Lambert Smith Hampton

# TOWN CENTRE USES & FUTURE DIRECTIONS STUDY: *PART 2*

## *KEY FINDINGS & RECOMMENDATIONS*

for:

SURREY HEATH BOROUGH COUNCIL

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Signed:

For and on behalf of Lambert Smith Hampton

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## PART 2 STUDY:

## KEY FINDINGS, POLICY RECOMMENDATIONS & 'FUTURE DIRECTIONS' STRATEGY



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## INTRODUCTION

1. Surrey Heath Borough Council (the 'Council') commissioned Lambert Smith Hampton ('LSH') to prepare the ***Town Centre Uses & Future Directions Study***. This study will help to guide and inform future plan-making and development management decisions for the Borough and its main centres up to 2038. The study is split into two inter-related parts.

2. The **Part 1** study updates the evidence-base for the Borough and its main centres (namely Camberley, Frimley and Bagshot) pertaining to retail, leisure and other main town centre uses. It is informed by: (i) a street interview survey of over 200 visitors to Camberley Town Centre (see Appendix B)[1]; (ii) a telephone interview survey of over 1,000 households living in the Borough and a wider geographic area (see Appendix C)[1]; (iii) town centre health checks; and (iv) robust forecasts of the capacity/need for new retail floorspace and commercial leisure uses up to 2038.

3. This **Part 2** study summarises and draws on the key findings of the Part 1 evidence and research, and provides forward thinking to help the Council develop a robust strategy and policy recommendations for the future direction of the Borough and its main centres, principally focusing on Camberley Town Centre.

## CONTEXT

4. Our advice and recommendations takes account of the current planning policy and regeneration context, and the dynamic trends influencing and shaping the retail and leisure sectors. Together these policies and trends are generating significant challenges and opportunities for our high streets and town centres, including the Borough's main centres. These trends have been further compounded and accelerated since March 2020 by the impact of the COVID-19 pandemic.

## Policy Context

5. The Development Plan Documents ('DPD')[2] that guide both plan-making and decision-taking in Surrey Heath Borough and its main town centres are summarised in detail in Section 2 of the Part 1 Study and include: the saved policies of the *Surrey Heath Local Plan* 2000, the *Core Strategy & Development Management Policies 2011-2028* (adopted February 2012)[3] and the *Camberley Town Centre Area Action Plan* (adopted July 2014).

6. Other relevant material considerations include the *National Planning Policy Framework* (NPPF)[4] and the *Planning Practice Guidance* (PPG). The Framework requires that LPAs plan for and allocate sufficient sites to meet needs over the plan period , but apply a ***shorter ten-year time horizon to meeting the needs for new retail, leisure, office and other main town centre uses***.

7. Chapter 7 of the NPPF sets out policies and criteria aimed at *'ensuring the vitality of town centres'*. This includes focussing new development and investment in town centres first, and promoting new residential living.

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[1] Please note that the street interview and household surveys were designed and commissioned by Avison Young and carried out by NEMS Market Research in May-June 2019, before LSH was subsequently instructed by the Council.

[2] Section 38(6) of the Planning and Compulsory Purchase Act

[3] For example, refer to: Policies CP1, CP3, CP8, CP9-11 and DM12-14 of the Core Strategy.

[4] Updated version published in July 2021.

8. The PPG (*'Town Centres and Retail'*) also places significant weight on the development of positive plan-led visions and strategies for town centres.

9. The Government has also issued a series of reforms to the planning system in 2020/21, including to Permitted Development Rights (PDR)[5] and the Use Classes Order (UCO)[6]. The consultation White Paper '*Planning for the Future'* in August 2020 also set out the Government's proposed "*radical reform*" of the planning system. Although it is too early to comment on the potential implications of the White Paper, if adopted, the reforms to the UCO (and specifically the new Use Class E) and new PD rights are highly relevant to the future planning and development of the UK's towns and high streets.

10. In summary, national and local plan policy/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, study and visit centres for a wide range of activities.

## Regeneration Context

11. A significant number of new investments in the town centre by both the Council and private sector have been delivered in Camberley Town Centre since the Core Strategy and AAP were adopted. Good progress has been made on a number of key development/regeneration projects, including[7]:

- **London Road** – the majority of this key northern gateway site to the town centre is owned by the Council. It represents the largest regeneration opportunity in the town centre for new residential and mixed-use development, along with the provision of high quality public realm[8].
- **The High Street, Princess Way and Knoll Walk** - The Council and the Enterprise M3 Local Enterprise Partnership (LEP) have jointly invested some £4.4m in comprehensive public realm works along the High Street and Princess Way. The works were completed in early 2021.
- **The Square** - The Council acquired the 42,735 sqm shopping centre in 2016 and have since invested in the refurbishment of the malls.
- **Ashwood House / Pembroke House** - The Council has led the circa £30m redevelopment of these former office blocks which are identified as key opportunities by the AAP (Policies TC16 and TC17). Berkeley Homes is leading the residential-led redevelopment of both buildings.
- **Arena Leisure Centre** – located on the edge of the town centre the Council has entered into a 25-year contract with Places Leisure, to design, build, operate and maintain a £22m facility on the site of the former Arena Leisure Centre. The new centre opened on 1st July 2021.

12. In this context, Camberley has benefitted from significant new investment over recent years, and is set to further benefit from the regeneration and repurposing of some key strategic sites/buildings in the town centre over the short to medium term.

## Economic and Market Trends

13. Section 3 of the Part 1 study details some of the key economic, consumer and property market trends that have driven the changes in the retail and leisure sectors over the last 10-15 years, and will continue to shape change in the future. The latest available figures published by the *Office for*

[5] 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

[6] 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.

[7] Refer to Part 1 Study for more detail

[8] Refer to both the Core Strategy and the AAP (Policy TC14)

*National Statistics* (ONS) and the forecasts by Experian Business Strategies and other research bodies clearly show the impacts of the pandemic on:

- **UK economy**: experienced its biggest annual decline in GDP (-9.9%) in 2020 for over 300 years. The latest ONS figures show the economy narrowly avoided a double-dip recession. Experian Business Strategies (Experian) predict that the economy will not recover to pre-pandemic levels until at least 2022[9], assuming a return to more "normal" conditions in the second half of 2021.
- **Consumer spend:** fell by over 20% quarter-on-quarter in the second quarter of 2020; the largest quarterly contraction on record. Spending on hospitality, travel and leisure was dramatically impacted during this period.
- **Comparison goods retail spend:** following negative growth in spend per head of -8.5% in 2020, Experian predict that (per capita) growth will settle at around +3% per annum on average up to 2038. This growth forecast is significantly below the historic long term trend (1997-2019) of +5.5% per annum.
- **Convenience goods retail spend:** According to Experian, spending on food and convenience goods increased by a significant +8.4% in 2020. This was fuelled by the growth in essential food shopping by households during the series of lockdowns, which benefitted both larger superstores and smaller convenience shops. This increase in spend had been preceded by flat growth over the previous 15 years. Experian predict a fall in convenience spend in 2021 (-6.2%), and annual (per capita) growth over the medium to long term *"flatlining"* at around +0.1% up to 2038, which is more in line with historic (pre-pandemic) trends.
- **Leisure spend:** Following a dramatic -53.8% fall in leisure spend per head in 2020, Experian forecast a return to growth in 2021 (+64.7%) and 2022 (+14.8%). Average yearly growth is forecast to settle at approximately +2.5% over the medium term (2023-2027) and +0.9% over the long term (2028-2038). This growth in leisure spend is consistent with the historic average growth of +1.1% per annum between 2012 and 2018.
- **Special Forms of Trading (SFT)[10]:** The growth in non-store retail sales (and principally online sales) over the last decade has undoubtedly had the most significant impact on consumer spend and behaviour, and the retail sector. ONS figures show that SFT's overall market share (as a proportion of total UK retail sales) increased from 5.5% in 2006 to 20.2% in 2019. One of the damaging impacts of COVID-19 has been to further accelerate the move to online shopping. Experian's latest figures indicate that the SFT's market share of retail sales increased to 26.9% in 2020, compared with the pre-COVID forecast of 21.2%. SFT's market share is forecast to increase to 34.5% by 2038. This means that at least one in every three pounds spent on retail in 15 years' time will be online according to Experian. This market share could be higher based on forecasts by other analysts.
- **Retailer business models:** The challenging economic conditions and growth in online sales have had a significant and permanent impact on consumer shopping and spending behaviour. In turn, this has created significant challenges for traditional "*bricks-and-mortar*" retailing and the high street. As a consequence, national multiple retailers are constantly reviewing and adapting their business strategies, requirements and store formats to keep pace with the dynamic changes in the sector and consumer demand. The non-food retail sector has also experienced a significant impact from the rise of online shopping, and the challenging economic and property market environment. Many well-known retailers either have closed over the last decade (including Woolworths, BHS, HMV, Mothercare and Poundworld), and/or have significantly reduced their store portfolios (including M&S, Boots and New Look). Debenhams is also closing all its stores after it went into administration in 2020, although it will continue to trade online. The online fashion retailer Asos also purchased the Arcadia brands (including Topshop, Topman and Miss Selfridge) 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 store portfolio.

[9] Refer to Experian's latest Retail Planner Briefing Note 18 (RPBN18) published in October 2020

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

- **Vacancy levels:** These business failures and store closures are leading to an increase in vacancies in many towns, high streets and shopping locations. According to the latest Experian Goad database, the UK vacancy rate increased to 15% in July 2020, compared with 7% in 2006[11]. Some analysts suggest that there is as much as 30% too much physical space in the retail sector.
- **Occupancy costs**: The pandemic has resulted in the forced closure of many shops and businesses during the series of lockdowns since March 2020, and this has further increased on their viability due to increases in their costs and debts. As a result businesses are increasingly seeking to reduce their costs to remain viable; including negotiating shorter lease terms and greater incentives from landlords. This is forcing down rents and profits for town and shopping centre assets in more marginal, secondary locations. Occupiers are also having to find new strategies to increase the "productivity" (or "efficiency") of their existing stores to cover their increasing costs and remain viable. New lease and rent models are also being introduced by landlords, including turnover-based rent models.
- **Out-of-centre retailing:** Notwithstanding the pressures on town centres and the high street, most out-of-centre shopping locations have maintained their significant competitive advantages over town centres due to their supply of larger format modern outlets, lower occupancy costs, extensive free parking and convenient access to the road network. This is an attractive proposition for those retailers that are still seeking "physical" space in the current market.

14. In summary, retailers and businesses in the UK's towns and high streets are facing a myriad of challenges. Over the last 5 years these challenges have included the rise in online purchases, the uncertainty created by BREXIT and, more recently, by the pandemic. In many cases our traditional high street retailers are "*burdened*" with too many stores, unsuitable space, inflexible lease/rent models and rising debts. This will inevitably result in further retail "*casualties"* post-pandemic.

15. However, the full impacts on the UK's economy, business/investor confidence, commercial property and our town centres will not be fully realised until after the threat of the pandemic has passed and the country is able to return to more "*normal conditions*". We therefore advise the Council that it should review and refresh this study at an appropriate time in the near future to better understand the lasting impacts of the pandemic on the Borough's economy, its town centres and household shopping and leisure patterns. In the meantime, we recommend that robust and proportionate monitoring be carried out by the Council on a regular basis over the next 12-24 months (on a monthly, quarterly and/or half yearly basis) to help assess, understand and respond to the impacts and after-effects of the pandemic. We set out the different types of monitoring that could be carried out later in this study.

## RETAIL CAPACITY & LEISURE NEEDS

16. It is in the context of these dynamic economic, policy and market trends that we have assessed the need for new retail floorspace and leisure uses over the forecast period, up to 2038.

### Catchment Area

17. The figure below shows the catchment (study) area which provided the framework for the household telephone interview survey and the capacity/needs assessment. The catchment was disaggregated into 11 zones to enable a "*finer grain*" analysis of shopping patterns, leisure preferences, expenditure flows and market shares derived from the household telephone interview survey.

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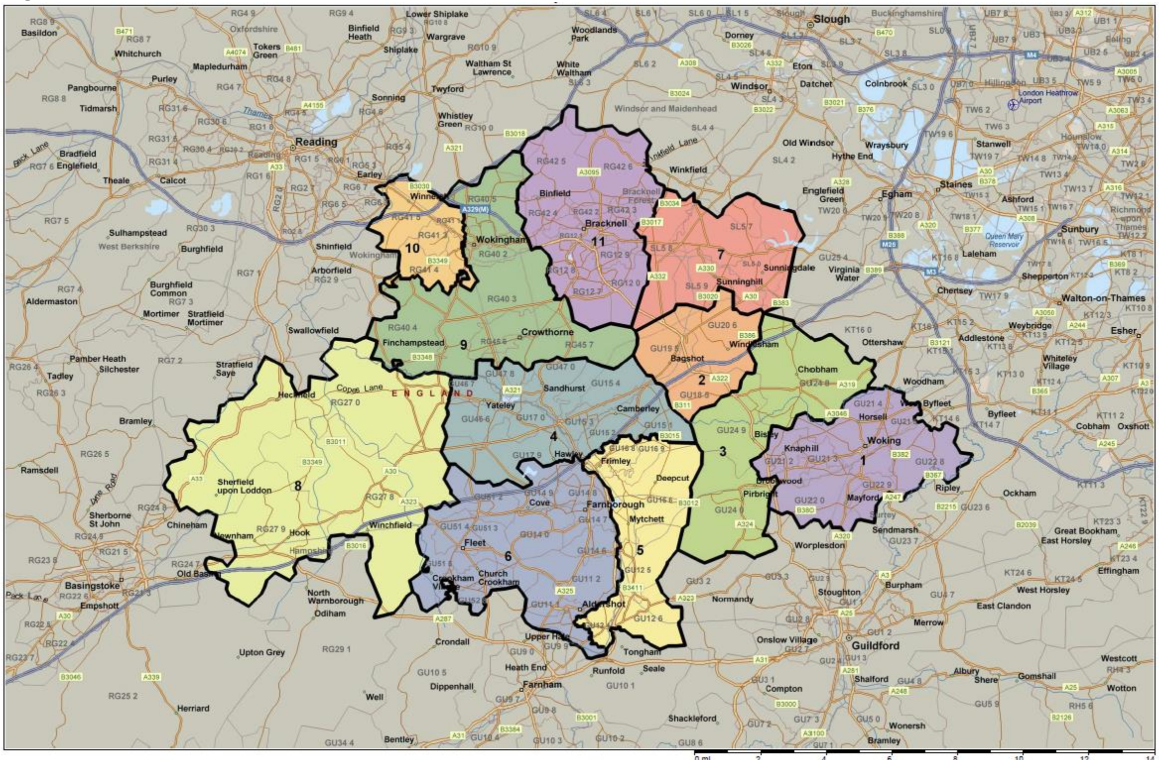
[11] Source: Experian Goad. Vacancy levels expressed as a proportion of total outlets.

**Figure 1: Catchment Area and Zones**




18. The 11 zones were further grouped into the following broad geographic/ catchment areas which provide the structure for our analysis and commentary.

**Table 1: Catchment Areas, Zones and Main Centres**

| Catchment: | Zones: | Main Centres: |
|---|---|---|
| Core Catchment Area (CCA) | 2 & 4 | Covers Camberley Town Centre, Bagshot District Centre and Windlesham and Lightwater Local Centres. |
| South Catchment Area (SCA) | 3, 5 & 6 | Includes Frimley District Centre, along with Deepcut and Mytchett Local Centres. Farnborough, Fleet and Aldershot are located outside the Borough, but are within the SCA. |
| North Catchment Area (NCA) | 7-11 | The main centres are all located outside Surrey Heath Borough and principally comprise Wokingham (Zone 9), Crowthorne (Zone 9) and Bracknell (Zone 11). |
| Woking Catchment | 1 | Woking Town Centre dominates shopping and leisure patterns in this zone with limited penetration by other centres. |

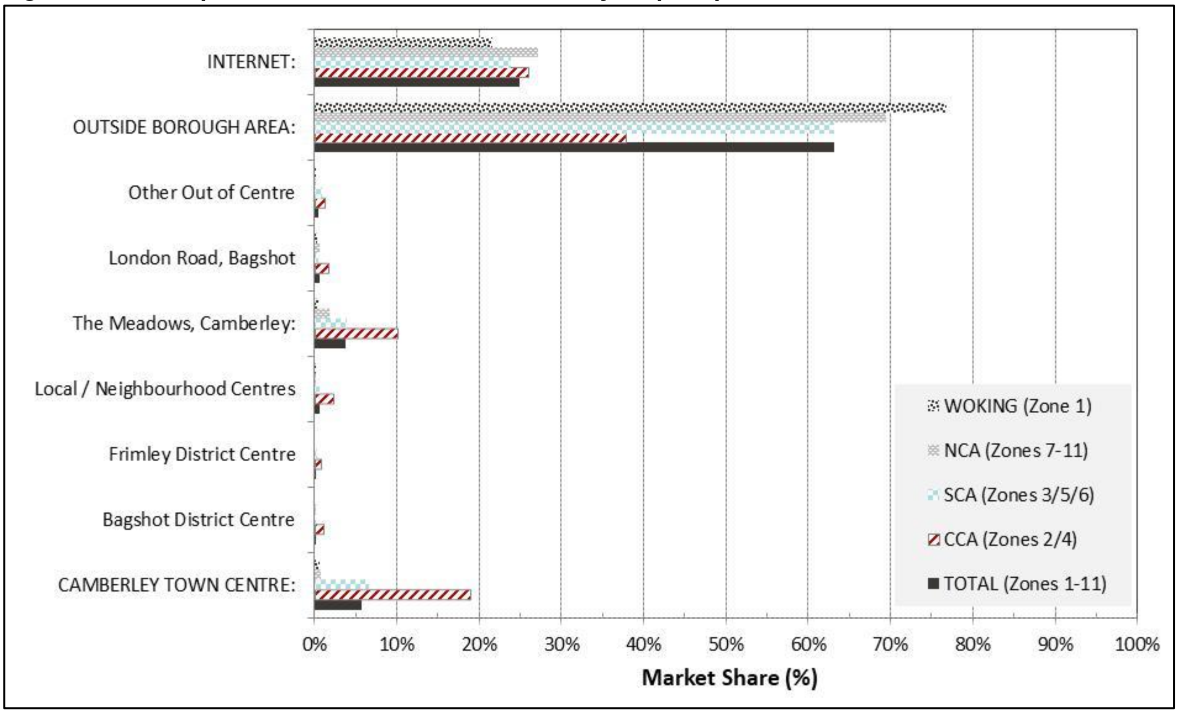
## Market Share Analysis

19. The survey-derived base year (or 'baseline') market shares for (comparison and convenience) shopping purchases and leisure participation are a key input to the retail capacity and leisure needs assessments. They help to inform and establish the (pre-pandemic) performance, attraction and sales of centres, stores and other shopping and leisure destinations.

20. The Part 1 study (Section 6) summarises the retail market share patterns, informed by the detailed tabulations for convenience (Appendix A3) and comparison goods (Appendix A4).

21. The figure below sets out the market shares for **comparison goods**[12] shopping across the total Study Area and catchment zones.

**Figure 2: All Comparison Goods - Market Share Analysis (2019)**




Source: Appendix A4, Table 1

22. The headline results show:

- **Online Shopping:** accounted for a 25% market share of all comparison goods expenditure within the widely defined Study Area and 26% in Camberley's Core Catchment Area (CCA). This is higher than the national average figure of 23.4%[13].
- **Camberley Town Centre:** is achieving a 5.8% market share across the total Study Area. Its market share is highest within its CCA (19%), but falls away in the SCA (6.6%) and NCA (0.8%) due to the impact of competing centres and shopping locations.
- **The Meadows Shopping Centre:** dominates the Borough's out-of-centre retail offer. Together Tesco Extra and M&S are achieving a 3.8% market share across the Study Area (and 10.1% in the CCA). This is only slightly below Camberley Town Centre's market share of 5.8% in the Study Area and 19% in the CCA.
- **Main Competing Centres and Shopping Locations:** drawing shoppers and expenditure from Camberley's CCA by market share are Farnborough (17.2%) (which includes the edge-of-centre shops), Reading (4.7%), Guildford (2.4%) and Bracknell (1.5%).
- **Retention Levels:** the Borough's centres and stores are retaining 36.3% of available expenditure in the CCA. There is a 37.8% "leakage" to centres/stores outside the CCA, and a further 26% that is taken up by SFT/internet shopping.

23. In summary, online shopping has had a significant impact on comparison goods shopping patterns and purchases across the Study Area before the impact of the pandemic. This is underlined by the fact that online shopping's market share of 26% in the CCA is significantly higher than Camberley Town Centre's market share of 11.3%.

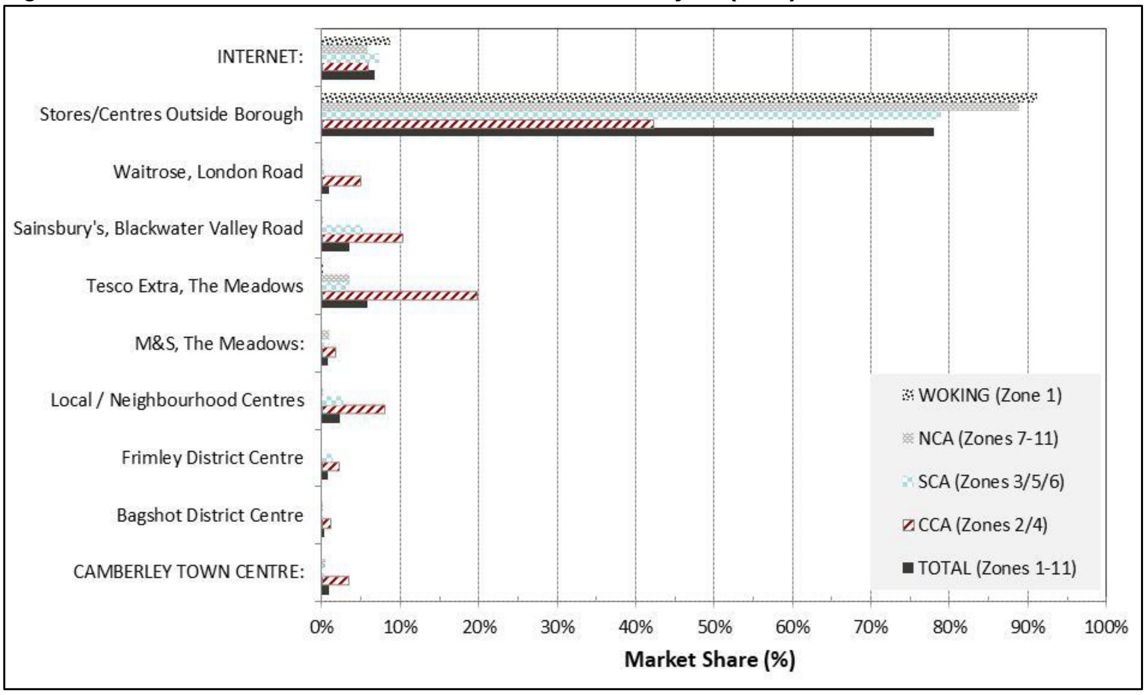
[12] Comparison goods are generally defined as items purchased less frequently and include clothing, footwear, household and recreational goods.

[13] Experian Retail *Planner Briefing Note 18* (October 2020). Figure 5: page 18. See Section 3 of the Part 1 study for a more detailed commentary.

24. At the same time the town centre is facing significant challenges from competing out-of-centre stores and shopping destinations in the Borough (principally The Meadows Shopping Centre), and from centres outside the Borough (including Farnborough, Reading, Guildford and Bracknell).

25. For **convenience goods**[14] the baseline market shares are summarised by the figure. In summary:

**Figure 3: All Food/Convenience Goods - Market Share Analysis (2019)**




Source: Appendix A3, Table 1

- **Online Shopping:** accounts for a 6.7% market share within the wider Study Area, which is below the national average figure of 14.1% in 2019.
- **Camberley Town Centre:** is only achieving a 0.9% market share across the total Study Area, and just 3.5% within its CCA.
- **Main Competing Foodstores:** are in Bracknell (11.9%), Farnborough (7.5%) and Woking (7%). Further to these, Sandhurst, Sunningdale and Yateley are all anchored by Waitrose stores and are achieving a combined market share of 22.9% in the CCA.
- **Retention Level:** within the CCA the Borough's stores are achieving a 'retention level' of 51.8%. There is a 42.4% outflow ("leakage") of expenditure to stores outside the Borough, and SFT/internet also accounts for a 5.9% market share of available convenience spend in the CCA.

26. Camberley Town Centre's low market share, and the relatively high "leakage" of convenience goods spend outside the CCA, highlights a potential qualitative 'gap' in its food and convenience provision.

## Retail Capacity

27. LSH's **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. In brief, the (Excel-based) model adopts a transparent '*step-by-step'* approach in which all the key assumptions and forecasts can be easily tested. In simple terms, any residual expenditure available to support new retail floorspace over the forecast

[14] 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.).

period will be generated by the difference between the forecast growth in **'current'** (survey-derived) turnover levels and the growth in **'benchmark'** turnovers based on applying robust year-on-year **'productivity'** ('turnover efficiency') growth rates to all existing and new retail floorspace[15].

28. Aligned with the NPPF and PPG, the capacity assessment should cover a **five year period**, to take account of uncertainties in forecasting long-term retail trends, but should **"…*also take the lifetime of the Local Plan into account*"**[16]. However we advise that even short term forecasts will be subject to impacts from dynamic economic and market trends - including the ongoing impacts of the COVID-19 pandemic – and should be regularly reviewed.

29. The forecasts for both **convenience and comparison goods** show **no** Borough-wide capacity for new retail floorspace over the forecast period, up to 2038; after taking account of new retail commitments and the potential to reoccupy/repurpose vacant space.

30. We advise the Council that some of the vacant better quality, more modern floorspace in prime frontages should be the first choice to accommodate any potential need and/or market demand (where it arises) over the short to medium term. This will be subject to applying reasonable flexibility to the assessment of the suitability of this existing floorspace to meet the requirements of potential occupiers in compliance with the sequential test.

## Leisure Needs

31. The leisure needs assessment focuses on the commercial leisure, entertainment and cultural uses identified as "*main town centre uses*" by the NPPF[17]. 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.

32. As the Part 1 study describes, the commercial leisure industry is a dynamic and evolving sector and, like the retail sector, it is also facing significant challenges and pressures from dynamic changes in the economy, consumer and lifestyle trends. It is clear, for example, that consumers are becoming increasingly selective in terms of where and how they spend their disposable income on discretionary leisure. The growth in "*at-home*" entertainment and activities, particularly screen-based entertainment, and the growing share of home deliveries (e.g. uber-eats, deliveroo, etc.) represent a further challenge for town centres and leisure operators to attract customers away from their homes and screens. This is a challenge that has been further intensified by the impact of the pandemic.

33. The latest leisure spend figures and forecasts sourced from Experian take account of the impact of the pandemic in 2020 and show a +£385m (+24%) growth in spend between 2019 and 2038 in the Study Area (Zones 1-11), from £1.6bn to almost £2bn. The 'food and beverage' ('F&B') sector accounts for over half (55%) of total available leisure spend and growth, followed by 'cultural services' (16%), 'recreation services and sporting events' (9%), accommodation services (7%), 'games of chance'[18] (7%) and 'personal grooming' (6%).

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

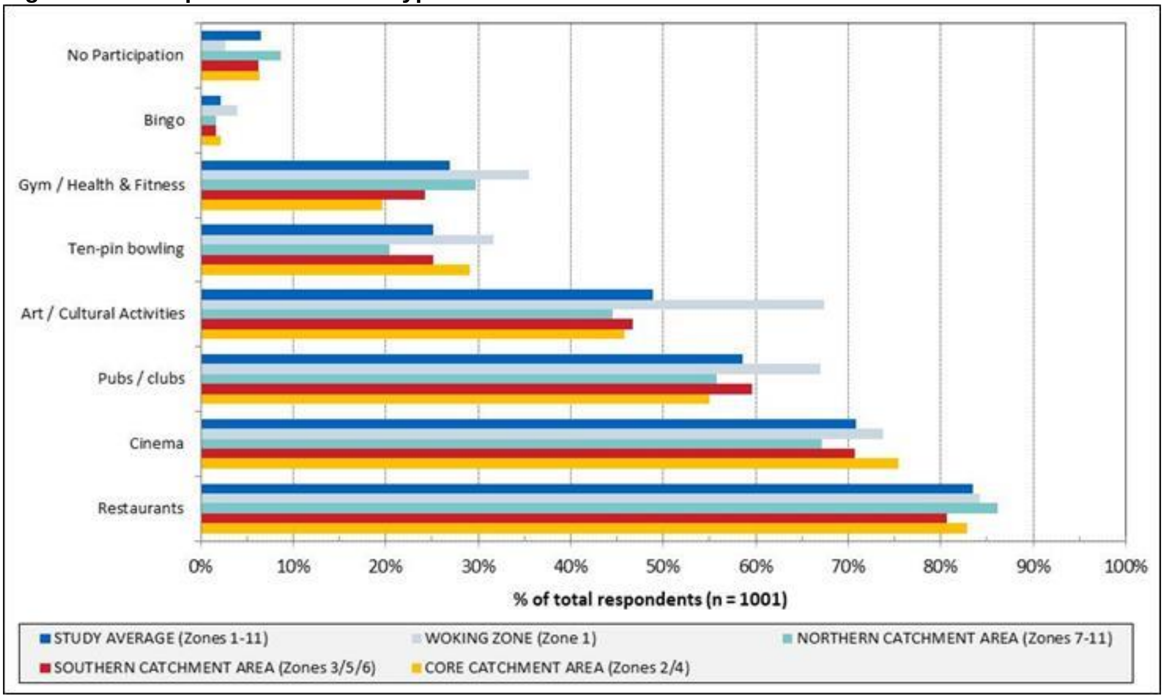
[16] PPG. Paragraph 004. Reference ID: 2b-004-20190722

[17] Main town centre uses are defined in Annex 2 of the NPPF. For leisure, entertainment and more intensive sport and recreation uses this include cinemas, restaurants, bars and pubs, nightclubs, casinos, health and fitness centres, indoor bowling centres and bingo halls. For arts and culture these uses include theatres, museums, galleries and concert halls.

[18] 'Games of chance' are defined as where player can win a prize or money, but have no control over the outcome. Examples include the National Lottery, sports betting, casino games (such as roulette and poker), bingo, etc.

34. This expenditure profile is broadly reflected by the participation in different types of leisure activities by respondents to the household survey (see figure below); with eating out identified as the main leisure activity, followed by trips to cinema and to pubs/clubs.

**Figure 4: Participation in different types of leisure activities across the Catchment Area**




Source: Household Telephone Interview Survey (2019). Appendix C: Question 31.

35. The following sets out the headline findings of the needs assessment for the main commercial leisure uses.

- **Cinema** - The main and only multiplex cinema in the Borough is the 9-screen Vue in The Atrium in Camberley Town Centre. The household survey results shows that Vue attracts on average at least one in five cinema trips (20.1%) by households living within the wider Catchment Area. The cinema's market penetration is highest within the CCA at 61.4%. Although there is no additional expenditure capacity growth to sustain new cinema screens over the forecast period, the market reality is that different cinema operators are actively looking to expand their venue portfolios in the right locations. This demand is being generated by both the larger multiplexes at one end of the spectrum and by the more mid-market and 'niche/specialist cinema operators at the other end. Therefore, subject to market demand, there could be potential to accommodate a second boutique/niche cinema in Camberley Town Centre that complements and strengthens the existing offer.

- **Food & Beverage** - Notwithstanding the potential impact of the pandemic on eating and drinking outside the home, this dynamic sector has experienced significant and diverse growth over the last decade. The most recent trends for street food, market halls and "meanwhile"/"pop-up" restaurants and bars has coincided with the growth in the spending power and influence of the Millennials, and is likely to continue. These more informal and flexible drinking and eating venues in exciting new environments appeal to the customer, businesses and landlords. Measured by the number of outlets only, Camberley Town Centre appears to have a relatively good provision of restaurants, but an under-provision of cafés, fast food/takeaway outlets, public houses and bars/wine bars. Although "satisfaction levels" with current provision are relatively good, there does appear to be potential to increase the town centre's market penetration within its CCA through improvements to the range and quality of its F&B offer, dependent on market demand. Furthermore, total F&B expenditure in Camberley's CCA is forecast to increase by £33.8m over the study period, from £148.3m in 2019 to £182.1m in 2038. Clearly not all this spend growth will be available to support new F&B businesses, but it does nevertheless demonstrate the potential expenditure growth available to existing and new businesses.

- **Gyms / Health & Fitness** – This sector is also very diverse and the Borough has a relatively good choice of (public and private) facilities. Provision will be further strengthened when the Council-owned Arena Leisure Centre reopens in 2021. There are also a number of smaller independent and community run gyms, fitness studios and boxing clubs in Camberley, Frimley and Bagshot that meet the health and fitness needs of their local communities. However the Borough currently only has two of the new 'wave' 24-hr budget operated gyms. There would therefore appear to be potential to accommodate more of these operators in the Borough and its main centres, subject to market demand. The economic need assessment also shows the potential to support one new gym in the Borough by 2038 based on current participation levels in Camberley's CCA, or up to two gyms assuming higher (but not unreasonable) participation levels.
- **Gambling Venues** - There is limited evidence of market demand for new bingo venues or casinos in the Borough. If demand should arise then this should be directed to the town centres first, and specifically Camberley, in line with national and local plan policy objectives. In our judgement, there is no demonstrable need to increase the number of betting shops and amusement arcades to improve competition and choice at the local level.
- **Tenpin Bowling -** Tenpin in The Atrium is a popular venue and draws visitors from across the catchment area. There is no evidence of a lack of choice in the Borough, or a pent-up demand for a second tenpin bowling venue. Any future need over the plan period will be market-led and should be directed to the town centre first in line with national and local plan policy objectives.

36. In terms of the potential need for other commercial leisure uses, this is difficult to predict as it will be driven by future leisure/lifestyle trends and market demand. For example, recent trends have seen the growth of indoor trampoline parks and golf, Virtual Reality (VR), inflatable theme parks and other activities, either in purpose-built space, or as part of the redevelopment and repurposing of larger vacant shop units and shopping centres. One of the inflatable theme park operators - *'Inflata Nation'* – currently operate 13 indoor arena theme parks (including in Manchester, Cheshire, Birmingham, Newcastle and Peterborough) and their standard floorspace requirement ranges from 1,394 sqm to 2,787 sqm, with a minimum eaves height of 6 metres. There is one dedicated trampoline park in the Borough - *Gravity Force* - which opened in 2014 on Admiralty Way outside the town centre. Although we are not aware of any current requirements from other trampoline operators, there could be a potential opportunity to diversity and "*refresh"* the town centre's offer where suitable permanent or flexible space can be provided and demand exists. Other opportunities include maintaining a flexible and informal ice rink provision in the town centre to help bolster trips over Christmas and the New Year period, particularly family trips.

37. Art, culture and heritage assets can also make a significant contribution to the overall vitality and viability of centres, and to local economies. For example, trips to theatres, galleries and museums represented the fourth most popular leisure activity in the wider Study Area. The New Victoria Theatre in Woking (19.1%) and the Theatre Royal in Swindon (8.4%) achieved the highest market shares in Camberley's CCA, after London's theatres and venues (60%), and Camberley's own theatre achieved a market share of 4.6%. =. This may reflect the larger size and choice of shows in the other theatres, but it also possibly indicates that Camberley Theatre is not necessarily meeting the broader "*entertainment needs*" of the Borough's population. This suggests there is potential to review and refresh the theatre's current location, size, capacity and offer. For example, there could be potential to provide a new replacement library, theatre and multi-purpose venue in the heart of the town centre, subject to viability and the availability of suitable sites. In our judgement a more central location would also generate significant positive benefits for Camberley's overall vitality and viability.

38. In summary, subject to future trends, costs and market demand, there appears to be potential to:

- increase the quality and choice of Camberley's food and beverage offer;

- introduce new gym/health and fitness formats and other commercial leisure uses; and
- provide a new library, theatre and multi-purpose venue in the heart of the town centre.

39. Together, all these leisure, art and cultural uses will help to diversify and strengthen Camberley's attraction, increase its resilience to impacts from dynamic market trends, and boost its daytime, evening and night-time economy.

## CENTRE SWOT ASSESSMENTS

40. To further help inform the high level *'Future Directions Strategy'* we have prepared SWOT Assessments for Camberley Town Centre, and Frimley and Bagshot District Centres. These assessments summarise each centre's main strengths and weaknesses; the potential opportunities for future growth and investment; and the likely threats to their future vitality and viability.

41. The SWOT Assessments draw on the Part 1 Study, including the key findings of: (i) the "*health check*" assessment for Camberley (see Part 1 Study: Section 4) and for Frimley and Bagshot District Centres (Section 7); (ii) the street (face-to-face) interview survey conducted in Camberley (Part 1 Study: Section 5)[19]; and (iii) the household telephone interview survey (Part 1 Study: Section 6)[20].

### Camberley Town Centre

42. As described in the Part 1 Study (Section 2), Camberley is identified by Policy CP9 of the adopted Core Strategy as the Borough's main town centre. The key findings of the SWOT Assessment for Camberley are summarised in the table below.

[19] Over 200 street interviews were conducted by NEMS Market Research between Friday 17th May and Saturday 8th June 2019 at different pre-determined locations across the town centre, as agreed with the Council. Please note that the street interview questionnaire and survey was originally designed, commissioned and carried out by another consultant, before LSH was instructed by the Council. See Appendix B for full results and detailed tabulations.

[20] The telephone interview survey of over 1,000 households was conducted by NEMS Market Research (NEMS) across the Borough and wider geographic area in May/June 2019. The questionnaire and survey was also conducted before LSH was instructed by the Council. See Appendix C for full results and detailed tabulations.

**Table 4: Camberley Town Centre: SWOT Assessment**

## STRENGTHS / ASSETS

- The in-centre survey shows that (food and non-food) shopping remains important to Camberley's overall attraction, generating regular trips, footfall and expenditure
- There is a relatively good mix of multiples and independents.
- Above average representation of national multiples.
- There is also a relatively good non-food offer; some 43% respondents to the in-centre survey indicated that they were mainly visiting clothing/fashion stores on the day of their trip.
- Over one-third (35%) of respondents to the in-centre survey also visited one of Camberley's foodstores on the day of their trip.
- Restaurants and cafés (28%) were the next most popular after food and non-food shops, followed by chemists (18.1%), banks/building societies (13.2%) and hairdressers/barbers (6.9%).
- The Square Shopping Centre is owned by the Council and has benefitted from significant investment over recent years.
- The Atrium is a major leisure destination and, along with The Square, is a key anchor for the town's daytime and evening economy.
- The monthly Farmers' Market is popular.
- The most popular shops and services visited on the days of the in-centre survey were Primark, Boots, Wilko, House of Fraser, Poundland, TK Maxx and the Post Office.
- The town centre's overall environment is good and will be strengthened by the investment in the High Street and public realm.
- The theatre and library are key town centre uses and attractions.
- According to the in-centre survey the town attracts a high proportion of visitors in the higher social groups AB/C1 (c.66%) compared with the UK average (53%).
- Most respondents to the street survey "liked" the fact that Camberley is close to where they live (37%); is compact and has a good layout (32%); has a good range of shops (18%); a nice atmosphere (15%); and easy parking (15%).
- Almost 55% could not think of anything they "disliked" about the town centre.
- It is estimated that the centre is achieving a total convenience goods turnover of £12.7m in 2019 (2017 prices) and a total comparison goods turnover of £185m.

## OPPORTUNITIES

- After improvements to the choice and quality of shops, respondents to the in-centre survey also called for more and free/cheaper parking, improvements to the environment and leisure/evening economy.
- There is potential to increase "dwell times" in the centre; the in-centre survey shows that over 81% of respondents spent less than 3 hours in the town centre.
- Camberley could potentially support a high-quality weekly market or potentially an indoor Market Hall subject to the availability, suitability and viability of sites/buildings.
- Potential to strengthen the choice and quality of the town's food and beverage offer.
- Potential for new gyms / health and fitness facilities, and other new commercial leisure facilities depending on market demand.
- Potential to relocate the library to a more central location in the heart of the town centre.
- Potential to relocate and reprovide a more modern theatre and multi-purpose venue in the heart of the town centre.
- Potential to provide better quality public realm and green space.
- Potential for more new residential uses "on top of" and "on the edge of" the town, through the change of use, repurposing and/or redevelopment of existing buildings and sites.
- The London Road Block provides a significant opportunity to provide a high quality mixed use residential and commercial scheme at an important northern gateway to the town. It also provides the opportunity to strengthen the town's pedestrian circuit.
- The town would benefit from improvements to its overall connectivity by rail, bus and bike.

## WEAKNESSES

- Under-provision of food and convenience stores (Sainsbury's and Lidl are the main food anchors) – the town is achieving a relatively small market share of convenience goods spend in its CCA.
- The town's vacancy level (pre-pandemic) was higher than the (Experian) national average.
- Online shopping accounted for 25% of all comparison goods expenditure within the defined Study Area (pre-pandemic) and over 29% in Camberley's 'Core Catchment Area'; above the national average of 23%.
- The above average representation of national multiples could also be viewed as a "weakness" - the town centre could be vulnerable to potential closures in the context of current market trends.
- There is limited (published) market demand for representation in the town from retailers and leisure operators.
- Although recognised as key town centre uses and attractions, the theatre and library are located away from the prime shopping area.
- The issues people most "disliked" about the town centre included: "not enough shops" (over 13%); the cost of parking (6%); and "too many empty shops" (5%).
- According to the in-centre survey only a small proportion travel to the town by bike and bus.

## THREATS

- Impact on retail and leisure sector from growth in online shopping and purchases, and longer term impacts of COVID-19 pandemic.
- Investment in, and competition from neighbouring centres and shopping/leisure destinations, including Farnborough, Guildford, Reading, Woking and Bracknell.

## Frimley & Bagshot District Centres

44. Frimley and Bagshot are both defined as District Centres in the Core Strategy (Policy CP9). They sit below Camberley in the Borough's hierarchy of centres, but above the five smaller local centres of Chobham, Deepcut, Frimley Green, Lightwater and Windlesham.

45. In general terms Bagshot, Frimley and the Borough's smaller local centres and neighbourhood parades[21] provide a mix of retail and services that cater more for the essential day-to-day convenience, service and community needs of their local resident catchment populations.

46. The tables below summarise the SWOT Assessments for Frimley and Bagshot.

**Table 5: Frimley District Centre: SWOT Assessment**

| STRENGTHS / OPPORTUNITIES | WEAKNESSES / THREATS |
|---|---|
| • Frimley is achieving a 0.8% market share of convenience goods spend in the Study Area and 2.16% in the Core Catchment Area.<br>• Waitrose anchors the centre's food and convenience offer, and is critical to Frimley's overall vitality and viability both as a key shopping destination in its own right, but also in terms of generating linked trips, footfall and expenditure to the benefit of the centre's other shops, businesses and facilities.<br>• Vacancy levels in the centre are relatively low, which is a positive indicator.<br>• The Post Office (94 High Street) provides the main over-the-counter cash and banking services following the closures of the centre's two banks. There is also an ATM in the Waitrose store.<br>• It is estimated that the centre is achieving a total convenience goods turnover of £11.8m in 2019 (2017 prices) and a total comparison goods turnover of £7m. | • Frimley has a more limited comparison goods offer. This reflects its main role as a District Centre serving the more day-to-day essential shopping and service needs of its local resident catchment.<br>• The number of comparison outlets has fallen from 21 in 2010, which reflects the wider trends impacting on the retail sector.<br>• Frimley's overall vitality and viability could be vulnerable if it was to lose Waitrose and its essential shops and services - particularly the chemists/pharmacies - as they help to generate daily trips to the centre.<br>• The recent closure of the two main banks in the centre - namely Barclays and NatWest - is a cause for concern. |

**Table 6: Bagshot District Centre: SWOT Assessment**

| STRENGTHS / OPPORTUNITIES | WEAKNESSES / THREATS |
|---|---|
| • Vacancy levels are low and the number of vacant units has fallen from since September 2018. This is a positive indicator of the relative health of the centre and the good take-up of premises by new businesses.<br>• Bagshot is achieving a 0.24% market share of convenience goods spend in the Study Area and 1.14% in the Core Catchment Area.<br>• Co-op is the main foodstore in the centre.<br>• The centre's role and function as a District Centre would be seriously damaged if there was a significant impact on the Co-op's trading performance.<br>• The Post Office provides the main over-the-counter cash and banking services. There is also an ATM in the Co-op store.<br>• It is estimated that the centre is achieving a total convenience goods turnover of £3.5m in 2019 (2017 prices) and a total comparison goods turnover of £7.8m. | • There is a cluster of long term vacancies in the centre at 65-71 High Street. The best option here could be to convert them back to residential and/or allow for more flexible uses.<br>• Bagshot lacks a major foodstore anchor.<br>• The smaller Co-op predominantly serves the day-to-day 'top-up' food shopping needs of its local resident catchment population.<br>• The larger 'bulk' food purchases are carried out in larger stores both within and outside the Borough, or via the internet.<br>• These include the out-of-centre Waitrose (and other stores), off the London Road.<br>• Proposals for a new Lidl store were being considered at the time of finalising this study; located adjacent to Waitrose.<br>• Bagshot does not have any banks or building societies. |

47. Frimley and Bagshot depend on their food and convenience stores and key services to underpin their overall vitality and viability. These include Waitrose in Frimley, Co-op in Bagshot, and the Post Offices in both centres. These essential shops and services are critical to meeting the needs of their local communities. They also help to generate trips, activity, footfall and spend which benefits other businesses and activities in these centres.

[21] Neighbourhood Parades in the Borough are often a small row of retail and non-retail uses with a few essential convenience stores and occasionally post office services. The NPPF (Annex 2: Glossary) states that references to "***town centres***" in policy apply to city centres, town centres, district centres and local centres, but "*exclude small parades of shops of purely neighbourhood significance*".

48. Both centres also have a variety of non-retail uses that make an important contribution to their overall role, function and performance; including healthcare, library facilities and other community uses, as well as financial services, employment, food and beverage uses and residential accommodation.

49. The future vitality and viability of both centres would be vulnerable to the loss of trips and spend from their main in-centre food stores (i.e. Waitrose in Frimley and Co-op in Bagshot), and their Post Offices.

## POLICY RECOMMENDATIONS & '*FUTURE DIRECTIONS'* STRATEGY

50. The findings of the Part 1 Study have helped to inform and shape our thinking and advice on robust policy recommendations and a '*Future Directions'* strategy for the Borough and its main centres, specifically, focussing on Camberley Town Centre.

51. Our policy and strategy advice reviews the Council's adopted Core Strategy and AAP, and necessarily takes account of current and future market and consumer trends, and the findings of the retail capacity and leisure needs assessments.

52. In compliance with the requirements of the NPPF and the Council's Brief our policy review and advice specifically covers:

- The review and definition of the **Borough's network and hierarchy of centres** to help promote their long term vitality and viability, and allow them to grow and diversity in a way that can response to rapid changes in the retail and leisure sectors, allow a suitable mix of uses (including housing) and reflect their distinct characters.
- The review and setting of a **local impact threshold** for the assessment of applications for new retail and leisure developments proposed outside of defined town centres and not in accordance with an up-to-date development plan.
- A robust 'future directions' strategy for Camberley Town Centre, which includes a review of its **Primary Shopping Area** (PSA) and potential opportunities for new investment and development over the short, medium and long term.

53. The following sets out our advice and recommendations that we believe will help the Council effectively plan for, manage and promote the vitality and viability of its main centres over the plan period, up to 2038.

## Hierarchy & Role of Centres

54. As described above, Policy CP9 of the adopted Core Strategy defines Camberley as the Borough's main Town Centre. Bagshot and Frimley are defined as District Centres, and there are five smaller Local Centres, namely Chobham, Deepcut, Frimley Green, Lightwater and Windlesham.

55. The definition of a robust hierarchy of centres has to be aligned with the National Planning Policy Framework (NPPF: Annex 2), which defines "*town centres*" in policy terms as comprising city centres, town centres, district centres and local centres. Smaller parades of shops of *"purely neighbourhood significance*" are not defined as town centres. Out-of-centre developments, comprising or including main town centre uses, also do not constitute town centres for policy purposes if they are not identified in the development plan.

56. Based on the evidence detailing the relative roles and functions of the Borough's main centres, their SWOTs, the forecast need for new retail and leisure uses over the next 10-15 years, and the

opportunities for new investment and development, we advise that Camberley, Frimley and Bagshot maintain and strengthen their respective roles in the Borough's hierarchy.

57. As the Borough's main town centre, Camberley should be the focus for new investment and development. This investment is critically needed as the town is facing significant challenges both now, and in the future to maintain its competitive position and increase its market share within its Core Catchment Area (CCA) and across the wider Study Area. This is due to planned investment in neighbouring centres (including Bracknell, Woking, Guildford, Reading and Farnborough), and the impact of the internet/ecommerce on shopping purchases, leisure preferences and businesses. The COVID-19 pandemic has further accelerated and compounded the challenges that Camberley and other towns and high streets in the UK are facing over the short, medium and long term to remain vital and viable.

58. Both Frimley and Bagshot appear to be performing well in their important roles as District Centres in the Borough's network and hierarchy of centres, meeting the essential day-to-day shopping and service needs of their local communities and catchments. Notwithstanding this, their future vitality and viability could be vulnerable to impacts on their key shops and services, particularly where impacts result in the loss of trips, footfall and spend. It is therefore critical that their important roles and functions as District Centres be maintained and further strengthened where the opportunities area.

59. In this context we advise that the current definition of the Primary Shopping Areas (PSA) be maintained for both Frimley and Bagshot. We also recommend that the Town Centre Boundary (TCB) for Bagshot be maintained, and a TCB be defined for Frimley.

## Local Impact Threshold

60. As described in Section 2, the 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). The Framework states that local planning authorities should require an impact assessment if the development is over a proportionate, locally set floorspace threshold. If there is no locally set threshold, then the NPPF default threshold of 2,500 square metres (gross)[22] should be applied. The Council's Core Strategy was adopted prior to the publication of the NPPF and does not set a local impact threshold. The NPPF default threshold of 2,500 sqm gross therefore applies at present.

61. We advise that a local impact threshold should be set in this case to help maintain the critical roles and functions of the Borough's main centres over the plan period, and ensure their overall vitality and viability. This is needed in response to the multiple challenges these centres are facing, both now and in the future. The need for a locally set impact threshold is further underlined by the fact that there is no forecast (residual expenditure) capacity to support new retail (convenience or comparison) goods floorspace over the next 10-15 years. To help inform the setting of a locally appropriate impact threshold we also have referred to the *Planning Practice Guidance* (PPG)[23].

62. For Surrey Heath Borough and its main centres we advise that a lower impact threshold of **280 sqm gross** would be the most appropriate threshold in this case to help inform the robust assessment of

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[22] The PPG defines '**gross retail floorspace**' (or gross external area) as *"the total built floor area measured externally which is occupied by a retailer or retailers, excluding open areas used for the storage, display or sale of goods*".

[23] PPG. Paragraph: 015. Reference ID: 2b-015-20190722

the potential impacts of new retail/leisure developments located outside the defined hierarchy and network of centres. We set out the reasons why below.

63. As reported in the Part 1 study (Section 3), the growth in internet shopping is having a significant impact on the way households choose to buy food and non-food goods, which in turn is impacting upon retailer business and operating models. This should be considered alongside the long-term impacts of out-of-centre stores, shopping and leisure facilities on town centres. These impacts are probably best illustrated by the changes in the grocery sector over the last decade. Following a sustained period of growth over almost 20 years up to 2010, principally driven by new larger format superstore openings, 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).

64. The 280 sqm gross floorspace figure is also critical, as stores below this threshold are exempt from Sunday trading restrictions. In brief, the Sunday Trading Act defines a 'large shop' as generally being over 280 sqm. It is the Government's intention through this Act to protect smaller, independent stores which are perceived to be financially weaker and therefore require protection from unfair competition from the major supermarket operators. In general terms therefore it follows that proposals for retail floorspace over 280 sqm gross are unlikely to be a purely local facility and will have the ability to draw trade from outside of their immediate local catchment with potential consequent impacts on existing stores and centres. For example, in circumstances where convenience stores are proposed on the edge or outside of centres, often as part of petrol filling stations or conversions of public houses, they can have a significant adverse impact on the trading performance, vitality and viability of smaller district and local 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.

65. 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 recent reforms to the UCO which came into effect on September 1st, 2020. A new use class has been introduced, Class F2, which covers local community uses. Within this category, Class F2(a) specifically pertain 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 with Class F2 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.

66. The health checks for Camberley Town Centre and Frimley and Bagshot District Centres have also identified that smaller independent stores and services make up a significant and vital contribution to each centre's offer and overall vitality and viability. Clearly any application proposals (either individually or cumulatively) comprising floorspace and units of a similar scale, format and type of offer to that provided in the Borough's main centres could result a significant adverse impact on the viability of these smaller independent businesses, resulting in their potential closure, increased vacancies and a proliferation of difficult-to-let units across centres in some cases.

67. Turning to the published requirements detailing retailers and leisure operators potentially seeking representation in the Borough's main centres, and principally Camberley Town Centre, the minimum average space required ranges from 19sqm up to 650 sqm. Clearly if the demand from these operators was to be met in edge and out of centre locations, then it could result in a significant adverse impact on the vitality and viability of the Borough's main centres, specifically in terms of reduced market demand, investment and trade.

68. Furthermore, much of the new development (committed, planned and proposed) for Camberley Town Centre is residential-led, with the opportunity for smaller scale commercial and service uses at ground floor level. These and other similar proposed schemes 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, possibly as part of residential-led mixed use schemes. 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.

69. In conclusion, we advise that a lower floorspace threshold of **280 sqm gross** should be set in this case. 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.

70. Finally, and be way of clarification, this locally-set impact threshold will not determine whether an application should be allowed or refused, only whether an application should be subject to an impact assessment. Furthermore, the PPG advocates that the level of information pertaining to the impact test (and the sequential test) provided in support of any application should be proportionate and considered in a locally appropriate way[24]. We therefore advise the Council that they should pro-actively engage with any applicant at an early stage in the pre-application process and, on a case-by-case basis, scope out and agree the detail of any assessment and the evidence required in support of an application.

## Camberley Town Centre: '*Future Directions*' Strategy

71. The UK's centres and high streets, including Camberley, have been facing significant challenges to their vitality and viability as shopping and leisure destinations over the last decade or more, principally from:

- **low growth in consumer spending**;
- **strong growth in online shopping and ecommerce**, which has had a dramatic impact on household shopping/leisure habits and retailer business models; and
- **competition from edge and out of centre retail and leisure destinations**, with their benefits of good access, lower costs, free parking and modern units.

72. Before the outbreak of the pandemic in March 2020, many of our traditional retailers that had been the *"backbone"* of our high streets for decades were burdened with too many stores, inflexible lease structures, rising costs and increasing debts. This resulted in an increase in vacancies as retailers either went out of business (such as BHS), or closed a significant number of their high street store portfolios to focus on ecommerce, and/or, in some cases, relocated from town centres to out-of-centre shopping parks (e.g. Marks & Spencer and John Lewis).

[24] PPG. Paragraph: 017. Reference ID: 2b-017-20190722

73. Research shows that over 16,000 stores closed in 2019, with the estimated loss of over 140,000 jobs[25], making it one of the worst years for bricks-and-mortar retailing since the 1970s. This has since been eclipsed in 2020/21 by the impact of the pandemic, which has accelerated and compounded the structural changes in the retail and leisure sectors. Many high street businesses, large and small, have closed their doors for good since March 2020, while many others will inevitably struggle to survive over the next 12-24 months. The recent takeover of Debenhams and Arcadia by online platforms Boohoo and ASOS respectively, at a cost of thousands of jobs and over 600 stores, clearly illustrates the scale of change. The critical challenge for many high streets and shopping locations as they recover from the impacts of the pandemic will be how to retain existing businesses, fill/replace the voids left behind by business closures, compete with online shopping, and attract new investment and funds over the short, medium and long term.

74. The pandemic has also had a dramatic impact on the way households shop, work, study, play and carry out a wide range of activities. The take-up and use of the internet on a day-to-day basis has become a necessity rather than a choice for most households since March 2020. The immediate challenge for our high street shops, cafés, bars, restaurants, cinemas and other businesses over the next 12-18 months and beyond will be how to "*drag*" people away from the *"safety"* of their "*screens*", and back into our towns, high streets and shopping centres.

75. What is needed over the short term is a joined-up and proactive marketing campaign focussed on promoting safe indoor/outdoor events and activities in the town centre. A series of weekly outdoor events during Spring/Summer 2021/22, for example, will help to attract people back into the town centre over the short term, building on the successes of the '*Farmers' and Artisan Market'*, the Camberley International Festival and other events. On this point we understand that the Council is already in the process of identifying and improving the spaces needed to host high quality markets and events, with the aim to establish a year-round programme of markets, festivals and activities, ranging from book fairs to themed events and shows. It is important that all stakeholders – including landlords, businesses and the community – are involved in the planning and staging of these events to ensure the maximum impact.

76. Further to this we have prepared a robust, flexible and deliverable ***"future directions"*** strategy for Camberley Town Centre to help inform the Council's future plan-making and decision-taking. It should be stated though that strategies based on forecasts and predictions of future trends are inevitably subject to a myriad of "*unknowns and uncertainties*". This is particularly the case today as we try to understand the likely *"after-shocks"* of the pandemic on our towns and high streets.

77. Notwithstanding these caveats, the one clear finding of this study is that there is no forecast expenditure capacity available to support significant new retail floorspace in the Borough and Camberley Town Centre over the next 15 years. Furthermore the lack of (known) market demand and an estimated vacancy level of circa 14% indicates that, like many UK centres, Camberley is over-shopped (i.e. it has too much retail floorspace). This represents a critical and significant change to the strategy and policies set out in the Council's adopted Core Strategy (2012) and Area Action Plan (2014), which identified the need for an additional 41,000 sqm gross of new retail floorspace in the town centre up to 2028[26].

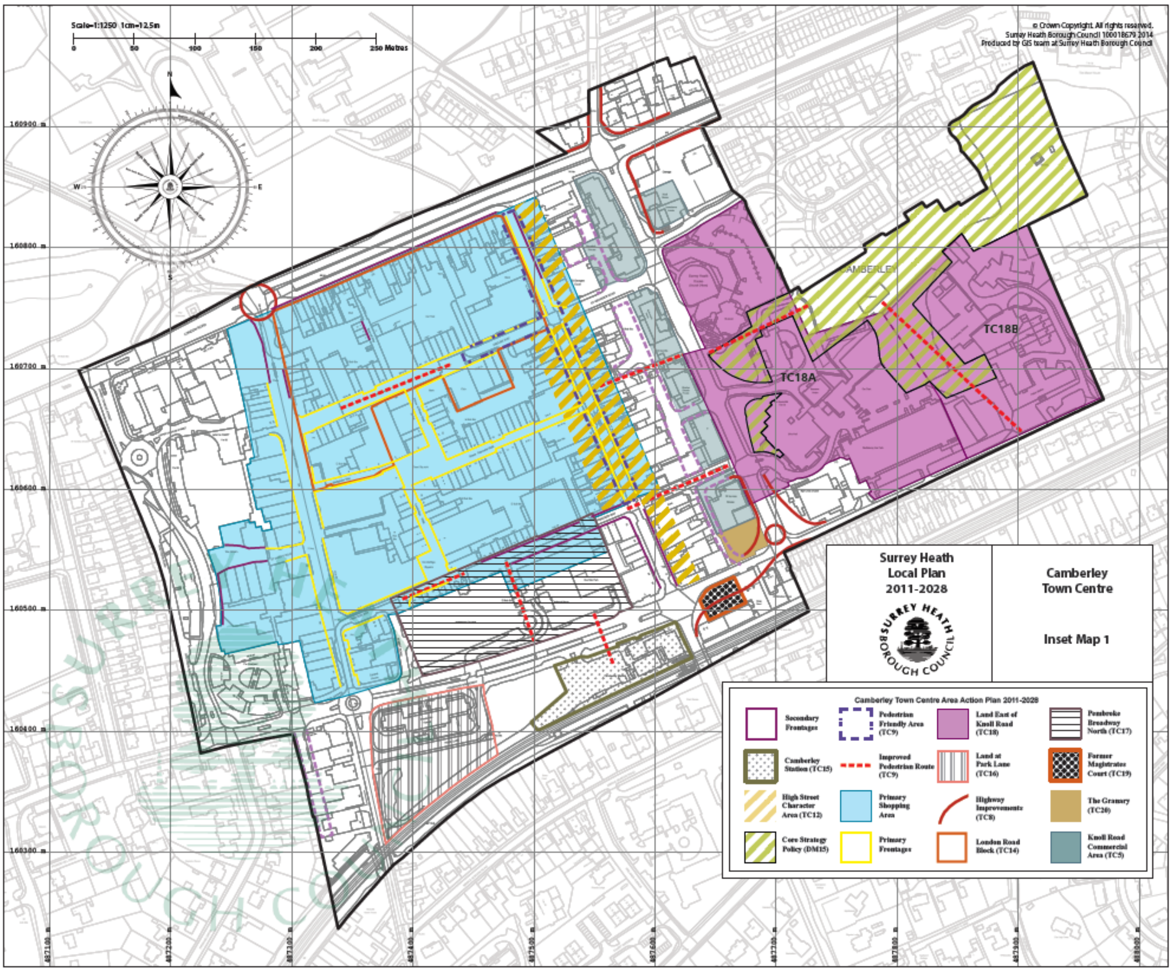
78. The Council's current spatial strategy set out in its DPDs is principally focussed on how to accommodate this significant quantum of new retail floorspace - in addition to the town's existing retail - alongside the provision of new housing, improvements to the public realm and station, and

[25] Centre for Retail Research. https://www.retailresearch.org/

[26] Policy CP10 of Core Strategy and Policy TC2 of AAP. Refer to Section 2 of Part 1 Study for more detailed commentary.

better connectivity for pedestrians and cyclists. To help meet this need, the Council's strategy involves extending the retail core ('*Primary Shopping Area*') to include the London Road Block to the north. The Core Strategy Policy Map for Camberley Town Centre (reproduced below) shows the extent of the extended **Primary Shopping Area** (PSA)[27].

**Figure 4.1: Camberley Town Centre – Boundary and Primary Shopping Area**




Source: Core Strategy & Adopted Development Management Policies 2011-2028 (February 2012)

79. However, rather than plan for significant retail expansion, the trends and forecasts identified by this study clearly point to the need *"reset and refresh"* the Council's strategy; to focus on concentrating, consolidating and, in some cases, repurposing the town centre's existing retail offer. We therefore advise the Council to review its strategy for retail expansion, and instead focus the PSA on the blocks comprising The Square and The Atrium, bordered by the High Street to the east, Princess Way to the south, and Obelisk Way to the north.

80. Notwithstanding the contraction of the PSA, we consider that the existing definition and extent of the **Town Centre Boundary** is still appropriate.

81. Although the proposed changes will remove the **London Road** block from the PSA, it will not compromise in any way the planned regeneration and delivery of this critical town centre gateway site[28]. Quite the opposite, as it is our view that the revised PSA boundary will have a positive impact on the scheme's overall viability and deliverability. It will, for example, allow for more flexible and active ground floor uses, rather than focussing on purely retail, alongside the provision of new

[27] The NPPF defines the Primary Shopping Area (PSA) as the defined area where retail development is concentrated.

[28] Refer to both the Core Strategy and the AAP (Policy TC14)

residential uses above ground and high quality public realm. Although retail will not be the dominant use, there will still be potential to accommodate new flexible retail uses in the scheme if the demand exists. For example, there could be potential to accommodate new food and convenience floorspace in the scheme to help meet the identified "gap" in Camberley's offer. This could take the form of a more traditional food store where the demand exists, and/or a market hall (potentially including a food and beverage offer similar to, for example, 'Boxpark' and Peckham Levels[29]).

82. We should state at this juncture that it is important to maintain the PSA definition in policy terms as it is a critical component of the NPPF sequential and impact *"tests*" (paragraphs 86-90). The NPPF (Annex 2) specifically defines an "*edge-of-centre*" site for retail planning purposes as a location that is well connected to, and up to 300 metres from, the Primary Shopping Area. For all other main town centre uses, it is defined as a location within 300 metres of a Town Centre Boundary[30]. The London Road site would therefore be defined as being *"edge-of-centre*" if the PSA is contracted.

83. Further changes to Permitted Development Rights (PDR) introduced by the Government, and due to come into effect in August 2021, will also allow all Class E uses (including offices, shops and gyms) to convert to housing under a new PD right (class MA) without the need for a planning application. This potentially represents a significant threat to the future vitality and viability of some high streets and PSAs, as they could lose key town centre uses to residential over time (particularly in locations where residential values outstrip retail values). The worst case scenario would be a proliferation of blank frontages on prime shopping streets that will cumulatively over time undermine the overall attraction, role and function of the high street. In response to this potential threat, local planning authorities are able to use Article 4 directions in a targeted way to cover and protect critical parts of shopping areas and high streets. Paragraph 54 of the updated NPPF issued in July 2021 states that local planning authorities will be able to implement Article 4 directions to help "*protect local amenity*" and avoid "*wholly unacceptable adverse impacts*"; such as, for example, the loss of the essential core of a PSA which would seriously undermine its vitality and viability. However, it is unlikely that the Article 4 could be extended to cover the whole of the town centre. In all cases the application and use of an Article 4 direction will need to be based on robust evidence. In this context we advise that the Council should review and consider the use of Article 4 directions to protect it prime shopping areas and streets.

84. Experience shows that many town centre visions and strategies are difficult to implement and deliver due to the challenges of fragmented ownership; as it is not possible to manage and curate space in a joined-up and coherent way. However, given Surrey Heath Borough Council's ownership of key town centre assets (such as The Square) and sites (including London Road), it is well placed to manage and curate Camberley Town Centre's offer, to build resilience and *"future-proof"* the town against known (and currently unknown) challenges by providing more diverse and flexible uses that respond to dynamic market, economic and consumer trends. This will inevitably involve a transition away from high streets as solely retail-led locations to those that are built on greater **diversity** and which offer a wider range of uses; including leisure, culture, arts, heritage, civic, education, healthcare, youth, employment, tourist and other amenities/attractions. These wider uses are already being delivered and tested by the Council in the town centre. For example, we understand that the Council will be opening a Youth Hub during 2021/22 in partnership with the Department for Works and Pensions (DWP), dedicated to supporting 18-24 year olds on Universal Credit into employment, training or education.

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[29] Refer to: https://www.boxpark.co.uk/ and https://www.makeshift.org/

[30] For office development this includes locations outside the town centre, but within 500 metres of a public transport interchange.

85. In cases where vacant stores and buildings are proving difficult to let due to a lack of market demand and/or the poor configuration of the floorplates, it will be necessary to introduce greater **flexibility** in terms of units sizes and layout, as well as lease and rental models. In some cases more radical redevelopment/repurposing of buildings and shop units may be needed. A good example of this is the remodelling and redevelopment of the former BHS and office blocks at Ashwood House by the Council, in partnership with Berkeley Homes, to provide 116 new luxury apartments and the potential for new flexible ground floor uses.

86. In terms of flexible uses, there is also the potential to test the appetite for ***'pop-up'*** **and '*meanwhile uses/leases'*** in some vacant units/buildings to prevent the proliferation of "*dead frontages*". This will help facilitate temporary occupation while a permanent solution is being found and/or, in some cases, could lead to permanent occupation where the businesses are successful. On this point we understand that the Council is to pilot a project in the town centre to create meanwhile spaces and pop-ups for businesses on flexible, short term leases. This scheme will not just be targeted at retailers, but other businesses who would like to try out a unit to engage with customers. The Council is also launching its '*Be Independent*' campaign in Spring 2021, which will offer a free unit without costs through competition.

87. **Street markets, market halls and kiosks** can also provide the "*seedbeds*" and "*incubator space*" for new businesses to grow and flourish, without the burden of the significantly higher start-up and occupancy costs that can erode the profitability of businesses occupying more traditional shop units. The NPPF (paragraph 85) and other research[31] have identified the significant contribution successful markets can make to the overall vitality and viability of centres. The thriving markets of the future will be those that are able to respond to the changing needs of a town's catchment population. At the same time successful markets can appeal to a wider customer profile, helping to attract visitors from outside a town's "*normal"* catchment and increase footfall and linked trips to the benefit of other shops and businesses. In Camberley, for example, the popular '*Farmers' and Artisan Market'* on Park Street runs every third Saturday of the month and is characterised by a wide choice of street food, crafts and produce sourced from local farmers. Given the current trends and support for new street markets in towns across the UK and the introduction of market halls into repurposed buildings and vacant retail space, we consider that there is significant potential for Camberley to grow its market and independent offer to help meet the identified qualitative *"gap*" in its food and convenience offer.

88. The **convergence of online and physical space** also represents a further competitive response to the challenges facing our town centres and high streets. For example, both Amazon and eBay are trialling the use of physical space to showcase their services and goods. Amazon's *"Clicks and Mortar*" stores have been trialled in Manchester, Cardiff, Edinburgh and Sheffield, and offer more than 50 local and national ecommerce businesses the opportunity to explore customer-facing trade for the first time to help drive growth, with the benefit of in-store business advisers and workshops to help build their skills in selling both in-store and online. In Wolverhampton, eBay also opened its first "pop-up" concept store in April 2019. Branded as '*Home Grown'*, it provided a temporary physical space to showcase eBay's initiatives to help local businesses evolve for the 21st Century through physical and online retail sales. eBay's partnership with City of Wolverhampton was on the back of research that showed that many small-scale retailers and independent business in the UK do not necessarily have an online presence aimed at generating sales through a defined website, social media channel or presence on an online marketplace. Amazon has also recently opened its first till-free grocery store ('Amazon Fresh') in Ealing and other purely online retailers are also considering

[31] The Rhodes Survey (2005) first reported on the economic value of street markets. Also see '*A Policy & Research Review of UK Retail and Wholesale Markets in the 21st Century'*, by the Retail Markets Alliance (2009)

this crossover into physical space including Sonos (speaker systems) and Birchbox (cosmetics). This omni-channel approach to retail could help to drive market demand as more traditional physical retailers close on the High Street.

89. There are also wider digital technological changes that together will impact on the future of town centres. **Smart Cities, Artificial Intelligence (AI) and 5G** will continue to redefine the infrastructure and interactions between consumers, commercial businesses, public services and other uses and activities. As described previously, the Council is considering the potential for The Square is to become 5G enabled. At this stage we can only speculate about outcomes, but examples exist of how technology is currently being used to support existing and new businesses/homes in centres, and improve the overall customer experience. In turn this will help to increase trips and footfall, support the daytime and evening economies, and ultimately benefit the town's overall attraction, vitality and viability. Fun applications include, for example, the **Bristol** '*Gromit Unleashed'* sculpture trails, which positioned 80 artist-designed 'Gromit' sculptures across the city and visitors were then invited to go on a smartphone-guided sculpture hunt[32]. **Lichfield** has also sought to increase the publicity for its High Street shops through social media[33]. Businesses around the city have played their part by simply taking photos of their products and services and posting them to social media feeds.

90. Notwithstanding the damaging impacts of the pandemic, it has also created potential opportunities for Camberley Town Centre to capitalise on. For example, the increase in home working has generally benefitted commuter towns, local centres and essential shops at the expense of larger cities and towns; and has also reinforced the concept of the **walkable and liveable 10-15 minute neighbourhood**. Camberley (and Frimley and Bagshot District Centres) should be well placed to build on this trend towards home working, which should in turn increase the demand for more **flexible workspace**[34] close to where people live. Its strategic location and good transport connections should mean that Camberley is also well positioned to benefit from the growth of the *"hub and spoke"* flexible workspace model that many businesses will inevitably be implementing over the short to medium term.

91. The Government's changes to the **Use Classes Order**, which came into effect in September 2020, will also provide greater flexibility for landlords to change between retail and workspace uses. There is an opportunity, for example, for high street retail units to switch to workspace and other (former) B1 employment activities with greater flexibility and room for hybrid models that combine retail and workspace functions. However, as highlighted above, the challenge will be to retain active frontages at street level to help maintain the overall integrity and vitality of the primary shopping area.

92. Fundamental to the transition to more diverse uses that go "*beyond retail*" will be the provision of a mix of **new homes and apartments** in centres to help boost their 'captive' resident and working catchment populations in the most sustainable way, and to help further support new uses. In Camberley, this will help increase its overall attraction, encourage more frequent trips and spend, and ultimately help to strengthen its overall vitality and viability. The regeneration of the London Road site and the redevelopment/repurposing of buildings across the town centre (e.g. Ashwood House) will go some way to introducing new, high quality and diverse housing into the town centre that is affordable to all ages and income groups. However, it is also important that the right balance is achieved between providing the right mix and right type of new residential uses in the right

[32] https://www.grandappeal.org.uk/trails-exhibitions/gromit-unleashed/

[33] https://www.wdyt.org.uk/2019/01/24/how-lichfield-businesses-are-making-the-most-of-social-media/

[34] Definitions of 'Flexible Workspace' vary across the industry and by sector. General principles of a flexible workspace include having an easy in-out lease, tenancy or membership agreements, and a strong wraparound community offer.

locations, whilst maintaining the critical retail, leisure, workspace and other uses that are vital to support the growing population and maintain the town's overall vitality and viability. As described above, Article 4 directions could potentially be used to help to protect the integrity, role and function of the "*essential core of a PSA*", whilst allowing for new residential and other uses in more secondary streets that are subject to low footfall, failing businesses, long-term vacancies, and poor environments.

93. Finally, the **theatre and library** are key town centre uses and attractions, but they are located away from the prime shopping area. The theatre is popular, but currently has a limited impact on the town centre's wider evening economy in terms of generating linked trips, footfall and expenditure to the benefit of other cafés, restaurants, shops and businesses. We recommend that as part of the regeneration and repurposing of sites and buildings in the town, opportunities should be considered for relocating both the theatre and library to prime positions to provide multi-purpose attractions. For example, rather than retail, they could represent a significant anchor to the London Road development, or as potential uses in repurposed vacant buildings.

94. Finally, there is no policy requirement under the NPPF to define **primary and/or secondary shopping frontages**. Notwithstanding this, the PPG does state that local authorities may wish to define frontages where their use can be justified in supporting vitality and viability of particular centres[35]. In the context of Camberley Town Centre, and given the Council's ownerships, we consider in this case that the continued definition of primary and secondary frontages in policy could be too restrictive. This is based on current and predicted economic and market trends (including the impacts of the pandemic), and the Government's reforms of the Use Classes Order and other PDR and planning reforms (adopted and proposed) aimed at promoting greater flexibility and diversity on high streets. Although the frontage policy 'tools' have been traditionally used to protect the integrity and role of primary and secondary shopping areas, and restrict the "*creep*" of an inappropriate number of non-retail (formerly non-A1) uses, the policy of protecting both 'primary' and 'secondary' areas has also had "*unintended consequences*" in the past; including preventing the growth of a mix of non-retail uses and activities that can add to the vitality, vibrancy and viability of towns and high streets. Any change of use policy should therefore be well targeted, and structured around the flexibility within the new use classes, to help maintain and strengthen the integrity and character of the PSA, and prevent the creep of "*dead*" frontages that if unchecked could undermine the overall integrity and function of the PSA.

95. Given the uncertainty post-pandemic, we recommend that a high level flexible policy approach be adopted, with the potential to further refine this as the Local Plan progresses and the impacts of the pandemic on market demand and trends are more fully understood. In the meantime, the application of Article 4 directions to protect the *"essential core*" of the PSA will provide the local planning authority with greater *"controls*" to help proactively manage and curate the town's important retail, leisure and wider town centre uses; particularly in those areas that fall outside of its immediate ownership (such as, for example, the High Street that has recently benefited from significant investment). In due course this more flexible approach could be supported by more detailed guidance in the form of a town centre masterplan.

## Next Steps and Monitoring

96. At the time of finalising this study the country was on the brink of slowly exiting 'Lockdown 3', in June 2021. In this context, as some shops and business reopen and others remain closed, and as people start to slowly return to our towns, high streets and shopping centres, it will be vitally important that

[35] PPG. Paragraph: 002. Reference: ID: 2b-002-20190722.

the Council puts in place robust monitoring processes in the first 12-24 months to better assess and understand the full impacts and "*after-effects"* of the pandemic. It should be stated that this monitoring represents a corporate approach to support the development of the town centre strategy, rather than a requirement as part of the local plan evidence base. This monitoring could include:

- **Centre Audits:** carried out every quarter in 2021/22 (where resources are available) to help monitor changes in occupancy rates, vacancy levels and uses across the town centre. These audits should be consistent with the annual monitoring carried out by the Council to enable meaningful comparisons. This will help to assess the impact of the pandemic and changes in policy (e.g. the UCO and PDR reforms) on the town centre's mix of uses and over vitality and viability. It will also facilitate early identification of *"stress points*" and weaknesses on specific streets and along specific frontages, and interventions needed.
- **Footfall Counts:** to be carried out across the town centre where possible, in addition to The Square and The Atrium, to help analyse the *"hotspots*" where footfall is the strongest, and identify "*coldspots*" where footfall is the weakest and/or declining for any reason. This footfall data can be cross-referenced with the centre audits, and should be carried out and monitored on a daily/weekly basis where monitors currently exist. We strongly recommend the introduction of more SMART monitors into the centre to help assess footfall and the connectivity/linkages between different streets, key assets and the station.
- **Street Interview Surveys:** The surveys conducted to inform this study were carried out in 2019, before the impact of the COVID-19 pandemic. They therefore provide a snapshot of consumer trends and preferences at a specific point in time. The real value in this key performance indicator – as for others – will be to carry out the street interview survey on a regular basis (i.e. on an annual or biennial basis) to help monitor the impacts of the pandemic, and of new investment and regeneration schemes on Camberley Town Centre's performance (including, for example, the impact of the high street improvements), etc. We therefore recommend that street interview surveys be incorporated (where feasible and dependent on resources), into the Council's *Annual Monitoring Reports* (AMRs).
- **Household Surveys:** We also advise the Council to update the telephone interview survey conducted to inform this study to help establish the impact of the pandemic on shopping patterns and purchases, leisure preferences, online purchases, competition from other centres and shopping/leisure locations, and views ("*likes/dislikes*") of Camberley. Ideally this survey should be commissioned in 2022/23.

97. Finally, probably the biggest challenge facing our towns and high streets will be how to fund and deliver their recovery and renaissance over the short, medium and long term. The Government-backed Future High Street, Towns Deal, Levelling Up, and Welcome Back Funds, for example, will provide capital injections to help kick-start regeneration projects in some centres over the next 5 years. Although some of these funds are only available to selected centres. Camberley Town Centre has also benefited from funding from the Local Enterprise Partnership (LEP) to support its high street improvement. However, it is inevitable that many high streets and failing shopping centres could struggle to unlock the funds and investment needed to support key recovery and regeneration projects. At the local level local authorities, developers, landlords, retailers, businesses and all key stakeholders in towns across the country will therefore, more than ever, need to collaborate and work in partnership to develop commercially viable, sustainable and deliverable visions and strategies for the future.

98. In this context, Camberley Town Centre is probably better positioned than most centres to grow and flourish over the next decade and beyond. It has many assets, strengths and opportunities upon which to build the next phase of its recovery, regeneration and renaissance; although this will clearly need to look "*beyond retail*" as the answer to the challenges it is facing and will face The Council also has a key stake in the town centre through its ownerships and partnerships, and is therefore well placed to proactively develop, manage and curate the town's offer, and exploit new investment opportunities and funding.

99. To help shape the future of the town we strongly recommend that the Council reviews, refreshes and updates its spatial strategy. Rather than update the AAP, however, we recommend that the Council prepares a more flexible ***Town Centre Strategy and/or Town Investment Plan*** (TIP) to help:

- identify the town's key assets, challenges (including social and economic challenges) and opportunities;
- drive forward the sustainable economic regeneration of Camberley, including the target to achieve net zero greenhouse gas emissions, and achieve clean growth; and
- deliver long term economic and productivity growth.

100. The Town Centre Strategy can serve many different purposes. It will first and foremost help to identify current and future inter-related interventions focussed on key themes including, for example: (i) urban regeneration and place making; (ii) employment, skills and enterprise infrastructure; and (iii) connectivity, including transport, movement and digital. The strategy can also be used to inform business cases to target and leverage funds from different sources to help deliver key projects and interventions, including Government-backed funds, private sector investment and other investment sources (e.g. LEPs, Public Works Loan Board, etc.). Critical to its preparation and the delivery of sustainable economic regeneration, it will also need to be founded on strong leadership, partnership-working, and wider engagement and collaboration with all key stakeholders, including the town's community. This will help to develop and strengthen the sense of pride and identity in the town, which can be a valuable resource for change over the long term.