offer needs to meet this new demand, otherwise expenditure will be lost to competing locations.

- 4.10 In summary, based on the assessment of Key Performance Indicators, the Borough's three town centres are performing reasonably well given the challenges faced by these town centres from successive

lockdown measures associated with the COVID pandemic. All three centres have experienced trends that are occurring nationally, such as a reduction in retail offer, particularly comparison retail, and an increase in service uses. Leisure offer appears to be recovering faster from the pandemic with the number of outlets increasing in the past year. There is evidence in many of the centres where new businesses have opened during the pandemic, but are still well below pre-pandemic rates. Chertsey is performing less well than the Borough's other two towns and should be the focus of new investment and economic recovery. Demand from supermarket brands is strong in the town centre, but the key challenge is identifying a suitable site to accommodate retailer requirements. Similarly, improving foodstore offer in Addlestone could help draw more customers to the centre and broaden its retail offer, particularly as there is interest from foodstore market. Egham is the strongest performing town and will continue to be as new investment comes forward in the form of Egham Gateway East and West.

LOCAL CENTRES

- 4.11 An audit was carried out on the Borough's four Local Centres of Englefield Green; Ottershaw; Virginia Water; New Haw/ Woodham. The centres range in size, but all primarily serve a convenience and service use function for their immediate resident catchments.
- 4.12 The Borough's Local Centres, along with the Runnymede's smaller neighbourhood centres/ parades complete the Borough's network and hierarchy of centres.
- 4.13 The market share analysis in Section 5 of this report shows that the centres attract very limited expenditure from residents in the Borough, which reflects the nature of these centres which is to predominately serve the day-to-day needs of their immediate local catchments. For most of the centres, commercial uses are limited to convenience retail offer, some service offer and basic food and beverage offer (e.g. fast food/ takeaways and cafes).
- 4.14 The only stand out centre is New Haw which based on market share data is particularly popular as a foodshopping location for residents in the surrounding catchment, but also neighbouring communities. The centre is also well served by home improvements related retailers which is likely to attract a niche customer catchment, which will benefit the wider centre through linked trips.

SUMMARY

- 4.15 The health check and competition profile shows that Runnymede's centres were performing relatively well before the pandemic. Notwithstanding this, they were already facing 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 higher order regional centres such as Weybridge, Woking and Staines-upon-Thames, which aside from online shopping, are the Borough's main competitors for comparison goods purchases and for many leisure activities. Further investment in these centres could draw further expenditure from the Borough's retailers and increase pressure on the vitality and viability of the Borough's three town centres.
- 4.16 Finally, given the impacts of the pandemic on the retail and leisure sectors, and the likely implications for the Borough's town centres, 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 & 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 used to define the 2015 Study has been adopted. This will allow for comparison with the 2015 Study in respect to retail and leisure market shares and capacity findings.
- 5.3 The Study Area has been sub-divided into ten zones (see plan in Appendix B1; Volume B) which are based on postal sector geographies. The Study Area principally covers the administrative boundary for Runnymede but also covers parts of neighbouring local authorities²⁹. The table below sets out the study zones and the aggregated postal sector boundaries for each zone. The study zones have been aggregated to help to identify variations in shopping and leisure patterns, and broadly correlate to a likely catchment for the Borough's town centres.
- 5.4 NEMS Market Research (NEMS) was commissioned to carry out some 1,008 household telephone interviews between 11th and 27th January 2022. The methodology and full 'weighted' survey results are set out in Volume D³⁰.

Table 5.1: Study Area, Zones, and Primary Catchment Area

Zone	Study Area	Postal Sectors
1	Addlestone	KT15 1-2
2	Chertsey	KT16 8-9
3	Egham	TW18 3, TW20 0, TW20 8-9
4	Virginia Water / Wentworth	GU25 4
5	Longcross/ Lyne	KT16 0
6	Woodham / New Haw	KT15 3
7	Staines-upon-Thames / Shepperton	TW17 0, TW17 8-9, TW18 1-2, TW18 3-4
8	Weybridge	KT13 0, KT13 8-9, KT14 6-7
9	Chobham	GU21 4-5
10	Ascot / Sunningdale	GU24 8

'Primary Catchment Area' Zones

- 5.5 A Primary Catchment Area (PCA) has been defined for Runnymede Borough, which is based on zones that the Borough's retailers reasonably draw trade from. They include Zones 1 to 6.
- 5.6 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

²⁹ Spelthorne, Surrey Heath, Windsor and Maidenhead, Woking, and Elmbridge.

³⁰ 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. .

purchases, market shares and expenditure flows, and leisure preference both within and outside the defined study area.

MARKET SHARE ANALYSIS

- 5.7 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 shopping³¹.
- 5.8 Table 5.2 sets out the convenience and comparison goods market shares levels achieved by centres and stores in the Study Area and PCA.

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

	CONVENIENCE		COMPARISON	
	Primary Catchment	Study Area	Primary Catchment	Study Area
Addlestone	20.3%	9.4%	7.8%	3.7%
Chertsey	16.9%	8.9%	2.5%	1.1%
Egham	17.6%	8.5%	4.2%	1.9%
Englefield Green	0.7%	0.3%	0.5%	0.2%
New Haw / Woodham	3.4%	1.9%	1.3%	0.7%
Ottershaw	1.1%	0.5%	0.6%	0.2%
Virginia Water	1.7%	0.8%	1.0%	0.4%
Smaller centres	3.2%	1.4%	0.3%	0.1%
Out of centre	11.2%	8.1%	3.6%	2.6%
Total Borough - Retention Level	76.1%	39.6%	21.8%	11.0%
All Centres/ Stores Outside Borough	15.9%	52.4%	41.2%	53.0%
Internet/ Special Forms of Trading	8.0%	8.0%	37.1%	36.1%
Total Leakage Level	23.9%	60.4%	78.2%	89.0%
Total Market Share	100.0%	100.0%	100.0%	100.0%

Source: Household Survey (January 2022). See Volume B (Appendix B2 and B3).

Note: Figures may not add up to 100% due to rounding.

Convenience Goods – Market Share Analysis

- 5.9 The survey-derived market shares (%) for all convenience goods³² 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).

³¹ Special Forms of Trading comprises "non-store" retail sales (e.g. internet, mail order, market stalls, telephone sales, etc.).

³² 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.).

- 5.10 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 shopping³³. 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.
- 5.11 The main headlines are summarised below.
- **Special Forms of Trading (SFT)** - accounted for a market share of 8% in the Study Area and the PCA. These shares were significantly below the national average of 19.1% in 2022³⁴.
 - **Addlestone Town Centre** – has the highest Study Area market share of the Borough's town centres within the Study Area (9.4%), and PCA (20.3%), which is mainly generated by expenditure captured by the Tesco Extra on Station Road. Despite the presence of Waitrose, the store attracts a reasonably low market share (2.5% from the PCA) and is more popular for top-up shopping purchases than for main food.
 - **Chertsey Town Centre** – in terms of Study Area expenditure, Chertsey (8.9%) comes in second after Addlestone with expenditure drawn to Aldi on Gogmore Lane and Sainsbury's off Guildford Street. Notably, the Aldi store commands a higher market share of expenditure from the study area, but Tesco is more popular with residents within the PCA. This indicates that the Aldi store is drawing a wider catchment.
 - **Egham Town Centre** – attracts the second highest market share of the three towns for the PCA expenditure (17.6%), which is principally supported by the Tesco Superstore on High Street and Waitrose store on Church Road.
 - **New Haw / Woodham Local Centre** - attracts the highest study area (1.9%) and PCA (3.4%) market share of convenience expenditure of the Borough's four Local Centres, with expenditure mainly generated by the Co-op store for top-up shopping purchases.
 - **Other Local Centres** – Englefield Green, Ottershaw, and Virginia Water attract minimal expenditure from the study and PCA, ranging from 0.3% to 1.7%.
 - **Out-of-centre foodstores** – the Borough has one large foodstore, Sainsbury's at The Causeway, which attracts Study Area and PCA market shares of 7.9% and 10.7%, most of which is generated from the surrounding 'home' zone (Zone 3 /Egham). Other out of centre retailers such as petrol station convenience stores and farm shops are attracting a small amount of expenditure. Total out of centre Study Area market share is 8.1% increasing to 11.2% for the PCA.
- 5.12 The market shares indicate that the Borough's convenience store and foodstores are achieving a 76.1% "**retention level**" of all convenience goods expenditure in the PCA and 39.6% in the Study Area. Whilst there is no set measure to identify what is a healthy retention level, we would expect a District or Borough PCA to retain at least 75% of its convenience expenditure where there is good foodstore offer. As such we consider that Runnymede PCA retention levels are healthy and this will be influenced by the presence of key foodstores such as Tesco Extra in Addlestone, Tesco and Waitrose in Egham, and Aldi in Chertsey. Where there is "*leakage*" of spend outside the Borough area, this is mainly to large out of centre foodstores located in neighbouring authorities that are convenient and easily accessible to Runnymede's residents.

³³ These judgements have been informed by Question 16 of the household survey, which identified the proportion of average household expenditure spent on main food shopping.

³⁴ Experian Retail *Planner Briefing Note 19* (February 2022). Figure 5: page 19. See Section 3 for a more detailed commentary.

5.13 On comparing the latest market share analysis findings with those identified in the 2015 Study it is found that retention levels for the Study Area have improved by +8.5 percentage points (from 31.1% in 2015 to 39.6% in 2022). Other notable changes to market shares relate to the opening of Aldi in Chertsey which has increased the town centre's Study Area market share from 3% to 8.9%. Expenditure retention in Zone 2, Chertsey's home zone, increased from 30.5% to 62.3%. The market share for the Sainsbury's store in Chertsey Town Centre has remained unchanged against Study Area expenditure, but has increased its market share of Zone 2 expenditure (from 28.2% to 32.7%). For the Borough's other town centres, Addlestone's market share has increased from 8.3% to 9.4%, while Egham's has fallen from 9.1% to 8.5%.

Comparison Goods – Market Share Analysis

5.14 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)³⁵. 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.

5.15 The main headlines are:

- **Special Forms of Trading (SFT)** - accounted for a 36.1% market share of all comparison goods expenditure in the Study Area, which is broadly on par with the national average for 2021 (35.5%)³⁶. SFT market share is slightly higher in the PCA (37.1%) and highest in Zones 4, 5 and 6 where it accounts for 40.9% to 46.9% of zonal expenditure. This may reflect the rural nature of these zone and distance from a retail centre, and whereby online shopping is more convenient.
- **Addlestone** - is the most popular destination in the Borough for comparison goods shopping, albeit low, with a 3.7% market share from the study Area, and 7.8% from the PCA. The town's market share is highest in Zone 1 (22.1%), followed by Zones 5 (11%) and 2 (10.1%). The market share falls away in zones that are in closer proximity to competing centres. Comparison goods market share for Addlestone is supported from all comparison goods categories but particularly from domestic appliances, personal goods and medical goods purchases.
- **Chertsey** – is achieving a Study Area market share of just over 1%, increasing to 2.5% in the PCA. Its market share is highest in the “home” zone (i.e. Zone 2) where it is located (13.6%). The centre is primarily serving its immediate catchment and even then the town is achieving a limited market share, which reflects the town's main function as a convenience and service centre. Comparison goods market share is mainly supported by medical goods purchases.
- **Egham** - is achieving a total Study Area market share of 1.9% and 4.2% for the PCA, with the highest penetration in its “home” zone (i.e. Zone 3), which like Chertsey, is considered low at 11.6%. A higher market share was expected given that the centre has a reasonable level of comparison retail provision; more than Addlestone and Chertsey. Comparison goods market share is mainly supported by personal goods and medical goods purchases.
- **Local Centres and smaller centres** – the Borough's four local centres attract a combined market share of just 1.7% increasing to 3.6% for PCA expenditure. New Haw/ Woodham attracts the greatest share of comparison goods expenditure out of the five local centres, particularly for DIY/ gardening and medical goods. The limited market share is expected for centres of this size where

³⁵ The expenditure categories have been classified and sourced from Experian Business Strategies. Comparison goods are generally defined as items purchased less frequently and include clothing, footwear, household and recreational goods

³⁶ Experian Retail *Planner Briefing Note 19* (February 2022). Figure 5: page 19. See Section 3 for a more detailed commentary.

comparison retail offer is mostly ancillary purchases to convenience goods. Market share for the Borough’s smaller centres is negligible.

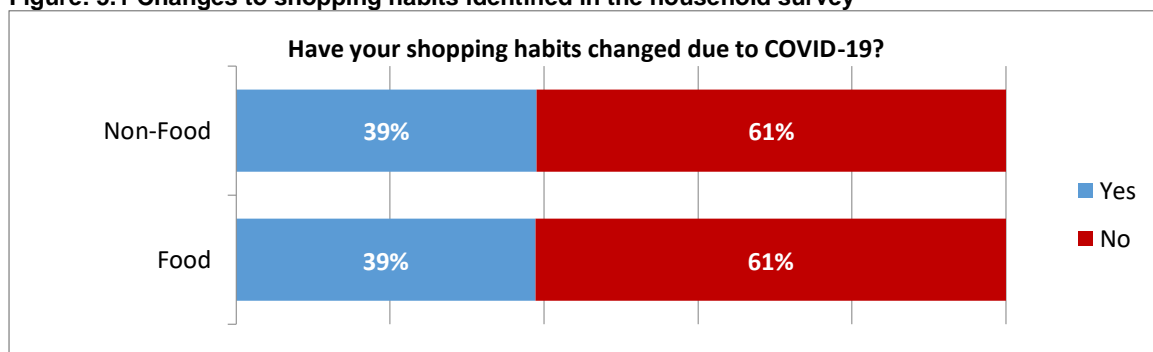
- **Out-of-centre retail** – The Borough has very limited edge and out of centre retail offer, and is mainly represented by bulky goods retailers at The Causeway and standalone garden nurseries and trade counters with public access. As a result the market share for out of centre comparison goods retail is just 2.6% for the Study Area and 3.6% for the PCA.

- 5.16 The survey-derived market shares indicate that the Borough’s centres and stores are achieving an 11% “**retention level**” of all comparison goods expenditure in the Study Area, increasing to 21.8% for the PCA. Retention levels improve to 25.2% and 27.6% for Zones 1 and 2, respectively. Retention levels for the PCA are higher for items that are typically purchased locally, such as medical goods (75.1%) and personal care products (38.8%). Retention levels are relatively strong for DIY/Garden products (44.7% for the PCA) which is mainly supported by Homebase at The Causeway Retail Park. The market shares are lower for other goods categories where offer is limited in the Borough. Overall, the Borough’s retention levels are considered to be low and are reflective of the scale and appeal of comparison retail offer in the Borough’s three towns and the strength of competition from centres beyond the Borough and online shopping.
- 5.17 Borough area expenditure is lost to a broad number of **competing centres**, but notably town centres and retail parks in Spelthorne Borough (16.7%), Elmbridge Borough (10%), and Woking (8.6%). Expenditure leakage is highest for clothing and footwear products with 60.3% of PCA expenditure in this category lost to competing centres, followed by flooring and carpets, and household textiles and furnishings (53.9%).
- 5.18 Looking at how market shares have changed from those identified in the 2015 Study, Study Area retention for all comparison goods expenditure has improved from 8.4% in 2015 to 11% in 2022. Market shares have declined for Addlestone (from 4.3% to 3.7%), but have improved slightly for Chertsey (from 0.6% to 1.1%) and Egham (from 1.2% to 1.9%).

IMPACT OF COVID-19 ON SHOPPING HABITS

- 5.19 The household survey asked respondents how the COVID-19 pandemic has changed shopping habits for convenience and comparison goods purchases. At the time the survey was conducted all shops were trading and the questions sought to understand what changes to shopping habits that occurred during lockdown measures (including the closure of non-essential businesses) are likely to endure long-term.
- 5.20 The survey indicated that the majority of respondents from the study area did not change their shopping habits as a result of the pandemic, with 39% of respondents stating that they have changed their food and non-food shopping habits.

Figure: 5.1 Changes to shopping habits identified in the household survey



Source: Answers to Q16 and Q63, HTIS (Volume D)

5.21 When asked how their shopping habits changed, 41% respondents cited that they now shop more online for food purchases while over two thirds (67%) shop more online for non-food purchases. Respondents were also now more likely to carry out more bulk food shopping, shop less often at larger foodstores and shop more locally. For non-food shopping, respondents cited that they are shopping less frequently for non-food goods.

Figure: 5.2 How shopping habits have changed based on household survey responses



Source: Answers to Q10 and Q24, HTIS (Volume D)

Interpretation of Findings

5.22 The survey findings reflect trends reported at national level on the growth of online shopping during the pandemic, which has encouraged more people to shop online, particularly those who may not have used online shopping channels before the pandemic or used this form of shopping less frequently. With online shopping becoming more convenient, particularly as more people continue to work from home, this is changing how residents use their town centres.

5.23 The household survey provides a strong indication that changes to shopping habits brought about by successive lockdowns have become entrenched, particularly for online shopping. The consequence of this is indicated in the survey responses which are that respondents are reducing the frequency of

shopping purchases and for non-food purchases in particular. While the increase in online shopping will directly impact physical stores in the Borough, the survey findings indicate that support for local businesses has grown as a result of the pandemic; a trend that should be encouraged as much as possible. This highlights the need for Local Plan to support and strengthen town centre businesses by ensuring the 'town centre' first approach is retained in policy. Town centre strategies could also help to look at interventions to encourage investment from the private sector and help to retain and attract footfall and expenditure.

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 Runnymede Borough and its main centres. Aligned with the NPPF and PPG the capacity forecasts take account of the lifetime of the plan starting from 2022³⁷ (base year) up to 2042. 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 2015 evidence-based 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 Runnymede 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 Borough'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 Borough as a whole. In fact, the main challenge and focus for the Borough's centres over the short/medium term in response to market trends and the impact of the COVID-19 pandemic 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 floorspace³⁸.
- 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*

³⁷ 2022 is the assumed base year for this assessment as it corresponds with the year when the household survey was conducted.

³⁸ Section 3 sets out the forecast growth in annual 'productivity' levels based on the latest Experian Retail Planner Briefing Note.

*need to take the lifetime of the plan into account and be regularly reviewed*³⁹. Therefore, whilst this study assesses retail capacity up to 2042, 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 Borough 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 an uplift in Borough population projections associated future housing supply over the plan period (in turn informed by the standard housing methodology for Runnymede Borough only). This ensures that the population projections for the Borough align as close as possible with the Council's Housing and Economic Development Needs Assessment. The population projections for Zones 7 to 10 are purely based on ONS data.
- 6.9 The total Study Area population is expected to increase by 11,391 (+5.2%) between 2022 and 2032, from 208,938 to 220,329. Over the full assessment period (2022 to 2042) the Study Area population is forecast to increase by 23,309 (+11.2%) to 232,247. These growth figures are masked by forecast population reduction in Zones 8 (Weybridge) and Zone 9 (Chobham).
- 6.10 The increase in population for the Study Area is mainly driven by significant population growth forecast for Runnymede Borough based on future housing supply. The Borough population is projected to increase by 11,886 (+11.5%), from 91,216 in 2022 to 103,102 in 2032; and to 115,065 by 2042.

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 goods⁴⁰. 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)*⁴¹. 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.

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

³⁹ PPG. Paragraph 004. Reference ID: 2b-004020190722

⁴⁰ The baseline (2018) 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 2019 prices).

⁴¹ Published in February 2022

using the 2022 SFT market share rate identified from the household survey for the Study Area for convenience (8.9%) and comparison goods 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') warehouses⁴². The adjusted baseline SFT market shares are 2.4% for convenience goods and 27.1% for comparison goods, and are forecast to increase to 3.2% and 34.3% respectively by 2040⁴³. It should be noted that Experian do not identify SFT market shares beyond 2040. Therefore, for the purpose of this assessment we not assumed SFT market share growth beyond 2040⁴⁴..

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). The tables show for the ten-year period from 2022-32 total **convenience goods expenditure** is forecast to increase by +5.6% (+£32.5) in the Study Area, and by +21.7% (+£51.9m) at Borough level. The difference in monetary growth between the Study Area and Borough is due to growth in SFT purchases outstripping or broadly on par with growth in non-SFT convenience purchases in Zones 7 to 9 and housing supply adjustments to Runnymede's population projections. For **comparison goods**, total expenditure is forecast to increase by +27.8% (+£211.7m) for the Study Area between 2022 and 2032 and by 36.5% (+£112.7m) for the Borough.

MARKET SHARE ANALYSIS

- 6.15 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 Borough 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.
- 6.16 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 forward to 2027 (Table 3), 2032 (Table 4), 2037 (Table 5) and 2042 (Table 6) assuming no changes in market shares⁴⁵.

⁴² 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.

⁴³ 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.

⁴⁴ Experian do not identify SFT market share growth for convenience goods over the period 2039 to 2040.

⁴⁵ 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 Borough) can have on existing shopping patterns, market shares and turnover performance over time.

'INFLOW' FROM OUTSIDE THE STUDY AREA

- 6.17 In order to provide a complete picture of the current and likely future trading (turnover) performance of the main centres and stores in the Borough 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 Borough, 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 Borough'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.
- 6.18 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 Borough. As such, we have applied inflow to the comparison goods turnover for Addlestone, Chertsey and Egham for different reasons and at different levels of uplift:
- **Addlestone** (5% uplift) - there is likely to be an uplift in expenditure as it serves as the administrative centre for the Borough and is likely to generate expenditure from those working and doing business in the centre but originate from beyond the Borough.
 - **Chertsey** (5%) – the centre has a strong office presence and is likely to generate expenditure from office workers who commute in from destinations beyond the Study Area, and also potentially some passing trade from visitors to nearby Thorpe Park.
 - **Egham** (10%) – the centre has a strong student population and is likely to generate expenditure from students living beyond the Study Area that attend campuses in and near the town centre (including Royal Holloway University and Strode's College)
- 6.19 It is assumed that Local Centres and smaller neighbourhoods in Runnymede will draw the majority of their shoppers and trade from within their more localised catchments, with limited potential for expenditure 'inflow' from outside the study area.
- 6.20 Typically, the 'inflow' of convenience goods expenditure to the main centres and stores from outside the wider study area is more limited than for comparison goods, as households generally carry out their main food shop at their more local and convenient stores, and do not normally travel longer distances for food purchases. However, for the Borough's three town centres, a reasonable allowance should be made for inflow associated for the types of inflow expenditure described above (aligned with comparison expenditure inflow assumptions).

TOTAL FORECAST TURNOVER OF RUNNYMEDE'S CENTRES AND STORES

- 6.21 The total estimated convenience and comparison goods turnovers of the main centres and stores in Runnymede Borough are set out in Appendix B8 (Volume B). The 2022 turnover estimates are summarised in the table below and takes account of expenditure inflow from beyond the Study Area.

Table 6.1: Forecast Base Year (2022) Turnover (£m) of Centres in Runnymede Borough

	Convenience	Comparison	Total Retail
Addlestone Town Centre	£61.98	£46.85	£108.83
Chertsey Town Centre	£58.05	£13.04	£71.10
Egham Town Centre	£59.40	£24.70	£84.11
Englefield Green	£1.76	£2.38	£4.15
New Haw / Woodham	£12.01	£9.02	£21.03
Ottershaw	£2.89	£3.09	£5.99
Virginia Water	£5.28	£5.79	£11.07
Smaller Centres & Local Shops	£8.48	£1.52	£10.01
Rest of Borough	£53.62	£32.47	£86.09
Total Borough	£263.48	£138.88	£402.36

Source: Table 1, Appendix B8, Volume B. In 2020 prices. Note: includes expenditure inflow.

- 6.22 Addlestone is estimated to achieve a total retail turnover of £108.8m in 2022. This represents over a quarter (27%) of the total retail turnover of all centres and stores in Runnymede (£402.4m). Egham follows, accounting for just over a fifth (20.9%) of total Borough retail turnover, while Chertsey's generates the lowest retail turnover (17.7% of total Borough retail turnover) of the three towns.
- 6.23 The table also shows that for all three town centres, convenience turnover accounts for the majority of total retail turnover. This confirms the important role of food shopping in the Borough's towns and the lesser role of comparison retail shopping. For the Borough's local centres, New Haw / Woodham is generating the highest retail turnover at £21m, accounting for half of total local centre retail turnover. It is notable that while the majority of New Haw's turnover is generated from convenience expenditure, retail turnover for the Borough's other three local centres is balanced towards comparison goods.
- 6.24 The Borough's smaller centres account for a smaller proportion of retail turnover in line with achieved market shares.

RETAIL FLOORSPACE COMMITMENTS

- 6.25 The next stage in the retail capacity assessment takes account of all the new committed and planned retail (convenience and comparison) developments in the Borough⁴⁶. 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 £36.7m (split £30.5m for convenience goods and £6.2m for comparison goods).

⁴⁶ i.e. all new floorspace (over 100sqm) that was not open and trading when the household survey was conducted in January 2022.

FLOORSPACE PRODUCTIVITY

- 6.26 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 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

- 6.27 The capacity assessments for convenience and comparison goods identify no forecast need for new convenience and comparison floorspace at Borough level over the ten-year period, up to 2032 . By 2042 capacity emerges for up to 989 sqm net sales of convenience floorspace and 1,715 sqm net sales of comparison goods floorspace. 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. The table below provides a breakdown of capacity figures for convenience and comparison floorspace need at centre level. The figures are quoted as net sales area (sqm).

Table 6.2: Forecast Capacity for New Retail Floorspace in Runnymede Borough and Centres (net sales area sqm)

	Convenience Goods Capacity (net sales sqm)				Comparison Goods Capacity (net sales sqm)			
	2027	2032	2037	2042	2027	2032	2037	2042
Addlestone Town Centre	14	289	568	863	179	383	659	1,009
Chertsey Town Centre	201	413	618	841	53	115	190	286
Egham Town Centre	-825	-585	-376	-129	-205	-81	53	249
Englefield Local Centre	-747	-738	-730	-718	-262	-248	-234	-206
New Haw/ Woodham Local Centre	44	91	139	185	35	74	124	181
Ottershaw Local Centre	15	29	43	57	18	36	56	82
Virginia Water Local Centre	24	49	73	99	32	68	109	160
Smaller Centres, Villages, Local Shops	39	82	126	172	7	13	20	30
Rest of Borough*	-763	-634	-523	-381	-330	-291	-220	-76
Total Borough Capacity	-1,998	-1,003	-62	989	-472	68	759	1,715

* Assumes retail turnover from Longcross Garden Village is diverted from ‘Rest of Borough’ locations, which includes out of centre retail destinations.

Note: Capacity figures at centre level should be treated as indicative.

- 6.28 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 retail floorspace in Addlestone and Chertsey. In Addlestone, the capacity assessment identifies a need for 383 sqm net sales of new comparison goods floorspace up to 2032 and 289 sqm net sales for new convenience goods floorspace. For Chertsey, the assesment identifies need for 413 sqm net sales of new convenience floorspace by 2032, but less need for new comparison goods floorspace (115 sqm net sales). There is no capacity identified for Egham over the ten year period to 2032 on account of planned retail floorspace in the town centre, which aborbs residual

forecast expenditure. Beyond 2032 and up to 2042, forecast need for new retail floorspace increases for each of the centres, with the exception of Egham where there remains no projected need for new convenience goods retail floorspace.

- 6.29 For the Borough's local centres, forecast need is limited, but is notably higher in New Haw/ Woodham where there is a need for up to 91 sqm net sales and 74 sqm net sales of convenience goods floorspace and comparison goods floorspace, respectively, by 2032. No capacity for new comparison goods retail floorspace is identified for Englefield Green as a result of planned comparison retail floorspace. It is assumed that turnover generated from a new local centre at Longcross will be drawn from residual expenditure from the rest of the Borough. However, in reality, turnover will be diverted from different locations within and beyond the Borough.
- 6.30 The assessment findings are in contrast to the 2015 Study which identified higher levels of forecast convenience and comparison goods need at Borough and centre level from 2030 to 2035. The change in position from the 2015 Study is due to changes to economic variables over the intervening seven year period. 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 Borough.
 - Increased market share of online shopping reduces retained expenditure and turnover of physical stores in the Borough.
 - 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.
- 6.31 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 Borough at the time of preparing this study, they do **not** take account of **vacant retail floorspace**.
- 6.32 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

- 6.33 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"*⁴⁷. 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 2042, to help inform the Council's longer term plan-making and strategies.
- 6.34 The assessment shows there is no need at Borough 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

⁴⁷ PPG. Paragraph 004. Reference ID: 2b-004020190722

opportunity to improve retail offer in the Borough'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 Borough's existing 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 the Borough 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 As described in Section 2, the Government's reform of the Use Classes Order came into effect on 1st September 2020. The table below summarises the impact of these reforms on the classification of the main food and beverage, commercial leisure and cultural uses.

Table 7.1: Use Classes Order Update

Original Use Class ⁽¹⁾ :	Revised Use Class ⁽²⁾ :	Use:	Description:
Class A3	Class E	Restaurants and cafés:	Defined as selling food and drink for consumption on the premises.
Class A4	Class E	Drinking establishments:	Includes public houses, wine bars or other drinking establishments (but not night clubs), and drinking establishments with expanded food provision
Class A5	Sui Generis	Hot food takeaways:	Defined as the sale of hot food for consumption off the premises.
Class D1	Class F.1	Non-residential institutions:	Includes art galleries (other than for sale or hire) and museums.
Class D2	Sui Generis	Leisure/Recreation (indoor/outdoor)	Cinemas, music and concert halls, bingo and dance halls
Class D2	Class E		Gymnasiums or area for indoor recreations.
Class D2	Class F.2		Indoor or outdoor swimming baths, skating rinks and outdoor sports/recreations.
Sui Generis	Sui Generis	A use on its own	Theatres, nightclubs, casinos

Source: ⁽¹⁾ Town and Country Planning (Use Classes) Order 1987 (as amended);

Source: ⁽²⁾ Revised Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020 (SI 2020 No.757).

- 7.3 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 Borough 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.

7.4 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 Borough's main 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

7.5 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.

7.6 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. These tables show:

Tables:	Description
1	Baseline population and projected growth for the period 2022 to 2042.
2	Baseline expenditure per capita figures for different leisure categories (expressed in 2020 prices), as derived from LSH's Experian-based MMG3 Geographic Information System (GIS).
3	Forecast year-on-year growth in leisure expenditure per capita based on the latest forecast by Experian set out in Retail Planner Briefing Note 19 (see Section 3).
4	Forecast growth in leisure expenditure per capita figures by category (Table 2 multiplied by Table 3).
5	Forecast growth in total available leisure expenditure by category up to 2042 (Table 1 multiplied by Table 4).

7.7 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 expenditure in the Study Area is forecast to increase by £116.3m (+16.5%) between 2022 and 2032 and by £239.4m (+34%) between 2022 and 2042. Leisure expenditure for Runnymede Borough is forecast to increase by +£73.5m (+25.3%) and +£154.1m (52.9%) over the same periods.

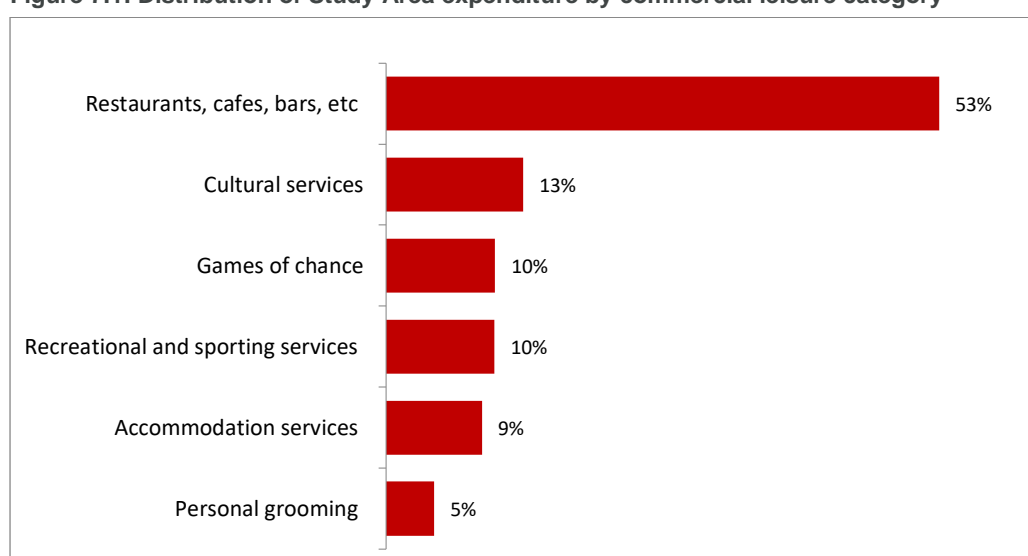
7.8 As Table 7.2 and Figure 7.1 show, the 'food and beverage' ('F&B') sector (includes spend at restaurants, cafes, bars, etc.) accounts for the majority (53%) of total available leisure spend, followed in order of proportion spend by 'cultural services' (cinema, theatre concerts, etc.), 'games of chance' (bingo, casino, betting), accommodation services (hotels, guesthouses, B&Bs etc.), 'recreation services and sporting events' (gym, fitness, etc.), and 'personal grooming' (hairdressers, barbers, etc.).

Table 7.2: Study Area - Total Forecast Growth in Available Leisure Expenditure by Category

	2027	2032	2037	2042	Growth (£m):	
					2022-32	2022-42
Accommodation services (hotels, guesthouses, B&Bs)	£69.7	£75.0	£80.2	£86.19	£10.6	£21.8
Cultural services (cinema, theatre, concerts, etc.)	£99.7	£107.1	£114.7	£123.2	£15.2	£31.2
Games of chance (bingo, casino, betting)	£79.3	£85.2	£91.2	£98.0	£12.1	£24.8
Personal grooming (hairdressers, barbers, etc.)	£35.0	£37.6	£40.3	£43.3	£5.3	£11.0
Recreational and sporting services (gym, fitness, etc.)	£78.9	£84.8	£90.8	£97.5	£12.0	£24.7
Restaurants, cafes, bars, etc.	£401.5	£431.6	£462.1	£496.4	£61.1	£125.8
Total Study Area Leisure Expenditure:	£764.1	£821.4	£879.4	£944.5	£116.3	£239.4

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

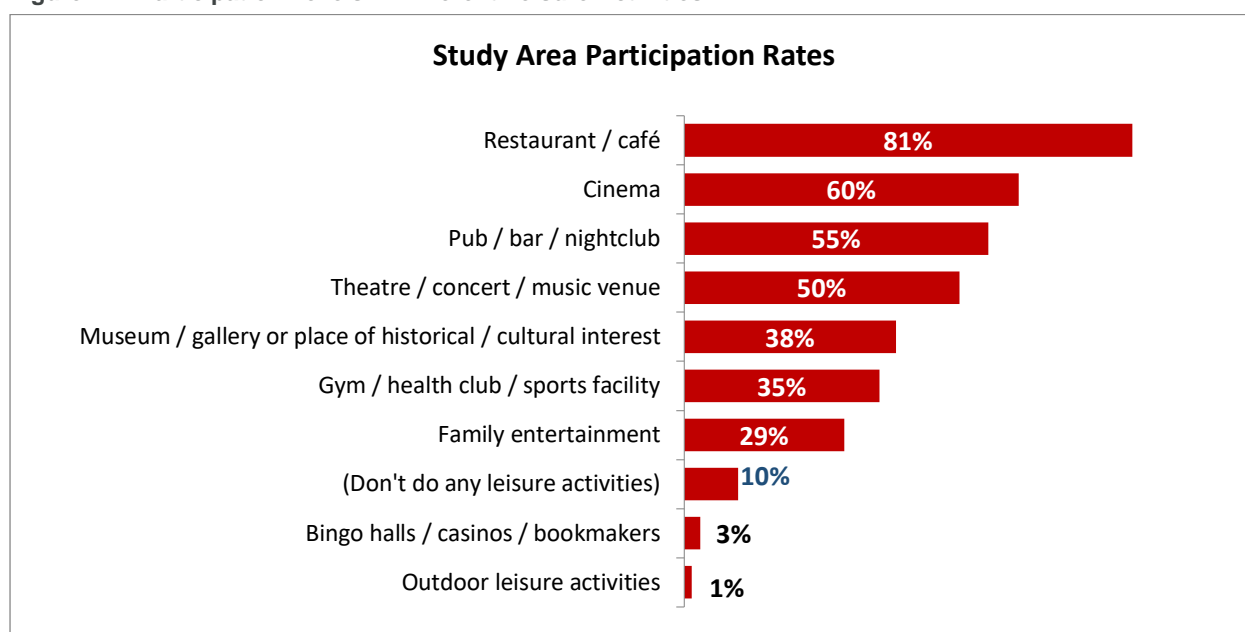
Figure 7.1: Distribution of Study Area expenditure by commercial leisure category



Source: Derived from Table 4, Appendix B11, Volume B.

7.9 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 3% 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): Participation levels are based on respondents to the Q88 who stated that they carry out the leisure activity (excludes those who responded "Never" for each category).

Note (2): Family Entertainment Venues (FEVs) include Tenpin Bowling, Trampoline Parks, Leisure Parks, etc.

7.10 In summary, there is substantial spend and forecast growth on 'eating and drinking out' in the Study Area, and participation levels are also the highest in this popular leisure sector. This suggests that there could be the potential to sustain new cafés, restaurants, bars and other venues over the forecast period, subject to operator demand and taking account the impact of dynamic economic and market trends on this sector (including any long-lasting impacts of the pandemic). Against this background, the following commentary identifies the potential 'gaps' in the commercial leisure offer of the Borough's main centres, and the likely qualitative and quantitative need for new uses and facilities over the ten-year period to 2032 that will help to maintain and enhance the daytime, evening and night-time economies of Runnymede's main centres.

CINEMA NEED

7.11 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 multiplexes⁴⁸, to smaller independent operators and 'pop up' venues. Table 7.3 sets out some of the main cinema operators in the UK.

7.12 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.

⁴⁸ In general a multiplex is considered to be any cinema with five screens or more, though some of the largest multiplex sites have as many as 12 or 16 screens

Table 7.3: Cinema operators in the UK

Operator/ Brand:	No. of Cinemas	Description:
Cineworld	116	Established in 1995. The first cinema opened in Stevenage in 1996. Acquired the Picturehouse Cinema chain in 2014 (see below). Cineworld is the leading cinema operator in the UK (based on revenue).
Odeon/UCI	120	Established in 1930s. In July 2016, Terra Firma sold Odeon/UCI to the Chinese-owned AMC Entertainment group.
Vue	93	Established in 2003, following the acquisition of Warner Village for £250m. Grown through new development and acquisitions (e.g. acquired 7 Star Century cinemas in 2005 and 15 Apollo cinemas in 2012). In June 2013, the business was sold to Canadian investment firm OMERS Private Equity and Alberta Investment Management.
Everyman	35	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.
Picturehouse	25	Established in Oxford in 1989. Differentiated by its unique locations, homely atmosphere, and art-house film. Cineworld acquired the entire chain for £47.3m in 2012. A new cinema is scheduled to open in Ealing in 2021.
Showcase	19	Established in 1986. Owned by National Amusements Inc
Empire	14	Established in 2005, but has its origins in the Empire on Leicester Square which opened in 1884. Formed following the purchase of 11 former UCI and Odeon cinemas for c. £50m that had to be divested by Terra Firma (see above). Cineworld acquired 5 cinemas from Empire in 2016 for £94m, including the flagship cinema in Leicester Square.
Reel	10+	Established in 2001, following the purchase of Curzon in Loughborough. Independently owned and branded as Reel Cinemas in 2005. Following their acquisition of Apollo, Vue sold 4 cinemas to Reel.
The Light	12	Established in 2007 and typically support up to 3 screens with some venues supporting 6 screens. Multiplexes in Addlestone, Banbury, Bradford, Bolton, Cambridge, New Brighton, Sheffield, Sittingbourne, Stockport, Thetford, Walsall, and Wisbech.
Movie House	3	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.

Source: Various

7.13 The following provides a snapshot of the growth in the cinema market over the last 10-15 years and the recent impact of the COVID-19 pandemic based on current research⁴⁹: 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.

7.14 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

⁴⁹ Dodona Research; The Big Picture; BFI; and UK Cinema Association

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).

- 7.15 As 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.
- 7.16 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. Analysts estimate that the sector has a market value of circa £10m and has the potential to grow at between 20-25% per annum. Luna Cinema is the market leader and is reported to have achieved a turnover of around £3m in 2019 from around 175-200 screenings per year. Other niche operators in this space are London centric and include Rooftop Film Club London, Backyard Cinema, Secret Cinema, Pop-up Screens and The Nomad Cinema.
- 7.17 Although the impact of 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. 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.
- 7.18 For Runnymede Borough, the table below shows the most popular cinemas based on the household survey market shares for the Study Area.

Table 7.4: Cinema Provision in the Study Area

	Study Area	PCA
The Light Cinema, Addlestone	35.3%	45.1%
Vue Cinema, Two Rivers Shopping Centre, Staines	40.2%	47.3%
Nova Cinema, Woking (aka Ambassadors Cinema)	8.0%	3.0%
Cineworld, Bracknell	2.4%	1.8%
Everyman Walton, Walton-on-Thames	5.3%	0.7%
Other	8.8%	2.2%
Total Market Share	100.0%	100.0%

Source: Answer to Q90, HTIS, Volume D

- 7.19 The Borough has one multiplex cinema operated by The Light in Addlestone, which has 6 screens. The cinema opened in October 2018 and forms part of a wider mixed use ‘Addlestone One’ scheme on Station Road, which includes retail and food and beverage units. The venue’s popularity is evident in the market share analysis, which shows the venue is preferred by over a third (35.3%) of respondents from the Study Area and for over 45% of respondents from the PCA. As the only cinema in the Borough these rates effectively represent market share retention. At zonal level the cinema captures the majority of cinema visits from Zone 1 (79.8%), Zone 2 (63.3%), Zone 5 (74.1%), and Zone 6 (65.8%).
- 7.20 The main competing cinema venue beyond the Borough is Vue Cinema at Two Rivers Shopping Park near Staines-upon-Thames, which captures 47.5% of cinema visits from the PCA. However, the cinema is mainly popular with Borough zones that are closest to Staines-upon-Thames, such as Zone 3 (85.5%) and Zone 4 (57.5%).
- 7.21 The high-level assessment of the potential need for new cinema provision in the Borough area 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 research⁵⁰, 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 people⁵¹.
- 7.22 On this basis the table below shows the potential quantitative need for additional cinema screens for Runnymede up to 2032 and 2042, based on Borough population projections.

Table 7.5: Potential Capacity for New Cinema Screens in Runnymede, 2022-42

	2027	2032	2037	2042
Population - Runnymede Borough	97,146	103,102	108,909	115,065
Screen density per 100,000 people*	6.4	6.4	6.4	6.4
Screen potential	6	7	7	7
Existing screens - The Light, Addlestone -6 screens	6	6	6	6
Indicative screen capacity	0	1	1	1

* 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 6. After allowing for existing screens (The Light Cinema, Addlestone) this results in residual capacity to support one additional cinema screen over the ten-year period, to 2032 and beyond to 2042.
- 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.
- 7.25 However, the proximity of competition will be a key factor. It is likely that there will be limited demand from the market for a second multiplex cinema in the Borough given the proximity of major venues in Spelthorne. The most likely location to support a new cinema is Egham given that the centre is larger than Addlestone and Chertsey and supports a broad customer catchment, including students. Planning permission has been granted for a boutique cinema as part of the Egham Gateway West scheme and its inclusion will have been influenced by positive market demand signals. The development of a new

⁵⁰ Dodona Research, Office for National Statistics (ONS) and BFI

⁵¹ The average screen density for the South East region is 6.4. Source: BFI

cinema in Egham, which we understand is to be operated by Everyman, is likely to satisfy demand for cinema provision in the Borough over the plan period.

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. Spend on F&B is also forecast to experience the greatest growth over the plan period. In theory, this expenditure growth should support the potential to enhance the scale, quality and choice of F&B uses across the Borough and in its main centres. 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.
- 7.28 The table below provides an overview of key trends in the F&B market:

Table 7.6: 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 ' <i>eating at home</i> ', 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 over the last decade, resulting in the growth of so-called " <i>gastro-pubs</i> " 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. As a consequence 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 ' <i>Assets of Community Value</i> ' (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 ⁵² . 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

- 7.29 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 F&B multiples⁵³ 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.

⁵² Source: Allegra World Coffee 2019 (Project Café UK 2019)

⁵³ An F&B multiple has been defined as operating a network of six or more outlets. This is based on the Experian Goad definition of a retail multiple.

- 7.30 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.
- 7.31 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 1,412 UK restaurants closed⁵⁴. 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 brands 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%⁵⁵.
- 7.32 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 sectors⁵⁵, while investors with capital are poised to take advantage of the bounce back (particularly throughout 2022) focus on more profitable formats.
- 7.33 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 out⁵⁶.
- 7.34 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 responds 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 2025⁵⁷. This trend has impacted on the business models and menus of a number of the leading national restaurant and takeaway operators.
- 7.35 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

⁵⁴ Research by UHY Hacker Young. Reported in The Guardian <https://www.theguardian.com/business/2019/sep/16/more-than-1400-uk-restaurants-close-as-casual-dining-crunch-bites>

⁵⁵ Reported in BBC News <https://www.bbc.co.uk/news/business-57087070>

⁵⁶ Foodspark

⁵⁷ 'Future of Food Report', Sainsbury's.

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.

7.36 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 landlords and property companies who are increasingly nervous about signing long leases following numerous high profile restaurant closures.

7.37 Turning to the food and beverage provision in Runnymede Borough, the household survey helps to broadly identify where respondents usually “eat out”. The table below highlights market shares achieved for the Borough’s centres for the Study Area and zones where Borough retention levels are strongest.

Table 7.7: Eating Out & Drinking Out Market Shares – Primary Catchment Area

	Cafes & Restaurants		Pubs, bars, nightclubs, etc	
	Study Area	PCA	Study Area	PCA
Addlestone Town Centre	4.8%	12.2%	2.2%	6.3%
Chertsey Town Centre	3.9%	8.2%	5.5%	14.5%
Egham Town Centre	8.4%	20.3%	9.6%	26.9%
Englefield Green Local Centre	1.7%	4.4%	1.2%	2.9%
New Haw/ Woodham Local Centre	0.5%	1.3%	4.5%	8.7%
Ottershaw Local Centre	0.6%	1.5%	1.1%	3.2%
Virginia Water Local Centre	1.7%	4.1%	1.2%	3.4%
Other	0.8%	1.9%	1.7%	3.8%
Borough Retention	22.4%	53.9%	27.1%	69.8%
Staines-upon-Thames Town Centre	15%	10.8%	9.3%	6.9%
Weybridge Town Centre	9.2%	6.8%	11.2%	6.7%
Woking Town Centre	8.3%	4.9%	5.5%	3.6%
Central London / West End	6.6%	4.6%	8.0%	1.1%
Other	38.7%	19.0%	38.9%	11.8%
Outside Borough	78%	46.1%	72.9%	30.2%

Source: Answer to Q43b and Q44b, HTIS, Volume D

7.38 The survey results show that the Borough’s centres and venues are retaining 22.4% of “eating out” trips by households from the Study Area, increasing to 53.9% for the PCA. The key headlines on eating out habits are as follows:

- **Egham** - is the most popular destination for eating out. It is achieving a market share of 8.4% in the Study Area, increasing 20.3% for the PCA. The town centre has a smaller number of dining out outlets compared to Addlestone and Egham. The higher market share is likely to be helped by linked trips with the town’s retail offer, which is greater (in terms of number of outlets) to the two other towns.
- **Addlestone** - is the next most popular, with a 4.8% market share of eating out trips made from residents in Study Area, increasing to 12.2% for the PCA.

- **Chertsey** – has the lowest market share out of the three towns where it achieves 3.9% from the Study Area and 8.2% from the PCA. This may be influenced by the town’s more limited retail offer, which as a consequence will limit the potential for linked trips to food outlets.
- **Local Centres** – the Borough’s Local Centres support minimal market shares for dining out trips from the Study Area. However, within the PCA, Englefield Green and Virginia Water achieve a market share of 4.4% and 4.1%, respectively.
- **Leakage** – some 46.1% of dining out trips are undertaken by PCA respondents in locations beyond the Borough. The most popular destination is Staines-upon-Thames, followed by Weybridge. Market shares for these locations are higher in PCA zones that are in closer proximity.

7.39 The survey-derived market shares for “drinking out” are summarised in the table below, which identify zones where the Borough achieves higher levels of retention for this activity compared to “dining out”.

7.40 As for eating out, Egham is the most popular destination in the Borough for drinking venues based on both Study Area (9.6%) and PCA (26.9%) market shares. Chertsey follows as the next popular destination for Study Area respondents (5.5%) and PCA respondents (14.5%). Addlestone supports the lowest market shares, which may correlate with the town having the least number of drinking out venues (3 compared to 5 for Egham and Chertsey). Based on PCA market shares for drinking out, the main competition for the Borough and its centres is from venues in Staines-upon-Thames, Weybridge and Woking.

7.41 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 Borough-wide retention level of 61.8%⁵⁸ to the available spend on dining and drinking out of £328.7m in 2021 (see table below). This results in retained F&B expenditure (or turnover) of £200.3m in 2021, which is forecast to increase to £217.3m by 2031 and to £242.5m by 2038.

Table 7.8: Forecast spend available to support new Food & Beverage uses, 2022-2042

	2027	2032	2037	2042
Total Study Area Available Expenditure for restaurant, cafes, bars, etc (£m)	£303.9	£326.0	£349.0	£371.5
Borough Retention rate for restaurants, cafes, bars, etc.	62%	62%	62%	62%
Current retained turnover for cafes, restaurants, bars, etc (£m)	£187.9	£201.6	£215.8	£229.7
Benchmark turnover* (£m)	£182.2	£191.5	£201.3	£211.6
Net Residual Excluding Commitments (£m)	£5.7	£10.0	£14.5	£18.1
Turnover of Committed Floorspace* (£m)	£6.9	£7.3	£7.6	£8.0
Net Residual Capacity Excluding Committed Floorspace (£m):	-£1.3	£2.8	£6.8	£10.2
Forecast Capacity for New F&B Floorspace (sqm gross):	-690	1,433	3,370	4,769

Source: Table 9, Appendix B11, Volume B. * Forecast years adjusted using an annual productivity growth rate of 1% and assumed sales density of £1,750/sqm in 2022.

7.42 Applying a robust year-on-year ‘productivity’ (‘efficiency’) growth rate of 1% to retained-wide base year (2022) turnover of £173.4m to allow for existing businesses to cover their reasonable costs over time, produces a net residual expenditure capacity of £2.8m in 2032 after taking account of turnover generated by planned new food and beverage outlets in the Borough (assuming these schemes are trading by 2027). The residual expenditure is converted into a floorspace using an assumed sales density of £1,750/sqm. This results in forecast need for up to 1,433 sqm gross of new F&B floorspace in the Borough. In reality, the turnover of a F&B operator will vary considerably based on whether it is a café,

⁵⁸ Combined average for dining out (53.9%) and drinking out (69.8%).

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 throughs can generate a turnover of £2m.

- 7.43 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. When market interest picks up, it is likely to be focused on Egham where customer demand is likely to increase for F&B as major town centre development schemes are built out.
- 7.44 For Addlestone and Chertsey, both towns would benefit from improvements to their F&B offer, particularly its restaurant and late night venues (e.g. bars, pubs), which would help to support their evening time economies. Overall, opportunities for new F&B provision should be directed to the Borough's three town centres. This will help increase competition and choice, and underpin the daytime and evening economies of the two town centres.

Health and Fitness Facilities

- 7.45 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 million⁵⁹. 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 2021⁶⁰. 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 recovering⁶⁰.
- 7.46 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.

⁵⁹ *State of the UK Fitness Industry Report* (2019). Leisure DB (formerly the Leisure Database Company). The research is compiled by independent leisure market analysts,

⁶⁰ www.statista.com

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.
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.
DW Sports Fitness	120	Mid-Market	Established in 2009 following purchase of 50 JJB Sports Fitness Clubs and the attached retail stores for £83m.
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.
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.
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

- 7.47 Other major operators just outside the top 10 include Virgin Active, JD Gyms, Sports Direct and Total Fitness.
- 7.48 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.
- 7.49 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, Fitspace, 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 consolidation within the budget gym sector as the market evolves, particularly post COVID-19.
- 7.50 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 key 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.

7.51 In this context, the table overleaf shows some of the main public and private gyms and leisure facilities in the Borough at the time of preparing this study based on the results of the household survey.

Table 7.10: Health and Fitness - Market Shares

	Study Area	Primary Catchment Area
Locker 27 Athletic Development, Addlestone	1.6%	4.3%
Addlestone Leisure Centre, Addlestone	1.9%	2.1%
Other, Addlestone Town Centre	0.7%	1.9%
River Bourne Health Club, Chertsey	5.8%	14.4%
Other, Chertsey Town Centre	3.5%	5.4%
Egham Leisure Centre, Egham	12.2%	30.9%
Other, Egham Town Centre	2.3%	5.0%
Rest of Borough	1.9%	4.0%
Borough Market Share:	29.9%	68.1%
Staines-upon-Thames	13.9%	8.3%
Weybridge	12.9%	4.2%
Woking	6.3%	1.2%
Other	36.9%	18.3%
Outside of Borough	70.1%	31.9%
Total Market Share	100.0%	100.0%

Source: Answer to Q40b, HTIS, Volume D

7.52 The survey-derived market shares show that Egham is the most popular destination for health and fitness in the Borough, with venues in the town centre achieving a combined Study Area market share of 14.5%, increasing to 35.9% for the PCA. The market shares are overwhelmingly supported by visits to Egham Leisure Centre, which based on the survey results is the most popular fitness venue in the Borough. Chertsey is the second most popular destination for health and fitness venues with a Study Area and PCA market share of 9.3% and 19.8%, respectively. Respondents are mainly visiting the River Bourne Health Club which is the second most visited venue in the Borough.

7.53 Addlestone Town Centre is less popular and attracts a 4.2% market share of trips to health and fitness venues, increasing to 8.3% for the PCA. Locker 27 Athletic Development is the most popular venue in the town centre based on PCA responses, followed by Addlestone Leisure Centre.

7.54 Overall, health and fitness venues in Runnymede retain over a quarter (29.9%) of visits to health and fitness venues made by respondents living within the Study Area. However, retention rates increase to a reasonably healthy 68.1% for the PCA.

7.55 Trips made to locations outside the Borough are spread widely across many destinations. However, leakage is mainly restricted to zones that are close to larger centres including Staines-upon-Thames, Weybridge, and Woking.

- 7.56 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. The prolonged closure of gyms and fitness venues in 2020 and 2021 has halted the expansion plans for some operators as the sector recovers.
- 7.57 However, the participation rates in health and fitness activities identified from the household survey indicate that on average 30.5% of PCA 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 3,623 potential new gym members up to 2032 increasing to 7,269 by 2042. This is well below the average membership levels for gyms of 1,426 per venue⁶¹. As such, based on current participation rates and forecast population growth there could be capacity/need for 2 to 3 new gym facilities in the Borough by 2032, increasing to 5 by 2042. However, as for the other commercial leisure sectors, the take-up of any need will be driven by the market and the extent to which new gyms will target and compete for members of existing gyms.
- 7.58 Furthermore, it is likely that the pre-Covid trend for boutique gyms will return as the sector recovers. Such formats do not rely on the high membership numbers and tend to locate in smaller units, compared to gym chains. For example, smaller boutique and specialist independent gyms generally require smaller units of between 300-700 sqm, and budget operators generally have requirements for unit sizes of up to circa 3,700 sqm⁶². This presents the opportunity to promote small or boutique gyms in town centre units that no longer appeal to the retail sector.
- 7.59 Demand from the market is likely to be focused in Egham given the student population and new housing developments in the town centre. A review of operator requirements in the town centre health checks identified interest from David Lloyd, a premium gym operator, for a site in Egham, which would significantly improve the quality and choice of gym offer for the centre and wider Borough.

GAMBLING VENUES

- 7.60 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 research⁶³ 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 Runnymede Borough and the potential need/demand for new facilities.
- 7.61 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

⁶¹ 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.

⁶² Anytime fitness is an example of a smaller independent gym, with a floorspace requirement generally ranging from 350sqm to 650 sqm. Budget operators Pure Gym and The Gym have requirements for up to 1,850 sqm; and NRG is acquiring units of up to 3,700sqm

⁶³ The Gambling Commission – Industry Statistics (November 2019)

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, research⁶⁴ shows that 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.

- 7.62 For **Casinos** the latest figures published by the Gambling Commission show that casinos achieved a GYY 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 Group's purchase of Gala Coral Casinos. The nearest major commercial casinos⁶⁵ to Runnymede are located in Central London.
- 7.63 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.
- 7.64 The survey-derived market shares for visits to bingo halls, casinos and bookmaker facilities show that only 3% of Study Area respondents in the Borough participate in this type of leisure activity. The results also show that Buzz Bingo in Feltham is the most popular gambling venue named by respondents, and to a lesser extent, Buzz Bingo in Aldershot. Weybridge is also identified as a popular destination, although this likely relates to betting shop activities as the town centre does not have a casino or bingo hall.

⁶⁴ Gambling Commission (February 2019). Gambling Participation in 2018: behaviour, awareness and attitudes – Annual Report.

⁶⁵ Major casinos are considered venues comparable to those operated by Genting, Grosvenor, Aspers. Excludes venues self termed as casinos that are limited to slot machines.

Table 7.11: Market Share for bingo halls, casinos and bookmaker facilities in the Study Area

	Study Area
Addlestone Town Centre	3.2%
Other	0.4%
Borough Market Share:	3.7%
Buzz Bingo, Air Park Way, Feltham	47.5%
Weybridge Town Centre	18.0%
Buzz Bingo, High Street, Aldershot	10.9%
Guildford Town Centre	8.0%
Woking Town Centre	4.2%
Brighton City Centre	3.0%
Other	4.7%
Outside of Borough	96.3%

Source: Answer to Q38b, HTIS, Volume D

- 7.65 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.

OTHER COMMERCIAL LEISURE

- 7.66 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).
- 7.67 **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)⁶⁶ 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)⁶⁷.
- 7.68 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

⁶⁶ Hollywood Bowl was founded in August 2010 and is the market leader in the tenpin bowling sector. It operates 59 venues under the Hollywood Bowl, AMF and Bowlplex brands. Its expansion has been driven by opening new sites, including recently in Dagenham and Yeovil. 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.

⁶⁷ All Star Lanes operates five bowling venues, including four are in London (Brick Lane, Holborn, Stratford City and White City) 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).

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 operators in this sector include Oxygen Freejumping⁶⁸, Ryze⁶⁹, and Gravity Active Entertainment⁷⁰. 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. There are no trampoline parks in Runnymede Borough and the nearest venue is located in Slough (Jump In), Guildford (AirHop), and Camberley (Jump In).

7.69 The table below summarises the findings of the survey-derived market shares for trips to FEVs in the Borough.

Table 7.12: Family Entertainment Venues – Market Shares

	Primary Catchment Area	Study Area
Topgolf Surrey, Moated Farm Drive, Addlestone	4.4%	3.9%
Virginia Water Village Centre (unspecified venues)	3.9%	2.0%
Thorpe Park Resort, Staines Road, Chertsey	3.7%	1.9%
Egham Town Centre (unspecified venues)	2.8%	1.4%
Addlestone Town Centre (unspecified venues)	0.6%	0.3%
Other	0.2%	0.1%
Borough Retention	15.5%	9.5%
The Big Apple, Crown Square, Woking	21.6%	20.2%
Tenpin Feltham, Leisure West, Fletham	14.3%	18.3%
Hollywood Bowl, The Point, Bracknell	9.1%	5.3%
Woking Town Centre	7.8%	7.0%
Camberley Town Centre	5.5%	2.8%
Guildford Spectrum, Parkway, Guildford	4.7%	11.8%
Other	21.5%	25.1%
Outside Borough	84.5%	90.5%

Source: Answer to Q45b, HTIS, Volume D

7.70 As the table shows, the Borough attracts limited visits for FEV activities, which will reflect the lack of offer for traditional attractions; particularly tenpin bowling. While the Borough has a major family activity attraction in the form of Thorpe Park, such venues for a number of reasons (including entry cost) are less likely to support regular visits. The most popular venue identified in the Borough from Study Area and PCA respondents is Topgolf Surrey, a driving range and golf course. Respondents have identified some of the Borough’s town centres as preferred locations for FEVs. However, we have not been able to verify FEV venues in these centres.

⁶⁸ Oxygen Freejumping has parks in Acton (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”.

⁶⁹ Ryze is a Scotland-based operator with three parks in Edinburgh, Glasgow and Dundee. These parks range in size from 929 sqm (10,000 sqft) to 1,208sqm (13,000 sqft).

⁷⁰ 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).

- 7.71 Outside the Borough, tenpin bowling venues in Woking (The Big Apple) and Feltham (Tenpin Feltham) are the most popular venues with both Study Area and PCA respondents.
- 7.72 Attracting a tenpin bowling operator to the Borough is likely to be difficult as the UK’s main operators, Hollywood Bowl and Ten Entertainment, require sites in shopping locations that support high footfall levels or out of centre locations that are anchored by a cinema. However, there could be potential to support a small/ boutique tenpin bowling alley within the Addlestone One scheme in the future if there is opportunity to expand the scheme. It is noted that The Light, which operates the cinema at Addlestone One provide tenpin bowling in other schemes in the UK. Alternatively, there may be potential to include a small / boutique bowling venue alongside the cinema element of the Egham Gateway West scheme.
- 7.73 For other FEVs highlighted, site requirements are generally focused on out of centre locations, close to existing leisure anchors, and require large units that have adequate floor to ceiling heights. Therefore, opportunities to support FEV uses in the Borough will be limited to out of centre locations where operational requirements can be met within larger units .

THEATRE AND CULTURAL ACTIVITIES

- 7.74 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 Borough.
- 7.75 Over a third of study area respondents stated that they visit **historic and cultural attractions**. In terms of attractions, the only attraction identified in the Borough by respondents is the Chertsey Museum which attracts 4.7% of visits. Overwhelmingly, respondents are more likely to visit attractions in the West End / Central London (83%) in addition to more local attractions just beyond Runnymede Borough, such as The Lightbox in Woking and the Motoring and Aviation Museum at Brooklands.
- 7.76 Half of all respondents from the study area stated that they visit the **theatre and/or music venues**. When asked which venue they visit most, all respondents who engage in this leisure activity stated that they visit venues outside of the Borough. This is unsurprising given there are no theatre and music venues in Runnymede. The most popular destination is Central London (53.1%), followed by the New Victoria Theatre in Woking.

Table 7.13: Historical and Cultural Venues in the Study Area

	Study Area
Chertsey Museum, Windsor Street, Chertsey	4.7%
Other, Runnymede Borough	0.4%
Borough Retention	5.1%
Central London / West End	83.0%
The Lightbox, Chobham Road, Woking	3.7%
Brooklands Museum (Motoring & Aviation Museum), Weybridge	2.7%
Other	5.4%
Outside Borough	94.9%

Source: Answer to Q42b, HTIS, Volume D

Table 7.14: Theatre and Music Venues – Market Shares

	Study Area
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Central London / West End	53.1%
New Victoria Theatre, Woking Shopping Centre, Woking	28.6%
Theatre Royal, Windsor	5.5%
Woking Town Centre	3.1%
Richmond Theatre, Little Green, Richmond	2.5%
Yvonne Arnaud Theatre, Guildford	2.1%

Source: Answer to Q41b, HTIS, Volume D

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

7.77 To further help inform the assessment of leisure needs in Runnymede Borough, we have also drawn on the responses to the Household Interview Survey (question 47), which specifically asked respondents what improvements to the Borough’s leisure provision/venues would make them take part and/or visit more often than they currently do. The most popular suggestions are set out in the table below and are based on responses from all respondents (Study Area) and those who live in the PCA.

Table 7.15: Leisure improvement suggestions

	Study Area	Primary Catchment Area
(Nothing)	48.5%	42.0%
(Don't know)	11.5%	11.6%
Cheaper prices	4.5%	7.5%
Swimming pool (indoor)	6.3%	7.0%
More leisure facilities / activities for children	2.7%	4.4%
More local sports & recreation facilities	2.5%	3.6%
Ten-pin bowling	4.0%	3.0%
More leisure facilities / activities for teenagers	1.9%	2.9%
More leisure facilities / activities for the elderly	1.5%	2.7%
Theatres	1.7%	2.6%
More quality restaurants	1.5%	2.2%
Cinema (multi-screen)	2.4%	2.2%

Source: Q47, HTIS, Volume D

7.78 Overall, less than half of respondents stated that no improvements were needed to leisure offer in the Borough while over 11% did not know. Where improvements were identified, the most cited suggestion from PCA respondents was the need for cheaper prices followed by the need for a new indoor swimming pool. The latter was the most suggested improvement based on all Study Area respondents. Generally, respondents from the PCA placed more emphasis on the need to improve leisure facilities for different sections of the community (i.e. children, teenagers, and the elderly) while the need for a ten-pin bowling venue was cited more often from those living beyond the PCA.

SUMMARY

- 7.79 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.
- 7.80 Our review of the Borough's commercial leisure sector and offer, and the results of the household survey, indicate that residents are travelling out of the Borough to access a range of leisure facilities. The trend correlates with an absence of those leisure facilities in the Borough or where there is limited choice. Leisure activities and venues that are achieving a limited market share across the Borough and in its main centres include theatres, music venues, cultural and historic attractions. This is to be expected to an extent given the proximity to larger centres (Weybridge and Woking) where there are more facilities and connections to Central London where there is a wealth of offer.
- 7.81 In terms of **cinema provision**, there is a reasonable participation rate across the Study Area of 60%. The Borough is served by one cinema in Addlestone which mainly supports custom from the surrounding area and less so from other parts of the Borough where competing cinema venues in Staines-upon-Thames and Woking appear to be very popular. Whilst there is limited capacity to support more cinema screens in the Borough there are plans to develop a small cinema in Egham which will benefit the town's evening economy and businesses that generate linked trips (e.g. food and beverage outlets). Beyond this, there is unlikely to be demand for another cinema in the Borough over the plan period given current and planned provision and the proximity of competing venues in neighbouring authorities.
- 7.82 The household survey indicates that the Borough's eating and drinking facilities are popular with residents, albeit the findings show some town centres are competing with higher order centres in respect to eating out (e.g. Addlestone and Chertsey). Based on the forecast residual expenditure available to support new **food and beverage** outlets in the Borough, there is capacity to support up to 1,433 sqm gross of new floorspace in the Borough up to 2032), which takes account of existing commitments. However, opportunities for new food and beverage outlets will ultimately be dictated by market demand. Any capacity and demand should be directed to the Borough's town centres first to help strengthen their daytime, evening and night-time economies. Opportunities for new food and beverage outlets are likely to be stronger in Egham where new residential development, the planned cinema, and footfall from shoppers and students will interest the market. Promoting food and beverage provision in Chertsey, particularly new cafes and restaurants along Guildford Street may help improve dwell time during the day time and support evening time activity.
- 7.83 The projected growth in the Borough's population and current participation levels in **gym and health and fitness** suggests that there will be capacity to support 2 to 3 new gym facilities in the Borough over the next ten years to 2032. There is a noted requirement from David Lloyd to open a facility in Egham, which should be encouraged. There is also likely to be demand from smaller independent gym operators that do not require large memberships numbers that would be suited to smaller accommodation within the Borough's towns.
- 7.84 Additionally, in terms of addressing future needs, the Borough's centres could benefit from a wider range of **family-based activities**, to help strengthen their overall attraction and offer. However, the potential for new family-based activities and venues will be subject to market demand from operators, but is likely to be limited to out of centre locations.

8 MARKET DEMAND ASSESSMENT & SITE OPPORTUNITIES

- 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 Borough's 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.
- 8.3 Over the last 18 months, for example, ASOS (the UK online fashion retailer) acquired the Arcadia stock, brands and websites (including for TopShop, TopMan and Miss Selfridge), but not the "bricks-and-mortar" stores. The on-line retailer BooHoo also acquired the Burtons, Dorothy Perkins and Wallis brands, along with the Debenhams website and brands. Although fast fashion retailers 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 Runnymede's town centres are not immune from these national and regional trends. The health check assessments for Addlestone, Chertsey, and Egham 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 diversity 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 Runnymede Borough and its main centres over the ten-year period up to 2032, and over the lifetime of the plan (up to 2042). The capacity forecasts are informed by the latest forecasts published by Experian Business Strategies⁷¹. 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 1,003 sqm net sales of new **convenience** retail floorspace over the ten-year forecast period to 2032 for the Borough as a whole. No forecast capacity is identified for

⁷¹ Experian Business Strategies (October 2020) *Retail Planner Briefing Note 18*.

comparison retail at Borough level over the ten year period. At centre level, indicative capacity is identified for both convenience and comparison goods floorspace in Addlestone (up to 289 sqm net sales and 383 sqm net sales, respectively) and Chertsey (up to 413 sqm net sales and 115 sqm net sales, respectively). There is limited need for new retail floorspace within the Borough’s smaller centres.

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 Borough’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 April 2022

Addlestone	Chertsey	Egham
Lidl Care UK	Savers Lidl The Range M&S Food	Lidl Aldi The Range Camile Thai Age UK VPZ

Source: Appendix C.1

8.8 As the table shows, interest from the market is much stronger in Egham, which is likely to be influenced by the significant amount of investment that is taking place in the town through new residential development. It is notable that both Lidl and Aldi are seeking representation in the town centre, along with the discount multi-goods retailer, The Range. There is also reasonable interest from multiples seeking representaiton in Chertsey and we are aware that Lidl are actively searching for a town centre site. The potential to secure M&S Food in Chertsey would also boost the attractiveness of the town to other investors. Interest from the retail market is very limited in Addlestone despite recent investment in the town centre. Nonetheless, the potential for a new Lidl store would be beneficial, particularly if it can be located within the town centre.

8.9 It should be noted that not all national operators allow their requirements to be published so there may be others seeking space in the Borough’s towns. Feedback from commercial agents did not identify any additional prospective retail operators beyond what has been listed in Table 8.1.

LEISURE NEEDS AND MARKET DEMAND ASSESSMENT

8.10 Section 7 sets out the high level assessment of the potential need for new leisure uses and facilities up to 2031, and over the lifetime of the plan. Even under normal circumstance 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 on leisure expenditure trends and growth, consumer preferences and business viability.

8.11 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 economies⁷². 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 Borough’s main centres. As part of their future adaptation and growth, it is

⁷² 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.

therefore important that the local planning authority maintains and promotes diverse and flexible leisure uses, venues and events in Runnymede’s main centres over the plan period.

8.12 Against this background the headlines from the leisure needs assessment show:

- Based on the results of a screen capacity model there is limited capacity for new **cinema** screens up to 2042. However, this is a highly theoretical capacity scenario, as any requirement for new cinemas will be mainly driven by operator demand. For example, there is currently planning permission for a small cinema within the Egham Gateway West scheme, which if delivered will help to improve the town’s evening economy.
- Eating out in **cafés and restaurants** is the most popular activity in the Study Area with 81% of respondents to the household survey dining out. Spending on Food and Beverage (F&B) also accounts for a significant proportion (55%) of total available leisure expenditure in the Borough, 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 1,433 sqm gross of new F&B floorspace over the ten year period to 2032. However, in reality, F&B operators will seek opportunities in locations where there is sufficient footfall and are more willing to compete with existing F&B provision for existing expenditure. The flexibility of Class E will allow F&B opportunities to arise where demand is identified by operators.
- **Health and fitness facilities** (principally gyms) are currently achieving a 35% participation rate across the Study Area and 30.5% for the PCA. Capacity for two to three new gym facilities has been identified based on Borough-wide population growth up to 2032. This reflects current evidence of demand from the market where we have identified requirements from two gym operators seeking representation in Chertsey (The Hilt House) and Egham (David Lloyd). These opportunities should be directed to the town centres where possible.
- 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 Borough’s town centres and the proximity of leisure facilities in larger centres in neighbouring authorities.
- The Borough is not served by any **theatres** and **music venues**. As a result, residents in the Borough who participate in these activities are traveling outside the Borough to access these facilities. Whilst there is unlikely to be demand for a large venue in the Borough, there may be potential to provide a multi-arts venue that provides performance space. Egham would be the most obvious location given that the town centre has a theatre school. In respect to **historic** and **cultural** attractions, the most popular destination is the Chertsey Museum which attracts custom from across the Study Area. Given the history of the Magna Carta, there may be potential to support a dedicated museum in Egham.

8.13 Market demand for new leisure uses varies for the town centres, but is mainly driven by interest from food and drink operators. The table below summarises identified requirements from leisure operators for each of the town centres in the 12 months to October 2021.

Table 8.2: Leisure Requirements – 12 months to April 2022

Addlestone	Chertsey	Egham
GDK (fast food/ takeaway)	McMullen (public house) Windsor & Eton Brewery (public house) The Hilt House (boutique fitness studio)	David Lloyd Leisure (gym) Windsor & Eton Brewery (public house) Camile Thai (restaurant)

Source: Appendix C.1

- 8.14 As the table shows, requirements from leisure operators are mainly confined to Chertsey and Egham where there is demand from the F&B and leisure sectors. Only one requirement is identified for Addlestone and from the fast food sector.
- 8.15 As highlighted before, interest from David Lloyd gym is a key opportunity for Egham and should be encouraged to locate to a town centre site, subject to meeting the operators space requirements.
- 8.16 As highlighted in respect to retail market demand, not all national leisure operators allow their requirements to be published so there may be others seeking space in the Borough's towns. Feedback from commercial agents has indicated that demand from national operators will primarily relate to food and beverage and gym operators. The towns were considered too small to generate interest from other active leisure operators at the current time. However, this should not deter the council from exploring opportunities to diversify leisure offer.

ACCOMMODATING RETAIL AND LEISURE NEEDS AND MARKET DEMAND

- 8.17 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”.
- 8.18 Aligned with the NPPF, the PPG⁷³ 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”.
- 8.19 In this context, the retail capacity assessment has identified need for up to 1,003 sqm net sales for new convenience goods floorspace over the ten-year period, up to 2032, which is mainly generated by residential expenditure generated from foodstore offer in Addlestone and Chertsey. As such, opportunities to support new comparison retail offer in both centres should be focused on maximising the potential to reoccupy vacant units (e.g. Addlestone One, Addlestone and Guildford Street, Chertsey) Given the limited need identified for the Borough as a whole and the prevalence of vacant units in the Borough's towns, including in adopted Local Plan allocation sites that have been development, we do not consider that there is a need to identify and allocate sites for new retail floorspace in the Borough's main centres. Although, we have highlighted a potential site allocation for Chertsey, which is discussed later in this section.
- 8.20 Potential market interest for new retail floorspace could either be taken up by vacant floorspace, or by the mixed-use development of vacant sites/buildings (i.e. ground floor commercial uses, with residential above). For larger format retailers that have registered an interest in locating to the Borough's towns, such as Lidl, Aldi and The Range, this is likely to pose a challenge to the council in how to accommodate their space requirements. For example, food retailers are less likely to compromise on store formats and requirements, with most requiring minimum site areas that can accommodate standard store formats and on-site parking that is under the operator's control, although we have noted some exceptions.
- 8.21 There is an identified requirement for a Lidl store in all of the Borough's three town centres, In addition, requirements have been noted for Aldi who are seeking a site in Egham and we are also aware of a requirement by M&S for a site in Chertsey. The Range is seeking sites in both Chertsey and Egham.

⁷³ Planning Practice Guidance (PPG). Paragraph 004, Reference ID:2b-004-20190722.

- 8.22 In Chertsey, the Local Plan allocates the Sainsbury's site (**Policy IE12: Sainsburys and Car Park Opportunity Area**) for future redevelopment. This site represents the only notable site that could accommodate, M&S Food, Lidl or The Range alongside a comprehensive scheme that retains Sainsbury's. However, there is likely to be resistance from Sainsbury's to co-locate with Lidl or M&S Food for reasons relating to competition. There may be an opportunity to redevelop the Heriot Road car park which could support a foodstore at first floor level above car parking at ground floor. However, this development option would be subject to assessing car parking capacity in the town centre as it would lead to the loss of a public car park.
- 8.23 The retail needs assessment identifies some capacity to support new retail floorspace, albeit indicative centre level, and the market demand assessment has identified serious interest from a foodstore operator seeking space within the town centre. Therefore, we consider that there is justification to retain Sainsbury's as an allocated site for redevelopment in the emerging Local Plan. However, the allocation should be broadened to allow for flexibility within the Use Class E.
- 8.24 The Council may also wish to consider the potential to allocate the Heriot Road car park which could support a discount foodstore. We understand that Lidl has expressed interest in the site as a development opportunity. However, further assessment is needed to consider potential constraints such as the loss of public parking.
- 8.25 In Addlestone, the planned development of Addlestone East (**Policy IE7: Addlestone East Allocation**) offers the opportunity to attract a new retail and leisure operators, although it is unlikely that the permitted scheme could support Lidl as a ground floor tenant. The 2015 Retail Study identified the potential to redevelop the area of Station Road that includes the GP health centre (no. 45 Station Road), day care centre, and Panzol House (no. 63 Station Road). The site is allocated in the adopted Local Plan (**Policy IE8: Addlestone West Allocation**). Redevelopment of this site could potentially support a food retailer such as Lidl and it is recommended that its allocation is retained and to support a mix of residential and commercial uses, including retail.
- 8.26 In Egham, there is interest registered by Lidl, Aldi, and The Range. Some or all of these operators could be accommodated in the town centre as part of the comprehensive development of the High Street North opportunity area site (**Policy IE12: High Street North Opportunity Area**).
- 8.27 Turning to leisure, the capacity analysis suggests that there is no forecast need for new leisure facilities, however, market demand is identified for all three town centres, albeit varying. For Egham in particular, there is market demand for new F&B and gym offer, which could be accommodated within the town centre.
- 8.28 We recommend that the High Street North opportunity area site is carried forward within the new Local Plan as a site allocation to support a mix of town centre uses including the flexibility to accommodate retail and leisure floorspace. This will not only help to support town centre regeneration but also encourage development to attract new retail and leisure operators, such as those that have registered interest in locating within Egham.
- 8.29 In summary, we consider that existing allocations for town centre development in Chertsey and Egham are carried forward in the new Local Plan. We do not consider that there is a requirement for the local planning authority to identify and allocate new sites Egham to specifically accommodate new leisure uses or retail floorspace. The potential to redevelop and repurpose vacant premises and sites will, in our judgement, meet any potential need or market demand, while for Egham, existing development allocations could accommodate forecast need and market demand for new retail and leisure floorspace.

However, we consider that there is potential to develop the health centre/ day centre/ Pandrol building site in Addlestone, which could support a new discount foodstore in the town while the potential to occupy vacant floorspace in Adlestone One to support new comparison retail offer should be encouraged. This would be subject to relocating existing uses within the town centre.

- 8.30 For the Borough’s smaller centres, we do not consider that there is evidence to support allocations for town centre developments given that these centres are serving a day to day commercial function and forecast need or market demand has been identified for new retail and leisure provision.

SUMMARY OF SITE ALLOCATION REVIEW AND RECOMMENDATIONS

- 8.31 The table below provides a summary of our review on adopted Local Plan site allocations, their suitability to meet identified need and market demand for retail and leisure uses, and whether they should be carried forward into the emerging Local Plan.

Town Centre	Site Allocation	Recommendation
Addlestone	Policy IE8: Addlestone West Allocation	Retain to support the potential to accommodate a new discount foodstore for the town centre either as a standalone store or as part of a mixed use scheme.
Chertsey	Policy IE12: Sainsburys and Car Park Opportunity Area	Retain to support the potential future redevelopment of Sainsbury’s or its expansion.
	Potential opportunity site – Heriot Road Car Park	Explore potential to allocate the site to support a discount foodstore.
Egham	Policy IE12: High Street North Opportunity Area	Retain the allocation with the aim of prioritising further development and investment in this part of the town centre.

9 TOWN CENTRE POLICY & STRATEGY RECOMMENDATIONS

- 9.1 This final section provides high-level advice and recommendations to help Runnymede Borough Council effectively plan and manage the vitality and viability of its main centres (i.e. Addlestone, Chertsey, and Egham) 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 since March 2020, 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 This assessment draws on a robust evidence base and is informed by primary research conducted specifically for this study. This new research included: (i) a telephone interview survey of some 1,002 households across the Borough and a wider Study Area; and (ii) in-centre (face-to-face) interviews in Addlestone, Chertsey, and Egham. It also draws on the findings of health check assessments carried out for each of the main centres. These health checks are based on a series of Key Performance Indicators (KPIs) that help identify the vitality and viability of centres, their SWOTs, and their relative role and function in the Borough’s network and hierarchy of centres.
- 9.4 This study also takes account of the series of reforms to the planning system issued by the Government over the last two years. These include: the update of the National Planning Policy Framework; updates and changes to Permitted Development Rights (PDR)⁷⁴; the reform of the Use Classes Order (UCO)⁷⁵; the consultation White Paper ‘*Planning for the Future*’ published in August 2020; and the 2021 *Planning Reform Bill*.
- 9.5 The reforms to the UCO (which came into effect from 1st September 2020) revoked a number of use classes under the previous UCO and replaced them within much broader use classes. For example, Class E subsumes use classes that were specified in the previous UCO as Class A1 (Shops), Class A2 (Financial and professional services), Class A3 (Restaurants and cafes) and Class B1 (Business). Class F.1 and F.2 subsume a number of the previous use classes which were specified in the Schedule to the Use Classes Order as Class D1 (Non-residential institutions) and Class D2 (Assembly and leisure). In launching the reforms the Government announced that the regulations will give “... *greater freedom for buildings and land in our town centres to change use without planning permission and create new homes*

⁷⁴ The Town and Country Planning (General Permitted Development) (England) (Amendment) (No. 2) Order 2020/755; & The Town and Country Planning (General Permitted Development) (England) (Amendment) (No. 3) Order 2020/756

⁷⁵ The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020/757 on the amended Town and Country Planning (Use Classes) Order 1987 came into effect on 1st September 2020.

from the regeneration of vacant and redundant buildings⁷⁶. The changes are relevant to this study and to the Council's planning for and management of retail and commercial leisure uses, specifically those that fall within the new Use Class E.

9.6 It is against this background, including the on-going impacts of the pandemic, 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 2042. 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:

- whether there is a requirement to allocate a range of suitable sites to meet the scale and type of any forecast need identified, looking at least ten years ahead (NPPF, paragraph 85d).
- whether there is a need to update and change the definition of town centre boundaries and Primary Shopping Areas in light of the key findings and evidence, and recent planning reforms.
- whether a locally set impact assessment threshold is needed to inform the assessment and determination of applications for new retail and leisure developments proposed outside of town centres (NPPF, paragraph 89).
- guidance on how to manage hot food takeaway uses in policy, including restricting new outlets in areas close to schools.

TOWN CENTRE BOUNDARIES, SHOPPING FRONTAGES, AND PRIMARY SHOPPING AREAS

9.7 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).

9.8 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 uses⁷⁷ within or adjacent to the PSA.

9.9 The Council's current defined town centre and PSA boundaries for the Borough's town and district centres are set out in the Local Plan Policy Map, which are used to inform:

- Policy IE4: The visitor economy;
- Policy IE5: Centre Hierarchy, sequential approach and impact assessment;
- Policy IE6: Town centre development; and

⁷⁶ <https://www.gov.uk/government/news/pm-build-build-build>

⁷⁷ 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.

- Policy IE13: Local Centres.

- 9.10 Before considering policy and boundary definitions for town centre boundaries and PSAs any further it is should be highlighted that Policy IE6 and Policy IE13 make reference to designations on **Primary and Secondary Shopping Frontages**, which are identified within the Local Plan Policy map for town and local centres.
- 9.11 There is no policy requirement under the NPPF to define primary and/or secondary shopping frontages. The PPG does state that local planning authorities may, where appropriate, wish to define frontages “..where their use can be justified in supporting the vitality and viability of particular centres”⁷⁸. However, in this case we consider that the continued definition and application of primary and secondary frontages in policy is now out date and too restrictive. In our view frontage policies can prevent the growth of a mix of non-retail uses and activities that can add significantly to the diversity, vitality and viability of towns and high streets.
- 9.12 **Therefore, we recommend that references to Primary and Secondary Frontages are removed from Policy IE6 and Policy IE13.**
- 9.13 Notwithstanding the above, the policies pertaining to plan-making and decision taking for retail, leisure and town centre uses in the NPPF do still 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 2 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.
- 9.14 We have therefore reviewed the defined town centre and PSA boundaries for the Borough’s town and local centres within the Local Plan Policy Map. Drawing on the evidence and key findings of this study, the following sets out our judgements and advice on the definition of appropriate and robust boundaries for the Borough’s town and local centres.
- **Addlestone – no changes are recommended to the defined town centre boundary.** There is potential to contract the PSA boundary at the eastern end of the town centre to exclude frontages that mainly comprise service uses. However, there is benefit in retaining the PSA boundary here to support recommended policies for managing hot food takeaway provision (discussed later in this section). As such, **no changes are recommended to the defined PSA.**
 - **Chertsey – no changes are recommended to the defined town centre boundary.** It is recommended that the **PSA boundary is extended to include the Aldi store and car park,** as the store is considered to be a key retail anchor for the town centre.
 - **Egham – no changes are recommended to the defined town centre boundary.** The current PSA boundary mainly comprises retail uses, although it is noted that the northern end of High Street is more balanced towards service uses. However, overall, we consider that the PSA still supports a predominantly retail function and should be protected by policy. Therefore, **no changes are recommended to the defined PSA.**
 - **Local Centres – the boundaries for the local centres and PSA are aligned for each centre and in each centre is confined to commercial properties. Therefore, no changes are recommended to the defined local centre boundaries.**

⁷⁸ PPG. Paragraph: 002. Reference: ID: 2b-002-20190722.

LOCAL FLOORSPACE IMPACT THRESHOLD

- 9.15 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)⁷⁹, 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.
- 9.16 For Runnymede Borough Council, **Policy IE5 (Centre Hierarchy, sequential approach and impact assessment)** of the adopted Local Plan sets the floorspace thresholds that trigger the need to submit an impact assessment for town centre uses that are not located within a defined town centre:
- Retail - 500 sqm gross
 - All other town centre uses – 2,500 sqm gross
- 9.17 **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, leisure and other town centre uses outside of a defined centre** in accordance with paragraph 90 of the NPPF. The justification and evidence to support this lower impact threshold is set out in the following paragraphs.
- 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 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).
- 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
- 9.19

⁷⁹ Planning Practice Guidance. Paragraph: 015. Reference ID: 2b-015-20190722

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.

- 9.20 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.
- 9.21 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.
- 9.22 The health checks for the Borough’s main 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 below 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)
Addlestone	3,160	27	117	8,700 (1,530)*	11(9)*	790 (170)*
Chertsey	3,040	24	127	4,670 (1,160)*	10 (8)*	467 (145)*
Egham	5,040	29	174	5,420 (1,480)*	13 (11)*	417 (135)*
Average Outlet Size (sqm gross):			139			558 (150)*

Source: Experian Goad Category Reports (2021).

()* Excludes anchor foodstores

- 9.23 As the table shows the average size of comparison goods units range from 117 sqm to 174 sqm, with an overall average unit size for the three town centres of 139sqm.. For convenience goods the average unit size is 150 sqm; ranging from 417 sqm in Egham to 790 sqm in Addlestone. However, it must be noted that the convenience outlet averages are skewed by the inclusion of anchor foodstores in Addlestone⁸⁰, Chertsey⁸¹, and Egham⁸². If these anchor foodstores are excluded, then the average unit size for the centres falls to 170 sqm gross for Addlestone, and 145 sqm gross and 135 sqm gross for Chertsey and Egham, respectively. This average unit size will also be typical for the Borough's Local Centres.
- 9.24 A review of retail and leisure operator requirements shows that foodstore operators and major leisure operators are seeking large floorplates (above 1,000 sqm gross), but that the majority of operators that have registered interest in sites in the Borough's towns are seeking units that fall below the recommended 280 sqm gross threshold. This includes comparison retailers, pub companies, takeaways, restaurants and smaller gyms. 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 Borough'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.
- 9.25 Turning to the recent permissions for retail and leisure development in the Borough, the majority of schemes coming forward related to change of use consents for individual units or provide flexible retail and leisure uses as part of residential led schemes (e.g. developments in Egham Gateway West and Addlestone East). These and other schemes that may come forward in the Borough's main centres would be vulnerable to competition from any edge and out of centre schemes also seeking similar smaller format units. In simple terms, competing out-of-centre proposals could have a significant adverse impact on investor confidence in, and market demand for the commercial retail, leisure and service elements of these mixed-use town centre schemes. 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.
- 9.26 We have also had regard to the Borough-wide capacity assessment for new retail (convenience and comparison goods) floorspace, which identifies only capacity to support a limited quantum of new comparison goods retail floorspace. As such, there is greater onus on retaining and improving market share for the Borough'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 Borough's town centres and potential impact.
- 9.27 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

⁸⁰ Tesco Extra (6,110 sqm gross) and Waitrose (1,060 sqm gross) together account for 82% of Addlestone's total convenience floorspace.

⁸¹ Sainsbury's (1,840 sqm gross) and Aldi (1,670 sqm gross) together account for 75% of Chertsey's total convenience floorspace.

⁸² Tesco (1,890 sqm gross) and Waitrose (2,050 sqm gross) together account for 73% of Egham's total convenience floorspace.

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).

- 9.28 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 way⁸³. 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.
- 9.29 **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**⁸⁴.

MANAGING HOT FOOD TAKEAWAY PROVISION IN THE BOROUGH'S CENTRES

- 9.30 The Planning Practice Guidance supports actions by local authorities to control hot food takeaway provision and prevent their proliferation, which can help meet the NPPF's objective to promote local health and wellbeing by improving access to healthier food. This follows guidance published by Public Health England (PHE) in February 2020 on "*Healthy weight environments: using the planning system*"⁸⁵. The guidance provides practical support for local authorities that wish to use the planning system to achieve positive public health outcomes. An addendum to the guidance provides specific advice on how local authorities can make use of the changes to the Use Class Order that reclassify hot food takeaways as Sui Generis.
- 9.31 The PHE guidance advises local authorities that are seeking to control hot food takeaway provision in policy should consider the following steps first:
- *"reference and adopt the PHE February 2020 guidance and this addendum, to clarify adopted local plans or decisions.*
 - *ensure future reviews of planning documents, including preparation of evidence, replace references to A5 hot food takeaways with sui generis hot food takeaway.*
 - *ensure any future planning policies and decisions taken on new hot food takeaways and the wider food retail environment continue to be based on material considerations including local physical and mental health and wellbeing evidence and needs.*
 - *ensure local authorities' data collection, monitoring systems and processes are still able to identify, distinguish and track the presence of hot food takeaway outlets and other food premises as part of the evidence base.*
 - *consult local authority legal departments where necessary to clarify any complex implications on existing policies before adopting final arrangements."*

⁸³ PPG. Paragraph: 017. Reference ID: 2b-017-20190722

⁸⁴ Such as cinemas, public houses, wine bars, or drinking establishments, drinking establishments (including those with expanded food provision), hot food takeaways, etc.

⁸⁵ <https://www.gov.uk/government/publications/healthy-weight-environments-using-the-planning-system/addendum-hot-food-takeaways-use-in-the-new-use-class-order>

- 9.32 Many local authorities across the country have policy in place to manage hot food takeaway provision, which comes either in the form of specific local plan policies or Supplementary Planning Documents. For Runnymede, the Council have the opportunity to include a new policy in the emerging Local Plan to manage growth or limit the opening of new hot food takeaways in the Borough, including in town centres, but also within the vicinity of schools.
- 9.33 A high level review was undertaken on current provision of hot food takeaway outlets to establish whether there is currently a proliferation of hot food takeaways in the Borough's town and local centres and or whether these locations are at risk of proliferation of this particular use.
- 9.34 The review only considers outlets that fall within the Sui Generis Use Class and are characterised as fast food takeaway outlets. However, it should be noted that takeaway food is now widely available from sit-down restaurants (Use Class E(b)), particularly since the pandemic began and the rise in popularity of third party online delivery services (e.g. Just Eat, Deliveroo, etc).
- 9.35 Consideration is also given to the proximity of hot food takeaways to schools and whether policy action is needed to restrict new hot food takeaways in these areas to help towards addressing childhood obesity and promote healthy food choice initiatives. We will look to policy used by other authorities and assess what approaches have been successful or not, with the aim of providing a recommended policy that can be enforceable.
- 9.36 Of the Borough's three town centres, the greatest number of hot food takeaways is located in **Addlestone Town Centre** where 15 were recorded by Experian Goad in December 2021. This represents 12% of all commercial town centre outlets in the town centre, which is nearly double the UK average for town centres of 5.89% that is identified by Experian Goad.
- 9.37 As the figure below shows, hot food takeaway outlets are grouped together at several locations along Station Road. The greatest concentration of outlets is found between nos. 123 and 145 Station Road where there are 6 outlets and a seventh outlet on the opposite side of the road.
- 9.38 The number of hot food takeaways in the town centre is considered very high for a centre of Addlestone's size.

Figure 8.1: Distribution of Hot Food Takeaways (Sui Generis) in Addlestone Town Centre



Source: Experian Goad (Survey date December 2021)

- 9.39 A review of existing primary and secondary schools in Addlestone identified Darley Dene Primary to the south of the town centre and approximately 350 metres from takeaway outlets on Station Road that are trading from lunch time. Other schools, including Jubilee High School to the west of the town centre and St Georges Weybridge, to the north east of the town centre, are located over 1km from takeaway outlets on Station Road. It is noted that a takeaway outlet (Bokays, 116 Church Road) is located some 450 metres from Jubilee High School, but this outlet does not open until 5pm.
- 9.40 In **Chertsey**, Experian Goad recorded 8 hot food takeaways in December 2021, which equates to approximately 6.84% of all commercial town centre units, which is approximately one percentage point above the UK average (5.89%).
- 9.41 As the figure below shows, the only area where hot food takeaways are closely located is within the central area of Guildford Street that lies within the Primary Shopping Area (nos. 89 and 98 Guildford Street and no. 2 Burnwood Parade). However, these frontages are largely in use for service and food and beverage uses, so the current representation of hot food takeaways in this location is not considered unusual.

Figure 8.2: Distribution of Hot Food Takeaways (Sui Generis) in Chertsey Town Centre



Source: Experian Goad (Survey date December 2021)

- 9.42 In terms of proximity to schools, the nearest primary and secondary schools are Salesian School and Sir William Perkin's School, which are located south of the defined town centre. Pycroft Grange Primary is located north west of the defined town centre and St Anne's Primary and Stepgates Community School located to the east. Takeaways and restaurants that offer takeaway meals located on Phoenix Plaza (Subway and Flamin' Go) are closest in proximity to William Perkin's School and are approximately 500 metres walking distance from the school entrance. The takeaways are trading from lunchtime onwards. All of the other schools identified are located a further distance away from existing takeaway outlets (including those in the town centre and neighbouring commercial parades).

- 9.43 There are 9 hot food takeaways recorded in **Egham Town Centre**, which equates to 6.04% of all commercial town centre units. This is just above the national average for town centres (5.89%).
- 9.44 Hot food takeaway outlets are mainly located to the south of the town centre as shown in the figure below. Whilst the current numbers of outlets in this area is not unusual, any increase within these frontages could amount to an undesirable proliferation. This is particularly relevant given the proximity of Strode's College, which is within metres of hot food takeaways on this section of High Street. These takeaways are trading from lunchtime and are likely to capture expenditure from pupils at Strode's College.

Figure 8.3: Distribution of Hot Food Takeaways (Sui Generis) in Egham Town Centre



Source: Experian Goad (Survey date December 2021)

- 9.45 The number of hot food takeaways in the Borough's Local Centres varies by centre. Provision is summarised as follows:
- **Englefield Green** - one outlet was recorded (Village Pizza, Victoria Street) which is open from noon. The nearest school to this outlet is Englefield Green Infant School which is within 500m walking distance. St Jude's Junior School and St Cuthbert's Roman Catholic Primary School are over 500 metres walking distance away.
 - **New Haw** - three hot food takeaways recorded including one located on The Broadway and two on Woodham Road. Two of the three takeaways are open from lunchtime. New Haw Junior School is located some 350 metres from the nearest takeaway outlet that is trading during the day time and Fullbrook Secondary School is over 500m walking distance.
 - **Ottershaw Local Centre** - one hot food takeaway is recorded (Dragon Wok, 5 Brox Road), which is open from lunch time. The nearest school is Meath School, located approximately 550 metres away.
 - **Virginia Water** - there are no outlets that operate solely as hot food takeaways. However, the majority of the restaurants trading in the centre provide a takeaway service.
- 9.46 In summary, current Use Sui Generis hot food takeaway provision across the Borough's three town centres is above the UK average for town centres. The actual number of outlets that offer a hot food takeaway service is higher when including restaurants that provide takeaway meals; a feature that most restaurants now offer, encouraged by the pandemic and the rise in online third party delivery services (e.g. Just Eat, Deliveroo, etc).

- 9.47 Addlestone stands out as a centre that is considerably over-represented by hot food takeaways. Here, the percentage of hot food takeaways as proportion of all commercial units is more than double the UK average. There is a proliferation of hot food takeaways along one section of Station Road, which are within 350 metre walking distance of Darley Dene Primary School.
- 9.48 Whilst the Borough's two other town centres have an above average representation of hot food takeaways they do not raise as much concern as Addlestone. Similarly, the current hot food takeaway offer in the Borough's Local Centres is not considered to be a concern in terms of representation or proximity to existing schools.
- 9.49 There are numerous examples of where restrictions on hot food takeaways in proximity to schools have been applied by local authorities, most of which have been delivered through a Supplementary Planning Document (SPD).
- 9.50 From the review of SPDs it was noted that local authorities take many different approaches, with most focusing on controls on new venues. One of the local authorities in particular⁸⁶ applied two different approaches within their SPD that dealt with new openings in town centres and separate measures for new takeaways near schools. In respect to town centres, new hot food takeaways are not permitted if it leads to hot food takeaways accounting for more than 10% of all main town centre ground floor units within a Primary Shopping Area, or 15% of all main town centre ground floor units within the centre boundary of a District or Local Centre.
- 9.51 For schools, the SPD also proposes limiting opening hours of new hot food takeaways within 400m from the gates of all primary and secondary schools. The following time restrictions are applied:
- **Primary school** (infant and/or junior or middle): the hot food takeaway is not open to the public between 3pm to 5pm weekdays and there are no over the counter sales during these times.
 - **Secondary school**: the hot food takeaway is not open to the public before 5pm on weekdays and there are no over the counter sales before that time.
- 9.52 However, the time restrictions do not apply if the application site is located within a designated centre.
- 9.53 The distance of 400m is universally accepted as a convenient distance that people are willing to walk to either access facilities or services on foot, or walk to a bus stop to access a facility.
- 9.54 A 400m buffer is identified using GIS applications that measure distance based isochrones (broadly equivalent to a 5 minute walking time for children) and also informed by walkable-routes network (WRN) datasets.
- 9.55 For Runnymede, we consider that the hot food takeaway thresholds for town centre and local centre should be adopted as policy in the new Local Plan or as part of a separate SPD. This is particularly relevant given the high proportion of hot food takeaways in Addlestone, which currently represent 12% of all town centre units. As such, we consider that the following thresholds are included in policy for managing hot food takeaways in the Borough:
- **Town Centres – new hot food takeaways are not permitted if it leads to hot food takeaways accounting for more than 10% of all main town centre ground floor units within the town centre boundary.** Whilst current provision in Addlestone goes beyond the town centre threshold the policy should help to prevent any further increase.

⁸⁶ Kirklees District Council, Hot food takeaway supplementary planning document

- **Local Centres - new hot food takeaways are not permitted if it leads to hot food takeaways accounting for more than 15% of all main town centre ground floor units within the centre boundary.**

9.56 In addition, **there is merit in applying a 400m buffer that prevents new hot food takeaways from opening close to primary and secondary schools in the Borough**, albeit this may impact on customer choice where the site falls within a designated centre and is not breaking maximum threshold for outlets. **Alternatively, where the latter applies, opening hours are restricted so that they do not benefit from passing trade from school pupils** (e.g. opening hours prohibited before 5pm on Mondays to Fridays). By limiting children’s exposure to new hot food takeaways, particularly on routes to and from school, this policy will help to tackle increasing levels of obesity and prevent initiatives that seek to improve diet choices.

SUMMARY OF POLICY RECOMMENDATIONS

9.57 The table below provides a summary of policy recommendations that the Council should consider as part of the emerging Local Plan.

Policy	Recommendation
Policy IE6: Town centre development	Remove policy references to Primary and Secondary Shopping Frontages.
Policy IE13: Local Centres	Remove policy references to Primary and Secondary Shopping Frontages.
Town Centre Boundary & PSA boundary, Local Plan Maps	Addlestone - No changes to the town centre boundary and PSA.
	Chertsey - No changes of the town centre boundary. PSA boundary to include Aldi store and car park.
	Egham - No changes to the town centre boundary and PSA.
	Local Centres - No changes to the town centre boundary and PSA.
Policy IE5 (Centre Hierarchy, sequential approach and impact assessment)	280 sqm gross for assessing the impacts of any proposed retail, leisure and other town centre uses outside of a defined centre
New Policy – Managing Hot Food Takeaways	New hot food takeaways are not permitted if it leads to hot food takeaways accounting for more than 10% of all main town centre ground floor units within the town centre boundary or more than 15% of all main town centre uses within a local centre boundary. 400m buffer that prevents new hot food takeaways from opening close to primary and secondary schools in the Borough or restriction on opening hours (prohibited before 5pm on Mondays to Fridays).

FUTURE TOWN CENTRE STRATEGY RECOMMENDATIONS

- 9.58 The NPPF requires that: “...*planning policies and decisions should support the role that town centres play at the heart of communities, by taking a positive approach to their growth, management and adaptation*” (paragraph 85). The NPPF supports the need to maintain and enhance the long term vitality and viability of town centres first, as the most appropriate and sustainable locations for new investment and development.
- 9.59 The study has demonstrated that the retail is no longer the main driver of a town centre economies and national guidance and planning reforms have responded by encouraging greater diversity and flexibility to respond to the constant evolution of the retail sector. Although retail will remain a key part of a town centre’s overall offer, vitality and viability - helping to generate trips, footfall and spend – it is critical that the policies and strategies developed for each centre help to promote greater flexibility and diversity, so that they can respond more effectively and rapidly to future trends. This flexibility and diversity will, in turn, help to create more resilient, attractive and successful town centres. It will also help to strengthen their respective roles in the Borough’s network and hierarchy of centres as places to live, work, shop, study, play and visit for a wide range of uses and activities.
- 9.60 Runnymede’s main centres (like other centres in the South East region and across the UK) are facing a myriad of issues and challenges due to the dynamic changes in the retail and leisure sectors. The challenges have been further accelerated and compounded by the impact of the pandemic, and include: the growth of online shopping and home-based leisure activities (from watching movies to eating at home); the increase in retail failures and closures; a dramatic fall in market demand for space; a rise in vacancies and fall in footfall; and limited/no forecast need or market demand for new retail floorspace. The market research undertaken for this study has shown how online shopping has become more entrenched as a result of lockdown measures and there is need to rethink how the Borough’s residents can be encouraged back to the town centres.
- 9.61 There are limitations what the emerging Local Plan policies can achieve in guiding the future of the Borough’s town centres given the planning reforms on Permitted Development Rights and the Use Class Order is promoting a more market led approach to supporting town centre economies. There are likely to be unintended consequences of this new approach, particularly in respect to achieving the right mix of uses and ensuring that town centres continue to appeal to shoppers, other town centre users and visitors, workers and residents. It is recommended that a town centre strategy or action plan is prepared for each of the Borough’s three town centres to future proof the centres against any negative impacts from PDR and potential negative implications of Use Class E, and to take advantage of opportunities that are specific for each centre.
- 9.62 Notwithstanding their distinctive roles, characters and offers, the study findings and wider trends point to a number of common themes and actions that should be considered in a future strategy for the Borough’s three town centres. The following interventions represent some of the common themes that could be explored as part of a strategy for each of the town centres:
- The impact of COVID-19 has highlighted the extent to which town centres rely on traditional retail and service formats, particularly how many businesses are unprepared for sudden closure or the need to adapt to social distancing requirements. Many businesses operate on small margins and a loss in revenue operational costs to help mitigate against future impacts on the retail sector. At the same time, caution should be applied to relying on the leisure sector for growth. Trends point to

increasing demand for **experience-led commercial uses**, such as street markets and foodhalls. For Runnymede, the market research conducted for this study identified customer demand for **regular street markets** in each of the Borough's three towns. Egham and Chertsey are obvious locations to support a regular street market given these towns have previously hosted markets. This could include regular food markets and also a maker market⁸⁷, which support creative industries, and local start-ups.

- The potential to provide a mix of new **residential development** in and on the edge of centres, which will help to maintain and strengthen their overall vitality and viability. Provision of the right type of homes, in the right locations that cater for the needs of different ages and socio-economic groups will help to generate new trips, footfall and spend for the benefit of existing shops and business, as well as supporting new provision. All three town centres are benefiting from new development that will boost their residential population, which in turn will generate new expenditure to support town centre businesses. Further opportunities to support new residential development as part of mixed use schemes should be explored.
- The trend to **home-working** that was a necessity during the pandemic is predicted to continue. As a result, businesses are adapting their office and workspace needs. This should benefit commuter towns, including the Borough's centres, in a number of important respects. Firstly, more of the Borough's population working from home will meet their essential day-to-day needs close to where they live, which will help to strengthen the vitality and viability of local centres and businesses. Secondly, there will be an increase in demand for more **flexible workspace**, particularly focussed on transport hubs. It is anticipated that the new PDR legislation (which further promotes office to residential PDR) will result in more demand for alternative affordable office space. Demand for shared workspace will be largely confined to Egham. LSH are aware of a number of workspace providers that are now seeking opportunities in smaller town centres, with IWG one of largest work space providers who are moving into this more localised market.
- The need to invest in the quality of **town centre environments** - including frontages, streetscapes, buildings and public realm - to create more attractive, accessible, safe and "greener" (carbon neutral) environments that appeal to all ages and groups. The positive impacts on the environment and on health and well-being of introducing more planting and parks into centres, where space allows, should not be underestimated or undervalued. There is potential to improve greenspace in all three town centres, albeit in varying forms, particularly in Egham and Addlestone where the town centre environment is very urban and lacks greenspace. This could include pop-up or pocket parks which do not require a lot of space. For Chertsey, better connections with existing greenspaces and making them a feature of the town centre could help draw in more town centre users.
- Measures to **encourage new business and start-up opportunities** could include working with commercial landlords to bring forward temporary shop leases in vacant shops, which has the benefit of promoting active frontages and diversifying town centre offer. This would particularly benefit Guildford Street in Chertsey where many vacant buildings are identified. Such a measure would require buy-in from the landlord, particularly regarding how tenants can fund upfront 'premiums' and fit out obligations, and other lease requirements. Any proposals to bring forward development sites in the town centre should seek to facilitate opportunities to support the expansion of new businesses and opportunities for start-ups. Consultation with local businesses and entrepreneurs would help to identify the type of accommodation that is needed by existing businesses seeking to expand or those seeking to open in the town centre.

⁸⁷ Maker markets typically showcase the products of small creative businesses (e.g. crafters, artists, artisanal food producers).

- 9.63 There are many other town centre strategy themes that the Council could explore such as promoting 5G networks and fibre optic opportunities to promote better connection for businesses, initiatives to support better digital marketing for town centre businesses (particularly on social media), providing and planning for Electrical Vehicle (EV) charging points and planning for future EV infrastructure needs, and creating safer environments to promote the evening time economy for each centre.
- 9.64 The themes and overall strategy will need to be tailor to be specific to the SWOTS for each centre and identify realistic timeframes for delivery, and identify and maximise funding opportunities, such as those available from Government.

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