

Medway Retail & Town Centres Study 2025

Medway Local Plan

ON BEHALF OF MEDWAY COUNCIL

June 2025

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1. Introduction

- 1.1 This Retail and Town Centres Study ('the Study') has been prepared by Nexus Planning ('Nexus') for Medway Council ('MC') in relation to the new Medway Local Plan. It is intended to provide an additional document for the Local Plan's evidence base library and assist MC as it prepares the next stage of the draft Local Plan (Regulation 19) and its subsequent submission to the Secretary of State for Examination.
- 1.2 At the present time, the development plan in Medway consists of the Medway Local Plan 2003¹ ('the Adopted Local Plan'). Insofar as retail and town centre land use issues are concerned, the Adopted Local Plan provides the strategy for retail and town centre planning issues in Medway, including the town centre hierarchy, a strategy for each of the main town centres, site allocations (to meet identified needs), along with general development management issues.
- 1.3 The new Local Plan will set the direction and manage growth in Medway up to 2041. For retailing and town centres, the new Local Plan will provide an updated hierarchy of defined 'town centres', individual strategies for Chatham, Rochester, Gillingham, Rainham, Hempstead Valley and Strood, along with development management policy for the sequential and impact tests. The new Local Plan will also provide area-based policies for the Dockside and Hoo Peninsula areas.
- 1.4 A Regulation 18 consultation on the draft new Local Plan took place between July and September 2024. A Regulation 19 consultation is planned for 2025, for which this Study will form part of the evidence base.
- 1.5 In order to support the Regulation 19 consultation version of the draft Local Plan and its subsequent submission to the Secretary of State, MC have identified a requirement for additional supporting evidence base material on retail and town centre issues. MC's main requirements for this Study are:
- a. Market intelligence, signals and impacts along with economic forecasts (e.g. retailer needs, changes since Covid);
 - b. Confirm town centre health and hierarchy issues;
 - c. Identify the future land/floorspace requirements across Medway including both the quantitative and qualitative needs for new development;
 - d. Provide advice on planning for new town centres in identified strategic/significant areas of growth, including the following:
 - 1. Quantum and mix
 - 2. Distribution format, i.e. neighbourhood centres dispersed or larger centre or a mixture
 - 3. Appropriate location to provide sustainably for anticipated growth
 - 4. How the existing retail / town centre offer be enhanced and new centres provided without harming the existing centres
 - e. Provide advice on the future direction for the Dockside area and surrounds (i.e. Chatham Maritime area).
- 1.6 The preparation of this Study follows a number of other previous evidence base studies, commissioned by MC, on various retail, leisure and town centre land use planning matters. These include:

¹ Adopted in May 2003

- a. North Kent SHENA – Retail & Commercial Leisure Assessment (November 2016) ('the 2016 Study')²
- b. Retail & Commercial Leisure Assessment, Part 2 (March 2018) ('the 2018 Study')³
- c. Retail & Town Centre Planning Policy Advice (September 2021) ('the 2021 Study')⁴

1.7 Collectively, the above studies will hereafter be referred to as 'the previous Evidence Base Studies'.

1.8 The remainder of this document is structured in the following manner:

- a. Section 2 provides a review of the background and context to the main town centres and retailing issues in Medway, including a summary of the previous stages of preparation of the new Local Plan insofar as they relate to retail and town centre issues. Section 2 also provides a review of current national planning policy for retail and main town centre uses, along with recent legislative changes.
- b. In order to provide up-to-date evidence base data for the new Local Plan, Section 3 provides a review of retail and town centre trends, including how the environment for retail and town centre land use issues has evolved in recent years since the preparation of previous evidence base documents in Medway.
- c. In order to support the town centres and retail land use strategy in the new Local Plan, Section 4 addresses a number of factors, including: 'town centre' hierarchy issues, the need to plan for new retail development and plan for new centres, along with specific area-based strategies.
- d. Finally, in Section 5 we provide a summary of the content and findings of this study, including our recommendations for the retail and town centres elements of the new Local Plan.

1.9 All plans and other documents referred to in the main text of this report are contained in appendices which can be found at the rear of this document.

² Bilfinger GVA

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2. Background & Context Issues

Introduction

- 2.1 In order to set the scene for this Study and the forthcoming Regulation 19 consultation, it is helpful to provide a brief review of main background and context issues for town centre and retail planning issues across Medway. In particular, this context should:
- a. The content of the emerging new Local Plan insofar as retail and town centre planning issues are concerned; and
 - b. The changes which have taken place within national planning policy and legislation in recent years since the preparation of the previous evidence base studies.
- 2.2 Each aspect is discussed in turn below.

Planning Policy for Retailing and Town Centres in Medway

- 2.3 One of the key outcomes of the new Local Plan, insofar as retail and town centre issues are concerned, will be to replace policies and development strategies within the adopted Local Plan. Section 2 of the 2016 Study provides a review of the main retail and town centre policies in the adopted Local Plan and, therefore, these policies are not repeated again here.
- 2.4 However, all of those policies are intended to be replaced / superseded by a new suite of policies which, based upon the Regulation 18 consultation document, comprise the following:
- a. S15 – town centres strategy
 - b. S16 – hierarchy of centre
 - c. T15 – sequential assessment
 - d. T16 – ancillary development
 - e. T17 – impact assessment
 - f. S17-21 - Chatham, Rainham, Rochester, Gillingham, Strood town centres
 - g. S22 – Hoo Peninsula
 - h. S23 – Hempstead Valley district centre
 - i. DM12 – local and rural centres
 - j. T8 – shopping parades and neighbourhood centres
 - k. T19 – meanwhile uses
 - l. DM13 – Medway Valley Leisure Park

m. DM14 - Dockside

- 2.5 The purpose of this Study is to further consider the content of some of these draft policies in the context of the research and analysis contained within this Study; specifically those which relate to the overall retail and town centres strategy, the main town and district centres, plus dockside and the Hoo Peninsula. We make recommendations to ensure that the draft policies match the available evidence base and are in conformity with current national policy, legislation and guidance.
- 2.6 Beyond the draft new Local Plan, it is also important to highlight a number of other MC-led initiatives which, whilst not part of the formal development plan, will nevertheless form part of the evidence base and shape town centre policies and strategies. For example, during 2019 town centre masterplan documents for Chatham, Gillingham and Strood were published. These documents are wide-ranging in scope and are intended to inform the content of the new Local Plan particularly around the strategies and site allocations for these three centres. The key aspects of each document are as follows:
1. Chatham. A masterplan which identifies potential projects, ranging from redevelopment projects, public realm initiatives, to re-use of existing buildings, across the majority of the town centre. The masterplan notes that *“Whilst new residential and mixed use development will have some capacity for new amenity based retail on the ground floor, in order to service new residents, and to activate key pedestrian links and public spaces - it is not anticipated that major new retail uses will be a strong feature within the Chatham Town Centre masterplan”*.
 2. Strood. The masterplan builds upon site allocations in the development plan, and the Strood Waterfront SPD to identify a wide range of projects across the town centre. The projects which have been identified have the opportunity to create circa 800 new homes, 22,000sq m of commercial space (including retail space), 14,500sq m of industrial floorspace, a 1,400sq m foodstore, community/public health uses and car parking provision.
 3. Gillingham. A masterplan which is focused around providing the opportunities to encourage additional reasons to visit Gillingham town centre, through an improved public realm, better connectivity within and outside of the centre, along with a small number of development opportunity sites (with the main one being the Britton Farm Mall site).

National Planning Policy & Legislation

- 2.7 The new version of the National Planning Policy Framework was published in December 2024. This latest version of the NPPF provides a clear statement of the new Labour government intended approach to the planning system, with a particular focus around its objective of delivering 1.5 million new homes by the end of the current Parliament (in 2029).
- 2.8 The main section of the NPPF which deals with retail and town centre planning policy matters is Section 7: ensuring the vitality of town centres. No changes were made to this section between the 2023 and 2024 versions and the general content of national policy towards retail and town centres has remain relatively unchanged over recent years. The 2021 Study provided a summary of the key changes which had occurred between the original 2012 version of the NPPF (which was in place at the time of the 2016 Study) and 2019 & 2021, although for the purposes of this latest Study it is worth re-iterating that:
- a. Paragraph 90 asks that planning policies in development plans should:

“a) define a network and hierarchy of town centres and promote their long-term vitality and viability – 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;

b) 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;

c) retain and enhance existing markets and, where appropriate, re-introduce or create new ones;

d) 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. Meeting anticipated needs for retail, leisure, office and other main town centre uses over this period should not be compromised by limited site availability, so town centre boundaries should be kept under review where necessary;

e) where suitable and viable town centre sites are not available for main town centre uses, allocate appropriate edge of centre sites that are well connected to the town centre. If sufficient edge of centre sites cannot be identified, policies should explain how identified needs can be met in other accessible locations that are well connected to the town centre; and

f) recognise that residential development often plays an important role in ensuring the vitality of centres and encourage residential development on appropriate sites”.

b. In relation to development management issues, the two policy tests are the sequential and impact tests.

1. Paragraphs 91 and 92 note, in relation to the sequential test, that: “

“Local planning authorities should apply a sequential test to planning applications for main town centre uses which are neither in an existing centre nor in accordance with an up-to-date plan. Main town centre uses should be located in town centres, then in edge of centre locations; and only if suitable sites are not available (or expected to become available within a reasonable period) should out of centre sites be considered.

When considering edge of centre and out of centre proposals, preference should be given to accessible sites which are well connected to the town centre. Applicants and local planning authorities should demonstrate flexibility on issues such as format and scale, so that opportunities to utilise suitable town centre or edge of centre sites are fully explored”.

2. Paragraph 94, in relation to impact assessments, notes that:

“When assessing applications for retail and leisure development outside town centres, which are not in accordance with an up-to-date plan, 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, the default threshold is 2,500sq m of gross floorspace). This should include assessment of:

a) the impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal; and

b) the impact of the proposal on town centre vitality and viability, including local consumer choice and trade in the town centre and the wider retail catchment (as applicable to the scale and nature of the scheme)”.

2.9 Beyond Section 7 the only other change in the December 2024 version of the NPPF which directly relates to main town centre land uses is the inclusion of a new paragraph, No.97 (in Section 8), which relate to hot food take-away and fast-food outlets. It notes:

“Local planning authorities should refuse applications for hot food takeaways and fast food outlets:

a) within walking distance of schools and other places where children and young people congregate, unless the location is within a designated town centre; or

b) in locations where there is evidence that a concentration of such uses is having an adverse impact on local health, pollution or anti-social-behaviour”.

2.10 Whilst there is no obligation for MDC to include a take-away related development management policy in the new Local Plan, any decision to do so should ensure that it is consistent with the new element of the NPPF.

2.11 The main changes in the December 2024 version related to the following:

- a. The new NPPF, at paragraph 62, directs that strategic policies should be informed by a local housing need assessment conducted using the government’s standard method.
- b. Local authorities are now instructed to ‘meet an area’s identified housing needs’
- c. Changes made to the five-year housing land supply policy in December 2023 - including the ability to show a four rather than five-year housing land supply in certain cases - are reversed with the deletion of former paragraphs 77 and 78.
- d. A 20 per cent buffer will be applied on top of local authorities’ five-year housing supply in some cases, for decision-making (where there has been significant under-delivery of housing over the past 3 years).
- e. The new NPPF removes the wording on past oversupply in paragraph 77, which was introduced to set out that previous over-supply could be set against upcoming supply.
- f. LPAs should undertake a green belt review where they are unable to meet their identified needs for housing, commercial or other development through other means, the NPPF says.
- g. The revised document introduces the concept of ‘grey belt’ land within the green belt, and clarifies that it would not include land which “strongly” contributes to three of the green belt purposes.
- h. Where it is necessary to release green belt land for development, plans should give priority to previously developed land, then consider grey belt which is not previously developed, and then other green belt locations.
- i. Development proposed on previously-developed land in the green belt, and limited infilling in the green belt, is now classed as ‘not inappropriate development’.
- j. Local planning authorities and county councils “continue to be” under a duty to cooperate with each other, the new NPPF says.
- k. Once the matters for collaboration have been identified, new paragraph 27 states that authorities “should make sure that their plan policies are consistent with those of other bodies where a strategic relationship exists on these matters, and with the relevant investment plans of infrastructure providers, unless there is clear justification to the contrary”.

- l. Local planning authorities should pay particular regard to facilitating development to meet the needs of a modern economy, including by identifying suitable locations for uses such as laboratories, gigafactories, data centres, digital infrastructure, freight and logistics, the NPPF says.
- m. The framework, at paragraph 87, says storage and distribution operations should be provided for “that allow for the efficient and reliable handling of goods, especially where this is needed to support the supply chain, transport innovation and decarbonisation”.
- n. “Significant weight” should be placed on the importance of facilitating new, expanded or upgraded public service infrastructure when considering proposals for development, new wording in paragraph 101 says.
- o. Development proposals and allocation of sites should ensure that sustainable transport modes are prioritised, taking account of the vision for the site, the NPPF says.

2.12 Amongst the above changes, the ones which are likely to have a large indirect impact upon planning for town centres and main town centre uses (including retail) are those which surround housing need / supply. Whilst the need to plan for population growth and housing needs has long been a key influence on retail and main town centre land use needs assessments, the increasing focus upon boosting the supply of homes reinforces the requirement to ensure that development plans make provision for shops, services and other facilities which meet the day to day needs of new and growing local communities. These issues are a key influence on our assessment of planning for retail and town centre provision in Section 4 of this Study.

2.13 Following the publication of the new NPPF, the government now intends to move forwards with reform of other parts of the planning system. Expected in 2025 are the following:

- a. Various updates to the Planning Practice Guidance (‘PPG’) in order to provide support for the implementation and consideration of updated national policy.
- b. The introduction of a new Planning and Infrastructure Bill, alongside a new Devolution Bill, which is expected to amend legislation regarding compulsory purchase and other allow for changes to the determination of planning applications via committee.
- c. Alongside the recently published (MHCLG) working paper on planning committee reform, working papers have also been published for ‘brownfield land passports’ and development and nature recovery.
- d. The potential introduction of National Development Management Policies (‘NDMPs’) was originally raised by the previous Conservative government and this particular initiative appears to be have been retained by the new government. Further information on NDMPs is expected in 2025. Should NDMPs be introduced, it is expected that the NPPF would become a slimmed-down document which focus upon plan-making issues.

Legislation

2.14 The 2021 Study described the extent of the changes to the use classes order, which were introduced in 2020, with a particular focus on Class E and the re-organisation of main town centre uses which previously fell into Use Classes B1 and Class D. The 2021 Study also highlighted the changes to those permitted development rights which had the potential affect planning for town centres, including those relating to changes between office, retail, commercial and residential use.

- 2.15 Following the completion of the 2021 Study, the Levelling-Up and Regeneration Act 2023 ('LURA') was passed into law. One of the provisions of the LURA was the power to enable High Street Rental Auctions ('HSRA') and this came into effect, via secondary legislation, in December 2023. Subject to a series of pre-conditions being met, HSRAs enable local authorities to bring long-term vacant property back into use via the auction of lease rights to individual properties for certain qualifying 'high street' land uses.
- 2.16 MHCLG have indicated that these new powers, which came into effect in December 2024, are very much a last resort, although they are considered necessary in order to tackle long-term vacancies in town centres which effect the wider health and vitality of a centre. It remains to be seen how many local authorities across the country decide to use these powers, which are relatively complex and time-consuming. However, it should be noted that the designation of high streets for HSRAs, and the ability to proceed with an auction, share a number of common themes with plan-making issues associated with retail and main town centre land use policy. These include: (a) the collection of information analysis to support the definition / designation of relevant high streets; (b) information around vacancy levels within town centres; and (c) the preparation of a case justifying a specific HSRA.

3. Retail & Town Centre Trends

- 3.1 A key part of the evidence base for this Study on town centres and retail land uses is an examination of retail and town centre trends. Like any land use sector, trends and external factors will have an influence on how a local authority will plan for individual land uses and how it will develop strategic planning policies to guide development and other regeneration initiatives.
- 3.2 In the case of town centre and retail issues, we consider that two broad areas should be examined: (a) national issues and trends; and (b) local issues in and around Medway. Within these areas, it is important to consider events which have occurred since the preparation of previous evidence base studies and adoption of the current development plan, including how actual events may have matched or diverged from previous forecasts and assessments.
- 3.3 National issues and trends are considered in this section, with local issues and trends contained within Section 4.
- 3.4 Within the 2021 Study a review of economic and retail trends was undertaken, along with a comparison of the latest retail expenditure forecasts against those used in the 2016 Study. That assessment provided useful information about the economic effects of the COVID-19 pandemic and how forecast growth in retail expenditure was slowing (between 2016 and 2021). Given the time which has elapsed since the 2021 Study, along with the need to refresh our understanding of the on-going effects of the pandemic plus other recent economic and world events, this section provides an up to date review of current UK economic conditions, along with national trends in the retail sector.

National Trends

GDP

- 3.5 Over the course of 2023, and into early 2024, the UK economy saw little in the way of economic growth, with pressures from high inflation and elevated interest rates meaning that spending and investment by consumers and businesses has shown little upwards movement. Though growth in 2023 was positive compared to 2022, the UK economy fell into a mild technical recession in the second half of 2023 after two consecutive quarters of contraction (-0.1% in q3 2023 and -0.3% in q4 2023). On an average basis (considering income, expenditure, and output measures) UK GDP in 2023 was estimated to have increased by only 0.1% compared with 2022.
- 3.6 Following the contractions in the second half of 2023, the UK economy rebounded in the first half of 2024, with GDP-growth driven by business-facing services (which grew faster than consumer-facing services). However, data published by the ONS in December 2024 indicated that GDP did not grow in the three months to September 2024, down from its initial estimate of 0.1% growth for this period.

Consumer Spending

- 3.7 As consumer spending accounts for around 60% of GDP, the financial health of households and their willingness to spend are crucial factors in determining an economy's performance. Traditionally, consumer spending is the driving force behind GDP growth in the UK. In recent years, however, this has not been the case. First, the Covid-19 pandemic and associated lockdowns resulted in temporary large drops in spending and big changes to spending patterns (such as a greater share of spending on goods and less on services). Then, just as spending had recovered to its pre-pandemic level, the period of high inflation in 2022 and 2023 squeezed household budgets, resulting in stagnant spending in real (inflation-adjusted) terms.
- 3.8 Household incomes, on average across the country, have increased since 2023 mostly because wage growth has been higher than inflation. However, UK retail sales spending growth was minimal and below the rate of inflation in the final

three months of 2024, suggesting consumers remained cautious in what is typically the busiest period of the year for shops. In the three months to December, sales were up only 0.4% from the same period in 2023, when the economy was in a technical recession, according to figures published by the British Retail Consortium.

- 3.9 Sales in bricks and mortar stores were especially poor in the final quarter of 2024, registering 0.1% growth in value terms and falling in volume terms, according to figures published in January 2025 by the accountancy firm BDO.
- 3.10 Whilst this latest data is only for the final quarter of 2024, it is likely that the new Labour government's warnings about the state of the economy and "difficult decisions" announced as part of the Budget might be factors behind the deterioration in confidence.

Business Investment

- 3.11 Companies in recent years have faced rising costs (including for staff), weak demand, a high level of uncertainty, and higher borrowing costs as interest rates rose. One consequence has been that business investment has struggled to expand. In the second quarter (Q2) of 2024 business investment was around the same level as it was before the pandemic in Q4 2019. The 2016 Brexit referendum raised uncertainty for businesses, which studies suggest resulted in lower investment than would otherwise have been the case. This was followed by a sharp, temporary, fall during the pandemic.
- 3.12 As costs ease and as interest rates are poised to fall, conditions for business investment appear to be improving. Some, though not all, surveys suggest that businesses are intending to invest more, although any increases are likely to be modest. In August, the Bank of England forecast that business investment would grow by around 2% per year in 2025 and 2026. Forecasts by the National Institute of Economic and Social Research think tank similarly expect annual growth of between 2% and 3% in business investment over 2025 and 2026.
- 3.13 However, policy measures announced at the Budget (see later in this section) will affect businesses. In the months leading up to the Budget, some business surveys, such as the Lloyds Bank Business Barometer, have reported business confidence falling somewhat. Some business groups have voiced concerns over potential tax rises in the Budget. A survey of businesses conducted in August and September by the British Chambers of Commerce found that 48% of firms said taxation was more of a concern than it was three months before. That is up from 36% in the previous survey and around the same level of concern as inflation (46% of firms reporting it a concern).

Unemployment

- 3.14 The unemployment rate remains low by historical standards, with the official measure produced by the Office for National Statistics (ONS) standing at around 4% since 2022. The ONS estimates that the proportion of adults of aged 16 to 64 in work – the employment rate – has also remained stable at about 75% since 2022. However, the survey the ONS conducts to provide this labour market data has had problems with data quality: fewer people are responding to the Labour Force Survey, making it less reliable. Because of these issues, there has been a greater focus on other indicators. For example, the Bank of England uses a variety of data sources to gauge trends in employment and unemployment. In September, the Bank's Monetary Policy Committee noted that an in-house model "*suggested that underlying unemployment had increased steadily over the past few quarters*".
- 3.15 Looking at a range of other indicators, it appears that demand for labour is easing, with fewer job vacancies in the economy. Following a surge as the country emerged from the Covid-19 lockdowns, the number of vacancies has now returned to its pre-pandemic levels after declining since mid-2022.

Inflation

- 3.16 The annual rate at which prices of goods and services in the UK are rising – the consumer prices index (CPI) inflation rate – has slowed since reaching 11.1% in October 2022, a 41-year high. In September 2024, the inflation rate was 1.7%, down from 2.2% in August 2024 and the lowest since April 2021.
- 3.17 However, UK inflation accelerated to 2.5% in November 2024, above the 2.3% recorded in October. Higher prices for motor fuels and clothing helped push inflation higher, according to figures published by the ONS in December 2024. As part of its decision-making process around interest rates, the Bank of England indicated, in December 2024 that it expected CPI inflation to continue to rise slightly during 2025.

Interest Rates

- 3.18 In August 2024, the Bank of England's Monetary Policy Committee (MPC) cut interest rates for the first time since the pandemic. The benchmark 'bank rate' was lowered from 5.25% to 5.0%. The MPC's previous cycle of interest rate rises came in response to the period of high inflation discussed in the previous section.
- 3.19 The MPC has signalled that interest rates are on a downward trajectory, and the Bank of England lowered rates again, to 4.75%, in early November 2024, and were unchanged in December 2024. However, at the same time as lowering rates, the Bank of England signalled that a further move is unlikely in the very short term as it forecast that the Autumn 2024 budget would increase inflationary pressures. In a press conference following the rate announcement, the Banks said that it would take "a gradual approach" to future cuts as it waited to see how price pressures developed. The outlook has also been affected by Donald Trump's victory in the US election, particularly because of his support for higher tariffs, which many economists argue could stoke inflation.

The Autumn 2024 Budget

- 3.20 At the end of October 2024, the new Labour government announced its first budget, which was held by many people to comprise an expansion 'tax and spend' budget. Taxes will rise by around £40bn, with the biggest revenue raiser being an increase in employers' national insurance contributions. As part of the budget, the government's fiscal rules were changed which enabled considerably higher levels of borrowing for capital investment, particularly in relation to the NHS, housing, education and green energy. The biggest winner from the Budget announcements was health care, which is set to enjoy the largest real-terms increase in spending since 2010 (outside of the pandemic).
- 3.21 A key consequence of the rise of employers national insurance contributions is the impact that it will have on company finances. Whilst there is an exemption for very small businesses, costs will rise for other businesses with fears that this may have an impact on other areas such as wage growth, job creation and investment decisions. Some commentators and businesses have raised fears that the latter of these factors may lead to knock-on effects for retail and leisure facilities on the high street and elsewhere in towns, cities and rural locations. Such a potential trend will, of course, need to be monitored in terms of town centre health issues surrounding land use trends, vacancies and investment projects.
- 3.22 A further announcement in the budget was in relation to business rates. The costs associated with business rates have long been held as a key influence on retail and leisure business performance, particularly for high street retailers. In the budget it was announced that, from 2026-2027, the government intends to introduce two permanently lower tax rates for retail, hospitality and leisure properties, which will, in turn, be paid for by a higher multiple for the most valuable properties. Alongside this, it was announced that there will be 40% relief on business rates for the retail, hospitality and leisure industry in 2025-2026 up to a cap of £110k per business.

A Closer Look at the Retail Sector

- 3.23 Taking the above factors into account, Table 3.1 below provides a summary of Experian’s ‘central case’ forecast for retail sales growth and associated floorspace requirements at the UK level from 2023 to 2032 and 2040 (taking into account the impact of special forms of trading (i.e. internet shopping) and floorspace efficiency gains). It shows that efficiency gains in floorspace are likely to match retail sales growth minus SFT up to 2032, thus leading to a situation where there is nil / negligible growth in retail floorspace. Over the longer term, to 2040, the outlook is expected to improve slightly, although the potential for net gains in floorspace remains very low, at 0.1% per annum and 2.0% overall between 2023 and 2040.

Table 3.1: retail sales growth, efficiency gains and floorspace requirements

	% p.a. 2023 - 2032	Cumulative Growth, 2023-2032	% p.a. 2023-2040	Cumulative Growth, 2023-2040
Retail sales growth	1.4	15.2	1.8	37.6
Retail sales growth, less SFT adjusted for sales from stores	0.8	8.7	1.3	26.1
Efficiency gains	0.8	8.5	1.2	24.0
% increase in floorspace required after efficiency gains (sales growth less efficiency gains)	0.0	0.2	0.1	2.0

Source: Experian, 2024

- 3.24 In order to get a broader picture of floorspace requirements, the above figures should also be read alongside vacancy levels across the country. According to figures from Experian’s GOAD database, the UK retail store vacancy rate fell in 2023 for the first time since 2016, though still stands at a high rate of 18.9% (from 19.2% in 2022). However, this is still 4.7 percentage points above pre-pandemic 2019 levels and indicates that almost one fifth of space within the UK’s main traditional retail centres (city, town and district centres) is empty. This national situation should, however, be compared with local circumstances in Medway, which is covered later in this report.
- 3.25 Alongside sales growth, it is also important to examine retail spending volumes, as this type of forecast is a key input into local authority retail floorspace capacity assessments, such as those contained in the 2016 Study. In particular, the scale of change in retail spending will have an influence on the performance of existing retail floorspace and also help to establish whether there is a case for net additional floorspace to be provided over the course of the development plan period.
- 3.26 The starting point for the assessment of the performance of retail floorspace across the Medway area was contained in the 2016 Study and this led to a series of predictions around the scale of quantitative need for net additional convenience and comparison retail floorspace. Given that the 2016 Study had a base date for its quantitative need assessment of 2015, Section 3 of the 2021 Study provided a useful comparison between the retail spending forecasts used in the 2016 Study against the latest available forecasts in 2021. That comparison provided a number of key messages, namely:
- Lower levels of forecast expenditure growth per head for both convenience and comparison goods retailing, particularly the latter; and
 - A significant increase, beyond the levels originally forecast in 2015/2015, in the proportion of comparison goods expenditure which is being directed to purely internet-based retail sales.

- 3.27 Both of those changes in circumstance, identified in the 2021 Study, have the potential, when combined with the other trends and forecasts outlined earlier in this section, to influence the need for net additional retail floorspace across Medway (and the level to be planned for in the new Local Plan). Indeed, at that point in time, it was clear that previous forecasts contained within the 2016 Study may be over-optimistic.
- 3.28 In order to bring the 2021 analysis up to date, we have re-visited the various forecasts and provide updated data below.
- 3.29 Table 3.2 below compares the forecast annual changes in retail expenditure per head on all comparison goods from the time of the 2016 Retail Study and the latest available forecasts from Experian. It shows the year-on-year change forecasts contained within Experian's Retail Planner Briefing Note No.12.1, which was used in the 2016 Retail Study, and compares this against the latest forecasts from Experian's Retail Planner Briefing Note 21⁵ for the same period.
- 3.30 The content of Table 3.2 shows the scale of the difference in total overall growth in comparison over the period 2015-2035. At the time of the time of the 2016 Study the total forecast growth over this 20 year period was circa +71%, however, based upon the latest future retail spending (per head) forecasts published earlier in 2024, the level of overall forecast growth has dropped to +42%.

Table 3.2: forecast year-on-year change in per capita comparison goods spending between 2015 and 2035

	Retail Planner 12.1 (2011) % Growth p.a.	Retail Planner 21 (2024) % Growth p.a.
2015	4.4	5.5
2016	4.1	4.4
2017	3.0	3.7
2018	3.0	0.4
2019	3.2	2.9
2020	3.2	-7.9
2021	3.0	8.1
2022	3.3	-3.3
2023	3.3	-3.3
2024	3.3	-1.2
2025	3.3	2.7
2026	3.2	3.7
2027	3.2	3.1
2028	3.3	2.8
2029	3.3	2.8
2030	3.3	2.8
2031	3.4	2.9
2032	3.5	2.9
2033	3.3	2.9

⁵ Published in 2024

2034	3.5	2.9
2035	3.5	2.9
Total Change, %, 2015-2035	+70.6%	+41.7%
2036	-	2.8
2037	-	2.8
2038	-	2.8
2039	-	2.8
2040	-	2.8

Source: Experian

3.31 The same exercise as contained in Table 3.2 is replicated for convenience goods expenditure per head in Table 3.3 below. This also shows a material difference between the forecast available at the time of the 2016 Study and the latest comparable forecasts in 2024. Table 3.3 shows that in contrast to the +14% growth anticipated at the time of the 2016 Study (for the period 2015-2035), the latest forecasts for convenience goods spending per head show an almost fall level of spending over the same period.

Table 3.3: forecast year-on-year change in per capita convenience goods spending between 2015 and 2035

	Retail Planner 12.1 (2011) % Growth p.a.	Retail Planner 21 (2024) % Growth p.a.
2015	0.5	-1.1
2016	0.4	4.1
2017	0.5	1.7
2018	0.4	-0.2
2019	0.7	-1.0
2020	0.7	8.6
2021	0.5	-1.7
2022	0.8	-5.8
2023	0.8	-3.0
2024	0.8	-0.5
2025	0.7	-0.2
2026	0.7	-0.1
2027	0.6	0.0
2028	0.8	0.0
2029	0.7	0.1
2030	0.6	0.1
2031	0.7	0.1
2032	0.8	0.1

2033	0.6	0.1
2034	0.8	0.1
2035	0.7	0.1
Total Change, %, 2015-2035	+13.8%	+1.5%
2036	-	0.1
2037	-	0.1
2038	-	0.1
2039	-	0.1
2040	-	0.1

Source: Experian

- 3.32 It should be noted that the expenditure per head figures in Tables 3.2 and 3.3 above are total levels, including spending via special forms of trading (i.e. internet shopping). When the forecasts adopted in the 2016 Study and the latest Experian forecasts are compared then there are also some noticeable difference, as shown in Table 3.4 below. It shows that whilst there is a small difference between the proportions for convenience good expenditure over the period 2015-2037, there is a much larger difference for comparison goods. This difference became very pronounced from 2020 onwards, with 2020, 2025 and 2037 levels around twice the size of the allowances made in the 2016 Study. The implication of higher proportions of spending via the special forms of trading / internet channel is to reduce the amount of expenditure available for 'physical' stores and, in turn, reduce quantitative requirements for additional floorspace.

Table 3.4: special forms of trading allowances for convenience and comparison goods expenditure, 2015-2037

	2016 Retail Study – Convenience SFT	2016 Retail Study – Comparison	2024 Experian Forecast – Convenience SFT	2024 Experian Forecast – Comparison SFT
2015	2.8	12.5	2.4	12.4
2020	4.0	15.7	5.1	29.4
2025	4.9	15.9	5.6	25.5
2037	6.1	15.2	7.3	29.4

Notes: 2024 Experian SFT data has been adjusted for sales associated with physical stores

- 3.33 Looking to the future, Table 3.5 below summarises Experian's 'headline' retail and leisure spend per head forecasts up to 2040, based upon their 'central case' scenario. In order to show the various trends over time, Table 3.4 shows trends over the past two decades, alongside individual annual forecasts for 2023, 2024 and 2025, followed by medium and long-term forecasts to 2030 and 2040 respectively.

Table 3.5: UK retail and leisure spend per head – actual data for 1998-2022 and forecasts for 2023-2040

Volume % Growth Per Head	1998-2022 (annual average)	2012-2022 (annual average)	2023	2024	2025	2026-2030 (annual average)	2031-2040 (annual average)
Retail spend	0.7	0.9	-3.2	-0.9	1.5	1.9	2.0
Convenience goods	-1.7	-0.3	-3.0	-0.5	-0.2	0.0	0.1
Comparison goods	2.0	1.7	-3.3	-1.2	2.7	3.1	2.8
Bulky comparison	3.3	1.5	-4.7	-1.8	3.7	3.8	3.5
Non-bulky comparison	0.9	1.8	-2.8	-0.9	2.3	2.8	2.6
Leisure	-1.5	0.7	-1.3	-0.3	0.6	1.1	0.8
Consumer spending	1.2	0.9	-0.8	-0.5	0.9	1.5	1.6
Retail spend, ex SFT	1.7	-0.2	-2.6	-2.2	0.4	1.3	1.6

Notes: Experian, February 2024

3.34 The content of Table 3.5 shows:

- The decline in spending across all types of retail goods between 2023 and 2024, a situation which is also being felt in the leisure sector.
- Following declines in 2023 and 2024 (in addition to a fall of -4.3% in 2022), growth in retail and leisure spending is expected to return in 2025. Overall, retail spend per head is expected to grow by 1.5% although only one quarter of this (0.4%) is expected to be directed towards physical retail stores in town centres and retail parks (with the remainder being attracted by internet shopping).
- The only sector not expected to grow in 2025 is the convenience goods sector, which could contract by -0.2%. This continues a long-term trend for the convenience goods sector.

3.35 Alongside data on retail and leisure expenditure, it is also important to examine trends in retail sector in terms of the presence of retailers and leisure uses in high streets and out of centre locations as this can also help to understand the wider aspects of 'need' from a commercial viewpoint.

3.36 It is a well-established fact that the retail and leisure sectors, which have been a mainstay in all UK high streets and, more latterly, out of centre retail/leisure parks, have fast-moving trends. Over the latter half of the 2010s and the early 2020s there have been a number of high-profile business casualties. Within the non-food sector businesses such as Paperchase, Debenhams, Topshop (and other parts of the Arcadia Group), Carpetright, Ted Baker and Poundworld have all failed. In addition, there have been a significant number of store closers by other high profile national multiple retailers such as House of Fraser (now trading as Frasers) and Argos (with the brand moving into Sainsburys stores). For many years, the DIY and homewares retailer Homebase has faced a number of difficulties, and has changed hands on a number of occasions. In November 2024, Homebase entered into administration, with CDS (owner of The Range) buying a number of existing stores, although uncertainty currently surrounds the future of around 50 other Homebase units.

3.37 The closure of these stores has created significant vacancies and available retail floorspace in many town and city centres. Some stores, such as those in high-profile locations and/or in modern format premises, have been re-occupied by other comparison goods retailers, although this has not been universal. For example, former department store units

occupy large multi-level premises, many of which were built in the post-war period specifically for that particular purpose. As a result, their attractiveness to alternative uses, even other comparison goods uses, is limited, which has resulted in many long-term vacancies. In some cases, alternative non-retail uses are being promoted as landlords and local authorities have reached the realisation that continued retail use is simply not an option.

- 3.38 One other change in the format of a well-known national comparison goods retailer to note is Ikea. Known for its large format out-of-centre stores, Ikea has in recent years decided to branch out into smaller city centre stores which display a smaller range of goods. The first stores for this format include Hammersmith (which will soon also be accompanied by its first stand-alone restaurant), the forthcoming Oxford Street store⁶ and Brighton⁷.
- 3.39 Across the UK's high streets and other retail premises there have been some significant changes between 2010 and 2023. Data from Public First and the Financial Times has highlighted the following trends in some of the main retail and service sectors:

Table 3.6: changes in selected high street retailers and service providers, 2010-2023

	2010 (Outlets)	2023 (Outlets)	Change (%)
Hair & beauty services	10,800	22,635	+110%
Take-aways	12,860	21,295	+66%
Clothes and shoe shops	13,215	9,605	-27%
Banks	7,150	2,715	-62%

Source: Public First and the Financial Times, 2024

- 3.40 Data published by the BBC and Green Street in 2024 provides an up-to-date picture of changes in retail and service use composition in high streets across the country. This is shown in Table 3.7 below. Whilst the changes do not appear, at first glance, to be significant, it should be noted that this data is for the first six months of 2024 and comprises the net change in units (i.e. taking into account both closures and openings during this six month period). This indicates that the trends which have been evident over the past several years are continuing.

Table 3.7: fastest growing and declining retail and service providers, January to June 2024

	Net Change in Units, January to June 2024
Convenience stores	+85
Cafes and coffee shops	+92
Value retailers	+39
Estate agents	-122
Banks	-247
Pubs	-432
Pharmacies	-481

Source: Green Street, 2024

⁶ Due to open in Spring 2025 in the former TopShop flagship store

⁷ Due to open in Spring 2025

- 3.41 One of these trends is in relation to the continued growth in the number of convenience stores. Whilst this part of the grocery has faced some of its own challenges, the general trend over the past 15 years has been significant growth, particularly with a number of national multiple retailers (such as Co-op, Tesco and Sainsburys) turning away from opening larger stores and concentrating on smaller town and city centre stores, along with neighbourhood stores. In 2024, Waitrose announced that it planned to open around 100 new convenience stores in the next five years, as it returns to store openings.
- 3.42 However, the headline trend over the past five years has been the continued rise of discount stores such as ALDI and Lidl. These operators are now a well-established part of the UK grocery sector and, in combination controlled around 18% of the UK grocery market in 2023. Indeed, ALDI overtook Morrisons in 2022 to become the UK's fourth-largest grocer by market share.

Figure 3.1: individual retailer market shares, 2023 (Source: Financial Times)

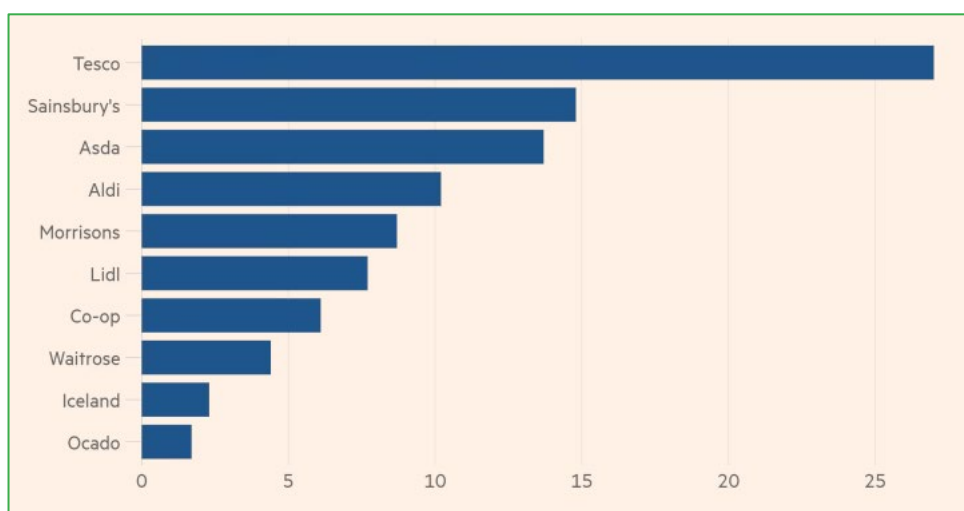
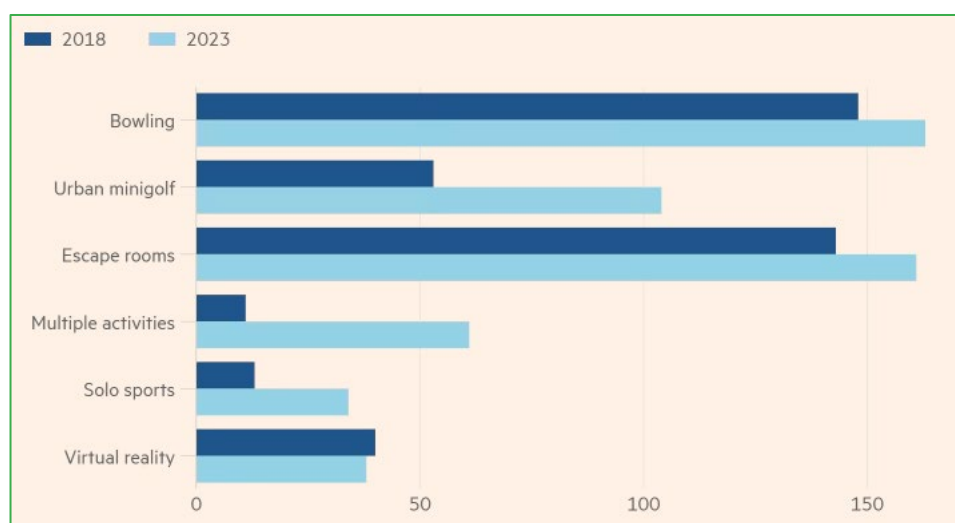


Figure 3.2: annual change (%) in market share by grocery sales, 2014-2024 (Source: Financial Times)



- 3.43 Looking forward, both ALDI and Lidl have significant continuing expansion plans, with ALDI's longer term goal of 1,500 stores in the UK (following the opening of its 1,000th store in the UK earlier in 2024) and previously stating a target of Lidl 1,100 stores by the end of 2025 (Lidl currently has around 960 stores in the UK).
- 3.44 Turning to the leisure sector, the available market data shows a complex picture. The COVID-19 pandemic had a huge effect on the performance of this sector, which led to significant business closures and loss of employment opportunities. The sector has bounced back and, according to research published by Deloitte, confidence reached a two year high in the first quarter of 2024. Since that time, however, recent research published by Deloitte has found that sentiment in 'eating out' and 'drinking in pubs and bars' has declined by about 6 percentage points since the start of 2024. This has been driven by the cost of living and increasing prices in the leisure sector particularly in the food and beverage sector. In recent years, costs for leisure and hospitality businesses have increased significantly, driven by higher energy and food costs, along with rising wages.
- 3.45 Data shown earlier in this section indicates the impact of cafes and coffee shops on the occupation of premises on the high street, which is part of a longer term trend in most city, town and district centres towards more of a service-based offer. Cafes have also been a big part of the evolution of out of town retail and leisure parks, which have traditionally focused upon comparison goods retailing and 'big box' leisure facilities. With car parking areas under-utilised, and landlords looking for additional sources of income, proposals for stand-alone cafes (sometimes with drive-through elements) are now a common feature at out of town facilities; a trend which is also occurring as part of the expansion of discount foodstore operator sites.
- 3.46 Within the leisure sector, the post-pandemic period has seen some changes within key categories and their demand for space in town centres and out of town locations. In particular, there has been a shift in the types of venue being visited. In October 2024, Hollywood Bowl, the UK's largest ten-pin bowling operator indicates that like-for-like sales were a product of intensifying competition from new emerging leisure sectors, from axe-throwing to mini golf. Whilst 'active family' venues, such as ten-pin bowling, remain popular, there has been a growth in other activity-focused venues such as darts, cricket, escape rooms, axe-throwing and shuffleboard. According to the real estate adviser Savills the number of UK activity-focused venues has increased by around 40% since 2018 to 600 in 2024. Savills expect that the number of sites will increase further to 800 by 2029. The increase in the types of venue, by activity between 2018 and 2023, is shown in Figure 3.3 below.

Figure 3.3: UK socialising venues, number by segment, between 2018 and 2023 (Source: Savills)



4. Local Trends

- 4.1 Alongside national trends, it is also important to examine how local circumstances, in terms of town centres and retail land use provision, have evolved over recent years.
- 4.2 The previous Evidence Base Studies have provided the following information:
- a. The 2016 Study – review of the retail hierarchy in Medway, including land use, vacancy and market share data for each of the main defined ‘town centres’, along with the main out of centre retail and leisure facilities. The 2016 Study also provided a quantitative assessment of the need for net additional convenience and comparison goods retail floorspace across Medway, along with an assessment of commercial leisure provision. Given that the 2016 Study was a joint study for Medway and Gravesham, a similar body of data was also provided for Gravesham Borough.
 - b. The 2018 Study – in order to build upon the contents of the 2016 Study, the 2018 Study provided a detailed review of qualitative and spatial aspects of retail and ‘town centre’ provision across Medway, along with additional information regarding the usage of the main town centres and advice on the content of development management policies.
 - c. The 2021 Study – alongside commentary on trends within the retail, leisure and town centre sectors as a result of the COVID-19 pandemic, the 2021 Study provided advice in relation to the planned new communities across the Hoo Peninsula, including retail expenditure need / capacity issues and the content of planned new ‘town centres’.
- 4.3 In order to build upon the work undertaken the above studies, we have undertaken two areas of analysis. First, we have undertaken an analysis of the land use composition of the main ‘town centres’ in Medway. This information provides valuable information to inform the ‘town centre’ strategy section of the new Local Plan, explaining how the main centres are responding to ongoing changes and influences in the retail, leisure and other main town centre land use sectors. The information shows changes in the land use composition of the main centres over time.
- 4.4 Second, we collated information on retail and leisure land use / floorspace commitments in Medway, in order to understand recent and forthcoming influences on the retail, leisure and main town centre land use sectors within and outside of the main ‘town centres’. This analysis has also been extended to cover large scale committed retail, leisure and main town centre land use development proposals in the surrounding area.
- 4.5 Each topic is discussed in turn below.

‘Town Centre’ Land Uses

- 4.6 Given the amount of time which has elapsed since the consideration, in the 2016 Study, of land use and vacancy issues in Medway’s main town centres, it will be important for the Local Plan evidence base library to provide an up to date land use profile of existing ‘town centres’ and this has evolved over the past decade. This will include trends in retail, service and leisure uses, and the number of vacancies in each location. This is considered to be a useful exercise in order to:
- a. Show the trends in land uses in each of the main ‘town centres’ since the completion of the original evidence base document on retail, leisure and town centre issues;

- b. Provide support to the proposed approach to providing for retail uses, as part of the wider town centres strategy, in the new Local Plan.

- 4.7 In order to conduct this exercise our assessment has utilised land use data which has been collected by Experian GOAD over the past decade. In order to show land use trends over time we have taken the data from those Experian GOAD surveys which are closest to the 2016 Study and provided these alongside an up-to-date comparable set of data for late 2024. Therefore, the available data for either 2015, 2016 or 2017 has been used for the starting point for each assessment, which is set alongside updates undertaken by Nexus (for the latest Experian GOAD data) in 2024.
- 4.8 The main defined 'town centres' which have been covered by this analysis are: Chatham, Gillingham, Hempstead Valley, Rainham, Rochester and Strood.
- 4.9 For each assessment year, the land use data for each of the main centres has been organised into the standard Experian GOAD 'category report' classification, which includes: convenience and comparison goods retail outlets, retail service, financial service and leisure service outlets. The number of vacancies within each centre have also been counted for each assessment year.
- 4.10 For each centre, and each land use category, data is presented in terms of both the number of units and also the amount of floorspace occupied⁸. In each category, and for each assessment year, the amount of units/floorspace is also expressed in terms of the proportion of all units/floorspace and then compared with the national average for each category for both assessment years.
- 4.11 The data and trends for each centre can be summarised as follows.

Chatham

- 4.12 Table 4.1 below provides a summary of the land use data for retail and service uses in Chatham town centre between 2017 and 2024 and shows:
- a. There has been an increase in the number of convenience goods retailers, from 25 to 33, who now occupy 8.5% of all surveyed units in the town centre. This proportion remains below the national average.
 - b. There has been a noticeable fall in the number of comparison goods retailer in the town centre between 2017 and 2024, equivalent to around one quarter since 2017. However, it should be noted that this fall mirrors the national trend and the current proportion of comparison goods retailers (25.5%) is broadly in line with the national average (26.4%).
 - c. There has been an increase in the number/proportion of retail service uses in the centre. This modest increase also mirrors the national trend and the current proportion (15.7%) is in line with the national average of 16.0%.
 - d. The number of financial service uses in the centre (such as banks, building societies, etc) has fallen by around one fifth since 2017. This drop is also in line with trends at the national level.
 - e. The proportion of leisure services in the town centre has remained static over the period 2017-2024 and is associated with a small fall in the number of units occupied by this type of use. The static nature of the

⁸ Gross ground floorspace

proportion of leisure service uses is slightly different to the national picture where there has been a small increase.

- f. Finally, Table 4.1 below shows a noticeable increase in the number of vacant retail and service units in the centre, rising from 57 in 2017 to 68 in 2024. In 2017, the proportion of vacant units in Chatham town centre was two percentage points above the national average for town centre vacancies and this has now arise to four percentage points above the national average.

Table 4.1: retail and service land use unit profile for Chatham town centre, 2017-2024

	2017			2024		
	No.	%	National Ave %	No.	%	National Ave %
Convenience	25	6.1	8.7	33	8.5	9.3
Comparison	129	31.5	31.4	99	25.5	26.4
Retail Service	55	13.4	14.3	61	15.7	16.0
Leisure Services	94	22.9	23.8	86	22.2	25.8
Financial & business services	50	12.2	10.4	39	10.0	8.3
Vacant	57	13.0	11.1	68	17.5	14.1
Total	410	100	100	388	100	100

Source: Experian and Nexus surveys

4.13 Table 4.2 provides floorspace data for Chatham town centre over the same period and shows similar trends in terms of changes in the different categories of retail and leisure floorspace. In relation to comparisons between Chatham and the national average, it will be noted that:

- The proportion of convenience goods floorspace in the centre is less than half of the national average. This indicates that, for those convenience goods retailers which are present, they occupy smaller than average unit sizes.
- Whilst the proportion of comparison goods retailers in the centre remains above the national average, the difference between the two amounts has decreased significantly between 2017 and 2024. In 2017, the proportion of comparison goods retailers was 13 points above the national average, although this has now reduced to a three point difference.
- The proportion of floorspace within 'leisure service' use has consistently remained below the national average between 2017 and 2024. However, the difference between these two levels has doubled over the past several years. The national average for town centre floorspace in leisure services use is 26.7%, whilst the current proportion of floorspace in this use in Chatham is 18.1%.
- In line with the number of units which are vacant in the town centre, the proportion of overall vacant floorspace has also risen. However, the increase in floorspace is more significant and has more than doubled between 2017 and 2024. The proportion of vacant floorspace, as at 2024, is also significant, with over one quarter (28%) of all surveyed floorspace not in use. This is twice the national average and a significant cause for concern.

Table 4.2: retail and service land use floorspace profile for Chatham town centre, 2017-2024

	2017			2024		
	Sq ft gross ground floor	%	National Ave %	Sq ft gross ground floor	%	National Ave %
Convenience	53,100	4.8	15.4	71,700	6.6	15.6
Comparison	538,700	48.3	35.3	354,700	32.7	29.3
Retail Service	81,500	7.3	6.79	88,200	8.1	7.3
Leisure Services	229,100	20.5	24.8	196,400	18.1	26.7
Financial & business services	81,000	7.3	7.8	64,900	6.0	6.2
Vacant	133,000	11.9	9.5	304,800	28.1	14.2
Total	1,116,400	100	100	1,086,100	100	100

Source: Experian and Nexus surveys

Gillingham

- 4.14 Table 4.3 provides a summary of the land use data for retail and service uses, along with vacancy levels, in Gillingham town centre between 2017 and 2024. Data for each of these years is placed alongside national average levels for each sector / category.

Table 4.3: retail and service land use unit profile for Gillingham town centre, 2017-2024

	2017			2024		
	No.	%	National Ave %	No.	%	National Ave %
Convenience	25	10.9	8.7	34	14.9	9.3
Comparison	59	25.8	31.4	48	21.0	26.4
Retail Service	37	16.2	14.3	41	17.9	16.0
Leisure Services	54	23.6	23.8	56	24.5	25.8
Financial & business services	30	13.1	10.4	25	10.9	8.3
Vacant	24	10.5	11.1	23	10.0	14.1
Total	229	100	100	229	100	100

Source: Experian and Nexus surveys

- 4.15 Between 2017 and 2024 the proportion of convenience goods retailers occupying premises in Gillingham has increased by four percentage points, from 10.9% to 14.9%. This scale of provision is well above the national average, which is also true (albeit to a lesser extent) for the proportion of floorspace within the centre occupied by convenience goods retail use.
- 4.16 In line with the national trend, the proportion of units occupied by comparison goods retailers in Gillingham has fallen over the period 2017 to 2024, from 25.8% to 21.0%. Over this period the proportion of comparison goods retailers in

the centre has remained below the national average, and has fallen from 59 units to 48 units, equivalent to one fifth of surveyed units in the centre. The proportion of comparison goods retailer floorspace has also fallen in line with the national average by around five percentage points.

- 4.17** Retail and leisure service uses in Gillingham have both increased over the period 2017-2024, with a collective proportion of 39.8% in 2017 and increasing to 42.5% in 2024. The proportion of these types of service use are similar to national average levels, although the data in Table 4.4 below shows that the proportion of floorspace in the leisure services sector (19.0%) in Gillingham is well below the national average (26.7%).
- 4.18** With regards to vacant units / floorspace in Gillingham, the content of Tables 4.3 and 4.4 tell a contrasting story. In relation to vacant units, these have remained relatively constant over the period 2017-2024, which is equivalent to around 10% of all surveyed units in the centre. Whilst the number of vacant units have remained static, this should be viewed against a rise in the national average proportion of town centre vacancies (from 11% to 14%). Set against this trend is an increasing amount of vacant floorspace in Gillingham town centre, from 16% of all surveyed floorspace in 2017 to 19.6% in 2024. At the present time, one fifth of all surveyed retail and service floorspace within Gillingham is vacant and which is five percentage points above the national average.

Table 4.4: retail and service land use floorspace profile for Gillingham town centre, 2017-2024

	2017			2024		
	Sq ft gross ground floor	%	National Ave %	Sq ft gross ground floor	%	National Ave %
Convenience	62,700	13.5	15.4	69,900	16.1	15.6
Comparison	140,300	30.3	35.3	111,900	25.8	29.3
Retail Service	41,000	8.8	6.8	43,100	9.9	7.3
Leisure Services	94,400	20.4	24.8	82,300	19.0	26.7
Financial & business services	51,100	11.0	7.8	36,600	8.4	6.2
Vacant	74,000	16.0	9.5	85,100	19.6	14.2
Total	463,500	100	100	434,000	100	100

Source: Experian and Nexus surveys

Hempstead Valley

- 4.19** Hempstead Valley is a modern retail, service and commercial centre in the southern part of Medway's administrative area. Table 4.5 below indicates that the number of retail and service units in the centre currently stands at 70, which is a small increase since 2016 (67 units). Convenience goods retailers currently occupy 7% of all surveyed units, which is slightly below the national average of 9%. Almost half of all surveyed units in the centre are currently occupied by comparison goods retailers which is a noticeable fall since 2016 (when 58% were occupied by comparison retailers). However, the current proportion of units in comparison retail use remains well above the national average of 26%.
- 4.20** Given the high proportion of comparison goods retailers in the centre, this means a lower than average proportion of a number of service uses. In particular, whilst retail service uses are generally commensurate with the national average (and have grown over the past several years), the proportion of leisure and financial services is well below their respective national average levels.

- 4.21 Finally, the number of vacancies in the centre has increased from 2 to 6 between 2016 and 2024 which, whilst a three-fold increase, is equivalent to a proportion of units well below the national average for town centre vacancies. A similar situation also applies for the amount of vacant floorspace.

Table 4.5: retail and service land use unit profile for Hempstead Valley, 2016-2024

	2016			2024		
	No.	%	National Ave %	No.	%	National Ave %
Convenience	4	6.0	8.6	5	7.1	9.3
Comparison	39	58.2	31.2	33	47.1	26.4
Retail Service	9	13.4	14.0	13	18.6	16.0
Leisure Services	11	16.4	23.4	12	17.1	25.8
Financial & business services	2	3.0	10.6	1	1.4	8.3
Vacant	2	3.0	11.2	6	8.6	14.1
Total	67	100	100	70	100	100

Source: Experian and Nexus surveys

- 4.22 The pattern of floorspace occupied by the various retail and service uses follows the pattern of units occupied by these uses in many respects, particularly in relation to comparison goods retailing and the leisure / financial service uses, along with vacant floorspace. The one notable exception to this is in relation to convenience goods retailing where almost one third of all surveyed floorspace is occupied by this use. This is primarily due to the large Sainsburys supermarket, with the proportion of convenience goods floorspace at Hempstead Valley at around twice the national average.

Table 4.6: retail and service land use floorspace profile for Hempstead Valley, 2016-2024

	2016			2024		
	Sq ft gross ground floor	%	National Ave %	Sq ft gross ground floor	%	National Ave %
Convenience	112,000	36.6	15.2	100,200	32.2	15.6
Comparison	125,000	40.8	35.9	114,100	36.7	29.3
Retail Service	11,500	3.8	6.7	17,000	5.5	7.3
Leisure Services	33,500	10.9	24.5	47,800	15.4	26.7
Financial & business services	2,200	0.7	8.0	2,100	0.7	6.2
Vacant	22,100	7.2	9.0	30,100	9.7	14.2
Total	306,300	100	100	311,300	100	100

Source: Experian and Nexus surveys

Rainham

- 4.23 Tables 4.7 and 4.8 below provide a summary of the land use data, in terms of unit numbers and floorspace occupied, for Rainham between 2016 and 2024. For convenience good retailing, both the unit number and floorspace amounts

have declined slightly over the period 2016 to 2024. The proportion of convenience goods retailers within the centre has declined by one percentage point which is in contrast to the national trend (which has not declined). The current proportion of convenience goods retailers in the centre (9.7%) is now in line with the national average of 9.3%. The proportion of floorspace occupied by convenience goods retailers (12.3%) is below the national average of 15.6%.

Table 4.7: retail and service land use unit profile for Rainham, 2016-2024

	2016			2024		
	No.	%	National Ave %	No.	%	National Ave %
Convenience	15	10.9	8.6	13	9.7	9.3
Comparison	38	27.5	31.2	31	23.1	26.4
Retail Service	29	21.0	14.0	32	23.9	16.0
Leisure Services	27	19.6	23.4	30	22.4	25.8
Financial & business services	17	12.3	10.6	17	12.7	8.3
Vacant	12	8.7	11.2	11	8.2	14.1
Total	138	100	100	134	100	100

Source: Experian and Nexus surveys

4.24 There has also been a decline in the number of comparison goods retailers, from 38 in 2016 to 31 to 2024. This has led the proportion of units occupied for this type of retail use falling from 27.5% to 23.1%. This generally mirrors the national trend for comparison goods retailers in town centres, with the proportion in Rainham now three percentage points lower than the national average. The same trend has also been observed in relation to the amount of floorspace occupied by comparison goods retailers although the proportionate fall in the amount of floorspace is much larger than the drop in the number of occupied units. In contrast, the overall amount of floorspace and units occupied by different types of service uses has grown between 2016 and 2024. The increase is not significant and is led by small rises in the number of properties occupied by retail and leisure services (although the proportion of units within each category remain slightly below their respective national averages).

Table 4.8: retail and service land use floorspace profile for Rainham, 2016-2024

	2016			2024		
	Sq ft gross ground floor	%	National Ave %	Sq ft gross ground floor	%	National Ave %
Convenience	31,400	13.9	15.2	27,500	12.3	15.6
Comparison	85,000	37.5	35.9	60,900	27.3	29.3
Retail Service	26,400	11.7	6.7	32,600	14.6	7.3
Leisure Services	48,000	21.2	24.5	46,700	20.9	26.7
Financial & business services	22,800	10.1	8.0	22,000	9.9	6.2
Vacant	12,900	5.7	9.0	33,300	14.9	14.2
Total	226,500	100	100	223,000	100	100

Source: Experian and Nexus surveys

- 4.25 Finally, the number of vacant properties in Rainham has remained relatively static between 2016 and 2024, with 12 vacancies in 2016 and 11 in 2024. This equates to around 8% of all surveyed units in the centre and has remained below the national average across this period. This suggests a good level of demand for retail and service use premises in Rainham in the face of a national trend which has seen an increasing level of vacancies in town centres (on a proportionate basis) across the country.

Rochester

- 4.26 Land use data for the defined 'town centre' in Rochester, for 2017 and 2024, is contained in Tables 4.9 and 4.10 below. Overall, there are, at present, 196 surveyed retail and service units in the centre (including vacant units), a number which has remained static over the period 2017-2024. The proportion of convenience goods uses in Rochester was in line with the national average in 2017, although this has fallen to two percentage points below average in 2024, following a combination of a small fall in the number of convenience retailers in Rochester and a small increase in the national average for this type of retail use.

Table 4.9: retail and service land use unit profile for Rochester town centre, 2017-2024

	2017			2024		
	No.	%	National Ave %	No.	%	National Ave %
Convenience	16	8.2	8.7	14	7.1	9.3
Comparison	50	25.6	31.4	44	22.5	26.4
Retail Service	26	13.3	14.3	26	13.3	16.0
Leisure Services	64	32.8	23.8	74	37.8	25.8
Financial & business services	25	12.8	10.4	20	10.2	8.3
Vacant	14	7.2	11.1	18	9.2	14.1
Total	195	100	100	196	100	100

Source: Experian and Nexus surveys. Figures may not add due to rounding.

- 4.27 There has been a fall in the number of comparison goods retailers in the centre, from 50 in 2017 to 44 in 2024. This level of comparison goods retail provision (25.6% of all surveyed units) is below the national average (26.4%), although the gap between the two has closed slightly over the period 2017-2024.

Table 4.10: retail and service land use floorspace profile for Rochester town centre, 2017-2024

	2017			2024		
	Sq ft gross ground floor	%	National Ave %	Sq ft gross ground floor	%	National Ave %
Convenience	20,100	6.4	15.4	17,100	5.3	15.6
Comparison	75,100	23.7	35.3	64,400	20.1	29.3
Retail Service	31,000	9.8	6.8	25,800	8.0	7.3
Leisure Services	139,200	44.0	24.8	157,600	49.1	26.7
Financial & business services	30,200	9.5	7.8	21,000	6.6	6.2
Vacant	20,700	6.5	9.5	34,900	10.9	14.2
Total	316,300	100	100	320,800	100	100

Source: Experian and Nexus surveys. Figures may not add due to rounding.

4.28 Over the period 2017-2024 the only part of the service sector to grow in terms of units and floorspace was a leisure services sector. In 2017, 44% of all surveyed units in Rochester were occupied by leisure service uses, which has grown to 49% in 2024. These proportions are well above the national averages for 2017 and 2024, or 25% and 27% respectively.

4.29 Vacancy levels in Rochester have noticeably increased over the period 2017-2024. The amount of vacant floorspace has increased by around three-quarters from 20,700sq ft in 2017 to 34,900sq ft in 2024. Whilst this scale of increase will no doubt be an area for future monitoring by the Council, it should also be noted that the proportion of vacancies has remained below the corresponding national average throughout this period (with a rate of increase which is lower than the increase in the national average).

Strood

4.30 Tables 4.11 and 4.12 below provide a summary of the land use occupancy and floorspace data for Strood town centre between 2015 and 2024, taken from Experian GOAD data and updated by Nexus.

Table 4.11: retail and service land use unit profile for Strood town centre, 2015-2024

	2015			2024		
	No.	%	National Ave %	No.	%	National Ave %
Convenience	11	7.1	8.5	17	9.4	9.3
Comparison	48	31.0	32.4	43	23.9	26.4
Retail Service	33	21.3	14.2	59	32.8	16.0
Leisure Services	24	15.5	22.5	30	16.7	25.8
Financial & business services	24	15.5	10.8	18	10.0	8.3
Vacant	15	9.7	11.3	13	7.2	14.1
Total	155	100	100	180	100	100

Source: Experian and Nexus surveys

- 4.31 The data in Table 4.11 above shows a net increase in the number of convenience goods retailers in the town centre, from 11 in 2015 to 17 in 2024. The current level of provision (9.4% of all surveyed units) is commensurate with the national average of 9.3%. In contrast to the number of units occupied by convenience goods retailers, the amount of floorspace occupied by this type of retail is considerably higher than the national average. At the present time, 30.5% of all surveyed floorspace is occupied for convenience goods retailing which is twice the national average. This has been a consistent theme since the 2015 survey and is as a result of a small number of large foodstores/supermarkets in the centre⁹.

Table 4.12: retail and service land use floorspace profile for Strood town centre, 2015-2024

	2015			2024		
	Sq ft gross ground floor	%	National Ave %	Sq ft gross ground floor	%	National Ave %
Convenience	147,800	29.8	15.1	162,900	30.5	15.6
Comparison	208,400	41.9	36.1	194,600	36.4	29.3
Retail Service	49,800	10.0	7.4	85,900	16.1	7.3
Leisure Services	37,200	7.5	23.3	47,300	8.9	26.7
Financial & business services	32,100	6.5	8.2	24,300	4.6	6.2
Vacant	21,500	4.3	9.2	19,100	3.6	14.2
Total	496,800	100	100	534,100	100	100

Source: Experian and Nexus surveys

- 4.32 Tables 4.11 and 4.12 also show that the largest single sector in Strood town centre, in terms of floorspace, is the comparison goods sector. Comparison goods retailers occupy just under 200,000sq ft of floorspace within the centre, which is equivalent to around one third of all surveyed floorspace and above the national average of 29%. However, in terms of unit numbers, whilst the comparison goods sector was the largest in 2015, this is now no longer the case. The number of units occupied by comparison goods retailers has fallen from 48 in 2015 to 43 in 2024, with the largest sector in the centre now comprising retail service uses (59 units, or 33% of all surveyed units).
- 4.33 There has also been an increase in the number of leisure service uses in the town centre between 2015 and 2024, from 24 to 30. However, the proportion of leisure service uses (and the amount of floorspace that they occupy) remains below the national average. In addition, the proportion of units / floorspace occupied by financial and business services is also below the national average (and has declined over the period 2015-2024).
- 4.34 Vacancy levels within Strood town centre have remained relatively constant over the period 2015-2024, with the proportion of units and floorspace well below their respective national averages. In particular, the proportion of vacant units is around half of national average levels, whilst only 3.6% of surveyed floorspace is vacant (compared with a national average vacant floorspace level of 14.2%).

Actual and Potential Changes in Retail Floorspace – Due to Planning Permissions

- 4.35 Alongside the trends in the diversity in the different types of retail and service land uses in Medway's main 'town centres', a further useful element of evidence base data is the wider trend of changes in different types of retail

⁹ Including a Marks & Spencer Foodhall, ALDI, Morrisons and ASDA.

floorspace. As a consequence, we have interrogated data produced by MDC within its Annual Monitoring Report ('AMR') for the period 2018-2024 and provide a summary of the following data for retail floorspace over this period:

- a. Completions per annum, showing the net change in floorspace, as a consequence of the implementation of planning permissions which either / both provide new retail floorspace and / or replace existing retail floorspace.
- b. The current level of commitments per annum, including those which: (a) have not started; (b) are under construction, including those which will (when implemented would result in a potential loss of retail floorspace)

4.36 This data is contained at Appendix A to this report.

4.37 This data has the potential to overlap with the land use data covered earlier in this section, given that it shows changes in land uses across different parts of Medway. However, the overlap is only partial for the following reasons:

- a. The Experian GOAD data, shown earlier in this section, is concentrated upon the main defined 'town centres' in Medway, whereas the data provided by the AMR covers all in-centre, edge-of-centre and out-of-centre locations.
- b. The AMR data also helps to provide an understanding of those actual / potential changes which have occurred / will occur due to planning permissions being granted, rather than changes in land use which can occur under existing lawful use permissions was allow for changes to take place under permitted development rights.
- c. It also helps to provide a year-on-year review of actual / potential changes in the level of retail land use / floorspace provision across Medway.

4.38 When reviewing and understanding the data contained at Appendix A the following two matters should be borne in mind:

- a. First, the data is presented using the historic version of the use classes order, based on classes A1, A2, A3, A4, A5. This method of presenting the available data provides a detailed view of the various changes per annum, although will need to be translated to the current use classes order in the following way (A1, A2, A3 move to part of Class E; whilst A4 and A5 move to *sui generis*).
- b. Second, for each year, two sets of data are provided: (a) the net impact of completions (gains and losses); and (b) commitments (which have either not started, or are under construction), including potential losses. It will not be possible combine/aggregate the year-on-year data given that a commitment in one year could be transferred into a 'completion' in a subsequent year. However, consideration of the annual data can help to provide a trend (or 'direction of travel') for the amount of retail floorspace (in the former Class A) across Medway.

4.39 Placed alongside the data at Appendix A are the graphs from each of the MDC AMR documents between 2018 and 2024, along with the notes from each report in relation to the most significant elements of change in retail floorspace for that particular year.

4.40 Based upon the data provided by the AMR documents, the following conclusions can be drawn:

- a. During the most recent reporting period of 2023-2024, Medway has lost, due to completions, around 4,800sq m of former Class A1 (now Class E(a)) retail floorspace, with also some much more modest losses in the financial / business service and drinking establishment use classes. There have been very modest rises in the food/beverage (Class E(b)) and hot food take away (former A5, now sui generis) sector. The overall net position within the former Class A1 land use category for 2023-2024 is a net loss of around 5,200sq m of floorspace.
- b. The net position for commitments in 2023-2024 is a potential gain of circa 12,000sq m. In gross terms, construction commenced on around 7,000sq m of floorspace.
- c. Over the entire period between 2018 and 2024, when all of the annual completions (including net losses) are added up, there was a loss of circa 12,100sq m of former Class A floorspace. This can be split into the following gains and losses: -11,400sq m for A1; -2,500sq m for A2, +6,400sq m for A3; -7,200sq m for A4; and +2,600sq m for A5.

4.41 To a certain extent, these changes broadly mirror the picture painted for the main 'town centres' in Medway, as outlined earlier in this section – i.e. falls in part of the E(a) retail land use sector and gains the retail service / F&B (Class E(b) sector).

4.42 In relation to how these trends relate to the other areas of assessment covered, so far, in this document, there is a reasonable argument to suggest that the 'on the ground' experience in Medway is that the demand / need for Class E(a) (formerly A1) retail floorspace has been falling over the period since the original quantitative need forecasts in 2017. This is based upon the actions of land owners, landlords and property developers who have taken actions over the period 2018-2024 to gain planning permission for redevelopment and / or change of use proposals to move away from previous retail floorspace (along with some other areas of the former Class A use class).

4.43 This would support the suggestion that previous forecasts for expenditure growth in the retail sector have not been realised, and this, along with the continued move to on-line retailing for particularly comparison goods, has led to a weakening of demand for physical retail space in Medway. As a consequence, this would point towards three particular implications for planning policy:

- a. Based upon the trends outlined in this section and the previous one, there is evidence to suggest that the requirement to allocation land to meet identified needs for new retail development has been substantially reduced.
- b. These trends do not, however, completely rule out a requirement to plan for new retail floorspace across Medway. Instead, the available evidence would suggest that the overall case for provision will be based upon a combination of quantitative and qualitative factors.
- c. A picture which shows that town centres are becoming home to a more diverse set of land uses and that centres do not, and cannot, rely on retail uses to underpin their health (although Class E(a) retail uses will still remain one of the largest sectors in many 'town centres'). This will need to be taken into account in relation to: (a) the development of planning policies and strategies for 'town centres', including development management policies; (b) the content of planned new 'town centres' for the local centre hierarchy; and (c) the consideration of planning applications for development outside of defined 'town centres'.

Other Provision

- 4.44 The 2018 Study considered cross-boundary issues, particularly those retail and leisure development proposals and strategies outside of the Medway administrative area which may have an impact upon plan-making and retail / leisure issues in Medway. In order to supplement that analysis, it is useful to make reference to two further proposals which will have, to one extent or another, an impact on retail and leisure issues in Medway.
- 4.45 The first proposal is Northfleet Harbourside. This a large-scale mixed use development proposal for residential¹⁰, retail, leisure, sport/recreation, hotel and healthcare uses along with a new multi-use (8,000 capacity) stadium. An outline planning application was submitted to Gravesham Borough Council in 2022, with GBC resolving to grant planning permission in 2024. Due to it being a departure from the development plan, the application was been referred to the Secretary of State. The application has been called-in for the Secretary of State's own determination and a decision is awaited.
- 4.46 The main town centre land use elements of the Northfleet Harbourside proposal comprise:
- a. Class E(a) retail floorspace – 22,500sq m gross
 - 1. 18,000sq m within a retail outlet centre
 - 2. 4,500sq m of retail floorspace associated with the stadium element
 - b. Food and beverage floorspace, plus drinking establishments (Class E(b) / sui generis) – 9,500sq m gross
 - c. Local services (Class E(c) / sui generis) – 1,100sq m gross
 - d. Indoor sport and recreation (Class E(d)) – 1,200sq m gross
 - e. Medical / healthcare facilities (Class E(e)) – 1,500sq m gross
 - f. Creche / nursery uses (Class E(f)) – 1,200sq m gross
 - g. Office uses (Class (g)) – 18,000sq m gross
 - h. Hotel (Class C1) – 20,000sq , gross
- 4.47 The impact assessment which was submitted in support of the Northfleet Harbourside application suggests that a large majority of the turnover of the retail land use element of the proposal will be diverted from the sub-regional shopping centre at Bluewater, with seemingly little trade diversion from stores/centres in Medway. However, it is likely that there will be an element of material impact upon some of the main 'town centres' in Medway, such as Strood, Chatham and Rochester. This diversion will, as a consequence, have an impact upon retail market share levels for these centres and, in turn, impact upon the level of retail expenditure which is available to support existing and new floorspace.
- 4.48 The second proposal, is the proposed new garden village adjacent to Sittingbourne. This proposal is currently subject to an outline planning application which has recently been called in by the Secretary of State for her own determination. A public inquiry into the proposals is ongoing. The proposal contains provision for circa 7,400 new dwellings, along with a mixture of other uses including commercial/business and hotel uses. The proposal also contains provision for mixed use local centre and neighbourhood facilities. Whilst the primary purpose of the proposed new local centres and neighbourhood facilities will be to serve the residents of the proposed development, there is a possibility that,

¹⁰ 3,500 units

depending upon their scale and nature, trips from elsewhere in Sittingbourne and the eastern side of Medway may also be attracted.

5. Towards a Town Centres and Retail Strategy for Medway

Introduction

- 5.1 A key purpose of this report is to inform and support the content of the new Local Plan for Medway in relation to town centre and retail planning policy issues, including how to plan positively for retail and main town centre uses and the overall strategy for defined town centres.
- 5.2 Section 8 of the July 2024 Reg.18 consultation document outlines MC's proposed approach to retail and town centre issues. It provides draft policies in relation to each of the main town centres, along with lower order centres and general development management policies, which are intended to supersede similar policies in the adopted Local Plan.
- 5.3 Based upon our instructions from MC, the purpose of this document is to use the findings of this latest stage of work (when combined with the three previous studies relating to retail, leisure and town centre matters) and make recommendations regarding a number of specific areas. These are:
- a. the defined retail hierarchy in Medway;
 - b. planning for retail land uses in the new Local Plan;
 - c. planning for new 'town centres' in Medway;
 - d. the policy approach which should be taken towards the defined 'town centre' at Hempstead Valley;
 - e. the content of development management policies in relation to retail and leisure development proposals and general town centre policies.
- 5.4 These matters are considered in turn below.

A Strategic 'Town Centres' Policy for the New Local Plan

Retail Hierarchy

- 5.5 Section 6.2 of the adopted Local Plan outlines the current hierarchy of centres across Medway, ranging from the main retail centre of Chatham, the five district centres (Rainham, Strood, Gillingham, Hempstead Valley and Rochester), 74 local, village and neighbourhood centres, along with reference given to retail parks and free-standing stores. This section of the adopted Local Plan is not clear over which of these elements are to be considered 'town centres' for the purposes of retail and town centre planning policy, although Policy R13 provides further clarity and indicates that Chatham and the five district centres, plus the local, village and neighbourhood centres will be the focus for the sequential test and impact assessments.
- 5.6 Section 8.3 and Policy S16 of the draft new Local Plan are intended to replace the hierarchy and Policy R13 elements of the adopted Local Plan. Draft Policy S16 of the current version of the new Local Plan (Reg.18 consultation version, 2024) indicates that the principal town centre of Chatham, along with the five district centres and local / rural centres will comprise the formal 'town centre' hierarchy. Section 8.15 of the Reg.18 consultation document indicates that shopping parades and neighbourhood centres will not form part of the retail hierarchy, a position which is also supported by MC's July 2024 Retail Topic Paper on 'Local, Rural, Neighbourhood Centres and Shopping Parades'.

- 5.7 Based upon the content of the 2016, 2018 and 2021 studies, including evidence on shopping and leisure patterns and the scale and type of floorspace in each of the main centres, we consider that there is clear support for the structure and content of the principal and district centre tiers as set out in draft Policy S16. With regards to the lower levels of the hierarchy, we consider that MC's decision to only include local and rural centres is an appropriate response to national policy which notes:

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

- 5.8 It is not the purpose of this Study to consider which locations should be included in within the 'local and rural centres' category, although it is to be noted that the total number of these centres, as recommended by MC's July 2024 Retail Topic Paper, is significant. As a consequence, it is correct for the current draft version of Policy S16 to provide a summary of the expected role and function of these centres, as this will help guide the application of the sequential and impact tests (which are set out elsewhere in the new Local Plan).
- 5.9 For the avoidance of doubt, we recommend that the new Local Plan provides a clear list of all local and rural centres to be included in the lower tier of the 'town centre' hierarchy, along with boundary definitions on the policies map¹¹.
- 5.10 In addition to various tiers of existing centres, we recommend that draft Policy S16 also includes reference to the other planned new local centres which will form part of some of the strategic land allocations elsewhere in the plan. Whilst these centres do not yet exist, they will in due course provide important local facilities for the residential communities that they will lie within and should, therefore, be offered protected by planning policy. In particular, they should be treated as, at the very least, planned investment (and also acquiring committed investment, as the project moves through the planning and development proposal process). In our opinion, without the status of 'new local centres' in the Local Plan's town centre's policy, there may be some ambiguity when preparing sequential and impact assessments for retail and leisure proposals which sit outside of Local Plan development strategy. The inclusion of these new planned local centres in the policy would help to avoid this situation.
- 5.11 Further analysis of these planned new local centres is contained later in this section, although the new centres which we recommend be included in the town centres policy are:

- a. Hoo / Chattenden / High Halstow
- b. Strood North / Frindsbury (taking into account cross-boundary considerations with adjacent land in Gravesham)
- c. On a provision basis, Peel Waters / Chatham Docks Industrial Estate

Planning for Retail Land Uses

- 5.12 A key long-standing national planning policy requirement for local development plan documents, as set out by the NPPF¹², is for the allocation of 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. For retail land uses, the evidence base assessments undertaken in 2016, 2018 and 2021 have considered a range of factors relating to the need for new retail floorspace. These three previous

¹¹ Which can be taken from the recommendations of the July 2024 Retail Topic Paper 'Local, Rural, Neighbourhood centres and Shopping parades'

¹² Paragraph 90, NPPF, December 2024

assessments have considered a range of factors, including a district-wide assessment of quantitative need (2016 Study), along with qualitative and spatial indicators in the 2018 and 2021 studies.

- 5.13 Based upon this collective body of research and analysis, the 2024 Reg.18 consultation version of the draft Local Plan proposes a retail and town centre strategy which seeks to concentrate retail development projects within the six main ‘town centres’ (guided by policies S15 & S17-S21) along with planned new centres (guided by Policy S16, S22 and S23). In relation to retail development opportunities in the main town centres, the draft Local Plan document makes specific reference to the recent masterplan studies, which form part of the evidence base for the new Plan. In addition, it is to be noted that the Reg.18 consultation did not proposed to allocate sites outside of the existing defined ‘town centre’ network, except for an indication that the new Local Plan will include allocations for new centres to serve new/growing communities.
- 5.14 In order to provide further evidence in relation to this proposed approach, and build upon the work undertaken in 2016, 2018 and 2021, this current Study has gathered additional evidence base information in relation economic and retail expenditure trends, along with trends and evidence at the local level. Prior to the commencement of this Study, the key indicators in relation to the need for retail floorspace across Medway were:
- a. The 2016 Study provided a district-wide assessment of the likely quantitative need for net additional convenience and comparison goods retail floorspace. This indicated the following quantitative need levels:
 - 1. Capacity for between 14,300sq m and 22,400sq m (net) comparison goods floorspace across Medway by 2025.
 - 2. Capacity for between 8,000sq m and 10,700sq m (net) convenience goods floorspace across Medway by 2025.
 - 3. Both of these capacity ranges make an allowance for extant commitments for retail floorspace at the time of the 2016 Study and take into account a range of population growth forecasts.
 - b. A key element of the 2018 Study was to provide significant information and analysis regarding qualitative and spatial/locational factors of need. That focused upon the provision of part of the suite of identified needs being placed in specific areas in order to support qualitative needs which may well arise as a consequence of planned new residential growth across the Medway area.
 - c. Finally, building upon the work undertaken for the 2018 Study, the 2021 Study provided a particular focus upon the Hoo peninsula area given the potential for a large amount of new residential development to be directed to this area in the new Local Plan.
- 5.15 Whilst locational factors associated with qualitative need are re-visited later in this section, taking into account the latest proposed distribution of residential development across Medway (and the surrounding area), we have re-visited some of the key issues surrounding the assessment of quantitative need, including economic/retail trends and changes in the supply of retail floorspace at the local level. This additional information and analysis has highlighted the following:
- a. Trends / expenditure. As noted in Section 3, there have been significant shifts in the trends surrounding the retail sector since the 2016 Study. There have also been significant changes in the level of per capita retail expenditure growth over the past decade, which will have also influenced the need to plan for new retail floorspace. In particular:
 - 1. Trends. Recent history has shown that the retail sector and, as a consequence, town centres have been subject to changes in market conditions which have affected the demand for retail floorspace. Whilst it

is clear that demand remains, for both convenience and comparison goods retail floorspace, the corporate failure of some national multiple retailers has led to existing floorspace becoming available for re-occupation by those retailers who continue to require additional space. This has led to a 'churn' in retail floorspace which removes, in part, the need to construct net new floorspace.

2. Recent expenditure trends. The analysis contained within Section 3 indicates that the level of per capita expenditure growth envisaged at the time of preparing the 2016 Study was well above the actual growth in per capita spending over the past decade. This experience will have affected the level of demand for additional retail floorspace, leading to a softening of demand between 2016 and 2025.
3. Future retail sales and floorspace efficiency forecasts. Our analysis, supported by up to date research data, has also shown that any future growth in retail sales may well be matched by increases in floorspace efficiency and, in any event, curtailed by the on-going rise in internet spending. As a consequence, not only have past trends influenced the demand for net additional retail floorspace development, but future trends are likely to do the same.

- b. Town centre land use profiles. As set out in Section 3, there has been a shift in the land use profile of the main defined 'town centres' in Medway. This shift has not necessarily resulted in large amounts of vacant floorspace (except for an on-going vacancy problem within Chatham), but is showing that, in some centres, the demand for retail floorspace is reducing. This is coupled with the more flexible approach to use classes, which makes it easier for town centres to response to on-going changes in demand levels.

5.16 Overall, therefore, it is reasonable for the new Local Plan policy not to be significantly influenced by the quantitative need forecasts in the 2016 Study and to be based, instead, on a basket of indicators (as outlined above). This should be based upon the following key pillars which provide a positive approach for district's 'town centres', whilst continuing to acknowledge that the new Local Plan intends to plan for meeting retail 'needs' alongside other main town centre land uses:

- a. New / replacement floorspace will naturally be encouraged by the Council's positive planning strategy for existing 'town centres'. Even without specific site / area allocations, the new Local Plan is able to provide for a positive policy environment to provide new retail land uses within defined 'town centres'. In addition to the opportunities already afforded to 'town centres' through the framework provided by Class E (and other permitted development rights), the content of this Study has shown that vacant floorspace is available to accommodate an element of retail needs. This approach is supported by the contents of the masterplans for Chatham, Gillingham and Strood.
- b. Planned new 'town centres' will be providing new retail floorspace to meet identified 'needs'. A key element of providing for retail needs, alongside other main town centre land uses, is via planned new centres. The content of these planned new centres are likely to be the focus for net additional retail floorspace allocations, particularly in relation to the provision of new convenience goods floorspace.
- c. New retail provision will also be provided through the development management process. It will remain the case that proposals for new retail floorspace / retail uses will come forward outside of the plan-led system and, instead, be dealt with via the development management process. This should be allowed for in the new Local Plan strategy. Whilst such proposals will face detailed scrutiny, they will, if permitted, go some way to meeting the needs of the retail sector and the local community.

Planned New Local Centres

- 5.17 As noted earlier in this section, the provision of new local centres within planned large-scale residential-led strategic allocations will be one of the key elements for meeting local needs for retail and other main town centre land uses in the new Local Plan.
- 5.18 This concept has previously been assessed within the 2018 Study, based upon potential areas of large-scale residential development at that time. However, as a consequence of further progress being made by MC in relation to the new Local Plan and potential strategic land allocations becoming clearer, it is important that the issue of planned new local centres is re-visited, based upon the latest available information (including the representations which have been made in relation to the promotion of land for inclusion in the new Local Plan).
- 5.19 The requirement to consider the need for new local centres, containing retail and other main town centre land uses, is subservient, to a certain extent, on the main residential and site suitability considerations outlined above. Therefore, we have based our assessment upon the need to plan for a new local centre in a particular proposed draft strategic allocation (rather than influencing wider strategic allocations based upon the locational need for new local centres). This analysis has been prepared alongside the work being undertaken by MC on proposed strategic allocations and is based upon those sites being considered for inclusion in the forthcoming Reg.19 consultation. As part of our analysis we have also taken into account, where available, information in relation to each proposed area which has been submitted by the promoter(s) of that specific site/area.
- 5.20 In order to demonstrate a sufficient supply of land for the development of new housing provision, MC are considering a large number of potential locations. Given the focus for this Study, we have concentrated upon those areas with a concentration of large-scale potential development sites. Six broad locations emerge: Capstone, Rainham North, Gillingham North, Peel Waters (Chatham Docks Industrial Estate), Strood North & Frindsbury, and Hoo / Chattenden / High Halstow.
- 5.21 For each of these locations we have considered whether they should incorporate main town centre uses and, potentially, be identified as locations for planned new local centres. This exercise has taken into account work which has already been undertaken by MC on the potential land use mix for these potential allocations and the information which has been prepared and submitted by the promoter of each allocation.
- 5.22 For the avoidance of doubt, the schedule at Appendix B to this report provides information regarding the potential development locations which have been included within our assessment for each area of focus. For each potential development location the following information is provided:
- a. The location of each major potential development site
 - b. The potential capacity of each location for residential development, along with information for other land uses (including whether the site is being promoted to include a new local / neighbourhood centre)
 - c. Whether the location is associated with any cross-boundary issues (e.g. Capstone).
- 5.23 When making an assessment of each of these six locations, we have considered the potential suitability to accommodate a new local centre, or any alternative form of retail / main town centre land use provision. This assessment is based upon a standard set of criteria, including an assessment of 'ring fenced' expenditure / floorspace capacity, an assessment of the characteristics of the site / location, details regarding the promotion of the site / area in the new Local Plan, followed by our recommendations for the provision of new local centre / main town centre land use provision in each area.

- 5.24 A copy of our assessment matrix can be found at Appendix C to this report.
- 5.25 In relation to the assessment of retail and food/beverage expenditure capacity, it should be noted that this is a crude exercise given that, in reality, the expenditure / floorspace capacity in each location cannot be 'ring fenced' and will instead be subject to varying inflow and outflow influences. However, this basis assessment is nevertheless useful in providing some preliminary guidance for retail and food/beverage land use issues¹³.
- 5.26 A summary of our assessment of each of the six chosen areas is contained below.

Capstone / Lidsing

- 5.27 The Capstone and Lidsing areas lie in the southern part of the main Chatham / Gillingham urban area, with parts of this area lying close to the M2 motorway. The existing communities of Lordswood and Walderslade lie to the west and south-west, whilst Hempstead lies to the east. The large district centre at Hempstead Valley also lies a short distance to the east of the Capstone / Lidsing area.
- 5.28 For the purpose of our analysis two main elements have been taken into account. First, the large areas of land at Capstone which are currently being promoted for inclusion in the new Medway Local Plan. Second, Lidsing Garden Community, which is a planned strategic development area within the recently adopted Maidstone Local Plan (2024). This allocation includes the provision of circa 2,000 new homes and *inter alia* a new local centre of at least 1,500sq m for retail, leisure and service uses.
- 5.29 Excluding the Lidsing Garden Community, the Capstone area in Medway has the potential to deliver around 3,960 new dwellings, on land to the east of North Dane Way and west of Capstone Road. In relation to the spending capacity generated by this level of residential development, it would have the potential, on a ring-fenced basis, to support a new medium-sized foodstore. Such a level of development would also make a reasonably large contribution to spending power associated with comparison goods retailing and food/beverage (Class E(b) / sui generis) uses.
- 5.30 The Capstone area was previously assessed within the 2018 Study, where it was concluded that the provision of a new local / neighbourhood centres within this area would be appropriate. The provision of a large new foodstore was not recommended by the 2018 Study, primarily due to the presence of surrounding medium and large foodstores/supermarkets.
- 5.31 Given that additional information, via the recent Reg.18 Local Plan consultation, is now available, along with the adoption of the Maidstone Local Plan in 2024, we have revisited the previous analysis. We set out our updated analysis below.
- 5.32 With regards to existing retail and main town centre land use provision within the surrounding area, this has broadly remained the same since the 2018 Study. The main surrounding facilities can be found in three local centres at Admirals Walk, Kestrel Walk and Walderslade Road (which includes a medium-sized Co-op foodstore), along with the large Morrisons store at Princes Park local centre and the large district centre at Hempstead Valley. Collectively, these existing facilities provide a good level of main and top-up food shopping provision, along with a good level of day-to-day services. Hempstead Valley is also able to offer a good range of comparison goods.
- 5.33 The presence of these existing facilities will influence the need / requirement for the provision of retail and main town centre land uses within any development at Capstone (within the Medway administrative area). A further influence will

¹³ When making these assessments we have adopted the following assumptions: (a) 2.4 persons per dwelling; (b) sales densities of £13,500/sq m (convenience goods), £5,000/sq m (comparison goods); £3,000/sq m (food/beverage); (c) per capita expenditure levels of £3,000 (convenience goods), £4,000 comparison goods, £1,300 food/beverage spending.

be the planned Lidsing Garden Community, which includes provision for a new local centre. That new centre may be a medium to longer term aspiration but nevertheless has the potential to meet local needs from both the Lidsing and Capstone areas. In addition, representations received from the owner of Hempstead Valley shopping centre have also indicated the potential for growth and change within this defined centre.

- 5.34 As a consequence of the above, it remains the case that the areas immediately surrounding the Capstone area have the potential to meet a number of the day to day needs of the growing population within this area. Given the proximity of existing defined centres, particularly Hempstead Valley, it is our view that part of the retail expenditure capacity generated by the growth of the Capstone area can be captured by existing centres, along with growth and change at Hempstead Valley. However, it also remains the case that part of the day to day needs of the growing population within this area should be met by planned new local / neighbourhood centres which should be included as a key element of the development plan allocations for this area. The development plan strategy should make it clear that the role and function of these new centres should be to serve the day to day needs of the local communities created by these allocations and should be complementary to the existing network of district and local centres (including the strategy for Hempstead Valley).

Rainham North

- 5.35 The draft development strategy for this part of the district includes the potential to allocate an area of land on the northern edge of Rainham for circa 800 new dwellings. This level of provision would, on its own, generate a modest amount of retail and other expenditure which may, in part, help to support a small neighbourhood parade of shops. In addition, the scale of potential provision will also be influenced by existing provision in the surrounding area, which includes a number of local centres and neighbourhood parades. In addition, a large Tesco Extra store, along with ALDI and Iceland stores, are a reasonably short driving distance to the west.
- 5.36 As a consequence of these factors, we would recommend that, should the new Local Plan proceed with an allocation for circa 800 new residential dwellings with this area, then any main town centre land uses therein should be limited to neighbourhood facilities (including a local convenience store) and not a defined new local centre. This scale and type of provision is based upon the above factors, along with the accessibility characteristics of the area around the potential allocation (including the partial separation of this area from Rainham by the main Gillingham to Rainham railway line).

Gillingham North

- 5.37 The focus for potential strategic development allocations in the Gillingham North area is on two sites: the former Gas Works and land associated with Gillingham marina. In total, the area has the potential to provide circa 1,500 new homes which could generate retail expenditure that, if ring fenced, would support a large convenience store, but be insufficient to accommodate a medium sized foodstore. The Gas Works element of this area has seen recent activity in terms of an EIA Screening Request for a mixed use development (including 500 residential units and a medium sized foodstore), which is similar to the promotion of the site in the Reg.18 consultation.
- 5.38 When determining what opportunities may exist for this area, our spatial analysis has taken into the scale of potential new residential development, its relationship with the surrounding Gillingham urban area and also the scale, type and location of provision of other defined centres and retail provision. In relation to this latter factor, it should be noted that the Gillingham North area is surrounded by a number of small local centres and neighbourhood parades which provide a good level of coverage for day-to-day shopping for existing residential communities. In addition, there are two existing large foodstores to the west of this area – ASDA and Lidl – which provide for a range of main and top-up food shopping needs.

- 5.39 Based upon these factors, whilst a modest level of neighbourhood-style retail and service use provision should not be ruled out, we consider that there is no need to identify the Gillingham North area for a planned new local centre within the Medway defined 'town centre' hierarchy.

Peel Waters / Chatham Docks Industrial Estate

- 5.40 A short distance to the west of the Gillingham North area is the Peel Waters / Chatham Docks Industrial Estate area. This is an existing industrial estate, adjacent to the large St Marys Island residential area and separated from the main Gillingham / Chatham urban area by the main docks area. This area is being promoted to be allocated in the new Local Plan for redevelopment to provide a mix of land uses, with a significant residential land use element: up to 2,500 new homes. As part of the promotion of this area, the provision of a new local centre has been identified.
- 5.41 The Peel Waters / Chatham Docks Industrial Estate area shares a number of characteristics with the Gillingham North area (outlined above) including the proximity to the large ASDA supermarket and Lidl foodstore to the south. In addition, it is also to be noted that the area around the ASDA, along with Victory Parade, are defined local centres, which are intended to be the focus for shopping, service and other day to day needs for the local community.
- 5.42 However, the scale of potential new residential development in the Peel Waters / Chatham Industrial Estate area (circa 3,000 units) is such as a reasonable amount of retail, food/beverage and other main town centre land use floorspace could be supported. This is reinforced by the large existing adjacent residential community at St Marys Island, which does not contain any significant retail / main town centre uses. This leads to a consideration of whether it is reasonable and appropriate to plan for a new local centre to be part of the Peel Waters proposed allocation.
- 5.43 In our opinion, the requirement for the Peel Waters development area to provide a new local centre is curtailed to a certain extent by the presence of existing retail provision / local centres to the south. These have the potential to provide accessible facilities to the expanding residential community to the north. As such, there is, in principle, merit in allowing new residential development to support the vitality and viability of these centres. However, it should also be recognised that the Peel Waters development opportunity is significant and this will sit alongside an existing residential area which does not have any significant provision of its own. This would suggest that a modest local centre, which does not need to provide a medium sized foodstore, and instead provides small-scale retail, service, and other main town centre uses, is an appropriate response for the 'town centres' strategy in the new Local Plan.

Strood North & Frindsbury

- 5.44 The focus for our assessment in the Strood North and Frindsbury area has been the area between the A289 and B2108 (either side of Gravesend Road). Within this area two large areas of land have been promoted to residential-led mixed use development, totalling circa 1,300 new dwellings. These areas lie within the administrative boundary of Medway, whilst a further large area of land between the administrative boundary and the A289 (in Gravesham) is also being promoted for a similar mix of land use development. As part of the promotion of these areas of land new local centres are proposed for the east part of the Medway area and within the area lying within Gravesham.
- 5.45 This wider area was considered in the 2018 Study, where it was concluded that the relatively short distance to Strood town centre (and its level of existing provision), plus the presence of existing local facilities in the northern part of Strood, did not prompt the provision of an additional new local centre.
- 5.46 However, the additional detail which has now been provided enables this Study to re-visit the contents of the 2018 Study and provide further consideration to matters such as the scale and location of proposed residential and other land use development.

5.47 As set out in the assessment matrix at Appendix C, the basic characteristics of the local area and local provision remain the same as the 2018 Study in relation to the retail offer of Strood town centre and the distribution of local retail and service uses across the northern part of the Strood urban area. However, the new information provided as part of the Reg.18 Local Plan consultation process now shows the potential for a substantial level of growth in residential uses in this part of Medway. As the accompanying analysis indicates, the potential expenditure on convenience goods associated with this growth provides an opportunity for the provision for a modest level of new day to day neighbourhood facilities. We consider that the scale of provision will continue to be constrained by the influence of Strood town centre although a new local centre within this urban expansion area is likely to contribute to a sustainable pattern of development, enabling day to day retail and service use requirements to be met locally.

5.48 In terms of the provision of these new retail and main town centre uses, recent representations to the Medway and Gravesham Local Plan making processes have suggested local / neighbourhood centres in two separate locations. Given the scale of potential residential land use development, such a scenario may well be able to meet local needs, subject to new provision being of an appropriate scale. The alternative approach, assuming that there are clear physical and function linkages between allocations in both development plans, would be for a single larger local centre, which would require further consideration in relation to joint-working. Where the preparation of the Medway and Gravesham Local Plan documents allow, this latter scenario should also be activity considered (as new centres in Gravesham may have an effect on centres in Medway, and vice versa).

Hoo / Chattenden / High Halstow

5.49 Issues surrounding the provision of new planned centres in the Hoo peninsula have previously been discussed in the 2018 and 2021 studies, which have responded to aspirations for the provision of a significant level of new residential development in this area as part of strategic policies in new Local Plan. This potential is also recognised in draft Policy S22 of the Reg.18 consultation version, which indicates that new defined centres will need to be planned and be appropriate in scale to serve planned population growth.

5.50 During the course of preparing the new Local Plan, and its background evidence base, various proposals for the scale and location of new development across the Hoo peninsula have been suggested. The Reg.18 consultation document set out a series of series of residential-led potential site allocations and work has continued over the past several months to refine the extent of these locations for the forthcoming Reg.19 consultation version of the Local Plan.

5.51 The current suite of potential development sites can be organised into four broad areas: (a) between Chattenden and Hoo St Werbergh; (b) east of Hoo St Werbergh; (c) to the north of the A228; and (d) east of High Halstow. The potential major development sites in these locations have the potential to provide up to 5,500 new residential units, possibly rising to 7,000 units in the longer term.

5.52 As previously set out, the Hoo peninsula area is characterised by a low level of retail and main town centre land use provision, leading to a situation where a large majority of shopping trips, and trips to other main town centre land uses, were being directed to nearby areas such as Strood. Previous studies sought to estimate the potential level of convenience goods floorspace which new residential development could support, using options for residential development levels and assumptions around the level of expenditure which new foodstore provision could retain at the local level. Those assessments concluded that a new medium-sized could be provided within a new main centre, supported by a series of small convenience stores in local / neighbourhood centres (depending upon the final location and scale of development). These conclusions were based upon both quantitative and qualitative considerations of need.

- 5.53 Based upon current level of potential residential development across the peninsula, in the three broad locations described above, a similar conclusion can also be reached. In particular, if a similar approach to that outlined in paragraph 4.6 of the 2021 Study is again taken then a 50% retention rate of convenience goods expenditure for circa 5,500 new homes would generate a quantitative capacity of circa 1,300sq m of net convenience goods sales floorspace. Given that the inclusion of qualitative factors, such as the need to provide a suitable level of new main foodstore which is capable of retaining main and top-up trips, also have an important influence on the scale and type of new provision, it remains the case that a foodstore of circa 2,000sq m gross remains an appropriate part of the town centres strategy. In addition, given the need to provide easily accessible day to day facilities, additional small scale convenience stores will also provide an important part of a sustainable development strategy.
- 5.54 The previous assessments in 2018 and 2021 did not provide detailed guidance on the location of new planned centres across the Hoo peninsula, although key guidance was provided around the content of new centres and the considerations when selecting locations. Given that further work has now been undertaken regarding the scale and location of the main residential-led development locations, it is possible to provide additional guidance. Based upon the three broad areas of growth / development outlined in paragraph 5.29 above, it would appear to us that an appropriate strategy for the distribution of new centres and retail / main town centre land use provision is as follows:
- a. The main new centres should have a close association with Hoo given its role, function and location within this sub-area, in order that it can serve the existing concentration of residential accommodation on the peninsula and planned levels of growth.
 - b. The development area located east of High Halstow should also accommodate new main town centre land use provision, given the separation with the Hoo / Chattenden area. However, this provision should be at a smaller scale which is commensurate with the scale of residential accommodation in this area.
 - c. The scale and location of the main new defined centres requires careful consideration in order that: (a) their provision complements the existing local centre at Hoo; (b) it is provided in an attractive location in order to secure investment from main town centre land uses; and (c) provides an accessible location for the growing population in the Hoo / Chattenden area. On this basis, and taking into point (a) above, along with the current level of growth proposed around Hoo, we have the following recommendations:
 1. Given the scale of potential residential growth in the area, there is the opportunity for a network of modest sized centres to be provided. The three locations best suited for this provision are to the east Hoo, to the west of Hoo, along with a location adjacent to Chattenden (to the north-west of the A228). These are the broad locations which should accommodate centres which contain a mix of day to day retail, service, and social infrastructure. Ideally, one of these locations should be able to accommodate a new medium sized foodstore (in order to meet the identified need).
 2. It is appreciated that the areas of growth in the Hoo peninsula have not yet been set and, in addition, the Council may also be faced with planning applications which may include provision for main town centre land uses. As a consequence, we consider that there is merit in the Local Plan containing a criteria-based approach to the provision of main town centre land uses across the Hoo peninsula. This should include criteria dealing with:
 - Ability to serve existing and proposed new population. It will be important for the provision of new main town centre land use provision to be concentrated within a defined area. This should comprise a location which is part of the plan-led development strategy for the peninsula, rather than a piecemeal approach which allows for separate provision in different locations.

- Accessibility. It is important the new Local Plan and development management decisions place the issue of 'accessibility' at the heart of planning for a new local centre and main town centre land use provision across the peninsula. This will need to consider the relationship of new provision with concentrations of population, along with planned residential growth. Based upon the current distribution of locations being considered for the new Local Plan, areas to the south of the A228 are clearly preferable in this regard.
- Role and function. Finally, it will be important that the role and function of new main town centre land use provision is appropriate to the surrounding context (and the preferred development plan strategy). In particular, it will be important that new provision meets the following objectives: (a) it provides a mix of land uses which is able to meet the day to day needs of the existing and growing local population; (b) the scale of provision is such that it performs the role of a local centre in the wider defined 'town centre' hierarchy and does not provide a scale of provision which is detrimental the health of existing defined centres and creates an imbalance in wider provision.

5.55 In relation to the strategic development policy for the Hoo peninsula – i.e. an updated version of draft Policy S22 – this should be clear over the component parts of the 'town centres' strategy for the area, including:

- a. The number and location of new centres which should be provided;
- b. The intended role and function of each centre;
- c. Guidelines for some of the key land uses associated with each location – i.e. the scale and function of a new foodstore in the planned main new centre;
- d. The requirements for planning applications, including the suite of assessment work which will be required to demonstrate conformity with the development plan strategy.

Conclusion – Planned New Local Centres

5.56 Based upon the foregoing analysis, we have reached the following conclusions (and associated recommendations) regarding the retail and town centres strategy associated with the main areas of planned growth across Medway:

- a. Hoo/Chattenden/High Halstow. In line with the recommendations of the 2018 and 2021 studies, it remains the case that there is a significant case for planned new local centre provision to serve the new large-scale residential development areas across the Hoo, Chattenden and High Halstow.
- b. Strood North & Frindsbury. Given the scale of potential new residential development in this location within the Medway administrative boundary, along with the lack of existing facilities in the surrounding area, we consider that there is the potential for a planned new local centre. However, consideration should also be given to the promotion of a substantial area of adjacent land (in Gravesham) which would reinforce the need for a new local centre. A combined local centre, serving this wider area, should be an option for consideration.
- c. Capstone / Lidsing / Hempstead Valley. Based upon the provision of a new centre in the committed Lidsing Garden Community development (within Maidstone Borough), along with the proximity of Hempstead Valley district centre, there is no significant need to identify a new local centre as part of the Capstone area of development. We consider that, for the purposes of the development plan strategy in Medway, potential changes and expansion of the existing centre at Hempstead Valley are sufficient to meet growing local needs within this area.

- d. Gillingham North and Rainham North. We consider that the scale of potential residential development areas in these two locations, along with the provision of existing retail facilities in the surrounding area, does not warrant the provision of a planned new local centre in either location.
- e. Peel Waters / Chatham Docks Industrial Estate. Provision of a modest sized new local centre, whose content / scale will be influenced by the interaction of the Peel Waters development with existing grocery stores / local centres to the south.

Other Development Management Policies

5.57 Beyond the strategic planning issues outlined above, the retail and town centres chapter of the new Local Plan will provide a series of development management policies to help guide and assess future development proposals across the District. Draft versions of these policies are contained in Section 8 of the Reg.18 consultation document and MDC requires that this element of the Study considers the content of the following:

- a. T15 – sequential assessment
- b. T17 – impact assessments
- c. S23 – Hempstead Valley
- d. DM14 – Dockside
- e. T16 – ancillary development

Impact Assessment Thresholds

5.58 At the present time, Policy R13 of the adopted Local Plan provides the general policy for the assessment of the likely impact of retail proposals located outside of the main retail centres in Medway. This is supported by references to the assessment of impact in the policies dealing specifically with the main town and district centres across Medway. In each of these policies, no numerical floorspace threshold was set for the assessment of the likely impact of retail proposals.

5.59 Those policies in the adopted Local Plan which deal with impact assessments are proposed to be replaced by Policy T17 of the new Local Plan. The Reg.18 consultation draft version asks for impact assessments for retail and leisure proposals located outside of defined 'town centres', plus proposals within Hempstead Valley Shopping Centre, across a varied range of circumstances. The current version of T17 provides an individual set of thresholds for five areas of the District (Chatham, Rochester, Rainham, Strood and Gillingham) and then three floorspace thresholds for comparison and convenience retail goods and leisure land use proposals.

5.60 Paragraph 8.6.5 of the draft supporting text to Policy T17 notes that:

"The local thresholds will be defined by further detailed analysis of centres and the development strategy defined for the Local Plan. The evidence gathered up to late 2021 has been used to inform the policy approach captured below. A refresh of this evidence is underway and will be available to provide verification or updates to the actual thresholds indicated. For further detail on the definition and methodology for arriving at the thresholds refer to the retail topic paper. The outcomes of the 2021 analysis is used as a basis for consultation as presented below in the table within the policy. The identified thresholds become applicable where proposal sites are close to a particular centre and applicability will be reliant on case officer discretion".

- 5.61 In the absence of the retail topic paper referred to in the Reg.18 consultation document, our instructions from MC for this Study require advice on a locally appropriate development management policy for the assessment of the likely impact of retail and leisure proposals which are located outside of defined ‘town centres’ and not in accordance with other salient policies in the new Local Plan.
- 5.62 As a starting point, it is important to note that the NPPF sets the national default threshold for impact assessments for retail and leisure development proposals at 2,500sq m gross, but allows local authorities to set an alternative “locally appropriate” threshold if they so wish. The PPG outlines the following factors for consideration by local planning authorities in relation to their own locally-set thresholds:
- a. scale of proposals relative to town centres;
 - b. the existing viability and vitality of town centres;
 - c. cumulative effects of recent developments;
 - d. whether local town centres are vulnerable;
 - e. likely effects of development on any town centre strategy; and
 - f. impact on any other planned investment.
- 5.63 We consider those factors which are likely to be relevant to retail and leisure proposals in Medway in turn below.
- 5.64 A very useful starting for this exercise is to consider the scale of potential retail and leisure proposals relative to the scale of comparable floorspace within existing defined ‘town centres’ across Medway. Drawing upon the updated land use and floorspace information contained within Section 4, Table 5.1 below compares the national default impact assessment threshold (2,500sq m gross) against the total amount of retail (Class E(a)) floorspace in each of the main defined ‘town centres’.

Table 5.1: national default impact assessment expressed as a proportion of existing Class E(a) retail floorspace in Medway’s main ‘town centres’

Centre	Existing Class E(a) Retail Floorspace (sq m gross)	National Default Threshold as a % of Floorspace
Chatham	39,612	6%
Strood	33,213	8%
Gillingham	16,890	15%
Rochester	7,572	33%
Rainham	8,213	30%
Hempstead Valley	19,909	13%

Source: Section 4. Floorspace figures based upon convenience and comparison goods floorspace levels for each centre.

- 5.65 The contents of Table 5.1 above indicate that the six main centres in Medway can be organised into three main groupings: Chatham and Strood, where the national default impact threshold is below 10% of existing retail floorspace; Gillingham and Hempstead Valley, where the proportion is between 13%-15%; and, Rainham and Rochester, where the proportion is around one third of existing floorspace.

- 5.66 The proportions associated with Rainham, Rochester, Gillingham and Hempstead Valley are clearly large, whilst it would not take too many multiple proposals in Strood and Chatham just under the 2,500sq m to be lead to a similar proportion of floorspace. This, on its own, points to the need to actively consider a lower impact assessment threshold across the whole of Medway.
- 5.67 In addition, in terms of scale, there is also a need to consider the other levels of defined 'town centre' in the Medway hierarchy. In addition to the town and district centres, the draft strategy for the new Local Plan aims to maintain and enhance the health of local centres. Surveys undertaken for the 'Local, Rural, Neighbourhood Centres & Shopping Parades' Retail Topic Paper reveal that many local centres across Medway have a total size which is similar to the national default impact assessment threshold, with retail floorspace comprising a sizeable part (but not all) of these totals. Whilst the mix of uses within a typical local centre in Medway is not solely comprised of retail floorspace, retailing, particularly convenience retailing, is an important element. Small to medium-sized convenience goods stores commonly act as an anchor store for local centres and this important role will be a further factor in the wider consideration of setting a lower impact assessment threshold.
- 5.68 Associated with the overall scale of floorspace provision is an examination of the average size of units in each of the main defined centres in Medway. Using the latest land use survey information gathered to inform Section 4 of this Study, the following (convenience and comparison) average retail unit sizes are present:
- a. Chatham – 300sq m
 - b. Strood – 550sq m
 - c. Rochester – 130sq m
 - d. Hempstead Valley – 520sq m
 - e. Rainham – 190sq m
 - f. Gillingham – 205sq m
- 5.69 Whilst, on its own, characteristics around average unit size may not be the only influence on the impact assessment threshold, it nevertheless provides useful information about the scale of town centre retail units which may face pressure from retail facilities in edge and out of centre locations. It shows that the national default threshold is between 5 and 10 times the average size of units in the main 'town centres' in Medway.
- 5.70 A further factor to consider is the health and vulnerability of town centres within the defined centre hierarchy. This Study, along with the 2018 and 2016 studies, provide a body of information which will contribute to the overall assessment of town centre health. This information includes shopping and leisure patterns, land use profiles and vacancy rates. The issue of vacancy levels is commonly held to be a key indicator of town centre health, due to its links to the demand for retail, leisure and other commercial premises. On this issue, Chatham, Rainham and Gillingham have high vacancies in terms of either units and / or floorspace levels. Where such high levels exist this may be an indicator of the need to set lower threshold levels, in order that a precautionary approach is taken to the assessment of edge/out of centre retail and leisure proposals.
- 5.71 The need for a locally-set threshold is also reinforced by factors such as cumulative impact issues. Whilst it might be that the individual impacts associated with a small retail or leisure proposal do not cause any particular cause for concern, the combined effects of this proposal plus others starts to become significant. Therefore, the Council must consider how the cumulative build-up of a certain scale of development could affect the health of town centres. In

other words, if it is considered that the individual impacts of say a 300-500sq m proposal are unlikely to ever be significant then this would allow all future 300-500sq m proposals to avoid the assessment of cumulative impact. Should half a dozen or so of these come forward then this would equate to 1,800 - 3,000sq m of new / alternative floorspace which would have avoided any consideration of impact despite it being over the national impact threshold.

- 5.72 A particularly problematical area for this scenario could be retail parks, either existing or committed, where they comprise several units collectively could be over 2,500sq m but individual each unit is, say, between 500-1,000sq. Should a series of separate applications be submitted, with the red line area around just one unit, then the impact test would be avoided. As noted above, the health of a centre may not rely on just one retailer but when the cumulative build-up comprises a range of retailers selling different types of goods then the longer term effects on the health of a centre could become an issue. This would be reinforced whether there is potential for store relocations
- 5.73 A final important point to consider when considering whether to set a local impact assessment threshold is whether a Medway-wide figure for each main type of retail and leisure use should be provided, or whether alternative thresholds for the main geographic / spatial areas should apply. Whilst some development plans do set individual levels for specific settlements / areas, such an approach should be based upon the available evidence for, and characteristics of, that area.
- 5.74 In the case of Medway, the urban areas of Chatham, Strood, Gillingham, Rochester and Rainham are closely linked. Each of these areas, which also includes Hempstead Valley, have their own retail, leisure and main town centre characteristics which could lead to slightly different conclusions on the indicators discussed above. However, the physical relationship of each of these areas will also have a key influence over the decision to set a local impact assessment level, including how such a policy threshold will work in practice.
- 5.75 In our view, the close proximity of the main settlements will make it very difficult to successfully operate a variable impact assessment threshold in all circumstances. The proposed threshold levels in the Reg.18 Local Plan consultation document are very similar and therefore the ability for anomalies to occur is reduced, particularly in relation to convenience good floorspace. However, one potential anomaly could be in relation to the current proposal for comparison goods floorspace thresholds. For Chatham, a threshold of 1,000sq m is proposed, whereas the proposed thresholds for the other four main areas are between 200-350sq m. As a consequence, a proposal of, say, 900sq m which is classified as being within Chatham would not be required to be accompanied by an impact assessment yet the close relationship with these other four surrounding areas may mean that 'impact' should be a material consideration (particularly given the lower thresholds for these areas).
- 5.76 As a consequence, we consider that the proposed impact assessment thresholds in the current version of draft Policy T17 should be revised to provide a single threshold for each of the convenience, comparison and leisure land use categories. Our recommendations regarding the actual threshold level are contained below, although we recommend that, due to the close-knit relationship of the main settlements, a 'lowest common denominator' approach is adopted unless the available evidence suggests otherwise.
- 5.77 Taking into account all of the above factors, we consider that there is a strong case for including locally-set impact assessment thresholds in Medway. This is based upon the overall health and function of the main defined 'town centres', the characteristics in terms of the scale of existing floorspace, and cumulative impact issues. There is also a reasonable case for the locally-set threshold to be consistent across the whole of the Medway administrative area.
- 5.78 Setting a specific floorspace threshold is not an exact science and, instead, the threshold should be reasonable, proportionate and steer a careful line between ensuring that the health of existing and proposed 'town centres' in the

District are adequately protected and not placing too many unnecessary / disproportionate requirements on planning applications.

- 5.79 Based upon the role and function of convenience goods stores in the main centres, particularly the smaller centres, there is a good case for setting a reasonably low threshold for this type of land use. This is likely to cover proposals which can be focused on either main and / or top-up food shopping and will need to be set at a level where the sequential test cannot regularly direct retail uses to defined town centres. Therefore, in light of the need to protect the function of the various local centres across the district, the definition of 'large shops' within the Sunday trading laws as units of 280sq m and above provides a useful guide. This is not too dissimilar the proposed thresholds in draft Policy T17 and we consider that this is a reasonable and proportionate response to the characteristics of the local area and PPG guidance.
- 5.80 For comparison goods retailing, some of these same issues apply, although it is likely to be the case that comparison goods retailing is less of an anchor use for most local centres, whilst the use of the sequential test may be effective directing slightly larger retail uses to defined 'town centres'. Nevertheless, the issues outlined above around cumulative impact issues, average unit sizes and town centre health remain relevant and therefore we consider that a threshold of 500sq m is likely to be reasonable and appropriate. Again, this should be consistent threshold across the whole of the District.
- 5.81 The term 'leisure uses' can be reasonably broad and there is not a specific 'ring-fenced' definition in the NPPF. However, 'leisure' is likely to cover uses such as cinemas, food and beverage outlets, ten pin bowling and other emerging leisure uses as outlined in Section 3 of this Study document. Leisure uses are important to the health of town centres and therefore, alongside the sequential test, the approach in the new Local Plan should be to direct these uses to existing centres (plus other allocated sites / locations) and resist proposals located outside of centres which harm the health of, and investment within, centres where 'leisure' plays an important role. Based upon the foregoing analysis, we consider that there is merit in also adopting a 500sq m floorspace threshold for the use of impact assessments.
- 5.82 The draft supporting text to Policy T17 will need to be updated in line with these recommendations, although we support the retention of part (b) of T17 which sets out the key parameters for the required impact assessment. In addition we recommend that the supporting text to T17 is clear in terms of the type of proposal which should be subject to the impact assessment policy – i.e. new stores, store extensions, redevelopment proposals, variation of condition proposed (under Section 73), variation of legal agreements (under Section 106a) and those refurbishment and alternation proposals which will create a materially different form of retail / leisure.

Hempstead Valley and the Sequential Test

- 5.83 **Draft Policy T15** deals with the application of the sequential test to main town centre land use proposals. We consider that the basic framework of T15 is fully in line with the NPPF, particularly around the sequence of locations to be examined. In addition, the draft policy mirrors the sequential test in relation to the requirement for applicants and local authorities to apply flexibility in scale and format when considering alternative (sequentially preferable) locations, along with the importance of prioritising accessible sites which are well-connected to town centres when edge and out of centre locations are being considered.
- 5.84 Within the Reg.18 consultation document, draft Policy T15 also provides a local context, with references to Chatham town centre (in the context of the area of search for preferred locations) and Hempstead Valley Shopping Centre (as a locally-specific departure for the sequence of preferred locations). The reference to Hempstead Valley and the sequential test in draft Policy T15 is matched by the content of **draft Policy S23** which is intended to specifically deal with the strategy for the district centre.

- 5.85 We consider that the inclusion of a specific reference to Chatham is an entirely reasonable part of the policy as it seeks to provide guidance on the inclusion of specific defined 'town centres' in the sequential test for specific types of main town centre land use proposal.
- 5.86 With regards to Hempstead Valley Shopping Centre, its inclusion is a locally-specific departure from the standard approach for the sequential test, as the centre lies within the defined 'town centre' hierarchy. In particular, the draft T15 and S23 policies indicate that the sequential test should be applied to main town centre land use proposals which are located within the defined centre. The reasoning for its inclusion in this manner stems from its differentiation from the other town and district centres in the hierarchy in terms of its land use profile and physical characteristics. These characteristics are certainly correct, and have been re-confirmed by the evidence base data contained in earlier parts of this Study. However, an objection has been received in relation to proposed approach to proposals in this location.
- 5.87 The 2018 Study has previously considered the policy approach to Hempstead Valley and Section 4 of that document highlighted two issues. First, it was indicated that the restrictive position provided by Policy R7 of the 2003 Local Plan should not continue. Second, whilst there was a requirement make the policy approach towards the district centre less restrictive, there remained an issue over the potential impact of the future development of Hempstead Valley on other parts of the retail hierarchy in Medway. This led to a recommendation that the blanket restriction imposed by Policy R7 should be replaced by a criteria based policy which sought to impose the sequential and impact policy tests on future retail and leisure proposals at the district centre. In our opinion, it remains the case that Policy R7 of the existing Local Plan should be replaced as it out of place with current national planning policy. In particular, whilst national planning policy seeks to operate a town centres first approach, there is no place in national policy for a blanket restriction on certain types of development in certain locations.
- 5.88 However, for the purposes of this Study we have re-visited the implications of seeking to apply the sequential and impact policy tests to future retail and leisure proposals in Hempstead Valley and hold the view that it is right that future proposals are controlled in order that the basic characteristics of the 'town centre' hierarchy in Medway are maintained.
- 5.89 This is an approach that draft Policy S16 of the new Local Plan seeks to take for all of the main district centres in Medway. Retaining a requirement for an impact assessment for retail and leisure proposals at Hempstead Valley is an extension of this approach and recognises the individual characteristics of this district centre. We therefore consider that this element of the proposed policy should remain although, importantly, and with regard to the PPG, the supporting text to the policy should make it clear that impact assessments for Hempstead Valley should be proportionate (when compared to assessments associated with out of centre proposals) and take into account the locational characteristics of such proposals. In addition, it will be important for proposals associated with the centre to take into account both the positive and negative impacts associated with the proposal in question.
- 5.90 As an illustration and amplification of this advice, we consider that it will be important for the application of the impact test for Hempstead Valley to respond directly to the role and function of proposals. In particular, where it can be demonstrated that a proposal is able to contribute to the wider development plan strategy for the local area, including an ability to meet qualitative and location-specific needs, there will not be need for a lengthy and detailed impact assessment. This is based upon the current content of the PPG which refers to the requirement for proportionate assessments, along with national policy which seeks to focus the requirement for impact assessments on proposals outside of defined 'town centres' which are not in accordance with an up to date plan.
- 5.91 In addition to this refinement to the impact assessment element of the Hempstead Valley, we have also re-considered the requirement, as set out in the draft version of Policy S23, for main town centre land use proposals at Hempstead Valley to be subject to the sequential test. This part of the proposed draft policy has also attracted objections.

- 5.92 When re-visiting the content of draft Policy S23 we have been mindful that Hempstead Valley has been placed within the Medway ‘town centre’ hierarchy as it plays an important role in meeting local needs in the southern part of the District. We have also taken into account to analysis and conclusions of separate part of this Study which indicates that the district centre is well placed to provide for the needs of a growing local community, around the Capstone area, which will require access to local day to day retail, service and other main town centre uses.
- 5.93 As a consequence, given the potential role of Hempstead Valley in meeting local needs, for both existing and future communities, it would not appear appropriate to impose the sequential test so long as the primary purpose of a main town centre land use proposal associated with the district centre was to support its role and function. Therefore, we recommend that MC give consideration to the removal of this element of the draft policy and, instead, frame the scope of the policy for the district centre to ensure that proposals are commensurate with the centre’s role and function.

Dockside

- 5.94 The Dockside area lies outside of Chatham town centre, within the town’s maritime area, and provides a range of retail and leisure uses. Policy S8 in the adopted Local Plan guided the original development of the retail and leisure uses which are contained within a mixture of new-build and converted historic buildings. Policy S8 allows for the provision of factory outlet centre retail uses, offices, a hotel, land and water-based leisure uses and housing. The policy also notes that tourist facilities and food and beverage uses are also allowed for, so long as they are commensurate with their locations.
- 5.95 The Dockside area has been developed in general conformity with the contents of Policy S8 although there been proposals to refine the terms of the original planning permissions, along with modifications to the layout of the retail and leisure uses, over recent years. Some of these changes have allowance the Dockside area to move away from its originally intended purpose as a factory outlet retail centre to more of a standard retail facility.
- 5.96 At the present time, the land use profile, in terms of units and floorspace, is as follows:

Table 5.x: retail and leisure land use profile for Chatham Dockside, 2024

	2024 - Floorspace			2024 - Units		
	No.	%	National Ave %	No.	%	National Ave %
Convenience	7,900	2.4	15.6	4	4.9	9.3
Comparison	146,900	44.5	29.3	35	42.7	26.4
Retail Service	4,200	1.3	7.3	6	7.3	16.0
Leisure Services	157,500	47.7	26.7	31	37.8	25.8
Financial & business services	1,500	0.5	6.2	2	2.4	8.3
Vacant	12,100	3.7	14.2	4	4.9	14.1
Total	330,100	100	100	82	100	100

Source: Experian and Nexus surveys

- 5.97 The above data shows a clear picture of the focus of the Dockside area on leisure and comparison goods retail provision. Both are well above their respective national average levels. The level of floorspace provision in Dockside is around one third of the size of retail and leisure uses in Chatham town centre, three-quarters the size of Gillingham, the same size as Hempstead Valley and Rochester, and two-thirds the size of Strood. The level of comparison goods

floorspace provision at Dockside is also around one third of the level in Chatham town centre, whilst the floorspace occupied by leisure services is only slightly below the level in the town centre. The amount of floorspace occupied by food and beverage outlets is circa 17%, whilst the number of outlets occupied by these uses is circa 28%.

5.98 Within the draft version of **Policy DM14**, which is intended to be the main regulatory policy for Dockside, there are proposed floorspace maximums of 30% for retail uses, with 50% devoted to leisure uses and 15%-20% devoted to food and beverage uses. Given that these floorspace allowances are proportions against all floorspace within the Dockside area, it is useful to summarise the key statistics:

- a. Retail floorspace – a draft policy target of max 30%; the current level of provision is 47%; whilst the national average is 45%.
- b. Food and beverage floorspace – a draft policy target of 15%-20%; the current level of provision is 17%; whilst the national average is 16%.
- c. Other leisure floorspace – a draft policy target of min 50%; current level of floorspace provision is 30%; whilst the national average is 11%.

5.99 The main themes which arise from the above data are that the leisure element of Dockside is well above the national average for traditional town centres (in line with its intended role), whilst the proportion of retail and food/beverage floorspace is generally in line with the nation town centre average. However, the current proportions of floorspace are notably different to the proposed targets in draft Policy DM14, particular in relation to the notional under-provision of leisure floorspace and notional over-provision of retail floorspace.

5.100 There is, of course, no reason why the floorspace proportion targets at Dockside (in DM14) should be required to match a particular national average, particularly as this out of centre was originally intended for a particular leisure-led purpose. The current content of draft Policy DM14 would therefore, in practice, place three policy tests on proposals in this location: the sequential test; the impact test; and, the Dockside land use / floorspace mix test. This is one additional test than other out of centre locations in Medway and has the potential to stop proposals which comply with the sequential and impact tests, which would not be the case for similar proposals in other out of centre locations.

5.101 In our view, this is likely to lead to unintended consequences and, instead, it would appear to be more appropriate for the floorspace mix test to be abandoned and for an updated version of DM14 to treat retail and leisure proposals at Dockside in the same way as other out of centre locations. Indeed, draft Policy DM14 is likely to be an improvement over the Policy S8 in the adopted Local Plan which is now out of date and originally intended to guide the development of the Dockside area, rather than its post-completion management.

Other Development Management Policies

5.102 The new Local Plan proposes to include a policy on **ancillary development** associated with main town centre land uses: **draft Policy T16**. The inclusion of a policy is considered useful, particularly in relation to retail and leisure uses, which can in some instances become associated with non-town centre land uses. The Reg.18 version of draft Policy T16 indicates that proposals which aim to be classified as ancillary development will have to be considered under the sequential and impact policy tests, although a series of several criteria are also proposed to be provided in order to establish whether a particular proposal can be established as a genuinely ancillary use.

5.103 With regards to the draft policy in the Reg.18 consultation document, we make the following recommendations:

- a. In terms of the overall approach, we support the references to the sequential and impact tests with the draft policy. We do not consider that they should be ignored when proposals (requiring planning permission) being put forward contain a main town centre land use element. However, the approach to both of these tests should conform to guidance with the PPG which notes that assessments associated with both of these policy tests should be proportionate. In particular, proposals for main town centre uses which are genuinely ancillary to another non-town centre use may well have location-specific need requirements which may well mean that the assessment of locations elsewhere is not warranted. Similarly, the trading impacts associated with an ancillary retail/leisure use may well be very specific, particularly when controlled by appropriate planning conditions. As a consequence, these circumstances will need to be incorporated into the wording of the policy and / or its supporting text.
- b. We consider that the draft policy is correct to include a series of assessment criteria in order to determine whether a proposal comprises a genuine ancillary use. Our comments on the draft assessment criteria are as follows:
 1. For it to be regarded as 'ancillary' a proposed use should be necessary and / or complementary to the main use in terms of scale and function (criterion b); proposed use cannot function independently of the main/predominant use (criterion c); there must be a direct relationship between the main and ancillary uses (criterion d); and there, to one extent or another physical interaction and accessibility requirements associated with the main and ancillary uses (criteria e and f).
 2. With regards to the issue of scale, the current version of the draft policy gives the impression that the assessment criteria (b) to (f) will be applicable to proposals where the 'scale' of the proposal is not "smaller than the predominant/main use". In our opinion, whilst the policy is right to highlight the potential for different scales of ancillary uses, criteria (b) to (f) are equally as important for all proposals regardless of scale. Therefore, we recommend that MDC consider removing criterion (a) and recasting the policy to refer to all proposals for ancillary uses.

6. Summary and Conclusions

- 6.1 This Retail & Town Centres Study report on retail and town centre planning policy issues has been prepared by Nexus Planning for Medway Council in relation to the new Medway Local Plan. It is intended to provide an additional document for the Local Plan's evidence base library and assist MC as it prepares the next stage of the draft Local Plan (Regulation 19) and its subsequent submission to the Secretary of State for Examination.
- 6.2 In order to support the Regulation 19 consultation version of the draft Local Plan and its subsequent submission to the Secretary of State, this document has addressed the following retail and town centre issues:
- a. The provision of updated evidence on commercial market issues along with economic forecasts (e.g. retailer needs, changes since Covid);
 - b. The provision of additional up to date information and evidence relating to town centre health issues and the retail hierarchy in Medway;
 - c. Identify the key issues associated with the planning for retail floorspace across Medway including both quantitative and qualitative needs;
 - d. Provide advice on planning for new town centres in identified strategic/significant areas of growth, including: quantum and mix; distribution, appropriate locations, along with associated impact issues;
 - e. Provide advice on key development management policies and specific locational issues such as Dockside area and Hempstead Valley.

Planning for Retail Land Uses

- 6.3 Prior to the preparation of this Study, the evidence base relating to retail and town centre issues in Medway comprised three previous pieces of assessment work, undertaken in 2016, 2018 and 2021. These previous assessments provide evidence across a wide range of issues, including the quantitative, qualitative and spatial aspects of need in Medway. In order to provide an up to date evidence base library, the content of part of those assessments have been re-visited with reference to: (a) economic and retail expenditure trends over the past several years; (b) events which have occurred around these development plan allocations; and (c) along with other planning permissions for retail development and wider land use trends.
- 6.4 Having assessed these factors, this Study has reached the conclusion that it is reasonable to move away from an approach which relies on quantitative need factors and plans for a material increase in the amount of retail floorspace across Medway. Instead, it has been concluded that the new Local Plan strategy should be based on a wider basket of indicators, which provide a positive approach to Medway's 'town centres' whilst continuing to acknowledge that the new Local Plan intends to plan for meeting retail 'needs' alongside other main town centre land uses:
- 6.5 First, new / replacement floorspace will naturally be encouraged by the Council's positive planning strategy for existing 'town centres'. Even without specific site / area allocations, the new Local Plan is able to provide for a positive policy environment to provide new retail land uses within defined 'town centres'. In addition to the opportunities already afforded to 'town centres' through the framework provided by Class E (and other permitted development rights), the content of this Study has shown that vacant floorspace is available to accommodate an element of retail needs.
- 6.6 Second, planned new 'town centres' will be providing new retail floorspace to meet identified 'needs'. A key element of providing for retail needs, alongside other main town centre land uses, is via planned new centres which will need

key qualitative need and spatial planning objectives. It is considered that the Local Plan strategy should need to ensure that a large majority of the new retail floorspace which is planned for is provided in these new centres.

- 6.7 Third, new retail provision will also be provided through the development management process. It will remain the case that proposals for new retail floorspace / retail uses will come forward outside of the plan-led system and, instead, be dealt with via the development management process. An example of this is the new ALDI store at Site 20 in Cribbs Causeway. Whilst such proposals will face detailed scrutiny, they will, if permitted, go some way to meeting the needs of the retail sector and the local community.

Planned New Local Centres

- 6.8 Following an analysis of a suite of qualitative, spatial and quantitative factors, this Study has recommended that the formal 'town centre' hierarchy in Medway should contain a small number of planned new local centres. It is considered that these new centres should be placed within areas of planned significant new growth as part of residential-led mixed use developments. The locations which have been recommended for inclusion are Hoo/Chattenden/High Halstow, Strood North, and Chatham Docks Industrial Estate (with the scale of provision still to be determined). In addition, whilst the scale of new residential development in the Lidsing area warrants the provision in new facilities, this need is likely to be met via an existing commitment (in Maidstone Borough, for Lidsing Garden Community) plus an expansion of provision at Hempstead Valley district centre.
- 6.9 This Study has provided guidance and recommendations regarding the scale and function of these planned new local centres, including the level of foodstore provision therein. The key themes for all of these planned new local centres are that:
- a. The role and function of the new centres is primarily focused upon meeting the day to day requirements of the new communities in which they are located.
 - b. The policy allocations for the strategic development areas in which these new local centres site should be clear over the role and function of each centre (in order to avoid future mis-interpretation of policy). The policy should also be clear over the requirements for future planning applications relating to these strategic development areas and their new local centres, particularly around the assessment impact.
 - c. Our recommendations also include the status that these planned new centres will have in terms of the application of development management policy, including the need to consider them in the context of sequential site assessments and impact assessments (including impact on investment issues).
- 6.10 Finally, this Study has also provided recommendations regarding the various development management policies in the new Local Plan which are associated with retail and town centre issues. These recommendations include:
- a. Impact assessment policy. Further consideration has been given to whether the new Local Plan should set a local impact assessment threshold and we have recommended that this should be pursued, with a flat rate across the whole of the administrative area (including specific thresholds for convenience and comparison goods retail floorspace, and leisure land use proposals).
 - b. Dockside. Whilst the dockside area was originally planned as a leisure/visitor-led land use area, it has evolved over recent years to include a large amount of retail floorspace which has departed from the 'retail outlet' style of trading. Consideration has been given to whether the dockside area should be subject to any specific additional policy requirements, in terms of balance of land uses, however we do not consider this to be justified. Instead, the dockside area should be treated in the same manner as other out of centre locations.

- c. Hempstead Valley district centre. Hempstead Valley has been an established part of the ‘town centre’ hierarchy in Medway for many years, although the existing development plan adopts a unique approach to the management of the centre, which is different to the other five main ‘town centres’. Whilst we recognise that Hempstead Valley remains a unique destination, there is a need to alter the general approach to the centre and allow for changes / new developments to occur. Assuming that proposals sit comfortably with the role and function of the centre, we have recommended an alternative policy approach which seeks to encourage retail and leisure land use proposals subject to a proportionate impact assessment test being met.

Appendix A: Medway Council Annual Monitoring Report data for retail floorspace, 2018-2024

SUMMARY OF RETAIL AND SERVICE FLOORSPACE COMPLETIONS, LOSSES AND COMMITMENTS - 2018-2024

2024	A1	A2	A3	A4	A5
Completions					
Development completed in survey period	695	14	904	69	509
Lost due to redevelopment/reconstruction	-5524	-700	-675	-476	-30
Net change	-4829	-686	229	-407	479
Commitments					
Not started	6082	1678	3040	753	1432
Under construction	3308	178	3367	438	40
Completed but vacant	0	0	0	0	0
Potential losses	-5686	-1581	-804	-210	0
Net change	3704	275	5603	981	1472
Notes:	For the year 2023/24 the total losses of overall retail floorspace outweighs the gains. This year we have seen a decline within the retail class A1 contributing to a significant overall loss in the total floorspace. The Pentagon Shopping Centre in Chatham has been a contributing factor to the reduction of A1 retail floorspace, amounting to a loss of 4,825 sq.m.				
2023	A1	A2	A3	A4	A5
Completions					
Development completed in survey period	2990	520	1868	498	894
Lost due to redevelopment/reconstruction	-3442	-481	-101	-2047	0
Net change	-452	39	1767	-1549	894
Commitments					
Not started	3937	1824	3194	560	2472
Under construction	2220	378	1685	498	40
Completed but vacant	0	0	0	0	0
Potential losses	-4212	-912	-1121	-461	0
Net change	1945	1290	3758	597	2512
Notes:	For the year 2022/23 the total gain of overall retail floorspace outweighs the losses, this continues the positive trend seen in 2021/22. There have been continued net gains in floor space in most of the retail classes. The new Lidl site at Medway Road was completed this year and provided positive gains in floor space for the retail class A1 with gains of 1,669 sq.m.				
2022	A1	A2	A3	A4	A5
Completions					
Development completed in survey period	1282	379	1286	219	318
Lost due to redevelopment/reconstruction	-2166	-378	-212	-443	0
Net change	-884	1	1074	-224	318
Commitments					
Not started	4387	1831	2832	693	2605
Under construction	3308	832	1573	876	335
Completed but vacant	0	0	0	0	0
Potential losses	-4866	-1562	-589	-2191	0
Net change	2829	1101	3816	-622	2940
Notes:	For the year 2021/22 the total gain of overall retail floorspace outweighs the losses, which is the first year this has happened since 2017/18. There have been continued net gains in floor space in most of the retail classes. The new Lidl site at Medway Road is currently under construction and is set to be completed by the end of this year. This will provide positive gains in floor space for the retail class A1 with gains of 1,669 sq.m.				

Net completions A1 - A5 2019/20 - 2023/24 (sq.m)

Year	A1	A2	A3	A4	A5	TOTAL
2019/20	-4500	-1000	1100	-1000	500	-1000
2020/21	-4200	-1000	500	200	300	-4000
2021/22	-1000	-1000	1000	200	200	0
2022/23	-1000	-1000	1800	-1000	800	600
2023/24	-4800	-1000	200	200	500	-4000

Net completions A1 - A5 2018/19 - 2022/23 (sq.m)

Year	A1	A2	A3	A4	A5	TOTAL
2018/19	-4500	-1000	200	-1000	200	-4000
2019/20	-4200	-1000	1100	200	300	-4000
2020/21	-4200	-1000	500	200	200	-4000
2021/22	-1000	-1000	1000	200	200	0
2022/23	-1000	-1000	1800	-1000	800	600

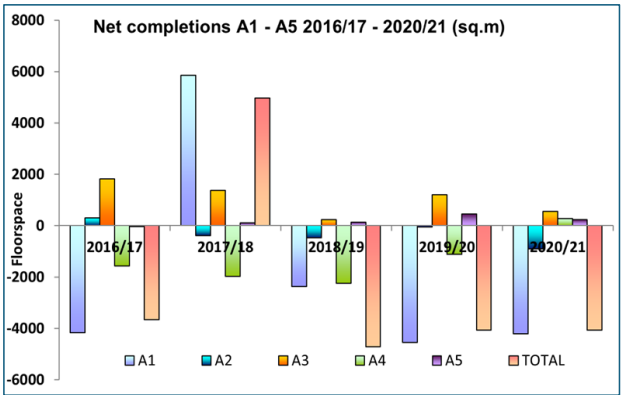
Net completions A1 - A5 2017/18 - 2021/22 (sq.m)

Year	A1	A2	A3	A4	A5	TOTAL
2017/18	-5800	-1000	1200	-1000	300	-5000
2018/19	-2500	-1000	200	-1000	200	-4000
2019/20	-4200	-1000	1100	200	300	-4000
2020/21	-4200	-1000	500	200	200	-4000
2021/22	-1000	-1000	1000	200	200	0

2021	A1	A2	A3	A4	A5
Completions					
Development completed in survey period	1253	122	1634	548	227
Lost due to redevelopment/reconstruction	-5471	-1028	-1085	-272	0
<i>Net change</i>	-4218	-906	549	276	227
Commitments					
Not started	11248	1587	3509	742	2533
Under construction	1588	940	1997	878	110
Completed but vacant	0	0	0	0	0
Potential losses	-8002	-1174	-417	-975	0
<i>Net change</i>	4834	1353	5089	645	2643

Notes:

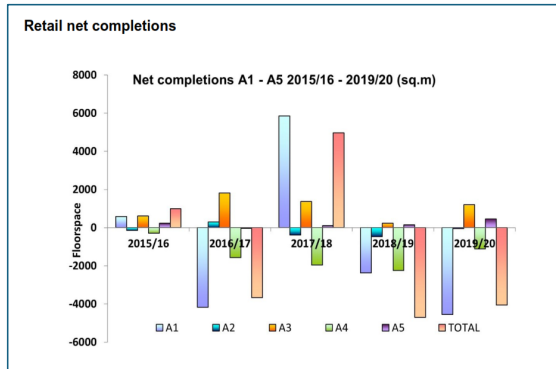
The largest single loss of A1 this year was at Hempstead Valley when work commenced to change part of Sainsburys to provide a gym and change other units to flexible use including A1/A2/A3/A4A5/D1/D2.



2020	A1	A2	A3	A4	A5
Completions					
Development completed in survey period	3980	236	1267	448	451
Lost due to redevelopment/reconstruction	-8526	-289	-68	-1563	0
<i>Net change</i>	-4546	-53	1199	-1115	451
Commitments					
Not started	8518	1433	5226	1659	1881
Under construction	1530	641	1142	365	195
Completed but vacant	0	0	0	0	0
Potential losses	-8511	-1494	-1280	-558	-180
<i>Net change</i>	1537	580	5088	1466	1896

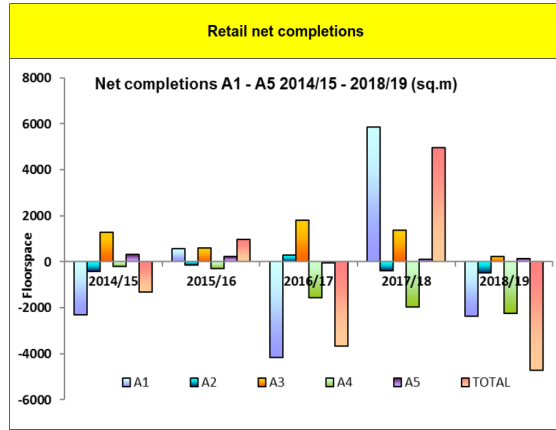
Notes:

There have been significant losses from A1 retail, over half the amount of the A1 losses from this year came from the Toys R Us store at Horsted Retail Park. This was redeveloped into a A3/A5 Takeaway and D2 Leisure facility as well as providing an A1 foodstore.



2019	A1	A2	A3	A4	A5
Completions					
Development completed in survey period	114	0	689	78	395
Lost due to redevelopment/reconstruction	-2479	-468	-461	-2325	-255
<i>Net change</i>	-2365	-468	228	-2247	140
Commitments					
Not started	9750	1188	4206	1365	1782
Under construction	1192	803	1745	795	355
Completed but vacant	0	0	0	0	0
Potential losses	-7095	-482	-150	-654	0
<i>Net change</i>	3847	1509	5801	1506	2137

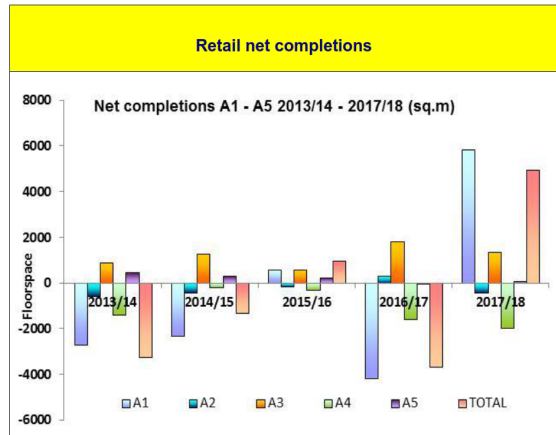
Notes:



2018	A1	A2	A3	A4	A5
Completions					
Development completed in survey period	8215	134	2147	391	105
Lost due to redevelopment/reconstruction	-2357	-527	-780	-2361	0
<i>Net change</i>	5858	-393	1367	-1970	105
Commitments					
Not started	3860	1399	4184	1594	1743
Under construction	5700	518	1627	425	0
Completed but vacant	0	0	0	0	0
Potential losses	-5839	-655	-76	-1294	-255
<i>Net change</i>	3721	1262	5735	725	1488

Notes:

The net gain of A1 development in 2017/18 was largely due to completions of retail units at Gillingham Business Park (Aldi) and the former B&Q at Strood retail park (Marks and Spencer food store, B&M Bargains store and Starbucks Coffee).



Appendix B: Sites / locations for assessment in spatial town centres analysis

SITES / LOCATIONS FOR ASSESSMENT IN SPATIAL TOWN CENTRES ANALYSIS

Site Ref.	Location	Cross-Boundary Site ?	Residential Units	Notes	Additional Area(s) ?	Local Centre / Main Town Centre Uses ?
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CAPSTONE			3966			
LW4	Capstone Corridor	No, but see 'additional areas' section.	670	Figure taken from Reg. 18 reps.	Yes, Lidsing Garden Commuity located in Maidstone to the south. LGC is allocated in Maidstone development plan.	Local Centre / 14ha employment uses within Maidstone allocation. Unknown whether additional retail / local centre provision is being promoted for the Medway land.
LW6	Capstone Corridor	No, but see 'additional areas' section.	698	Planning permission granted for 800 units.		
LW7	Capstone Corridor	No, but see 'additional areas' section.	450	Planning permission granted for 450 units.		
LW8	Capstone Corridor	No, but see 'additional areas' section.	2000	Figure taken from Reg. 18 reps.		
HW11	Hempstead Rd / Lidsing Rd	No	60	-	No	No
HW6	Maidstone Road	No	88	-	No	No

RAINHAM NORTH			800			
RN9	Rainham North	No	800	-	No	Unknown

GILLINGHAM NORTH			1500			
GN6	Gasworks Site / Pier Road	No	400	Redevelopment of site subject to an EIA Screening Request in Autumn 2024. Planning application awaited.	No	Foodstore (based on content of EIA Screening Request)
GN15	Gillingham Marina	No	1100	-	No	Unknown

PEEL WATERS / CHATHAM DOCKS INDUSTRIAL ESTATE						
SM16	Chatham Docks Industrial Estate (also known as 'Peel Waters')	No	2521	Redevelopment of existing industrial estate to provide mixed use development.	No	Promotion of site / area includes provision for new local centre.

STROOD NORTH & FRINDSBURY			1280			
SNF1	Chapter Views (BDW)	Yes, see' additional areas' notes.	360	-	Larger area of land, within Gravesham, to the north-west, being promoted for residential-led mixed use development.	No local / neighbourhood centre in Medway land, but neighbourhood centre being promoted on adjacent Church Commissioners (Gravesham) land. Neighbourhood centre also being promoted on SNF3.
SNF3	Broomhill Rise (Bellway)	No, but see SNF1 and 'additional areas' notes.	800	-	Adjacent to SNF1 and Church Commissioners land being promoted in Gravesham.	Proposed neighbourhood centre within SNF3 allocation.
SR5	Land to the west of Stonehouse Lane	No	120	Refused planning application.	No	No
-	Richborough Site (planning application)	No	800	Current planning application, due for determination in Summer 2025. Site is not part of the suite of locations being considered for the new Local Plan. Housing numbers for this site not included in Strood North & Frindsbury total.	No	Proposed mixed use local centre (Class E / F2)

HOO / CHATTENDEN / HIGH HALSTOW			5556	Longer term potential: 7,000		
HHH26	East of High Halstow 1	No	760	Planning application: MC/23/0855. Undetermined.	No	Current planning application includes provision for a 1,000sq m Class E/F local centre. Paragraph 4.37 of Knight Frank Planning Statement indicates potential for single convenience goods store to take over the 1,000sq m local centre floorspace allocation.
HHH29	East of High Halstow 2	No	55	-	No	No
HHH22 & 31	Land to the East of Hoo St Werburgh	No	1700	Potential to rise to 3,200 units longer term.	No	0.4 hectares devoted to retail uses (in Land Parcel A - HHH22).
HHH6	Land at Chattenden Road (Dean Lewis Estates) North of A228	No	550	-	-	Unknown
HHH8	Land to the West of Hoo (TW)	No	450	Adjance to HHH11	-	Promoted for 500sq m of 'commercial' floorspace.
HHH11	Land off Ratcliffe Highway (Gladman)	No	240	Current planning application: MC/23/1934. Adjacent to HHH8.	No	No
HHH12	Land to the East of Chattenden / South-West of Hoo (Cockham Farm)	No	1801	Site promotion details unknown.	No	Site promotion details unknown.

Appendix C: Strategic growth & planned new local centres – spatial analysis

STRATEGIC GROWTH & PLANNED NEW LOCAL CENTRES - SPATIAL ANALYSIS

	CAPSTONE	RAINHAM NORTH	GILLINGHAM NORTH	PEEL WATERS / CHATHAM DOCKS INDUSTRIAL ESTATE	STROOD NORTH & FRINDSBURY	HOO / CHATTENDEN / HIGH HALSTOW
<i>Retail / Leisure / F&B expenditure capacity:</i>						
Units	3,966	800	1,500	2,521	1,280	5,556
Persons per unit	2.4	2.4	2.4	2.4	2.4	2.4
Total population	9,518	1,920	3,600	6,050	3,072	13,334
<i>Expenditure per capita (£)</i>						
Convenience goods	£2,675	£2,675	£2,675	£2,675	£2,675	£2,675
Comparison goods	£4,051	£4,051	£4,051	£4,051	£4,051	£4,051
Food and beverage	£1,836	£1,836	£1,836	£1,836	£1,836	£1,836
<i>Total expenditure (£m)</i>						
Convenience goods	£25.46	£5.14	£9.63	£16.18	£8.22	£35.67
Comparison goods	£38.56	£7.78	£14.58	£24.51	£12.44	£54.02
Food and beverage	£17.48	£3.53	£6.61	£11.11	£5.64	£24.48
<i>Sales density (£/sq m)</i>						
Convenience goods	£13,500	£13,500	£13,500	£13,500	£13,500	£13,500
Comparison goods	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000
Food and beverage	£3,000	£3,000	£3,000	£3,000	£3,000	£3,000
<i>Total Floorspace Capacity (sq m)</i>						
Convenience goods (sq m net)	1,886	380	713	1,199	609	2,642
Comparison goods (sq m net)	7,712	1,556	2,917	4,902	2,489	10,804
Food and beverage (sq m gross)	5,825	1,175	2,203	3,703	1,880	8,161

STRATEGIC GROWTH & PLANNED NEW LOCAL CENTRES - SPATIAL ANALYSIS

CAPSTONE		RAINHAM NORTH		GILLINGHAM NORTH		PEEL WATERS / CHATHAM DOCKS INDUSTRIAL ESTATE		STROOD NORTH & FRINDSBURY		HOO / CHATTENDEN / HIGH HALSTOW			
Location / Site Assessment:													
Site details & expenditure capacity		Total Medway housing capacity sufficient to accommodate a medium sized new foodstore.		Modest expenditure capacity, equivalent to top-up style convenience goods store.		Site assessment comprises former Gas Works and adjacent land at Gillingham Marina. Both areas combined provide for a 'ring fenced' modest retail expenditure capacity (760sq m net for convenience goods).		Existing industrial estate, proposed for mixed use redevelopment.		Two large areas of land (plus one smaller parcel) in Medway district promoted for residential use. These sites sit adjacent to a larger area of land in Gravesham Borough (also promoted for development). The Medway sites, if developed for residential use, would provide for a modest level of retal and F&B expenditure capacity. For the avoidance of doubt, the above expenditure capacity figures do not take into account adjacent land in Gravesham.		Significant area for growth, based upon three broad areas: (a) between Hoo St Werburgh and Chattenden; (b) east of Hoo; and (c) east of High Halstow. Major potential development sites in these areas have the potential for circa 5,500 new homes. Taken together, this scale of development could support a reasonably large foodstore of 2,600sq m net convenience goods sales (based upon a ring-fenced capacity estimate).	
Local centre provision in surrounding area		Existing provision in the local area is dominated by Hempstead Valley district centre (which includes a large Sainsburys store). In the medium to longer term, new local centre will be delivered to the south of this area in Lidsing Garden Community.		Nearest local centres can be found at Twydall Green, London Road and Station Road. Rainham town centre is located further afield to south-east.		Chatham Waters (including large ASDA store) to the west. Victory Pier (including Tesco Express) to the west. In addition, small shopping parades at James Street, Richmond Road and Forge Lane.		Chatham Waters (including large ASDA store) to the south. Victory Pier (including Tesco Express) to the south.		A relatively modest collecton of local centres, shopping parades and convenience stores associated with petrol filling stations, located to the south-east of this area. Strood town centre is a modest distance further to the south-east.		Limited level of provision across the Hoo peninsula, with the largest collection of shops and services lying in the centre of Hoo St Werbergh. This is the only defined centre within the formal hierarchy. Small scale facilities can also be found at Knights Road, Chattenden, Christmas Lane in High Halstow and Bell's Lane.	
Retail provision in surrouding area		See local centre provision above.		Large Tesco Extra store on London Road / Courteney Road, along with adjacent ALDI and Iceland stores.		Closest foodstores/supermarkets are ASDA and Lidl to the west (plus small Tesco Express convenience store).		Closest foodstores/supermarkets are ASDA and Lidl to the west (plus small Tesco Express convenience store).		There is a good selection of foodstores and supermarkets in Strood town centre to the south-east of this area (Morrisons, ASDA, ALDI, Tesco)		See above.	
Inflow / outflow considerations		Due to the presence of Hempstead Valley district centre (including Sainsburys), along with Morrisons and Co-op stores to the west, outflow is likely to be low. Main sources of outflow likely to be ASDA and ALDI (to the west) on Maidstone Road and Tesco & ALDI stores in Gillingham.		Nearby local centres are easily accessible, whilst large foodstores (to the south) will be strong attractors.		Attraction of nearby ASDA and Lidl stores is likely to be significant.		Attraction of nearby ASDA and Lidl stores is likely to be significant.		Likely that existing collection of stores in Strood will continue to have a significant 'pull' of food shopping trips from the Strood North / Frindsbury area. However, due to lack of existing provision elsewhere in the Strood North area, also potential for modest levels of expenditure inflow.		At the present time, there is a significant level of outflow of shopping trips, with Strood providing the main destination. New retail and main town centre land use provision which could be provided as part of significant residential growth would reduce these levels of outflow. If new retail and defined 'town centres' were provided, inflow of trips would be unlikely.	
Commercial attractiveness		Locations adjacent to North Dane Way currently exhibit reasonable commercial attractiveness, which is likely to be significantly improved as development occurs to the east and south-east.		Constrained by location of potential allocation site and lack of main road frontage.		Attractive location for retail, leisure and main town centre land use provision, due to adjacent main road (Pier Road).		Whilst this area does not lie on a main route through Chatham / Gillingham, commercial attractiveness for main town centre land use provision likely to be enhanced by size of adjacent (existing) St Marys Island community and potential scale of new residential development (circa 3,000 new units).		Locations on either side of Gravesend Road are likely to comprise the most commercially attractive areas for the provision of retail and other main town centre land uses.		The lack of existing retail and other main town centre land uses within the Hoo peninsula is a product of the scale of existing resident population and the physical characteristics of the local area. The ability to provide new retail and other commercial uses is likely to be directly linked with the scale of new residential development across the Chattenden, High Halstow and Hoo St Werbergh area.	
Other notes:		Lidsing Garden Community within Maidstone (LPRSP4(b)). Local Centre within Phase 2 of the allocation (from 2033-2038). 1,340 new homes by 2038 (590 homes by 2033). Part 4 of the site allocation policy notes that a new local centre of not less than 1,500sq m retail, leisure and services will be created.											

STRATEGIC GROWTH & PLANNED NEW LOCAL CENTRES - SPATIAL ANALYSIS

CAPSTONE		RAINHAM NORTH	GILLINGHAM NORTH	PEEL WATERS / CHATHAM DOCKS INDUSTRIAL ESTATE	STROOD NORTH & FRINDSBURY	HOO / CHATTENDEN / HIGH HALSTOW
<i>Site promotion details</i>						
Proposed new local centre / main town centre land use provision ?	Planned new local centre within Lidsing Garden Community. Has the opportunity to provide a medium-sized foodstore along with other retail and service uses. Promotion of sites in Medway does not specifically refer to new local centre / retail provision.	Site promotion details not available.	Former Gas Works site is subject to a current proposal (EIA Screening in Autumn 2024). Proposed development includes a medium-sized foodstore. Representations to Reg.18 Local Plan consultation broadly follow the content of the EIA Screening.	Promotion of site / area within the new Local Plan includes provision for a new local centre.	Neighbourhood centre is promoted for the larger of the two sites in Medway district.	Within the promotion of sites / areas for inclusion in the Local Plan, along with current planning applications, the following retail / main town centre land use provision has been suggested: (a) 1,000sq m local centre within the current planning application for land east of High Halstow; (b) 0.4 hectares for retail uses on land to the east of Hoo St Werbergh; (c) 500sq m of commercial floorspace with and to the west of Hoo.
Other notes			New local centre is not proposed by the Reg.18 Local Plan consultation representations.		Neighbourhood centre is also being promoted for the area to the north in Gravesham.	

STRATEGIC GROWTH & PLANNED NEW LOCAL CENTRES - SPATIAL ANALYSIS

CAPSTONE		RAINHAM NORTH	GILLINGHAM NORTH	PEEL WATERS / CHATHAM DOCKS INDUSTRIAL ESTATE	STROOD NORTH & FRINDSBURY	HOO / CHATTENDEN / HIGH HALSTOW
Nexus Recommendations:						
	Planned new local centre in Lidsing Garden Community will provide an important new facility for this area of significant growth. However, provision of this centre is a medium to longer term objective.	This potential development location does not warrant the provision of a new local centre within the defined 'town centre' hierarchy. This is due to size of potential development and its location. Day-to-day retail and service use needs can be met by existing centres.	Due to location of existing large foodstores and current local centres / shopping parades, no significant requirement to plan for a new local centre in this location. Whilst there may be opportunities for small-scale provision, possibly associated with the adjacent marina use, we do not consider that this is a location which the new Local Plan should identify for new retail and leisure floorspace provision.	Due to the size of the potential residential development allocation in this area, there is the potential for the expanded local population to support a reasonable scale of main town centre land uses. This is reinforced by the adjacent existing St Marys Island area.	Due to the size of the potential land allocations for residential development in this area (within Medway district) there is the potential for the provision of a new local / neighbourhood centre within this area.This is reinforced by the general lack of provision in the immediate surrounding area.	Whilst there have been some changes and refinements to the scale and location of proposed development locations across the Hoo peninsula in recent years, we consider that the general strategy, as outlined in the 2018 and 2021, remains appropriate. This includes the provision of one main new centre, supported by a series of smaller neighbourhood centres (depending on the distribution of new development).
	Scale of planned new residential growth in Capstone area of Medway warrants the provision of additional local facilities within development area.			Given the proximity of the ASDA and Lidl foodstores / supermarkets to the south, there may not be a significant requirement for a new local centre in the Peel Waters development to include a new medium to large foodstore.	However, the scale of new provision could be constrained by the quantity of foodstore provision within Strood town centre, which lies within the catchment core catchment area.	protection for existing centre
	Need for large new local centre / retail provision within growth area influenced by presence of Hempstead Valley district centre and other local centres.			Two options are available: depending up the final overall layout of development and accessibility to surrounding areas. First, no significant requirement for a new local centre in Peel Waters if local centres to be south can be expanded and made easily accessible to new residential development. Second, and alternatively, if there are constraints surrounding the ability to make existing provision easily accessible to the Peel Waters development and / or the lack of ability to provide a wider range of main town centre uses, then there is an opportunity to provide a new planned local centre in the Peel Waters development.	There are also proposals for a further new local centre to be provided within an adjacent residential-led mixed use development within Gravesham. There is merit in this approach given the size of the allocation, although opportunities also exist for a co-ordinated approach across all three areas of land which could see one new local centre provided to serve the strategic needs of the whole of this area.	foodstore, plus retail, F&B and service provision.
	Continue with approach set out in 2018 Study - i.e. small local / neighbourhood centres within Capstone allocations, but no requirement for large-scale new centre.					
	Growth in the Capstone area offers opportunity for additional foodstore provision at Hempstead Valley, although connections with the growth area will need to be considered.					



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