

*Colchester Borough Council*  
*Local Plan Examination of Section 2*  
*Topic Paper 4 – Retail and Town Centre Policies*  
*March 2021*

## **1. Introduction**

1.1 This paper provides a review of the Section 2 retail and town centre policies to demonstrate the allocations and policy approaches remain sound and have not been rendered out of date by the passage of time since the plan was submitted in October 2017. The paper will address any policy considerations arising from:

**Revisions to national policy, including the Use Classes order.** The paper cross-references information provided in Topic Papers 1 (consequential changes to policies arising from Section 1 and recent national legislation) and 3 (Economic growth policies) and considers in particular the need for any changes arising from the latest modifications to the Use Classes order and clarification around the requirements for sequential and impact testing.

**Evidence Base update.** To inform its retail and town centre policy review, the Council commissioned an update of its 2016 Retail Study from the original report author<sup>1</sup>. Its findings provide the basis for the Council's assessment of the soundness of the policies. The full report is attached as Appendix 2.

**Local Plan consultation responses.** The paper will consider if issues arise from consultation responses made to the Publication Draft Local Plan prior to its submission in 2017.

Minor suggested policy wording modifications are provided in Appendix 1.

## **2. Background**

2.1 Section 2 retail and town centre policies SG5 (Centre Hierarchy), SG6 (Town Centre Uses) and SG6a (Local Centres) were drafted to comply with the requirements of the 2012 National Planning Policy Framework, the basis for examination of the submitted Plan. Under the 'Ensuring the vitality of town centres' section (para 23), local authorities were tasked with developing policies that are 'positive, promote competitive town centre environments and set out policies for the management and growth of centres over the plan period'. Policies should:

*Recognise town centres as the heart of their communities and pursue policies to support their viability and vitality;*

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<sup>1</sup> The author of the 2016 Cushman and Wakefield report is now trading as CPW Planning.

*Define a network and hierarchy of centres that is resilient to anticipated future economic changes;*

*Define the extent of town centres and primary shopping areas, based on a clear definition of primary and secondary frontages in designated centres, and set policies that make clear which uses will be permitted in such locations;*

*Promote competitive town centres that provide customer choice and a diverse retail offer and which reflect the individuality of town centres;*

*Retain and enhance existing markets and, where appropriate, re-introduce or create new ones, ensuring that markets remain attractive and competitive;*

*Allocate a range of suitable sites to meet the scale and type of retail, leisure, commercial, office, tourism, cultural, community and residential development needed in town centres. It is important that needs for retail, leisure, office and other main town centre uses are met in full and are not compromised by limited site availability. Local planning authorities should therefore undertake an assessment of the need to expand town centres to ensure a sufficient supply of suitable sites;*

*Allocate appropriate edge of centre sites for main town centre uses that are well connected to the town centre where suitable and viable town centre sites are not available. If sufficient edge of centre sites cannot be identified, set policies for meeting the identified needs in other accessible locations that are well connected to the town centre;*

*Set policies for the consideration of proposals for main town centre uses which cannot be accommodated in or adjacent to town centres;*

*Recognise that residential development can play an important role in ensuring the vitality of centres and set out policies to encourage residential development on appropriate sites; and*

*Where town centres are in decline, local planning authorities should plan positively for their future to encourage economic activity.*

Subsequent paragraphs provide for use of the sequential and impact tests to evaluate town centre proposals.

- 2.2 Policies SG5 Centre Hierarchy, SG6 Town Centre Uses, SG6a Local Centres, TC1 Town Centre Policy and Hierarchy, TC2 Retail Frontages, TC3 Town Centre Allocations, NC1 North Colchester and Severalls Strategic Economic Area and WC1 Stanway Economic Area (main policy wording, including proposed updates, detailed in Appendix 1) follow the NPPF approach by allocating land to deliver town centre and related commercial uses up to 2033 and set criteria for consideration of uses within and adjacent to centres and strategic employment areas.

### **3. 2019 NPPF**

3.1 The 2019 NPPF approach to town centre uses is found in Section 7 'Ensuring the vitality of town centres'. There is an increased emphasis in the 2019 NPPF on the need for a more flexible approach to the planning of town centres but otherwise this section largely replicates the above criteria, so the Council consider that the submitted policies remain consistent with the Government's overall approach to town centre policies and allocations. The 2019 NPPF removes the requirement to define primary and secondary frontages in designated centres, but this does not preclude their use. The Council's Topic Paper 1, on consequential changes arising to Section 2 policies arising from the 2019 NPPF and other post-submission Government guidance did not identify any town centre policy changes necessitated by the 2019 NPPF, but did note that the introduction of new use classes for commercial development could have a potential impact on economic growth and Town Centre policies. The Council has sought further advice on this point as part of updating its Retail and Town Centre Study. As explained further below, the update work confirms that while the new use class order will increase flexibility and fluidity between retail, commercial, business and service uses, local authorities will still retain both the ability to direct particular types of growth to specific areas and to control appropriate uses through the development management process using descriptions of development and/or planning conditions. The Use Class changes have therefore not generated a requirement to modify the Council's centres policies other than to remove any references to particular use classes which have now been superseded and replace them with the category described, ie B-use class to be replaced by the relevant office, research & development, industrial, storage and/or distribution uses.

### **4. Evidence Base Update and consequential proposed modifications**

**4.1 Evidence Base update** -The evidence base for the submitted Local Plan included a study completed in 2016 on Retail and Town Centre issues. The study covered trends in retail and commercial leisure, provided qualitative and quantitative assessments of existing retail provision, reviewed future capacity requirements and potential development opportunities, and included relevant policy recommendations. The Council has commissioned the author of the report to revisit his findings to ensure the Council was aware of any changes that could impact on submitted allocations and policies for retail and town centre uses. The report (Appendix 2) (referred to here as 'the Update') reached the following conclusions:

4.1.1 Overall, Colchester Town Centre continues to perform reasonably well against many of the healthcheck indicators. Yet there are weaknesses and signs that the Town Centre is increasingly vulnerable to structural changes in the retail sector and growing competition from nearby shopping destinations. The current outlook and the committed developments at Tollgate (Stanway) in particular, reinforce the need for measures to maintain

the Town Centre's attractiveness and role as the principal mixed-use shopping destination in Colchester Borough. This includes continued investment in the public realm and key opportunity sites (including Vineyard Gate, Priory Walk and St John's Walk Shopping Centre) to improve the visitor experience and create a more vibrant, differential offer.

- 4.1.2 Tollgate is the Borough's largest District Centre and has evolved from a predominantly 'bulky' retail park into an established, sub-regional shopping destination with extensive surface level car parking. Tollgate has a strong influence over shopping patterns across the catchment area (which extends well beyond Colchester Borough) but the centre is lacking in terms of services and community facilities. Following the recent Stane Leisure Park development and other committed developments (i.e. Tollgate Village and Stane Retail Park), Tollgate is a growing multi-purpose destination and competitor to Colchester Town Centre.
- 4.1.3 The health and position of other centres within the urban area of Colchester (Peartree Road, Turner Rise and Highwoods) and in Tiptree, West Mersea and Wivenhoe remain stable in relation to the 2016 findings.
- 4.1.4 There will be an overall (Borough-wide) theoretical over-supply of comparison and convenience retail floorspace over the plan period to 2033 principally due to the major committed developments, particularly at Tollgate and non-central stores in the Borough.
- 4.1.5 The analysis of leisure uses concluded that the Council should not allocate sites for new commercial leisure provision in the Borough. 'There are no obvious quantitative or qualitative 'gaps' based on existing supply and the proposed new commercial leisure developments identified...' (para 6.22).
- 4.1.6 Retail space alone is not enough to attract consumers to a town centre, with the importance of strong leisure-based anchors, shared mixed-use spaces and meanwhile uses increasingly evident. Recently introduced changes to the Use Classes order will provide greater flexibility. Offering all-round experiences 'beyond retail' through (for example) leisure and cultural attractions, cannot be achieved online and are therefore fundamental to the future recovery of town centres.

**4.2 Proposed Modifications** -Appendix 1 sets out the Section 2 policies with retail and town centre implications with suggested modifications in light of the Update findings.

4.2.1 SG5: Centre Hierarchy – This policy defines a network and hierarchy of centres in line with paragraph 23 of the 2012 NPPF. The Update considers that the hierarchy of centres and their definitions were appropriate in light of the 2016 household survey and updated healthcheck audits. Notwithstanding that the potential scale of retail and leisure uses in and on the edge of the Tollgate District Centre has increased since 2016, assuming the implementation of permissions granted on appeal, the Council

considers that Tollgate still remains below the Town Centre in its place in the centres hierarchy and does not contain such a wide range of uses that justify a separate category from other District Centres. No changes are therefore proposed to SG5.

The West Colchester Garden Community is to be deleted from the list of centres in Table SG5a given its deletion from Section 1 of the plan.

4.2.2 SG6: Town Centre Uses- The policy remains appropriate, but requires the following modifications for clarification:

The first paragraph has been reworded to take account of the following points:

- The term ‘broad scale and type of development’ is not used in NPPF2012.
- Reference to the requirement to ‘demonstrate flexibility on issues such as format and scale’ is added.

Criteria i/ii – The approach is considered sound, although a modification is proposed to make it clearer that the criteria relate specifically to proposals in and on the edge of the Town and District Centres.

Criteria iii-v – No changes necessary.

Criteria vi – The Update considered that a more simplified approach to impact test thresholds would be appropriate in the light of the increasingly mixed-use nature of development proposals, including the trend toward space-sharing by retailers and other operators which is likely to become more prevalent given the changes in the retail sector and the introduction of the new Class E combining retail, commercial business and service uses. Table SG6 is proposed to be modified as follows;

<b>Centre</b>	<b>Retail and/or leisure floorspace (sqm gross)</b>
Colchester Tollgate Peartree Road Turner Rise Highwoods	1,500
Tiptree West Mersea Wivenhoe	1,000

Those centres within the Colchester Urban Area (Town Centre, Tollgate, Peartree Road, Turner Rise and Highwoods) are larger and/or include larger unit sizes. They tend to have a trading overlap in terms of their market shares of catchment area expenditure and are more likely to be affected by the committed developments (to

varying degrees). In contrast, the District Centres of Tiptree, West Mersea and Wivenhoe are smaller, more localised 'rural' centres; and the Update assessed that a lower floorspace threshold is necessary given their greater reliance on smaller format convenience goods shops and small-scale service uses.

References which distinguish between Tollgate and other centres have been deleted given that the impact test only applies to development outside of town centres which are not in accordance with an up-to-date Local Plan.

4.2.3 Policy TC1: Town Centre Policy and Hierarchy- The Update found that *whilst retail (and comparison goods retail in particular) should remain a key driver of activity in Colchester Town Centre, the need for a complementary mix of non-retail (including evening economy) attractions is increasingly important in the context of reduced retailer demand and consumers' preference for all-round experiences. We consider the policy is sufficiently flexible to respond to these trends; and is compatible with the Government's intention to support the adaption of high streets through the introduction of Class E. To that end, the Council should consider including reference to shared mixed-use spaces and meanwhile uses that can positively contribute towards the vitality of the Town Centre.*' (Paras 8.19-8.20) The Council's proposed modifications are accordingly limited to the addition of wording on shared mixed-use space and meanwhile uses.

4.2.4 Policy TC2: Retail Frontages- The policy complies with NPPF guidance directing local authorities to *'define the extent of town centres and primary shopping areas, based on a clear definition of primary and secondary frontages in designated centres, and set policies that make clear which uses will be permitted in such locations.'* The Update report recommended that it would be appropriate to increase the level of flexibility in the policy to address evidence of rising vacancy levels, a reduction in comparison goods retailers and declining footfall. It is therefore proposed to modify the policy wording as follows:

- remove the minimum percentage thresholds for A1 retail use (including the requirement for 'extended marketing (over 1 year)' to demonstrate non-viability of A1 retail use).

retain the qualitative criteria:

- *Make a positive contribution to footfall and levels of activity throughout the day; and*
- *Retain and /or enhances the quality and design of the street frontage through the inclusion of active frontages and / displays; appropriate use of materials; sympathetic scale; retention of historic features; and relationship to surrounding streetscape; and*
- *Are compatible with adjacent uses – the proposal complements the town centre uses in the immediate area.*

- In light of the deletion of minimum percentage thresholds criteria add a new more flexible criteria to require that proposals should not harm the main retail function of the primary frontages in order to reflect the greater prominence of retail uses in primary frontages.

4.2.5 TC3: Town Centre Allocations –The Update showed lower retail capacity forecasts and called attention to the changed aspirations for Vineyard Gate which, in light of lower retail demand, is now the focus of a proposal for residential-led mixed use scheme. Modifications to Policy TC3 are proposed to reflect these updates and to make it clear that the ‘need’ for retail and other main town centre uses identified in the Update will be addressed through the Colchester Town Centre allocations, together with the more flexible policy response set out previously.

4.2.6 NC1: North Colchester and Severalls Strategic Economic Areas – The policy provides for a zoned approach to commercial development, including employment uses in zone 1, leisure/community hub in zone 2 and a range of sport and recreation uses in zone 3. In the first instance, the general concept of directing particular commercial uses to particular areas is considered compatible with the Council’s plan-making functions. On the more particular issue of the treatment of main town centre uses, the Update report notes that the Council needs to be satisfied that the allocations meet the sequential test. It is confirmed that the planning applications for the cinema-led scheme in zone 2 (application numbers 160825 and 201631) have been considered by the Council to have satisfied the sequential test and the sports centre and playing pitch uses for zone 3 (planning application 180438) did not comprise main town centre uses triggering the need for a sequential test.

4.2.7 A modification removing the sentence restricting main town centres uses in zone 1 is proposed, given that main town centre uses include offices. This recommendation is made in the Update report for WC1: Stanway Economic Area, and is also relevant to NC1. The only other modifications proposed for NC1 are to delete references to the outdated use classes.

4.2.8 WC1 Stanway Economic Area – As with NC1, WC1 provides for a zoned approach to commercial development, comprising in this instance employment uses within zone 1 and main town centre uses within zone 2, Tollgate District Centre. The zoned approach is considered acceptable in principle, with modifications only required to address the following particular points:

Zone 1- A modification removing the sentence restricting main town centre uses in zone 1 is proposed, given that main town centre uses include offices. Additionally, wording is proposed to be updated to delete outdated use class references.

Zone 2 -The Update noted Tollgate District Centre’s ongoing evolution from a predominantly retail park into an established, sub-regional shopping destination but did not suggest that its growth warranted consequential changes to its place within the Council’s centres hierarchy. It was found to directly compete with Colchester Town Centre for comparison goods expenditure, but was otherwise lacking in terms of services

and community facilities. Accordingly, the only proposed modification to Tollgate's District Centre function is deletion of the requirement for proposals to be 'suitable for, and proportionate to, the role and function of the centre and its place within the hierarchy' as it repeats the provisions of Policy SG6. The Update agreed with the inclusion of criteria (i) which supports the introduction of new services and community facilities given the identified lack of such provision. The Update also supported with the other two criteria referencing the need to satisfy national requirements on sequential and impact test requirements. It recommended that criteria (iii) should reference the other limb of the impact test requiring assessment of the impact of the proposal on existing, committed and planning public and private investment in the catchment area of the proposal, so it is proposed to amend the policy to include this.

## **5. Responses to the Local Plan Consultation**

5.1 The Council received a relatively small number of objections to its retail and Town Centre policies, comprising 8 objections to Policy SG5 as well as Policy SG6; 4 to TC1, 1 to TC2, 5 to TC3, 6 on the commercial aspects of NC1 and 6 on WC1. The details of each objection have been supplied to the Inspectors in a table prepared following completion of the pre-submission consultation. The table includes both the representations and a summary of Council responses. In the table, the Council noted the comments made but did not consider any changes were warranted to the policies in light of the evidence underpinning them, with the exception of strengthening wording on historic character in SG6 in response to Historic England comments. (The Council felt, however, that additional strengthening of the wording on historic character was not required in TC1 as this would restate commitments made elsewhere in SG6 (as modified), DM16 and the explanatory text to TC1).

5.2 The main concern raised in the consultation responses on the centres hierarchy was that CBC's hierarchy was not compatible with the NPPF. This was considered to arise from policy distinctions made in the plan between the Town Centre and District Centres. While it is accepted that the glossary definition does not distinguish between different types of centres or between uses appropriate to different types of centres, bullet 2 of paragraph 23 does required Local Planning Authorities to 'define a network and hierarchy of centres that is resilient to anticipated future economic changes'. As noted above, the Council considers that its proposed hierarchy does fulfil this purpose; and the hierarchy proposed has been validated through the Update report. An objector found it confusing that District Centres could grow, 'but not to a level comparable with Colchester Town Centre'. This wording is, however, considered appropriate when considered in the light of NPPF policy as its support for the growth and adaptation of centres is set within the context of a hierarchy defining the centre's role and function. It is agreed, however, with the objection that requiring proposals for the Tollgate Centre to complete an impact assessment is not NPPF-compliant and should be deleted.

5.3 The planning permissions granted on appeal for retail and leisure uses within areas formerly designated as employment has changed the boundaries of uses within the Stanway Strategic Employment Zone and Tollgate District Centre, but has not otherwise invalidated the appropriateness of distinct areas for employment and main town centre uses. These boundary changes will need to be illustrated on the map for Policies WC1-5 but do not affect the policy wording. Accordingly, to reiterate the view made in the Council's summary table, no substantive modifications are considered to be required to Section 2 economic growth policies to address objections made to the Publication Draft Local Plan.

## **6. Conclusion**

- 6.1 The Council's retail and town centre policies are considered to remain sound given that they provide sufficient flexibility to address changing circumstances within the established hierarchy of the Borough's centres, and are consistent with the Government's support for greater flexibility in the town centres, reflected in the 2019 NPPF and the introduction of changes to the Use Classes order. The update to the Council's Retail and Town Centre study has found reduced capacity for new retail floorspace and changing future demand for other main town centre uses in the light of wider economic and social trends but indicates that, subject to modest modifications, Council policies strike an appropriate balance between encouraging a range of town centre uses to accommodate this changing demand and the need to direct particular town centre and employment uses to particular areas in order to safeguard their role in the spatial hierarchy. The Council has therefore proposed a limited range of modifications to its retail and town centre policies to address factual changes, clarify and simplify impact assessment thresholds, modify allocations to reflect any change in composition, and address changes in use class terminology.
- 6.2 Additionally, the examination process to date, including responses to the Publication Draft and consequential changes arising from the Section 1 examination, has not raised any soundness issues.

## Appendix 1

### Section 2 Retail and Town Centre Policies, showing suggested modifications to policy wording concerning retail and town centre issues.

NB – 1) minor modifications to explanatory text not included

2) further modifications concerning other issues identified by the Inspectors could be added as examination progresses

#### Policy SG5: Centre Hierarchy

In accordance with the NPPF the centres identified in the following hierarchy will be the preferred location for main town centre uses such as retail, office, leisure and entertainment.

Definitions of centres;

**Town Centre:** the Borough's principal **centre** and **also** a sub-regional centre for comparison goods shopping, services, culture, leisure, with 'regional' aspirations

**District centre:** **centres which have an** important role serving the day-to-day needs of their local populations as well as providing access to shops and services for neighbouring areas across and beyond the Borough, but not to a level comparable with Colchester Town Centre.

**Local centre:** **centres which have an** essential role providing a range of small shops and services to meet the basic needs of local communities, serving a small catchment.

**Table SG5a: Colchester Borough's Hierarchy of Centres**

<b>Town Centre</b> Colchester Town Centre	
<b>District Centres</b> Tiptree West Mersea Wivenhoe	<b>Proposed District Centres</b> New Garden Community East Colchester <del>New Garden Community West Colchester</del>

<p>Tollgate</p> <p>Peartree Road</p> <p>Turner Rise</p> <p>Highwoods</p>	
<p><b>Local Centres:</b></p> <p>St Christopher Road, St Johns</p> <p>Hawthorne Avenue, Greenstead</p> <p>Iceni Way, Shrub End</p> <p>William Harris Way, Garrison</p> <p>Homefield Road, Garrison</p> <p>Monkwick and Mersea Road</p> <p>The Willows</p> <p>Old Heath Road</p> <p>Hythe Quay</p> <p>London Road, Stanway</p> <p>Villa Road, Stanway</p> <p>Blackberry Road, Stanway</p> <p>The Commons, Prettygate</p> <p>Dedham</p> <p>London Road, Marks Tey</p> <p>Vine Road, Wivenhoe</p> <p>The new Garden Communityies will include a local centres to compliment</p>	

District Centres and build on the network of centres in the hierarchy.	
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## Policy SG6: Town Centre Uses

Proposals for town centre uses that are not within a defined centre and are not in accordance with the Local Plan, including proposals for a change or intensification of use, or variation of a planning condition, will need to demonstrate that a sequential approach has been undertaken to site selection **as required by national policy**.

**Applicants should demonstrate flexibility on issues such as format and scale.** ~~in terms of their availability, suitability and viability for the broad scale and type of development proposed; and~~ Only when alternative sites have been discounted should less sequentially preferable sites be considered. In cases where the Local Planning Authority are satisfied that the sequential test has been met, proposals will be supported where they also comply with the requirements set out in criteria (i- vii below).

- i) ~~The p~~**Proposals** for main town centre uses **in or on the edge of centres are**is of a type, proportion and scale appropriate to the role and function of the centre and would not threaten the primacy of Colchester Town Centre at the apex of the centre hierarchy, either individually or cumulatively with other committed proposals, and;
- ii) ~~The p~~**Proposals** for main town centre uses **in or on the edge of centres are**is suitable to the town / district centre function and maintains or adds to its viability and vitality and enhances the diversity of the centre without changing the position of the centre within the overall hierarchy and;
- iii) Proposals would not give rise to a detrimental effect, individually or cumulatively, on the character or amenity of the area through smell, litter, noise or traffic problems and
- iv) The proposal would not have a significant adverse impact on the vitality and viability of Colchester Town Centre and/or any other centre either individually or cumulatively with other committed proposals and;
- v) The proposal would not have a significant adverse impact on committed and / planned public or private investment in Colchester Town Centre and /or any other centre either individually or cumulatively with other committed proposals and;
- vi) In relation to criteria (iv) and (v) above an Impact Assessment must be provided where the proposal;
  - a. ~~In any centre e~~**Exceeds** the thresholds set out in table SG6 below, or;

- b. ~~Where the proposal is within Tollgate District Centre and exceeds the thresholds set out in table SG6 below or;~~
  - c. ~~Where the Council considers that there are potential impacts arising from the proposal cumulatively with other committed development.~~
- vii) **The proposal protects and enhances the special historic character of the town centre.**

**Table SG6 Impact Assessments Thresholds**

<b>Centre</b>	<b>Floorspace (sq. m gross)</b>		
	<b>Comparison Retail</b>	<b>Convenience Retail</b>	<b>Leisure Services</b>
<del>Colchester Town Centre</del>	2,500	1,500	1,500
<del>Tiptree, Wivenhoe and West Mersea District Centres</del>	1,000	1,000	500
<del>Tollgate (applies also for proposals within the Tollgate District Centre)</del>	2500	1500	1500
<del>Turner Rise, Highwoods and Peartree Road District Centres</del>	1,500	1,500	1,000

<b>Centre</b>	<b>Retail and/or leisure floorspace (sqm gross)</b>
<b>Colchester Tollgate Peartree Road Turner Rise Highwoods</b>	<b>1,500</b>

<p><b>Tiptree</b></p> <p><b>West Mersea</b></p> <p><b>Wivenhoe</b></p>	<p><b>1,000</b></p>
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**Policy SG6a Local Centres**

Local centres will be protected and enhanced to provide shops, services and community facilities for local communities. Proposals for change of use within designated local centres will need to demonstrate that it will provide a retail use, retail service, community use, financial/ businesses service or a leisure service and will meet the basic needs of local communities.

Proposals to expand a local centre will be considered favourably where it can be demonstrated that the use is small scale **and** proportionate to the role and function of such centres and will serve the basic needs of local communities. Proposals outside of local centres will be assessed in accordance with the sequential test.

Proposals will be required to demonstrate that they will not adversely affect residential amenity, particularly in terms of car parking, noise and hours of operation. Proposals should take every opportunity to promote sustainable travel behaviour.

New strategic residential sites should incorporate local centres at accessible locations within the site where appropriate to provide for the needs of new communities.

**Policy TC1: Town Centre Policy and Hierarchy**

Colchester Town Centre is at the top of the retail hierarchy set forth in Policy SG5. Accordingly it will be the priority focus for new Town Centre uses and larger scale development.

The Local Planning Authority will encourage development in the Town Centre (as defined on the Policies Map) which is focused on retail (particularly comparison) and supporting

leisure, culture, and restaurant / café uses to enhance the Borough's role as a sub-regional shopping and leisure destination and important tourist destination.

The Council will seek to deliver more attractive public spaces and streetscapes in the Town Centre. The Local Planning Authority will support proposals that positively contribute towards creating an attractive, vibrant and safe Town Centre that offers a diverse mix of uses, **including shared mixed-use spaces and short-term 'meanwhile uses'**, and extend the time when the Town Centre is active subject to their impact on local amenity.

## Policy TC2: Retail Frontages

Given that the Town Centre is at the top of the centre hierarchy in the Borough as a whole, within Colchester Town Centre the Local Planning Authority will seek to maintain ~~at least 70%~~ a **high proportion of** retail uses on each Primary Street Frontage within the Primary Shopping Area shown on the Policies Map. ~~A3 (restaurant / café) uses will be considered acceptable below this threshold if it can be demonstrated to the satisfaction of the Local Planning Authority that, after extended marketing (over 1 year), retail use cannot be secured.~~ **Development proposals for non-retail uses within primary frontages will be permitted where they would enhance vitality and viability, be appropriate to the character and function of the area and not compromise the appearance of the frontage and its contribution to the streetscape.**

Development proposals in secondary frontages will be supported where they contribute to the existing character, function and vitality of the street or surrounding environment.

Within the Secondary Street Frontages in the Primary Shopping Area as defined on the Policies map, support will be given for the continuing role of retail uses supported by other activity-generating town centre uses which enhance the **character**, vitality and activity of the area, including food and drink premises (~~Use Class A3, A4 and A5~~), non-residential institutions (~~Use Class D1~~) and leisure uses (~~Use Class D2~~), at ground floor level.

Where planning applications are required, alternative non-retail town centre uses in the Primary Shopping area will be supported where they meet the following criteria:

- ~~Maintain a 70% (Primary Street Frontage) or 50% (Secondary Street Frontage) level of retail uses on the relevant street frontage unless non-viability of retail use can be demonstrated as detailed above and;~~
- Make a positive contribution to footfall and levels of activity throughout the day; and;
- Retain and /or enhances the quality and design of the street frontage through the inclusion of active frontages and / displays; appropriate use of materials; sympathetic scale; retention of historic features; and relationship to surrounding streetscape and ;
- Are compatible with adjacent uses – the proposal complements the town centre uses in the immediate area.
- **Do not harm the main retail function of the primary frontages.**

Proposals which provide premises occupying small footprints and flexible ground floor footprints will be supported in these frontages to help encourage the town's small / independent town centre businesses.

### Policy TC3: Town Centre Allocations

#### Town Centre Uses- Allocations

~~The need identified in the Local Planning Authority's retail evidence base for additional comparison retail floorspace will be addressed in the first instance by development of the Vineyard Gate site. Medium to longer term need for town centre use floorspace will also be addressed by redevelopment of existing buildings and car parks including the outdated Priory Walk development.~~

To address the identified need for additional town centre use floorspace providing a mix of comparison shopping; food and drink; entertainment; and residential uses over the plan period to 2033, additional potential capacity has been identified as follows and is shown on the Policies Map:

#### Vineyard Gate

Redevelopment of Vineyard Gate over the plan period to provide **a residential-led retail and mixed use floorspace scheme**:

Requirements;

- Development will need to protect and enhance the character of the Scheduled Ancient Monument (Town Walls)
- Provide direct pedestrian connections to/from Lion Walk
- Contributions needed towards to the delivery of flood defence/flood management solutions as identified in the SWMP for CDA 03

### St. Botolphs

Mixed use scheme providing cinema, ~~85-room~~ hotel; ~~restaurants cluster;~~ retail; student accommodation; Creative Business Centre (1.86 ha)

Requirements:

- Access off Queen Street
- Development will need to protect and enhance the character of the Conservation Area and listed buildings
- ~~Any retail proposals should satisfy the sequential test given the edge-of-centre location of this site.~~

### Priory Walk

Redevelopment and/or extension of Priory Walk area to provide retail and mixed use floorspace (0.95ha)

Requirements;

- Development will need to protect and enhance the setting of nearby listed buildings and the town centre conservation area.
- Provide for pedestrian connections between St Botolphs and Long / Short Wyre Street

~~The 2016 Retail Study Update identified limited capacity for convenience goods floorspace over the plan period (after allowing for existing commitments). If proposals come forward for new convenience goods floorspace they will be assessed (as required)~~

~~having regard for the sequential and impact tests set out in the NPPF and other relevant policies in this Plan.~~

### **Residential allocations:**

Residential allocations as identified on the Policies Map will be supported where they meet the requirements identified for each site below in addition to generic infrastructure requirements in PP1 and pollution/contamination mitigation in ENV5;

### **Vineyard Gate residential-led scheme described above**

#### Land at Britannia Car Park

- Allocated for 150 dwellings
- Residential development to have neutral effect on overall town centre car parking capacity.
- Development will need to protect and enhance the setting of the Scheduled Ancient Monument (The Priory)
- Development will need to protect and enhance the setting of nearby listed buildings and the town centre conservation area.
- Contribute towards flood risk solutions, in accordance with Flood Risk Management policy DM23 and SWMP recommendations for CDA 03

#### Part of St Runwalds Car park

- Allocated for 40 dwellings
- Access to be agreed with the Highway Authority
- Development will need to protect and enhance the setting of nearby listed buildings and the town centre conservation area.

### **Employment allocations:**

Additional office floorspace to sustain the Town Centre will be supported just outside the Town Centre boundary within the Middleborough Local Economic Area as shown on the Policies Map. In addition, proposals for office use elsewhere in the Town Centre will be supported where they comply with other policy requirements.

The following LEAs are safeguarded for economic use in accordance with Policy SG4 and as shown on the Policies Map:

- Southway
- COLBEA Business Centre George Williams Way

## Policy NC1: North Colchester and Severalls Strategic Economic Area

All land and premises within the North Colchester and Severalls Strategic Economic Area including the areas known as the Northern Gateway and Severalls and Colchester Business Parks will be safeguarded for the identified uses based on a zoned approach as indicated below.

A master plan will be prepared to provide a detailed guidance covering parts of the economic area. Proposals which are in accordance with the agreed masterplan will be supported.

All proposals within the North Colchester and Severalls Strategic Economic Area will be required to provide good public transport, pedestrian and cycle links ensuring good connectivity within the area, with neighbouring communities, to the Colchester Orbital Route, and to and from the town centre and Colchester Station.

Development will be expected to contribute to the cost of infrastructure improvements where necessary and identified in the Infrastructure Delivery Plan (IDP) or subsequent evidence.

Zone 1: as defined on the Policies Map (existing and proposed employment land) will be the primary focus for ~~B-class~~ employment uses and as such, alternative ~~non-B Class~~ uses will only be supported where they;

- i. Are ancillary to the existing employment uses on the site intended to serve the primary function of the site as an employment area and;
  - ii. Provide the opportunity to maximise the sites potential for economic growth and support the continued operation of existing employment uses within the economic area and;
  - iii. Do not generate potential conflict with the existing **or** proposed ~~B-class~~ uses / activities on the site; and
- (iv) There is no reasonable prospect of the site being used for ~~B-class~~ **appropriate** employment **uses**.

~~Proposals for main town centre uses will not be permitted within zone 1 of North Colchester and Severalls Economic Area.~~

Zone 2: The area defined on the policies map as zone 2 (adjacent to the Stadium) is being developed by the Council as a leisure / community hub and will be safeguarded for a mix of uses including sport, leisure and recreation. Uses will be permitted where they clearly demonstrate the potential for job creation and provided that they do not undermine or constrain the main purpose of the economic function of the wider area. Uses may include an appropriate scale of leisure and commercial space, open space and green infrastructure to enhance connectivity. No retail use will be permitted unless it is ancillary to another use and meets the requirements of the sequential test and impact test if required.

Zone 3 as defined on the Policies Map (including areas known as the Northern Gateway area north of the A12 ) land will be safeguarded primarily for a range of sport and recreation uses within Use classes D, subject to up to date evidence supporting a need for such use. Proposals will need to be in accordance with an agreed master plan.

#### Allocation for Residential and Open Space Uses

The area shown on the policies map which comprises the existing Rugby Club will be safeguarded for employment use (as set out above) as well as residential use to provide enabling development to deliver the sport and leisure / community uses in Zone 3. Development of the site will provide for approximately 300 new dwellings, 260 units of Extra Care accommodation and community space which may include a church. Access will be taken from Axial Way unless other considerations prevent this.

Proposals will be permitted in accordance with a masterplan to be approved by the Local Planning Authority which will incorporate an appropriate design approach and enhanced public realm to ensure the different uses can be accommodated in a compatible way.

### **Policy WC1: Stanway Strategic Economic Area**

Any proposals within the Stanway Strategic Economic Area will be required to provide good public transport, pedestrian and cycle links ensuring good connectivity within the area and Zones, to the neighbouring communities, and to and from the Town Centre.

Development will be expected to contribute to the cost of infrastructure improvements as required, supported by up to date evidence in the Infrastructure Delivery Plan (IDP) or subsequent evidence which will be secured to an appropriate level by way of legal

agreement or through CIL as required. Such infrastructure is likely to include improvement works to Junction 26 on the A12.

All land and premises within the area allocated as the Stanway Economic Area **and Tollgate District Centre** will be safeguarded for ~~economic / employment~~ **appropriate commercial** uses based on a zoned approach in accordance with the following principles:

**Zone 1:** as defined on the West Colchester Policies Map and incorporating the Stanway allocations listed in Table SG3 will be the primary focus for ~~B-class~~ employment uses and as such, alternative ~~non-B-Class~~ uses will only be supported where they:

- (i) Are ancillary to the employment uses on the site intended to serve the function of the site as an employment area; and,
- (ii) Provide the opportunity to maximise the sites potential for economic growth and support the continued operation of existing employment uses within the economic area; and,
- (iii) Do not generate potential conflict with the existing **or** proposed ~~B-class~~ uses / activities on the site; and,
- (iv) There is no reasonable prospect of the site being used for employment purposes.

~~Proposals for main town centre uses will not be permitted within zone 1 of the Stanway Strategic Economic Area.~~

**Zone 2:** Within the area shown on the West Colchester Policies Map, comprising the Tollgate District Centre, proposals for **main town centre** uses ~~which are suitable for, and proportionate to, the role and function of the centre and its place within the hierarchy~~ will be supported.

~~Where the proposal is for a main town centre use(s), it~~ **Proposals** must be of a scale and type appropriate to the centre (having regard ~~for~~ the Centres Hierarchy and the definitions under Policy SG5) and must also satisfy the criteria set out below. Proposals must:

- (i) Enhance the role of the centre through the introduction of new services and/or community facilities, and;
- (ii) Proposals outside the Tollgate District Centre should meet the requirements of the sequential test as set out in policy SG6 in so far as the Local Planning Authority

- should be satisfied that there are no suitable alternative sites located more centrally in or on the edge of the District Centre or any other centre; and
- (iii) Where the scale of the proposal requires an impact assessment, in accordance with policy SG6, the Local Planning Authority are satisfied that the proposal will not have a significant adverse impact on **a) existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal and b) the vitality and viability of Colchester Town Centre and / or any other defined centre.**

## Appendix 2

### Retail and Town Centre Study Update 2020

c p w planning



## **Retail and Town Centre Study Update 2020**

prepared for

**Colchester Borough Council**

November 2020



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## **Appendices:**

- Appendix A (Updated Healthcheck Audits)
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# 1. Introduction

- 1.1 CPW Planning has been commissioned by Colchester Borough Council to prepare a Retail and Town Centre Study Update ('Update') for the Borough. It updates and supersedes the Retail and Town Centre Study 2016 prepared by Cushman & Wakefield ('2016 Study').
- 1.2 The Update provides the evidence base to assist the Council with its work on the retail and town centre policies of the emerging Local Plan, and to support the Council's development management function. Because the Local Plan was submitted to the Secretary of State for independent examination before 24 January 2019, it is being examined against the National Planning Policy Framework (NPPF) of March 2012<sup>2</sup>. The updated evidence base set out in this report therefore reflects the requirements of and is compliant with the NPPF 2012.
- 1.3 The Update has been prepared in the context of the latest available information and recent events, including the Covid-19 pandemic and changes to the Use Classes Order<sup>3</sup>. A further notable change since the 2016 Study has been the grant of planning permissions for new retail and leisure floorspace in the Borough, in particular the major development proposals at Tollgate (Stanway) and North Colchester.
- 1.4 The main objectives of this Update, as identified in the brief issued by the Council, can be summarised as follows:
  - a) review national trends in the retail sector (particularly in response to Covid-19);
  - b) updated healthcheck audits of the Borough's centres;
  - c) updated retail capacity forecasts in the light of committed developments and the latest population and expenditure projections;
  - d) updated commercial leisure audit;
  - e) assess the potential to meet identified needs (as required by the NPPF 2012); and
  - f) identify any policy revisions in response to the updated evidence base.
- 1.5 It is relevant to note that the Council has recently submitted its bid for Town Deal grant funding from the Government. If successful, up to £25m would be awarded to support a variety of projects – including public realm improvements in Colchester Town Centre. It would follow the September 2020 accelerated Towns Fund investment (£1m) focused on improvements at St Nicholas Square and Balcerne Gate.

## Report Structure

- 1.6 This Update is structured as follows:
  - Section 2 – National Retail Context and Trends
  - Section 3 – Centre Hierarchy and Healthcheck Assessments
  - Section 4 – Retail Capacity Update: Approach and Baseline Evidence
  - Section 5 – Retail Capacity Update: Forecasts
  - Section 6 – Commercial Leisure Audit

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<sup>2</sup> Notwithstanding that a revised version was published in July 2018 and updated in February 2019.

<sup>3</sup> The claim for Judicial Review of the Government's changes to the Use Classes Order (inter alia) was dismissed by the High Court on 17 November 2020.

- Section 7 – Opportunities for Growth and Change
- Section 8 – Policy Recommendations
- Section 9 – Conclusions

## 2. National Retail Context and Trends

### Introduction

- 2.1 It is important when assessing future retail and town centre development needs in Colchester Borough to consider the current retail market in the UK. This is particularly pertinent amid the Covid-19 public health emergency, which is having a deep and potentially long-lasting impact on the retail, leisure and hospitality industries.
- 2.2 The structure of the retail sector has been changing at pace over the past decade, with the rise of online shopping and the scale of retailer closures having significant implications for town centres in particular. The Government-enforced closure of all but 'essential' shops and stores during the national lockdown(s) of 2020 has further resulted in new shopping habits, forcing the sector to respond to digital demands and re-evaluate its space requirements.
- 2.3 The rate of shop closures in the UK increased over 70% during H1 2020 (a net decline of 6,001 shops) compared to H1 2019<sup>4</sup> and some analysts are predicting that one-in-four 'non-essential' shops may permanently close<sup>5</sup>. Leisure and hospitality businesses are also facing significant impacts and closures.
- 2.4 Against this background, we outline below the national trends in the retail sector and the potential implications for the Borough's centres.

### Key Trends

#### ***Consumer confidence and spending***

- 2.5 Per capita expenditure on comparison (non-food) goods has achieved average annual growth of 3.6% since the 2009 economic recession, with per capita spending in 2019 growing by 4.6% due to strong performance in spending on clothing and footwear, audio-visual equipment, and personal and recreational items. In contrast, per capita expenditure on convenience goods contracted between 2006 and 2015; grew by 3.9% in 2016 and 2.1% in 2017; and has since moderated with the latest data indicating that spending slowed to 1.1% in 2018 and declined by 0.7% in 2019<sup>6</sup>.
- 2.6 The Covid-19 outbreak at the beginning of 2020 has deepened the economic uncertainty facing the UK. According to Precisely's Retail Expenditure Guide 2020/21, which includes Oxford Economics' forecasts from the consumer spending model<sup>7</sup>, the Covid-19 pandemic and the resulting recession will end the UK's recent run of spending growth. It states:

*Large-scale fiscal support, such as the government's job retention scheme, should help mitigate impact on household incomes, but the temporary closure of non-essential retail and the introduction of social distancing measures mean that consumer spending will*

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<sup>4</sup> Property Week, 19 October 2020 (Shop closures surge over 70%).

<sup>5</sup> Essential Retail, 23 June 2020 (Why retailers must use tech to dramatically cut costs).

<sup>6</sup> Retail Expenditure Guide 2020/21: 2019-Based Expenditure Release, Precisely.

<sup>7</sup> The forecasts take into account the impact of the recession and the subsequent period of austerity, as well as the UK's vote to leave the European Union, which will contribute to a period of more restrained spending growth (Retail Expenditure Guide 2020/21).

*fall substantially in 2020... We forecast per-capita expenditure on all goods to decline by 11% in 2020 – a considerably larger contraction than was experienced during the global financial crisis of 2008-2009. This is largely the result of a sharp decline in expenditure on comparison goods...*

- 2.7 It adds that, with per capita expenditure on comparison goods expected to fall by 16.4% in 2020, the outlook for comparison goods spending has been downgraded over the medium term to 2024:

*We forecast per-capita expenditure on comparison goods to grow by 1.8% per year, down from the strong growth seen in the last decade. This forecast is heavily influenced by the sharp fall in 2020, and 2021-2022 should see stronger results [although the reintroduction of lockdown measures in late 2020 or early 2021 could potentially push the recovery further back].*

- 2.8 The outlook for convenience goods is more stable, with the Retail Expenditure Guide commenting that:

*We forecast per-capita expenditures to fall by just 0.5% - broadly similar to the 2019 decline. Retail outlets for many convenience goods remain open during the lockdown, therefore spending opportunities are less disrupted than for comparison goods. In fact, we expect spending on food in particular to receive a boost in 2020, as consumers have been forced to substitute meals out with eating at home... However, as people begin eating out again [subject to pandemic-induced restrictions], we expect most of the boost to in-store food and drink spending to fade away, and subsequently forecast per-capita spending on convenience goods to fall by 2.3% in 2021.*

- 2.9 It anticipates that convenience goods spending will decline by an average of 0.2% per year between 2019 and 2024, before growing by 0.5% per year in the longer term to 2040.
- 2.10 Although it is reported that total retail sales have risen for five consecutive months as of September 2020, with sales 5.5% higher than the pre-pandemic levels achieved in February 2020<sup>8</sup>, slower expenditure growth (particularly on comparison goods) due to the change in macro-economic conditions is likely to have implications for retailers and the expenditure-based capacity for new retail floorspace in Colchester Borough.

### ***The continued growth of online shopping***

- 2.11 The rapid growth in online shopping since the late 1990s has increased the market share of non-store retail sales with visible consequences for high streets and other shopping destinations. Yet the degree of impact is uncertain in the context of multi-channel retailing: stores are often a source of stock for online retail sales, while the internet can even direct customers to stores (e.g. use internet to research but make purchase in store).
- 2.12 In 2019, online shopping accounted for around 20% of total retail sales with significant variations by sector. Only around 5% of food sales were internet-based, whereas almost 20% of clothing and footwear sales (a key sector for many larger town centres) were

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<sup>8</sup> BBC News, 23 October 2020 (Shoppers defy economic gloom in September).

attributable to online shopping. Some 60% of sales on DVDs, music and books were made online.

- 2.13 The Covid-19 outbreak and the national lockdown(s) that followed, resulting in the temporary closure of many shops, accelerated the significant growth in online shopping. According to figures published by ONS, online retail sales as a proportion of total retail sales hit a record high of more than 30% in May 2020, before falling back to 26.6% in August 2020. The latest figures for food sales show that online spending reached 13.5% as a proportion of total food sales in the four weeks to 9 August 2020, which is a new record<sup>9</sup>.
- 2.14 Whilst online shopping has benefitted from this lockdown-induced shift, many conventional non-food shops and stores are still struggling to attract consumers – but the recovery is mixed. Retailers reported a 9.9% jump in sales of DIY/homeware products in August 2020 compared with pre-pandemic levels, whereas the volume of clothing items sold was down 15.9% over the same period<sup>10</sup>.
- 2.15 To that end, Primark sales slumped 75% in the period March-June 2020 with the retailer having no online business to fall back on during the Covid-19 lockdown(s)<sup>11</sup>. Since reopening its stores, however, Primark’s parent company has announced it expects sales to year-end to reach £2 billion, with sales at regional high street stores broadly in line with 2019 (whereas its retail park stores are achieving higher year-on-year sales)<sup>12</sup>.
- 2.16 A significant recent change in the grocery sector has been Ocado’s partnership switch from Waitrose to M&S, a joint venture which will see the online retailer selling 6,000 M&S-branded food items. Meanwhile, Waitrose has partnered with Deliveroo as part of a 12-week trial to offer an online service platform for rapid food deliveries in under 30 minutes<sup>13</sup>.

### ***Improved digital capability***

- 2.17 Consumers are demanding (only 32% of UK consumers are willing to wait 2-3 days for deliveries<sup>14</sup>) and increasingly dependent on technology to fulfil one’s shopping needs. Covid-19 has changed or reinforced pre-lockdown behaviours, with more consumers willing to try – and switch to – digital forms of shopping.
- 2.18 Modern retailers are therefore investing more and more in digital platforms. Burberry, the luxury fashion brand, has invested significantly to encourage a shift from offline (i.e. physical stores) to online behaviour, utilising virtual appointments and a direct messaging platform between sales associates and the consumer. Digital is now Burberry’s fastest-growing channel (up 22% on 2019) and has served to retain consumer’s affection for the brand and the propensity to purchase, notwithstanding the lockdown-enforced store closures<sup>15</sup>. Meanwhile, it is reported that international online sales of luxury goods increased by 170% year-on-year in August and September 2020, as Covid-19 and other

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<sup>9</sup> Essential Retail, 18 August 2020 (Online grocery sales reach record levels although overall spend slows).

<sup>10</sup> BBC News, 18 September 2020 (UK DIY sales soar but clothing stores fall behind).

<sup>11</sup> Essential Retail, 6 July 2020 (Covid-19: Primark reveals 75% drop in sales due to lockdown).

<sup>12</sup> Retail Gazette, 7 September 2020 (Primark sales beat expectations since exiting lockdown).

<sup>13</sup> Essential Retail, 1 September 2020 (M&S and Ocado joint venture goes live).

<sup>14</sup> Oxford Economics, 2019.

<sup>15</sup> Essential Retail, 1 July 2020 (Covid-19: How the pandemic has transformed Burberry’s digital business).

changing consumer demographics have prompted the premium brands to prioritise their digital capability<sup>16</sup>.

- 2.19 Other retailers are closing their bricks-and-mortar stores and transforming into online-only brands. Examples include Maplin, Cath Kidston, and TM Lewin; and the trend is not limited to retail, with Thomas Cook (travel agent) also relaunching as an online-only business.
- 2.20 M&S, which integrated its online food business with Ocado in September 2020, has developed its digital capabilities in response to the changing consumer landscape as part of its 'Never the Same Again' programme. The retailer has digitised its Sparks loyalty scheme, in which members can receive rewards for frequently shopping at M&S, such as fast-track access to the latest products and trends<sup>17</sup>. It is also rolling out 'Mobile Pay Go' payment options<sup>18</sup> whereby consumers scan a product's barcode as they shop and then pay from a mobile device via the retailer's App<sup>19</sup>.
- 2.21 While many larger retailers are investing in digital channels, this is not necessarily the case with smaller independents and high street businesses (although Covid-19 related impacts have forced some businesses to establish or develop online interest in order to generate sales). For most retailers, however, successfully combining physical and digital propositions will be necessary in the face of an increasingly competitive marketplace.
- 2.22 Moreover, technologies that make shopping trips fast, efficient and contactless (like self-checkout) were already on a growing trajectory pre-lockdown and are likely to become even more important as retailers tackle the issue of consumer confidence and anxiety about returning to stores<sup>20</sup>. The M&S 'Mobile Pay Go' initiative (cited above) will serve this trend, while Amazon plans to open at least 30 'physical' convenience stores across the UK as part of its 'Amazon Go' rollout<sup>21</sup> which, significantly, involve no queueing and no checkout.

### ***Right-sizing store portfolios***

- 2.23 Prior to Covid-19, the shift towards online shopping resulted in a period of significant change and quite considerable consolidation from long-standing UK retailers. Large retailers increasingly focused on a smaller number of prime locations for their store portfolios (often referred to as *polarisation*) where they can have flagship-type stores and serve wide catchments. Others relaunched as online-only retailers, as commented before.
- 2.24 Much of this change can be attributed to a large number of loss-making stores, particularly in the context of reducing footfall and a highly competitive pricing environment. Company voluntary arrangements (CVAs) have been a preferred restructuring method for many retailers such as Mothercare, Homebase, New Look, Debenhams, Monsoon and Accessorize.
- 2.25 However, according to Deloitte, 2019 saw a 24% year-on-year decrease in CVAs *which in turn resulted in an increase in the number of administrations. This is in part due to push*

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<sup>16</sup> Essential Retail, 5 October 2020 (Cross-border online luxury sales on the rise).

<sup>17</sup> Essential Retail, 2 July 2020 (Covid-19: M&S digitises loyalty scheme as part of transformation plan).

<sup>18</sup> So too are other grocery retailers such as Co-op, Sainsbury's and Spar.

<sup>19</sup> Essential Retail, 17 June 2020 (The post-Covid customer experience: the reawakening of digital).

<sup>20</sup> Essential Retail, 15 June 2020 (Covid-19: Stores reopen today – industry reacts).

<sup>21</sup> The Independent, 3 August 2020 (Amazon 'plans to open at least 30 physical shops in the UK').

*back from the landlord community which has made CVAs harder and less attractive to implement*<sup>22</sup>.

- 2.26 With consumer behaviour changing in response to the Covid-19 pandemic – many consumers have adapted to new ways of shopping that are convenient and safe – retailers are continuing to ‘right-size’ or even abandon their store portfolios (e.g. TM Lewin). It is reported that French Connection, Clarks and GAP are some of the latest retailers to consider closing some (French Connection<sup>23</sup> and Clarks<sup>24</sup>) or all (GAP<sup>25</sup>) of their UK stores.
- 2.27 Like many retailers Poundland temporarily closed some (15%) of its stores during the national lockdown(s), which has significantly impacted year-on-year revenues despite revenue now returning to pre-lockdown levels<sup>26</sup>. The retailer has consolidated its offer in Colchester Town Centre into a single store on Culver Street East, adjacent to Lion Walk<sup>27</sup>.
- 2.28 Not all retailers are downsizing, however. Other discounters such as B&M, Home Bargains, Wilko and Poundstretcher have out-performed many high street chains during the Covid-19 crisis, with B&M increasing its UK sales by almost 20% in the period July-September 2020 despite the absence of an online sales platform. The retailer is benefitting from the shift in spending to out-of-town retail parks and plans to open 45 new stores by March 2021<sup>28</sup>.
- 2.29 In the grocery sector, Lidl and particularly Aldi<sup>29</sup> continue to expand throughout the UK while Co-op recently announced plans to open 50 new convenience stores in response to increased demand and online ordering in the light of Covid-19<sup>30</sup>. However, Waitrose is closing four supermarkets<sup>31</sup>.
- 2.30 Covid-19 has also had a major impact on the ‘grab-and-go’ food market, which relies heavily on office workers and commuters. The shift in work patterns and the reduction in footfall has made some outlets unviable, with Pret announcing that it will close 30 branches across the UK<sup>32</sup> while Costa Coffee is cutting more than 10% of its café workforce.
- 2.31 Service-based retail uses (i.e. financial services, travel agents) have seen a gradual contraction in store numbers in recent years, due to the continued growth of internet alternatives which provide convenient access to online banking<sup>33</sup> and holiday price-comparison websites. This form of structural change has consequences for footfall and consumer spending, most notably in secondary town centres which are more dependent on such uses.

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<sup>22</sup> Deloitte, 8 January 2020 (Retail sector ends decade with fall in the number of CVAs).

<sup>23</sup> Property Week, 13 October 2020 (French Connection warns of store closures).

<sup>24</sup> Property Week, 7 October 2020 (Clarks to axe stores as it nears CVA).

<sup>25</sup> BBC News, 23 October 2020 (GAP considers closing all its UK stores).

<sup>26</sup> The Grocer, 9 July 2020 (Poundland revenues flat as rivals open in former Poundworld sites).

<sup>27</sup> Poundland previously occupied stores on Long Wyre Street and at St John’s Walk Shopping Centre.

<sup>28</sup> The Guardian, 29 September 2020 (B&M steps up expansion after lockdown sales boom).

<sup>29</sup> Property Week, 28 September 2020 (Aldi to open 100 more stores as part of £1.3bn UK investment drive).

<sup>30</sup> The Guardian, 4 September 2020 (Co-op creates 1,000 jobs and opens 50 new stores in UK).

<sup>31</sup> Property Week, 17 September 2020 (Waitrose to close four supermarkets).

<sup>32</sup> The Guardian, 27 August 2020 (Pret a Manger cuts almost 2,900 UK jobs as sales plummet).

<sup>33</sup> Metro Bank slashed its expansion plans in February 2020 due (in part) to competition in the online banking market.

### ***Changing store formats***

- 2.32 It remains to be seen whether the social-distancing measures introduced in response to Covid-19 (which have been more problematic for smaller shops and stores) are likely to influence retailers' store format requirements in the short to medium term.
- 2.33 Notwithstanding, modern consumers have high expectations for convenience, experience and personalisation; largely driven by smart phone technology (i.e. Apps) and social media (i.e. Facebook, Instagram, TikTok). Shopping is becoming more leisure focused and activity-based, which is reflected in new, often extensive store formats.
- 2.34 The large Next / Next Home 'flagship' stores are a well-known example of a major retailer developing out-of-town showrooms to provide a substantially expanded range of comparison goods and lifestyle experiences.
- 2.35 Some retailers, on the other hand, require (or are experimenting with) smaller and more efficient store formats. Homebase has launched a new split-level, small format showroom dedicated to kitchens (at ground floor level) and bathroom displays (first floor). The concept represents the second trial Homebase has undertaken since the Covid-19 outbreak, coinciding with more home-working and greater levels of spending on home improvements, and follows the launch of two 'DECORATE by Homebase' stores in May 2020<sup>34</sup>.
- 2.36 The grocery sector has been reacting to changing shopping habits in recent years with implications for store formats. The underlying trend prior to Covid-19 was the decline of 'bulk' food shopping as consumers shopped around for best value and/or undertook more frequent top-up (or 'basket') food shopping trips. This trend coincided with the discounters (i.e. Aldi and Lidl) expanding their market share over the 'big four' supermarkets and is likely to continue, although there are indications that consumers are visiting convenience stores less often but spending more per visit.

### ***Shared space***

- 2.37 The adaptability of retail space is increasingly important in a fast-moving sector. There is greater collaboration between retailers in terms of sharing space; and between shopping centre landlords and their tenants in the provision of collection points and/or lockers.
- 2.38 Innovative collection arrangements are also being introduced at public transport hubs and other public places (i.e. not on the traditional high street), in response to the convenience-based demands of consumers.
- 2.39 One of the most successful retailer tie-ups has been Sainsbury's and Argos<sup>35</sup>, while Laura Ashley will be returning to the UK high street in a new partnership with Next<sup>36</sup>.
- 2.40 The sharing of space is likely to increase as retailers look to reposition themselves and offset rising occupancy/operational costs and thus falling profitability, which is a

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<sup>34</sup> Essential Retail, 25 September 2020 (Homebase launches new dual purpose concept store).

<sup>35</sup> It has been announced that all 240 'standalone' Argos stores will close by 2024, although Sainsbury's plan to open 150 Argos outlets in its supermarkets.

<sup>36</sup> The Guardian, 31 October 2020 (British firm's homeware will be available via Next's UK stores and website from spring 2021).

significant challenge for many retailers during the Covid-19 pandemic. Department stores comprising large floorplates, often over multiple levels, are particularly well-suited to accommodating other uses such as offices<sup>37</sup> and cafes/restaurants (e.g. Caffè Nero and Carluccio's occupy space within the Fenwick department store in Colchester Town Centre).

- 2.41 Trinity Works (Trinity Street) in Colchester Town Centre is an excellent example of a creative shared space. Managed by HAT Projects, the repurposed 1970s church includes a café offering wi-fi and 'touch down' space. It also comprises a maker-space facility with shared access to workspace and tools for ceramics, textiles and printmaking.
- 2.42 The recently introduced changes to the Use Classes Order – with the new Class E encompassing retail, commercial, business and service uses – provide greater flexibility and will make it easier to co-locate two or more asset classes within the same premises.

### ***The click-and-collect market***

- 2.43 Retailers are increasingly incorporating click-and-collect services into their stores or within adjacent customer car parks (such as the facilities provided by Currys & PC World at Tollgate, Asda at Turner Rise, and the Tesco Express in West Mersea).
- 2.44 As well as often accounting for a substantial proportion of retailers' online sales, click-and-collect reduces 'last mile delivery' costs and can create additional sales volumes. Covid-19 has led to a rise in click-and-collect options as retailers have been forced to adapt to the growing demands and expectations of consumers.
- 2.45 M&S is trialling new click-and-collect technology in a small number of stores as part of its plan to integrate in-store and online services for customers. One concept currently being tested allows customers to collect items contactless in-store, with a text / WhatsApp / Facebook Messenger informing them of their allocated shelf; while the other involves vehicle number-plate recognition and drive-up collection from a pre-allocated 'pick up' location<sup>38</sup>. Aldi is also piloting its first UK click-and-collect services<sup>39</sup>.
- 2.46 The click-and-collect market is likely to continue its upward trend in the light of the ongoing Covid-19 restrictions.

### ***Pop-up (or meanwhile) uses***

- 2.47 The UK's high streets have seen an increase in the number of pop-up shops and other uses in recent years. As well as addressing vacant or under-utilised space and tapping into local entrepreneurialism, they help to deliver a creative and bespoke retail experience.
- 2.48 The 'meanwhile' concept enables retail businesses, usually independents but increasingly multiples (e.g. Costa Coffee at CRATE Loughton), to lease space on a short-term basis. Markets and seasonal events are particularly popular and, by their nature, bring the animation and vibrancy that traditional high streets often lack.

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<sup>37</sup> The John Lewis Partnership has recently secured planning permission to convert almost half of its Oxford Street (London) department store into offices.

<sup>38</sup> Essential Retail, 24 August 2020 (M&S trials new click & collect technology).

<sup>39</sup> Essential Retail, 14 September 2020 (Aldi trials click & collect in UK for first time).

- 2.49 Colchester Town Centre has seen the installation of the Caribbean-themed ‘Summer Drinks Terrace’ at Lion Walk, offering an outdoor bar and live music at a time when Covid-19 is resulting in restrictions on indoor entertainment.

***The role of leisure and all-round experiences***

- 2.50 Retail space alone is not enough to attract consumers to a town centre, with the importance of strong leisure-based ‘anchors’ increasingly evident. This reflects changing consumer habits and the demand for alternative, non-retail attractions and, ultimately, high quality experiences. Leisure also plays a major role in extending dwell times (and thus consumer spending) and supporting the night-time economy.
- 2.51 There has been a notable shift from retail to commercial leisure uses (such as restaurants, cinemas and gymnasiums) within newer retail-led schemes and many town centres. Developers and landlords recognise the value of providing leisure in order to create an all-round experience for shoppers, as seen in Colchester Borough with (for example) the plans for Tollgate Village.
- 2.52 That said, even before the Covid-19 outbreak, the leisure sector was challenged by the structural changes affecting retail businesses, with high street footfall in decline as consumers shopped online or at the most prime locations. The challenges facing the sector are even more pronounced in the light of Covid-19.
- 2.53 Cinemas have been particularly affected by the social-distancing measures and declining audiences. Cineworld recently confirmed it will temporarily close its 127 Cineworld and Picturehouse cinemas in the UK, citing the pandemic-induced lack of new films to draw in audiences<sup>40</sup>. There is currently no Cineworld (or Picturehouse) operating in Colchester, although the leisure development plans for Northern Gateway include a 12-screen Cineworld.
- 2.54 The restaurant sector, which for several years has been subject to high levels of competition and discounting, and over-supply in some locations, has seen many major chains downsize across the UK (e.g. Carluccio’s, Jamie Oliver, Prezzo). In this context, it is encouraging for Colchester Town Centre that Carluccio’s (within the Fenwick department store) and Prezzo (Culver Street East) have maintained their representation.
- 2.55 Other restaurant chains have been forced to downsize or make permanent closures in the light of the Covid-19 crisis: it is reported that UK food and beverage sales halved in July 2020 compared to the previous year, as almost two-thirds of restaurants remained closed and many consumers sought home deliveries<sup>41</sup>. Although the subsequent ‘Eat Out to Help Out’ scheme helped the sector to recover, the 22:00 curfew imposed since the end of September 2020 is likely to result in further closures<sup>42</sup>.
- 2.56 Whilst retail businesses have been adapting to the ‘new normal’ of store-based shopping, such as managing queues and encouraging social distancing, the need for engaging with customers and creating experiences should not be overlooked despite the ongoing Covid-19 restrictions. Lush, for example, has introduced a new in-store shopping experience: it

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<sup>40</sup> Property Week, 5 October 2020 (Cineworld to close all UK and US cinemas).

<sup>41</sup> The Guardian, 13 August 2020 (Covid halves July sales in UK pub, bar and restaurant chains).

<sup>42</sup> Property Week, 19 October 2020 (Shop closures surge over 70%).

involves the customer washing their hands with samples of Lush soap and water as they enter the store, instead of the clinical hand sanitiser used by most retailers<sup>43</sup>.

- 2.57 Offering all-round experiences ‘beyond retail’ through leisure and cultural attractions, such as the outdoor bar and live music pop-up venue at Lion Walk (cited above), cannot be achieved online and are therefore fundamental to the future recovery of town centres.

### **Potential Implications for the Borough’s Centres**

- 2.58 This section has provided an overview of the national retail context and discussed some of the key changes in the retail and leisure sub-sectors as a result of the Covid-19 pandemic.

- 2.59 The trends identified are likely to have a number of implications for the Borough’s centres. Whilst the situation is fast-changing and somewhat uncertain in terms of the retail market outlook, we outline below the potential implications:

- It is likely that the pandemic-induced restrictions on the retail, leisure and hospitality industries will continue to have a significant impact on town centre footfall and activity. We consider that Colchester Town Centre is particularly vulnerable given its exposure to ‘non-essential’ fashion-orientated retailers, and reliance on leisure and hospitality (including the evening economy), other cultural activities and office/retail workers to generate expenditure.
- Several factors including slower expenditure growth projections, the continued growth of online shopping, together with the scale of collapsed or ‘at risk’ retailers (and those downsizing or relaunching as online-only brands), highlight the reality that many town centres have too much retail space overall. We identify in section 3 of this Update the reduction in comparison goods retailers and increasing vacancy levels in Colchester Town Centre, which should be taken into account when planning for new retail – particularly comparison goods retail – floorspace in the Town Centre.
- The trend towards ‘right-sizing’ has led retailers (and increasingly leisure operators) to target the most defensible and therefore high-demand locations, where footfall and consumer spending is most resilient to economic changes. This is now affecting more and more larger centres, as investors become increasingly selective and polarise towards fewer, prime retail locations. The Borough’s centres have been reasonably stable in terms of retailer representation since the 2016 Study (based on our updated healthcheck audits at Appendix A), although the considerable reduction in comparison goods retailers in Colchester Town Centre would suggest it is increasingly exposed and at risk to such trends.
- A key challenge for Colchester Town Centre will be retaining and improving the mix of retailers and other services. To achieve this, the Town Centre will need to (inter alia):
  - create the right conditions for investment in areas currently lacking in environmental quality (e.g. Priory Walk, St John’s Walk Shopping Centre) to complement the improvements delivered – and planned – in other areas of the Town Centre (as identified in section 3 of this Update);

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<sup>43</sup> Essential Retail, 3 July 2020 (Covid-19: Retailers shouldn’t forget about experiential shopping).

- improve accessibility, public transport connections, and car parking;
  - provide opportunities for flexible store formats with click-and-collect facilities and servicing arrangements that meet the needs of modern retail businesses; and
  - support a mix of retail and non-retail (including evening economy) attractions that are distinguished from those available at competing shopping destinations, and which help to increase dwell times and spend.
- Diversifying beyond traditional retail offers will be necessary in the context of reduced retailer demand. This underlines the important role of shared mixed-use spaces and meanwhile uses, which provide interest and high-quality experiences that cannot be achieved online: town centre strategies should therefore be flexible in supporting the evolution of the high street.
  - Like successful retail businesses, the Borough's centres should look to integrate their physical and digital propositions in response to 'tech-savvy' consumer expectations and an increasingly competitive marketplace.

### 3. Centre Hierarchy and Healthcheck Assessments

- 3.1 This section provides an assessment of the Borough’s centres as defined in Table SG5a of the emerging Local Plan, namely:
- Town Centre: Colchester.
  - District Centres: Tiptree; West Mersea; Wivenhoe; Tollgate; Peartree Road; Turner Rise; and Highwoods.
- 3.2 We have carried out up-to-date ‘healthcheck’ audits of each centre (based on the performance indicators set out under paragraph 006 of the Planning Practice Guidance<sup>44</sup>) informed by our own site inspections during September 2020 and various sources of data including the Retail and Town Centre Study 2016 (prepared by Cushman & Wakefield), Experian Goad data, and information supplied by Colchester Borough Council and its partners.
- 3.3 The audits are included at Appendix A and provide the basis for re-assessing the role and function of each centre. An overview is included in this section. Beyond the existing centres, there is retail and (to a lesser extent) leisure floorspace within ‘non-central’ retail parks and warehouses and we identify the most significant facilities below.
- 3.4 In addition, a key change since the 2016 Study has been the grant of planning permissions for new retail and leisure floorspace in the Borough, including major developments at Tollgate (Stanway) and North Colchester. This section also therefore identifies any relevant committed developments.

#### **Colchester Town Centre**

- 3.5 Colchester Town Centre is the principal comparison goods shopping destination in the Borough supported by a mix of non-retail uses and services including leisure, cultural and community facilities. The number of units accommodating comparison goods retailers has fallen considerably since the 2016 Study (from 241 to 190), which represents a trend occurring in many centres across the UK but one that is increasingly affecting larger centres such as Colchester.
- 3.6 Most of the ‘major’ comparison goods retailers are concentrated in and around the Town Centre’s main shopping centres – Culver Square and Lion Walk – and such representation is broadly unchanged since the 2016 Study, although Primark (Lion Walk) opened in 2017 while the Fenwick department store (High Street) has benefitted from a major refurbishment. We consider, for a centre of its size, higher end retailers are under-represented; however, the strong mix of independent shops and stores help to provide a more distinguished retail offer.
- 3.7 A further notable change since the 2016 Study is the opening of the Curzon cinema scheme (Queen Street). Alongside the new restaurants including at Greytown House<sup>45</sup> (High Street) and the refurbishment works to Mercury Theatre (Balkerne Gate), this has

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<sup>44</sup> Specifically the *Town centres and retail* section.

<sup>45</sup> Five Guys, Wagamama and Turtle Bay.

enhanced the Town Centre's all-round leisure offer. The completion of the High Street public realm works since the 2016 Study has also improved the 'experience' for town centre users.

- 3.8 Vacancy levels in Colchester Town Centre have increased from 10.5% of total ground floor premises (as reported in the 2016 Study) to 14.5% (based on the Experian Goad survey of November 2019). This is above the national average (around 12%) and includes some prominent vacant premises at the east of the Town Centre, at Priory Walk and adjacent shopping streets (namely Long Wyre Street and Queen Street); Culver Street West; Lion Walk; High Street; and St John's Walk Shopping Centre.
- 3.9 Our audit has identified the significant impact of the Covid-19 crisis on town centre footfall<sup>46</sup> and car park stays. Whilst the impact is not limited to Colchester Town Centre, we assess that the Town Centre is particularly 'at risk' to such issues (more so than any other centre in the Borough) as commented in section 2 above. Even before the Covid-19 outbreak, there is evidence to suggest that both town centre footfall and car park stays have declined since the 2016 Study.
- 3.10 Overall, we assess that Colchester Town Centre continues to perform reasonably well against many of the healthcheck indicators. Yet there are weaknesses and signs that the Town Centre is increasingly vulnerable to structural changes in the retail sector and growing competition from nearby shopping destinations. The current outlook and the committed developments at Tollgate (Stanway) in particular, reinforce the need for measures to maintain the Town Centre's attractiveness and role as the principal mixed-use shopping destination in Colchester Borough. This includes continued investment in the public realm and key opportunity sites (including Vineyard Gate, Priory Walk and St John's Walk Shopping Centre) to improve the visitor experience and create a more vibrant, differential offer.
- 3.11 To that end, the public realm improvements proposed for St Nicholas Square and Balcerne Gate using the £1m accelerated Towns Fund will help to create the conditions necessary for inward investment and are aligned with the Council's wider longer-term investment plans to improve connectivity between various sites and celebrate the town's culture and heritage (inter alia) under the Town Deal. Increasing the residential and student population of the Town Centre (including through the committed developments identified below) will also help to generate expenditure to support retail and non-retail businesses.

### ***Committed developments: Colchester Town Centre***

#### *Former Co-op Department Store, Long Wyre Street:*

- Full planning permission (ref. 170424) was granted in December 2017 for change of use of the existing building with associated physical works to allow two A1 retail units (323 sqm) and five A3 restaurant units (2,098 sqm), along with 24 residential apartments.

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<sup>46</sup> Specifically at Culver Square and Lion Walk.

- Construction work on this St Nicholas Quarter residential-led scheme has commenced, although it is understood that the restaurant units are unlikely to come forward.

*Alumno Site, Queen Street:*

- Full planning permission (ref. 182120) was granted on appeal in December 2019 for the redevelopment of the site to provide purpose-built student accommodation; hotel; flexible commercial (A1/A3/A4/B1(c)/D2) floorspace not exceeding 1,200 sqm; artist studios; and associated access and public realm improvements.
- Construction work has not yet started on site.

**Tiptree**

- 3.12 Tiptree lies outside the Colchester Urban Area, approximately 16km to the southwest of Colchester Town Centre.
- 3.13 The District Centre continues to perform an important role in terms of serving the convenience-based shopping and service needs of surrounding communities. It is supported by three national supermarket chains – Asda, Iceland and Tesco – and includes a range of independent retail service businesses, together with a medical centre, community centre and library. There is a limited evening economy.
- 3.14 A key change since the 2016 Study is the closure of Boots (chemist). This remains one of only two vacant premises within the centre, which is a strong indicator of its overall vitality and viability.
- 3.15 Overall, we assess that Tiptree’s role and function is unchanged since the 2016 Study.

**West Mersea**

- 3.16 West Mersea lies outside the Colchester Urban Area, approximately 16km to the south of Colchester Town Centre.
- 3.17 The District Centre provides a modest range of retail, service and community facilities that cater for the day-to-day needs of local residents as well as the centre’s visitor function. The retail offer is dispersed throughout the centre and is largely focused on convenience retail (the main convenience stores are Tesco Express, Co-op and Spar). There is a library, post office and sports/leisure centre, while the small number of independent cafes/restaurants provide a limited evening economy.
- 3.18 Consistent with the 2016 Study, we consider West Mersea is performing well within the limitations of its small scale and particular role in the centre hierarchy.

**Wivenhoe**

- 3.19 Wivenhoe lies outside the Colchester Urban Area, approximately 6km to the southeast of Colchester Town Centre.
- 3.20 It is a small, linear, and somewhat fragmented centre serving the basic retail and service needs of local residents. There are two convenience stores (Co-op and One Stop), a Boots

(chemist), and a small number of independent shops selling ‘boutique’ clothing and other personal goods. There are no vacant premises.

- 3.21 Overall, Wivenhoe District Centre displays relatively strong performance (considering its limited scale and function) and serves an important localised role. This is consistent with the findings of the 2016 Study.

### **Tollgate**

- 3.22 Tollgate lies within the Colchester Urban Area, approximately 5km to the west of Colchester Town Centre in Stanway.
- 3.23 Tollgate is the Borough’s largest District Centre and has evolved from a predominantly ‘bulky’ retail park into an established, sub-regional shopping destination with extensive surface level car parking. It includes a Sainsbury’s superstore and a substantial range of multiple comparison goods retailers. Notwithstanding the limited changes to retailer representation since the 2016 Study, we assess it remains the case that Tollgate has a strong influence over shopping patterns across the catchment area (which extends well beyond Colchester Borough) and directly competes with Colchester Town Centre for comparison goods expenditure.
- 3.24 The centre is lacking in terms of services and community facilities. It contains several food and drink outlets. Additional such outlets (namely a public house, Starbucks coffee shop and two restaurants – KFC and Nando’s) opened in 2018 as part of the Stane Leisure Park development<sup>47</sup>, which sits to the west of the District Centre.
- 3.25 Considering this recent development and the planning permissions granted for major new retail and leisure floorspace (identified below), Tollgate is evidently a growing multi-purpose destination and competitor to Colchester Town Centre.

### ***Committed developments: Tollgate***

#### *Tollgate Village:*

- Outline planning permission (ref. 150239) was granted on appeal in August 2017 for mixed use development comprising retail and leisure uses (up to 30,812 sqm gross) with associated access, car parking, public realm improvements and associated works.
- The Council has since granted the reserved matters approval of appearance, landscaping, layout and scale (in addition to a Section 73 planning permission<sup>48</sup>). The most recent reserved matters consent<sup>49</sup> allows for 19,195 sqm gross of A1 Comparison Retail; 1,858 sqm gross of A1 Convenience Retail; 2,100 sqm gross of A3/A4/A5 food and beverage uses; and 6,690 sqm of floorspace for D2 Leisure, including a multiplex cinema and a tenpin bowling facility.

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<sup>47</sup> Planning permission refs. 146486 and 150945 (granted on appeal). There are two vacant restaurants following the decision of Coast-to-Coast and Bella Italia to withdraw from the scheme prior to opening.

<sup>48</sup> Application ref. 193133 granted by the Council in April 2020.

<sup>49</sup> Application ref. 201503 granted by the Council in October 2020.

- The Light will operate the proposed new cinema<sup>50</sup>. We are not aware of any other named retail and leisure operators for the scheme.
- Construction work has not yet started on site.

*Stane Retail Park:*

- Full planning permission (ref. 193163) was granted in December 2019 for a new retail park to the immediate north of Stane Leisure Park, comprising 24,016 sqm of A1 retail floorspace and A3/A4/A5 food and beverage uses not exceeding 327 sqm.
- It is proposed that the scheme will accommodate two new foodstores (Aldi and M&S Food Hall), B&Q and a terrace of other 'bulky goods' stores. We are not aware of any named retailers for these other stores.
- Construction work started on site in September 2020.
- The Council has recently received a Section 73 application (ref. 202105) to vary the conditions of the extant planning permission. The application seeks to remove the 'bulky goods' restriction and make changes to the mezzanine floorspace. It is yet to be determined by the Council.

**Peartree Road**

- 3.26 Peartree Road lies within the Colchester Urban Area, approximately 3.5km to the southwest of Colchester Town Centre.
- 3.27 The District Centre comprises large format comparison goods stores and warehouses selling predominantly 'bulky goods' (exceptions include Poundstretcher and Barnardo's). The centre also includes a Co-op convenience store, Domino's Pizza, Greggs (bakery), and some active leisure uses (e.g. gymnasiums).
- 3.28 These characteristics are broadly consistent with the findings of the 2016 Study, which comments that the centre's role and function would be supported through the introduction of additional services and/or community facilities.

**Turner Rise**

- 3.29 Turner Rise lies within the Colchester Urban Area, less than two kilometres to the north of Colchester Town Centre.
- 3.30 The District Centre comprises a large Asda superstore and a purpose-built retail park with large format stores. There are several 'value' comparison goods retailers such as Poundland, Home Bargains and Dunelm. Consistent with the 2016 Study, there are no vacant units; no independent retailers; while services are limited to food and drink outlets (namely Pizza Hut, Costa Coffee and Subway) and the Asda in-store optician, pharmacy, and café.
- 3.31 Overall, we consider that Turner Rise is performing well as a large format, value-orientated shopping destination. The recent changes in retailer representation (i.e. Poundland and

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<sup>50</sup> Gazette News, 30 May 2020 (Boss of Tollgate Village cinema chain The Light says residents should be excited).

Carpets 4 Less replacing Bathstore and We Do Home) have not, in our view, changed the centre's role and function since the 2016 Study.

### **Highwoods**

- 3.32 Highwoods lies within the Colchester Urban Area, approximately 2.5km to the northeast of Colchester Town Centre.
- 3.33 It is dominated by a Tesco Extra superstore with in-store concessions including a pharmacy, print shop, café, and the Florence & Fred clothing range. Other uses within the adjacent shopping centre are predominantly independent businesses (e.g. newsagents, dry cleaners, hairdressers).
- 3.34 Our audit confirms that, consistent with the findings of the 2016 Study, Highwoods District Centre functions as a main food shopping destination for surrounding communities. It also has a limited but important service-based role and function.

### **Non-central locations**

- 3.35 There are additional facilities outside the centre hierarchy in the form of retail parks and 'solus' warehouses. The main retail parks are Colchester Retail Park (which includes Matalan, Choice Home Outlet, Shoe Zone, Poundland and Pure Gym) and Colne View Retail Park (comprising Aldi, DFS, Halfords and Pets At Home). Large format retail warehouses include B&Q Extra (Lightship Way), The Range (Cowdray Avenue) and Wickes (Clarendon Way Retail Park).
- 3.36 Colchester Borough also contains a number of 'non-central' foodstores, such as Waitrose (St Andrew's Avenue) and several Aldi<sup>51</sup> and Lidl<sup>52</sup> discounters.
- 3.37 Section 6 of this Update identifies the current supply of key leisure facilities in the Borough by type and location, while a major new leisure-based scheme is proposed in North Colchester (identified below).

### ***Committed developments: Non-central locations***

#### *Northern Gateway (North Colchester):*

- In January 2018, the Council granted full planning permission (ref. 160825) for a new leisure-based scheme including a 12-screen cinema; 80-bed hotel; 4,548 sqm of A3/A5 food and beverage uses; and 3,344 sqm of floorspace for other D2 Leisure comprising three active leisure units.
- The scheme has not come forward and Turnstone Colchester Ltd recently submitted a revised application for full planning permission (ref. 201631) comprising a 12-screen cinema; 90-bed hotel; active leisure units (totalling 5,200 sqm); and restaurant / hot food takeaway units (totalling 2,885 sqm). It is therefore similar to the 2018 approved scheme but intends to respond to current operator requirements. The revised application is yet to be determined by the Council.

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<sup>51</sup> Colne View Retail Park; London Road, Lexden; and Magdalen Street.

<sup>52</sup> Gosbecks Road; and Abbot's Road.

- Cineworld will operate the proposed new cinema<sup>53</sup>. It is understood that other confirmed or target end-users include Travelodge (hotel), Puttstars (indoor golf), Jump Street (indoor climbing) and Hollywood Bowl (tenpin bowling).

*Former Homebase, St Andrew's Avenue:*

- Full planning permission (ref. 183130) was granted in June 2019 for the sub-division of the Homebase store into two units, including change of use to allow a new Lidl foodstore (not exceeding 1,972 sqm gross) to occupy one of the units.
- The scheme has not come forward and Lidl has submitted a revised application (ref. 201217) for a larger format foodstore and a new A3/A5 food and beverage use. The revised application is yet to be determined by the Council.

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<sup>53</sup> This was confirmed prior to the announcement that Cineworld will temporarily close all of its cinemas in the UK for reasons related to the Covid-19 pandemic.

## 4 Retail Capacity Update: Approach and Baseline Evidence

4.1 In this section, we outline our approach to retail capacity forecasting in this Update. We then set out the baseline assumptions and forecasts underpinning the updated assessment of new retail (comparison and convenience goods) floorspace capacity in Colchester Borough over the plan period.

### **Approach**

4.2 Our assessment adopts the Excel-based model used for retail capacity forecasting in the 2016 Study, applying the most up-to-date baseline evidence available.

4.3 We must point out that the updated assessment relies on the household survey of shopping patterns undertaken approximately four years ago. To compensate for this, we have adjusted the market shares indicated by the 2016 household survey where necessary (as described later in this section).

4.4 We forecast the expenditure-based capacity for new retail floorspace as follows:

- define an appropriate catchment area for Colchester Borough, sub-divided into 9 zones based on postcode sectors;
- calculate the total amount of comparison and convenience goods expenditure available within each of the 9 zones comprising the catchment area, at the base and forecasting years;
- allocate the available expenditure to the Borough's shopping destinations based on the results of the 2016 household survey (adjusted by CPW Planning) to estimate current sales and forecast future sales in each shopping destination;
- identify any committed developments (i.e. retail floorspace with planning permission, under construction and/or opened since the 2016 household survey) and assess their likely turnover; and
- compare the estimated sales in the Borough's shopping destinations with existing floorspace, so as to assess the current trading performance of each shopping destination and the capacity to support additional comparison and/or convenience goods floorspace (after allowing for committed developments).

4.5 Our approach is consistent with the NPPF and established best practice.

### ***Shopping destinations and scenarios assessed***

4.6 The shopping destinations modelled are:

- Colchester Town Centre;
- the District Centres of Tollgate, Turner Rise, Peartree Road, Highwoods, and Tiptree; and
- Non-central stores in the Borough.

- 4.7 We assess the 'baseline' scenario for new retail floorspace in the Borough, in which we assume that the 2016 pattern of market shares of convenience and comparison goods expenditure in each of the Borough's shopping destinations – indicated by the 2016 household survey (adjusted by CPW Planning) – remains unchanged throughout the forecasting period. The implicit assumption in this scenario is that any new retail floorspace in these shopping destinations would not change the market shares of expenditure attracted from the catchment area.
- 4.8 This 'constant market share' approach is widely used and accepted for strategic retail capacity forecasting. However, the Council will be aware that it is a highly theoretical approach on the basis it does not, for example, take into account the planned delivery of new retail floorspace in the Borough and its potential impact on shopping patterns and market shares over time. This is particularly the case in respect of the major development proposals at Tollgate (i.e. Tollgate Village and Stane Retail Park), which are likely to reduce Colchester Town Centre's market share of comparison goods expenditure (and thus comparison goods floorspace capacity) and increase expenditure retention at Tollgate.

### ***Format of the retail capacity tables***

- 4.9 In the remainder of this section, all references to *Tables* are those comprising our updated assessment of new retail floorspace capacity set out at Appendix B:
- Tables 1 to 5 show the population and expenditure forecasts for the catchment area.
  - Tables 6 to 13 are the tables for Colchester Town Centre. Tables 6 and 7 indicate the pattern of market shares of expenditure on each category of comparison and convenience goods respectively attracted from the catchment area, as indicated by the 2016 household survey before correction. Table 8 shows the corrected pattern of market shares. Table 9 is the product of Tables 5 and 7, indicating the amounts of expenditure on each comparison goods sub-category attracted. Table 10 sets out forecast retail sales for both comparison and convenience goods, on a zone-by-zone basis and overall. Table 11 accounts for the sales capacity of existing main foodstores and other convenience goods shops in the Town Centre, and Table 12 sets out any committed retail developments and their expected sales levels (for both comparison and convenience goods). Table 13 brings together the expenditure attracted, existing floorspace and commitments to arrive at the retail capacity forecasts for Colchester Town Centre. It also shows the overall market shares of total catchment area expenditure on comparison and convenience goods attracted by the Town Centre.
  - Tables 14 to 22 are the tables for Tollgate. These tables follow the same arrangement as the tables for Colchester Town Centre; however, an additional table is included (Table 20) indicating 'benchmark' comparison goods sales in the existing retail warehouses and foodstores.
  - Tables 23 to 31 are the tables for Turner Rise; Tables 32 to 40 are the tables for Peartree Road; and Table 41 to 49 are the tables for Highwoods. These tables follow the same arrangement as the tables for Tollgate.
  - Tables 50 to 57 are the tables for Tiptree and follow the same arrangement as the tables for Colchester Town Centre.

- Tables 58 to 66 are the tables for Non-central stores in the Borough and follow the same arrangement as the tables for Tollgate.

### ***Limitations of retail capacity forecasting***

- 4.10 It is important to note that the updated retail capacity forecasts serve only as a guide for future planning policies and decisions on planning applications. They are not prescriptive and the further ahead the forecasting date, the less certain the forecasts. Of particular note, the Council should be aware that capacity forecasts beyond five years should be treated with caution, as they are based on various assumptions and forecasts that can and will change. Forecasting accuracy, even over the next five years, is further uncertain due to the change in macro-economic conditions and the impact of Covid-19.

### **Baseline Evidence**

- 4.11 The baseline evidence used for this updated assessment has been obtained from reliable sources and is as up-to-date as possible; while our interpretation and analysis of such evidence is based on our professional judgements and experience of retail capacity forecasting.

### ***Catchment area***

- 4.12 We have adopted the same catchment area (and zones) as the 2016 Study. The catchment area zones are based on postcode geography<sup>54</sup> and extend beyond Colchester Borough's administrative boundary to reflect shopping patterns and expenditure flows.
- 4.13 A map of the catchment area showing the 9 zones is included at Appendix C.

### ***Base and forecasting years***

- 4.14 We have used 2020 as the base year for our updated forecasts. The model therefore provides estimates of current sales in Colchester Town Centre, each of the District Centres, and Non-central stores in the Borough as at 2020. As agreed with the Council, we have prepared capacity forecasts at 2023, 2028 and 2033 (so as to cover the forthcoming plan period).

### ***Catchment population***

- 4.15 The starting point for the population forecasts is a report, dated October 2020, commissioned from Precisely (formerly Pitney Bowes) on the current and projected future population of each catchment area zone. The result is that, for the catchment area as a whole, the population is expected to increase from 508,121 in 2020 to 554,168 by 2033 (representing an increase of about 9%).

### ***Price basis***

- 4.16 All monetary values in this Update are in constant 2019 prices, unless otherwise stated.

### ***Per capita expenditure***

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<sup>54</sup> Refer to Table 1 at Appendix B for details of the relevant postcode sectors.

- 4.17 The report commissioned from Precisely sets out estimated average per capita expenditure on comparison and convenience goods in each catchment area zone for 2020, together with forecasts for 2023, 2028 and 2033. These estimates and forecasts take account of differences in average per capita expenditure on comparison and convenience goods from zone to zone. The resulting estimates and forecasts of per capita expenditure on both comparison and convenience goods, including expenditure on Special Forms of Trading, are set out in the top half of Table 2 at Appendix B.
- 4.18 The forecast growth in per capita expenditure in Table 2 is specific to the catchment area. The use of such local growth forecasts is expected to be more reliable than relying on national forecasts. Notwithstanding, they broadly reflect the UK-wide trend of slower expenditure growth (particularly on comparison goods) in the short to medium term.

### ***Special Forms of Trading (SFT)***

- 4.19 We have made deductions from the per capita expenditure figures supplied by Precisely to allow for expenditure via SFT. This includes online shopping, mail order and expenditure at temporary market stalls; and is therefore expenditure not made in shops and stores. Table 2 shows the growing deductions we have made.
- 4.20 We have applied an SFT deduction of 6.5% for convenience goods expenditure in 2020, increasing to 8% by 2033. Our SFT deductions for comparison goods expenditure are much greater; from 20% in 2020 to 25% by the end of the forecasting period.
- 4.21 These deductions are based on our professional judgements<sup>55</sup> at this moment in time. The outlook is fast-changing and subject to the potential future impact of Covid-19 on shopping habits (including online shopping), the influence of SFT may be far greater. This underlines the need to review the retail capacity forecasts on a regular basis.

### ***Total available expenditure in the catchment area***

- 4.22 The effect of slower expenditure growth in the catchment area combined with increasing expenditure via SFT (i.e. online shopping) is that there is substantially less expenditure available to support new retail floorspace relative to the levels forecasted in the 2016 Study. This is particularly the case for comparison goods floorspace.
- 4.23 To illustrate this, Table 3 at Appendix B shows that total catchment area comparison goods expenditure is forecast to reach £1,684m by 2023, rising to £2,082m by 2033. These latest forecasts are much lower than those set out in the 2016 Study for the same forecasting years: £2,031m and £2,799m respectively.

### ***Shopping patterns in the catchment area***

- 4.24 For the purposes of this Update, we have relied on the 2016 household survey of shopping patterns in the catchment area – the results of which are contained in the 2016 Study<sup>56</sup>.
- 4.25 The household survey covered the area shown on the map in Appendix C, which was divided into the 9 zones shown on that map. It asked questions about households' shopping

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<sup>55</sup> Supported by information for the UK published by Oxford Economics (derived from Precisely's up-to-date Retail Expenditure Guide 2020/21) and Experian Retail Planner Briefing Note 17.

<sup>56</sup> Appendix A.

habits for main food and top-up food (i.e. convenience goods<sup>57</sup>) shopping, along with questions about shopping habits for the following sub-categories of comparison goods:

- clothing and footwear;
- furniture and floor coverings;
- household textiles and soft furnishings;
- household appliances;
- audio-visual equipment;
- hardware, DIY goods and decorating supplies;
- chemist/medical goods and beauty products; and
- personal and luxury goods (e.g. books, jewellery, watches, china, glassware).

4.26 Although the household survey was undertaken approximately four years ago, we have agreed with the Council that it remains a reliable basis on which to prepare updated retail capacity forecasts for the following principal reasons:

- a) There has been limited new retail development in Colchester Borough since the 2016 household survey while the likely impact of such development on shopping patterns can be addressed through market share updates (as described below); and
- b) It is considered that the impact of the Covid-19 pandemic on town centre footfall and consumer shopping habits would potentially undermine the reliability of any new household survey undertaken at this time.

### ***Market share updates***

4.27 Our starting point for information on market shares (i.e. shopping patterns) in the catchment area is the results of the 2016 household survey. Since that survey, limited new retail development has come forward and there have been some notable occupier changes.

4.28 We have updated the survey-indicated market shares to take into account those new (post-2016) retail developments and key occupier changes that, based on our professional judgements, are likely to have altered the pattern of market shares of expenditure attracted by a particular shopping destination; thereby seeking to make the market shares represent reality more accurately.

4.29 We assess that no market share updates are necessary for Colchester Town Centre other than to incorporate the 2016 Study adjustments for the opening of Primark (Lion Walk). There have been no further significant changes in retailer representation.

4.30 Similarly, no market share updates have been made in respect of Tollgate. Changes in retailer representation since the 2016 Study include the opening of a new Hobbycraft; Staples / Office Outlet closing down; and Tapi Carpets replacing Carpets 4 Less. On balance, we consider these changes are unlikely to have materially altered the overall

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<sup>57</sup> Includes food, alcoholic drinks, tobacco products, newspapers and periodicals, and non-durable household goods.

pattern of market shares of comparison goods expenditure attracted from the catchment area.

- 4.31 We assess that some market share updates are necessary for Turner Rise. To that end, we have updated the comparison goods market shares (Table 24) to reflect that Poundland and Carpets 4 Less are now trading from the stores previously occupied by We Do Home and Bathstore respectively at the time of the 2016 household survey. In particular, we have slightly increased the market shares of expenditure on furniture and floor covering (Q5), household textiles and soft furnishings (Q6) and hardware, DIY goods and decorating supplies (Q9) from some of the zones. Some of this increased expenditure may have been redistributed from the Homebase store on St Andrew's Avenue, which closed in 2018 (considered further below).
- 4.32 No market share updates are necessary for Peartree Road, Highwoods and Tiptree.
- 4.33 With regards to Non-central stores in the Borough, we have updated the comparison goods market shares (Table 59) to reflect the closure of Homebase at St Andrew's Avenue. Specifically, we have 'stripped out' the market shares of expenditure on furniture and floor covering (Q5), household textiles and soft furnishings (Q6) and hardware, DIY goods and decorating supplies (Q9) as indicated by the 2016 household survey.
- 4.34 We assess that no further market share updates are necessary. This includes the survey-indicated market shares of convenience goods expenditure following the opening of two new 'non-central' Lidl foodstores on Gosbecks Road and Abbot's Road respectively. For the purposes of this Update, we have assumed that this new provision has not materially altered the pattern of market shares attracted by Non-central stores in the Borough (i.e. there will be some redistribution of convenience goods expenditure most likely affecting the Aldi foodstores but the overall pattern of market shares as shown in Table 58 is broadly unchanged).

### ***Market share corrections***

- 4.35 The 2016 household survey provides a detailed picture of where households in each of the 9 catchment area zones do ‘most of their shopping for convenience goods and the different sub-categories of comparison goods. This is common practice for a survey of this nature, since it is not practical to ask respondents to quantify how much they spend on various goods, and where and how often. Thus the results of the household survey (with the market share updates described above) do not directly indicate actual expenditure flows, but are the best available data to use as a proxy for modelling retail expenditure flows from residential areas to shopping destinations. However, like all such surveys, this means that its results cannot be applied uncritically: they tend to over-emphasise comparison goods shopping in large centres and under-state such shopping trips to small centres<sup>58</sup>.
- 4.36 It is therefore necessary to introduce market share correction factors so as to transfer expenditure in the model from one or more locations to others, to balance (or calibrate) the model and make it represent reality more accurately<sup>59</sup> based on our professional judgements. Such correction factors were used for the 2016 Study and are necessary for the purposes of this Update.
- 4.37 To that end, in respect of Colchester Town Centre, use of the comparison goods market shares from the 2016 household survey without correction would generate an unrealistically high sales density for the Town Centre; in view of its size and comparison goods retailers. We have therefore reduced the survey-indicated comparison goods market shares for every catchment zone by the market share correction factor of 80% indicated at the top of Table 8 (i.e. we have reduced them by 20% from the no-change default factor of 100%). In terms of convenience goods market shares in Colchester Town Centre, we consider it necessary to introduce a market share correction factor of 140% (i.e. we have increased them by 40%) because, in our view, the market shares derived from the 2016 household survey do not provide a realistic convenience goods sales density for the Town Centre.
- 4.38 Adjustments for the other shopping destinations modelled are indicated in the equivalent tables at Appendix B.
- 4.39 These corrections to the survey-indicated market shares are based on our professional judgements and, we consider, ensure the model is more realistic in terms of average sales densities and the current market shares attracted from the catchment area.

### ***Visitor expenditure***

- 4.40 We have made allowances for visitor expenditure in Colchester Town Centre and Tollgate District Centre<sup>60</sup> as they are likely to secure some of their comparison goods expenditure

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<sup>58</sup> This is confirmed by the now revoked DCLG ‘Practice Guidance’ which states, ‘Also, surveys that use simple questions about where people shop, provide answers that relate to trips and not spending flows. They can also overstate the importance of the larger centres and stores, and can understate the smaller and less frequently visited stores.’ (Appendix B, paragraph B.34).

<sup>59</sup> There is an approximate correlation between the size of a centre and its average sales density, with larger centres generally having higher sales densities than smaller centres (and hence higher shop rental values).

<sup>60</sup> We have made no such allowance for the other District Centres and Non-central stores in the Borough given that they are unlikely to secure significant expenditure from outside the catchment area.

(in particular) from outside the catchment area. These allowances are the same as those assumed in the 2016 Study, which we consider remain realistic.

### **Existing shop floorspace**

- 4.41 The existing shop floorspace in the Borough’s centres is derived from the most recent Experian Goad surveys in respect of Colchester Town Centre (November 2019) and Tiptree (June 2017); and from the 2016 Study (updated by CPW Planning as required) for each of the other centres. With regards to Non-central stores in the Borough, floorspace data has been sourced from the 2016 Study and our own desktop investigations.

### **Committed developments**

- 4.42 We have included in the model the new retail floorspace expected to result from a number of committed developments in the Borough. These are identified in Figure 4.1 below.

**Figure 4.1 – Committed new retail floorspace**

<b>Colchester Town Centre</b>
<i>Convenience Goods:</i>
Alumno Site, Queen Street (application ref. 182120)
Former Co-op Department Store, Long Wyre Street (application ref. 170424)
<b>Tollgate</b>
<i>Convenience Goods:</i>
Tollgate Village (application ref. 150239)
Aldi, Stane Retail Park, Stanway (application ref. 193163) [1]
M&S Food Hall, Stane Retail Park, Stanway (application ref. 193163) [1]
<i>Comparison Goods:</i>
Tollgate Village (application ref. 150239)
B&Q, Stane Retail Park, Stanway (application ref. 193163) [1]
Other Bulky Goods Stores, Stane Retail Park, Stanway (application ref. 193163) [1]
<b>Non-central stores in the Borough</b>
<i>Convenience Goods:</i>
Lidl, Former Homebase, St Andrew’s Avenue, Colchester (application ref. 183130)
Sainsbury’s, assumed to replace B&Q Extra, Lightship Way (application ref. 143715) [2]
<i>Comparison Goods:</i>
Sainsbury’s, assumed to replace B&Q Extra, Lightship Way (application ref. 143715) [2]

Notes:

[1] Although not technically part of Tollgate District Centre, Stane Retail Park will function as part of the same mixed-use shopping destination.

[2] We understand Sainsbury’s may not progress. However, the planning permission has been implemented (see application ref. 192094) and represents a realistic fall-back in terms of the potential scale and nature of ‘new’ floorspace.

- 4.43 Our assumptions pertaining to the convenience and/or comparison goods net floorspace and sales capacity of these committed developments are set out in Tables 12 (for Colchester Town Centre), 21 (for Tollgate District Centre) and 65 (for Non-central stores in the Borough) at Appendix B.

- 4.44 There is vacant retail floorspace in some of the Borough's centres, a proportion of which we assess is likely, in certain locations, to be reoccupied for retail purposes. Our assumptions in this respect take into consideration the reduced retailer demand (particularly from comparison goods retailers) and the changes to the Use Classes Order, which provide more flexibility to change from retail to other commercial, business and service uses. Our assumptions also consider the location and quality of vacant retail floorspace.
- 4.45 Accordingly, we have included in the model at Appendix B a proportion of vacant retail floorspace as committed development; specifically for comparison goods floorspace in Colchester Town Centre (Table 12) and Tollgate District Centre (Table 21<sup>61</sup>). Given the very limited amount of vacant retail floorspace at the other shopping destinations modelled, no such floorspace is identified as commitment development.

***Growth in sales densities***

- 4.46 We have assumed that both existing and new comparison goods floorspace will increase its sales density by approximately 2% per annum throughout the forecasting period. This allocates a proportion of the forecast growth in expenditure to existing shops and stores, before new floorspace becomes necessary. Our judgements in this respect take into consideration Precisely's Retail Expenditure Guide 2020/21 and Experian Retail Planner Briefing Note 17.
- 4.47 We have made no allowance for increases in sales densities of convenience goods floorspace over the forecasting period.

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<sup>61</sup> The comparison goods floorspace identified forms part of the Tollgate Village scheme.

## 5 Retail Capacity Update: Forecasts

- 5.1 In this section, we set out and describe the updated retail capacity forecasts for the Borough's shopping destinations over the forecasting period to 2033.
- 5.2 We indicate the capacity for new convenience and comparison goods floorspace in Colchester Town Centre; the District Centre's of Tollgate, Turner Rise, Peartree Road, Highwoods and Tiptree; and Non-central stores in the Borough.
- 5.3 Although we distinguish between the Borough's Town and District Centres and 'non-central' locations, this is for the purposes of forecasting reliability and does not mean that any capacity forecast for Non-central stores in the Borough should be accommodated in the form of out-of-centre retail development. The sequential approach should be applied, with a preference for town centres and then edge-of-centre locations, and only if suitable sites are not available should out-of-centre sites be considered.
- 5.4 We would highlight that our forecasts represent the 'baseline' scenario for new retail floorspace in the Borough, in which we assume that the 2016 pattern of market shares of convenience and comparison goods expenditure in each of the Borough's shopping destinations – indicated by the 2016 household survey (adjusted by CPW Planning) – remains unchanged throughout the forecasting period, notwithstanding the potential impact of committed developments on shopping patterns and market shares over time.

### Convenience Goods Floorspace

- 5.5 Our updated 'baseline' capacity forecasts for new convenience goods floorspace in the Borough are summarised in Figure 5.1 below.
- 5.6 The forecasts are for future floorspace capacity after allowing for the committed developments, including 3,763 sqm net convenience goods floorspace at Tollgate (i.e. Tollgate Village and Stane Retail Park) and 4,872 sqm net convenience goods floorspace at Non-central stores in the Borough<sup>62</sup>. These are significant commitments and result in 'negative' expenditure-based capacity to support new convenience goods floorspace at these shopping destinations over the plan period, as shown in the table below.
- 5.7 We would further note that:
  - a) The forecasts are on the assumption that where retailers are shown in the model to be trading above or below estimated 'benchmark' company average levels, their sales densities will fall or rise to that company average level. In reality, however, some stores may continue to trade above or below benchmark levels.
  - b) The forecasts are on the assumption that potential new convenience goods floorspace would be delivered in the form of new foodstores trading at a 'generic' average sales density of £12,000 per sqm net. Some operators would trade above this level whilst other foodstores (and convenience goods shops) would trade below. Therefore, the

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<sup>62</sup> Sainsbury's (assumed to replace B&Q Extra on Lightship Way) and Lidl (occupying the former Homebase store on St Andrew's Avenue).

format in which new convenience goods floorspace is provided will affect the amount of such floorspace that can be supported in terms of expenditure-based capacity.

**Figure 5.1 – Summary of retail capacity forecasts: convenience goods (sqm net sales area)**

	2023	2028	2033	Table number (Appendix B)
Colchester Town Centre	-150	100	350	13
Tollgate	-2,350	-1,950	-1,600	22
Turner Rise	-800	-500	-200	31
Peartree Road	-50	50	50	40
Highwoods	100	350	550	49
Tiptree	-300	-150	-50	57
Non-central stores in the Borough	-3,900	-3,400	-3,000	66
<b>Combined forecasts for Colchester Borough</b>	<b>-7,450</b>	<b>-5,500</b>	<b>-3,900</b>	n/a

Source:

Tables 1-66, Appendix B.

Notes:

- a) The forecasts are 'baseline' forecasts after allowing for the committed developments.
- b) The forecasts are cumulative i.e. the forecasts for each year include the forecasts for the previous years and are not additional to those earlier forecasts.
- c) Forecasts rounded to the nearest 50 sqm net.
- d) The grand totals (i.e. combined forecasts) may not exactly equal the sub-totals due to rounding.

5.8 Figure 5.1 shows that, whilst some of the Borough's centres will have limited capacity for new convenience goods floorspace towards the end of the plan period (Colchester Town Centre and Highwoods in particular), the overall picture is that there will be a substantial theoretical over-supply of such floorspace across the Borough. This is largely due to the significant commitments at Tollgate and Non-central stores in the Borough.

5.9 No increases in market shares have been assumed as a result of these committed developments. In practice, the potential new convenience goods floorspace coming forward will be supportable in expenditure terms through the redistribution and/or 'clawing-back' of expenditure from existing stores (some of which may be over-trading) in the catchment area.

### **Comparison Goods Floorspace**

5.10 Our updated 'baseline' capacity forecasts for new comparison goods floorspace in the Borough are summarised in Figure 5.2 below.

5.11 Again, it is important to highlight that the forecasts are for future floorspace capacity after allowing for the major committed developments at Tollgate in particular. This includes up to 14,920 sqm net comparison goods floorspace associated with the Tollgate Village scheme and the 13,748 sqm net which forms part of Stane Retail Park<sup>63</sup>. The forecasts also take into account:

- the potential for a proportion of vacant retail floorspace in Colchester Town Centre to be reoccupied as comparison goods floorspace (2,049 sqm net);

<sup>63</sup> Namely the B&Q (excluding trade / non-retail sales and external space) and the 'Other Bulky Goods Stores'.

- the potential re-occupation of the 1,296 sqm net vacant retail warehouse (formerly Staples / Office Outlet) at Tollgate; and
- the 3,142 sqm net comparison goods floorspace potentially coming forward at Non-central stores in the Borough through the re-use of the B&Q Extra on Lightship Way.

**Figure 5.2 – Summary of retail capacity forecasts: comparison goods (sqm net sales area)**

	2023	2028	2033	Table number (Appendix B)
Colchester Town Centre	2,100	2,850	2,950	13
Tollgate	-15,050	-14,650	-14,600	22
Turner Rise	50	200	200	31
Peartree Road	100	150	200	40
Highwoods	-50	0	0	49
Tiptree	500	500	550	57
Non-central stores in the Borough	1,400	1,650	1,700	66
<b>Combined forecasts for Colchester Borough</b>	<b>-11,400</b>	<b>-9,850</b>	<b>-9,550</b>	n/a

Source:

Tables 1-66, Appendix B.

Notes:

- a) The forecasts are 'baseline' forecasts after allowing for the committed developments.
- b) The forecasts are cumulative i.e. the forecasts for each year include the forecasts for the previous years and are not additional to those earlier forecasts.
- c) Forecasts rounded to the nearest 50 sqm net.
- d) The grand totals (i.e. combined forecasts) may not exactly equal the sub-totals due to rounding.
- e) The forecasts for Non-central stores in the Borough assume any new comparison goods floorspace would trade at a typical average sales density for non-food retail warehouses. However, in the event that the forecast capacity or any part of it can be accommodated in town centre or edge-of-centre format developments, the capacity would be less than shown because town centre formats typically trade a higher sales densities than retail warehouses.

5.12 Figure 5.2 shows that, after allowing for commitments and for existing comparison goods floorspace to become more efficient by 2% per annum from 2020 onwards (an assumption applied to all shopping destinations modelled), there will be capacity to support new comparison goods floorspace in Colchester Town Centre; amounting to about 2,100 sqm net by 2023, rising to almost 3,000 sqm net towards the end of the plan period.

5.13 This forecast capacity is predicated on the market shares indicated by the 2016 household survey (as corrected) remaining unchanged throughout the forecasting period and does not, therefore, take into account the potential impact of the Tollgate Village and Stane Retail Park committed developments on the Town Centre's market shares of comparison goods expenditure.

5.14 Largely as a result of these commitments, the combined Borough-wide 'baseline' forecasts indicate that there will be a significant theoretical over-supply of comparison goods floorspace throughout the plan period.

### **Use and Review of the Forecasts**

5.15 As mentioned previously, the updated retail capacity forecasts serve as a guide for future planning policies and decisions on planning applications. Whilst we have applied the most up-to-date baseline evidence available, the forecasts are based on a number of assumptions and are intended only as an indication of the likely order of magnitude of retail floorspace capacity (if forecast trends are realised) rather than as prescriptive maximums or minimums.

5.16 The forecasts should be reviewed regularly in the light of actual population and (in particular) expenditure growth, the outlook for which is subject to change given Covid-19 and the macro-economic conditions. It will also be important to review the forecasts as and when committed developments come forward and their effects become more measurable.

## 6 Commercial Leisure Audit

- 6.1 As our commentary and analysis in section 2 of this Update has set out, leisure uses and experiences are an integral part of successful town centres. Given the continued growth of online shopping it is increasingly important for town centres to diversify ‘beyond retail’ by offering a range of leisure, entertainment and cultural activities that can help to attract visitors, improve dwell times and, significantly, support their retail function.
- 6.2 Therefore, in accordance with the brief issued by the Council, we identify the current supply of key leisure facilities in the Borough by type and location. Our review is informed by Experian Goad’s latest survey data for Colchester Town Centre, the findings of the 2016 Study, and our own desktop research.
- 6.3 We further identify the commercial leisure developments currently proposed in Colchester Borough (specifically those with extant planning permission and any applications yet to be determined by the local planning authority).

### Colchester Town Centre

- 6.4 Our healthcheck audit included at Appendix A finds that Leisure Services are the second most dominant use category in Colchester Town Centre behind Comparison Retail. Of the 152 units accommodating Leisure Services, 128 units comprise food and beverage (F&B) uses.
- 6.5 Against this background, Figure 6.1 below provides a breakdown of existing F&B provision in Colchester Town Centre.

**Figure 6.1 – Food & Beverage Provision, Colchester Town Centre**

Category	Floorspace (sqm gross)	Units (count)	% of Total Leisure Floorspace	% of Total Leisure Units	Average Unit Size (approx. sqm gross)
Bars & Wine Bars	3,614	15	18.1	11.7	240
Cafes	4,794	41	24.0	32.0	120
Fast Food & Take Away	2,954	28	14.8	21.9	110
Public Houses	3,530	13	17.7	10.2	270
Restaurants	5,045	31	25.3	24.2	160
<b>TOTAL</b>	<b>19,937</b>	<b>128</b>	<b>100</b>	<b>100</b>	

Source:  
 Figures derived from Experian Goad Category Report for Colchester Town Centre (November 2019).

- 6.6 Our main observations include:
  - F&B uses account for almost 20,000sqm (gross) of floorspace, which is approximately 17% of the total amount of floorspace in Colchester Town Centre.
  - Additional F&B uses – particularly restaurants e.g. ASK Italian, North Hill Noodle Bar, Middletons Steakhouse & Grill – are focused on North Hill / North Station Road located just beyond Experian Goad’s survey boundary. Actual F&B provision in the Town Centre is therefore under-stated in the table above.

- Average unit sizes range from 110sqm to 270sqm (gross), with cafes and fast-food outlets unsurprisingly comprising the smallest units.
- The number of units occupied by bars, cafes and restaurants has increased relative to the survey findings of November 2015 (set out in the 2016 Study); when there were 13 bars, 32 cafes and 28 restaurants. The number of public houses has remained the same (13) while the 2016 Study does not identify the number of fast-food outlets.
- The offer comprises a mix of national ‘chain’ and independent operators. The family-friendly casual dining sector is particularly well represented.
- As commented previously, new F&B representation since the 2016 Study includes three restaurants at Greytown House on High Street (namely Five Guys, Wagamama and Turtle Bay). These new restaurants complement other nearby provision such as Bills, Pizza Express, El Guaca and Mirra.

6.7 Colchester Town Centre has a range of other commercial leisure facilities.

6.8 The cinema offer is particularly important in terms of its contribution to the evening economy and supporting retail uses. There are two cinemas: Odeon (Head Street)<sup>64</sup> with 8-screens and seating capacity for 1,257 persons; and Curzon (Queen Street) which opened in July 2018 and includes 3-screens, offering a more premium cinema experience.

6.9 Colchester Town Centre also includes two theatres: Mercury Theatre (Balkerne Gate) and Headgate Theatre (Chapel Street North). Mercury Theatre is undergoing refurbishment works as part of the £9m ‘Mercury Rising’ project, which has been delayed due to the Covid-19 pandemic but is nearing completion and scheduled to re-open in Autumn 2020 (subject to Covid-19 restrictions) with a new box office, café/bar, dance studio, and dedicated learning and rehearsal spaces. Headgate Theatre is also temporarily closed to the public.

6.10 Other key leisure facilities in the Town Centre include:

- Buzz Bingo (previously Gala Bingo), Osbourne Street;
- The Gym (health and fitness club), Queen Street; and
- Firstsite (visual arts venue), Lewis Gardens, High Street.

### ***Proposed new commercial leisure development: Colchester Town Centre***

6.11 There are no major proposals for new commercial leisure development in Colchester Town Centre.

6.12 Planning permissions have been granted for potential leisure uses on Long Wyre Street (ref. 170424) and at the Alumno Site on Queen Street (ref. 182120). The latter allows for A3/A4/D2 uses as part of flexible commercial floorspace not exceeding 1,200 sqm. The site of the former Co-op department store on Long Wyre Street is currently the subject of residential-led development and the planning permission allows for five A3 restaurant units (2,098 sqm), although we understand these are unlikely to come forward.

### **Elsewhere in the Borough**

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<sup>64</sup> The 2016 household survey indicated that 23.8% of residents in Colchester’s catchment area ‘last’ visited this cinema, more than any other competing cinema. This survey pre-dated the opening of the Curzon cinema.

- 6.13 Our healthcheck audits included at Appendix A identify the extent of existing F&B uses in the Borough's District Centres. Provision is relatively limited and complementary to the retail offers.
- 6.14 A notable change since the 2016 Study has been the opening of Stane Leisure Park in 2018. It lies to the west of Tollgate District Centre and includes a McMullen's public house, Starbucks coffee shop, and two restaurants (occupied by KFC and Nando's respectively). There are currently two vacant restaurants.
- 6.15 Figure 6.2 below identifies other commercial leisure facilities in Colchester Borough.

**Figure 6.2 – Commercial Leisure Facilities, Colchester Borough (excluding Town Centre)**

<b>Cinemas</b>	<b>Location</b>
<b>Nightflix Drive-in Cinema [1]</b>	Tollgate West, Tollgate
<b>Tenpin Bowling</b>	<b>Location</b>
Tenpin	Cowdray Avenue
<b>Gymnasiums / Health Clubs</b>	<b>Location</b>
Bannatyne Health Club	Whitehall Industrial Estate, Grange Way
<b>Bannatyne Health Club - formerly Clarice House</b>	Kingsford Park, Layer Road
David Lloyd Leisure	United Way, Mile End
Leisure World	Cowdray Avenue
<b>Everlast Fitness Club - formerly Sports Direct Fitness</b>	Clarendon Way
Anytime Fitness	Moss Road, Peartree Road
Anytime Fitness	The Hythe, Haven Road
<b>You Fit - formerly Spirit Health Club</b>	Abbotts Lane
Topnotch Health Club	Wyncolls Road, Highwoods
<b>Fitness 4 Less</b>	Wyncolls Road, Highwoods
<b>Energie Fitness</b>	Stanway Retail Park, Peartree Road
Gym 4 U	Peartree Road
Gymophobics	The Mulberry Centre, Haven Road
<b>Pure Gym</b>	Colchester Retail Park, Sheepen Road
Pump Gyms	Whitehall Industrial Estate, Grange Way
Hercules Gym	Colne Bank Avenue
YourZone45	Angora Business Park, Peartree Road
<b>Other Active Leisure Facilities</b>	<b>Location</b>
Rollerworld & Quasar (roller skating and laser tag)	Eastgate Industrial Estate, Moorside
<b>Colchester Climbing Project (indoor climbing)</b>	Globe Park, Moorside
Jump Street (trampolining)	Cowdray Centre, Mason Road
Go Bananas (soft play)	Cowdray Centre, Mason Road
Childsplay Adventureland (soft play)	Clarendon Way
Jungle Adventure (soft play)	Stanway Retail Park, Peartree Road
Colchester School of Gymnastics (gymnastics club)	Brinkley Grove Road, Mile End
Iceni (gymnastics club)	Moss Road, Peartree Road

Notes:

Facilities that have opened since the 2016 Study are **highlighted**.

[1] Nightflix Drive-in Cinema is a pop-up cinema concept on the former Sainsbury's site.

Source:

CPW Planning research and the 2016 Study.

6.16 As shown in the table above, Colchester Borough currently has one tenpin bowling venue: Tenpin<sup>65</sup> located on Cowdray Avenue. Other active leisure facilities include roller skating and laser tag (Rollerworld & Quasar) and indoor climbing (Colchester Climbing Project), both situated within industrial warehouse accommodation at Moorside. The Borough is well served by gymnasiums / health clubs, with several new openings since the 2016 Study.

***Proposed new commercial leisure development: Elsewhere in the Borough***

6.17 There are major proposals for new commercial leisure development in Colchester Borough, particularly at Tollgate (Stanway) and North Colchester, as identified below.

- Tollgate Village (Stanway): Reserved matters approved for a retail-led scheme including a multiplex cinema (to be operated by The Light), a tenpin bowling facility, and 2,100 sqm gross of A3/A4/A5 food and beverage uses.
- Northern Gateway (North Colchester): Extant planning permission for a new leisure-based scheme including a 12-screen cinema (to be operated by Cineworld), a hotel, three large format active leisure units (D2), and 4,548 sqm of A3/A5 food and beverage uses. A revised application involving less A3/A5 floorspace and more D2 floorspace<sup>66</sup> is awaiting determination.

6.18 There are additional, small-scale leisure uses consented as part of the Stane Retail Park development (namely A3/A4/A5 food and beverage uses not exceeding 327 sqm) while Lidl has submitted a revised application for the sub-division of the former Homebase store on St Andrew's Avenue to include a new A3/A5 use.

**Conclusions**

6.19 Overall, we consider that the quantity and quality of commercial leisure provision in Colchester Town Centre and elsewhere in the Borough to be reasonably strong. The F&B offer is substantial and it remains to be seen whether the operator 'failures' and downsizing in this sector will have implications for existing provision in Colchester and/or the committed developments at Tollgate Village and Northern Gateway. However, the restaurant vacancies at Stane Leisure Park and within the Curzon cinema scheme in the Town Centre are perhaps an indication of market saturation.

6.20 The Borough's cinema offer has improved since the opening of Curzon (Queen Street), which is likely to have reduced the level of cinema participation 'leakage' beyond Colchester Borough as identified in the 2016 Study. The proposed new cinemas at Northern Gateway (Cineworld) and Tollgate Village (The Light) will further diversify the cinema offering.

6.21 We assess that the Borough is well served by gymnasiums / health clubs and other active leisure facilities such as indoor climbing, roller skating and laser tag. A new indoor climbing facility is proposed as part of the Northern Gateway scheme, while the tenpin bowling facilities proposed at Northern Gateway and Tollgate Village will provide choice beyond the existing venue (Tenpin) on Cowdray Avenue.

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<sup>65</sup> Includes 24 bowling lanes, pool tables and amusement arcades.

<sup>66</sup> Comprising indoor golf (Puttstars), indoor climbing (Jump Street) and ten-pin bowling (Hollywood Bowl).

6.22 In the light of the above, we do not consider the Council should allocate sites for major new commercial leisure provision in the Borough. There are no obvious quantitative or qualitative 'gaps' based on existing supply and the proposed new commercial leisure developments identified in this section. That said, leisure uses will continue to form an important part of mixed-use schemes and the Council should plan positively and flexibly for such uses in appropriate locations. Specific operator-led proposals should be considered on their merits having regard to the development plan and other material considerations.

## 7 Opportunities for Growth and Change

- 7.1 NPPF 2012 requires local planning authorities to allocate sites to meet the needs for retail and other main town centre uses *in full*<sup>67</sup>.
- 7.2 Section 5 of this Update considers the quantitative capacity (or need) for new retail floorspace in Colchester Borough over the plan period. It identifies that, whilst some of the shopping destinations (including Colchester Town Centre) will have limited capacity to support new retail floorspace, the overall picture (Borough-wide) is that there will be a theoretical over-supply of floorspace. This is largely due to the major committed developments, particularly at Tollgate and Non-central stores in the Borough.
- 7.3 Given there is no robust method of quantifying the floorspace need for other main town centre uses<sup>68</sup> we have undertaken a commercial leisure audit (section 6) and sought to examine, in qualitative terms, the increasingly important role of non-retail uses in achieving a balanced mix of uses and ‘experiences’ and ensuring the vitality of town centres (section 2 in particular and supported by the updated healthcheck audits at Appendix A).
- 7.4 Against this context we set out below our commercial review of potential development opportunities. In accordance with our instructions, our assessment is focused on the relevant Colchester Town Centre ‘allocations’ under Policy TC3 of the emerging Local Plan. Our high-level assessment considers the potential of each site to accommodate retail and other main town centre uses.
- 7.5 For the avoidance of doubt, our commentary on each site does not predetermine any particular form of development; this will be a matter for the decision-maker (having regard to the development plan and other material considerations) should proposals come forward. Further, our assessment is not informed by feasibility studies to better understand the development potential of a site and its constraints, or any appraisals to test financial viability. It is, however, an appropriate basis on which to validate or suggest any revisions to Policy TC3 of the emerging Local Plan (which we address in section 8 of this Update).

### **Vineyard Gate**

- 7.6 The site lies within the southeast part of the Town Centre, with the Roman Wall to the north and Osbourne Street to the south. It extends to approximately one hectare and sits considerably lower than Eld Lane to the north (beyond the Roman Wall).
- 7.7 Situated nearby is Colchester bus station and Colchester Town rail station, and the ‘gateway’ credentials of the site would be enhanced further with the planned introduction of the Rapid Transit System (expected to be operational by 2024).
- 7.8 A large portion of the site is currently used as a surface level car park. It is understood that the entire site is owned by the Council, with remaining occupiers under short-term leases with break clauses.

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<sup>67</sup> Paragraph 23, sixth bullet.

<sup>68</sup> In the same way there is for retail (and offices).

- 7.9 The site is identified in the St Botolph's Quarter Masterplan (June 2005) as a key development site for *prime retail development* to create *an active and efficient extension* of the Town Centre's retail circuit. At the time of the 2016 Study, the site represented a long-standing Council priority for retail-led redevelopment. The retail market in the UK has changed significantly since then, however, and there is growing competition from nearby shopping destinations. As a result, the Council is now focused on delivering a residential-led mixed use scheme including public realm to showcase the site's heritage features.
- 7.10 We consider that a residential-led mixed use scheme, which enhances the level of connectivity with Eld Lane to the north, would revitalise this part of the Town Centre. It would act as a catalyst for inward investment and generate additional footfall to support retail and non-retail businesses. Other potential uses could include cultural, visitor and/or community facilities; flexible office and/or workshop space; and retail and/or leisure services.

### **St Botolph's**

- 7.11 The site is situated to the east of Queen Street on the eastern edge of the Town Centre. It benefits from good pedestrian connections to/from High Street, Culver Street East, and Priory Walk.
- 7.12 The site includes the Roman House building and adjacent derelict land (Alumno Site).
- 7.13 The mixed-use regeneration of the site has been a long-standing Council objective. The St Botolph's Quarter Masterplan (June 2005) promotes the site for *new cultural, retail, residential and visitor facilities* including a visual arts venue (which was completed in 2011 in the form of Firstsite) and *restaurant, café and arts related uses*.
- 7.14 It is important to highlight that, since the 2016 Study, the Curzon cinema scheme has opened within the repurposed Roman House building; while planning permission has been granted on appeal for the redevelopment of the Alumno Site for student accommodation, hotel, artist studios, and flexible commercial floorspace.
- 7.15 We assess that the Curzon cinema scheme has contributed towards the improvement of the Town Centre's leisure offer since the 2016 Study. However, the scheme includes two vacant restaurants at ground floor level, which is perhaps a consequence of the 'downsizing' trend in the restaurant sector<sup>69</sup> and/or an indication of market saturation<sup>70</sup>.
- 7.16 The planned redevelopment of the Alumno Site would further revitalise this part of the Town Centre. In particular, we consider the new population arising from the student accommodation, together with users of (and visitors to) the hotel and other commercial uses, would have a positive impact on levels of footfall and activity. It would help to create the conditions necessary to reposition and attract investment in the surrounding area, including Priory Walk (considered further below).

### **Priory Walk**

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<sup>69</sup> See paragraphs 2.54-2.55 of section 2.

<sup>70</sup> As noted in paragraph 6.19 of section 6.

- 7.17 Priory Walk is a secondary shopping centre situated between Queen Street and Long Wyre Street to the east of the Town Centre. It is anchored by Sainsbury's and has a declining number of occupied retail units.
- 7.18 Our updated healthcheck audit of Colchester Town Centre<sup>71</sup> identifies that the shopping centre is in a poor state and in need of investment; and has an adverse impact on the environmental quality of the surrounding streets. Therefore, there is considerable potential to improve its contribution to the vitality of the Town Centre, either through reconfiguration and refurbishment (with retail floorspace potentially forming a reduced component) or comprehensive redevelopment.
- 7.19 Any proposals should seek to retain Sainsbury's, which is the Town Centre's main supermarket and performs an important role catering for the main food and (more likely) top-up food shopping needs of town centre users.
- 7.20 Significantly, the site is bookended by recent investments in the form of the Curzon cinema scheme<sup>72</sup> to the east and the St Nicholas Quarter residential-led development on Long Wyre Street to the west, creating more favourable conditions for much-needed investment in Priory Walk.
- 7.21 The delivery of a mixed use scheme – potentially including retail, flexible commercial and/or community uses at ground floor with residential uses above – would complement nearby recent investments and planned redevelopment, and help to attract further investment in this part of the Town Centre.

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<sup>71</sup> Appendix A.

<sup>72</sup> In addition to the planned redevelopment of the Alumno Site.

## 8 Policy Recommendations

- 8.1 As part of our instructions on this Update, the Council has asked that we provide advice on a suite of policies set out in the emerging Local Plan. These are:
- Policy SG5 (Centre Hierarchy)
  - Policy SG6 (Town Centre Uses)
  - Policy TC1 (Town Centre Policy and Hierarchy)
  - Policy TC2 (Retail Frontages)
  - Policy TC3 (Town Centre Allocations)
  - Policy NC1 (North Colchester and Severalls Strategic Economic Area)
  - Policy WC1 (Stanway Strategic Economic Area)
- 8.2 This section specifically considers whether these policies, as currently drafted and in the context of NPPF 2012, are fit-for-purpose or whether any revisions are necessary in response to the updated evidence base<sup>73</sup>.
- 8.3 Our policy recommendations will be incorporated into the Council's Topic Paper 4 (Retail and Town Centre Policies) prepared to support the forthcoming examination.
- 8.4 **Policy SG5** (including Table SG5a) defines Colchester Borough's hierarchy of centres. It states that the centres *will be the preferred location for main town centre uses* and identifies three 'tiers' of centre (Town<sup>74</sup> / District<sup>75</sup> / Local Centres) and definitions for each.
- 8.5 We consider that the hierarchy of centres and their definitions are appropriate (supported by the results of the 2016 household survey and the updated healthcheck audits at Appendix A). Although there are major development proposals at Tollgate (i.e. Tollgate Village and Stane Retail Park), we assess that it is not necessary or appropriate to change its position in the centre hierarchy based on these proposals. We consider below how Policy SG6 and/or Policy WC1 can be used as a tool for managing future development in this location.
- 8.6 **Policy SG6** is a development control policy for proposals comprising main town centre uses. It sets out the sequential approach to site selection (consistent with paragraph 24 of NPPF 2012) and adds:
- Sites should be assessed in terms of their availability, suitability and viability for the broad scale and type of development proposed; and only when alternative sites have been discounted should less sequentially preferable sites be considered.*

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<sup>73</sup> For the avoidance of doubt, we have not been instructed to comment on the supporting text (only the policy wording).

<sup>74</sup> Colchester Town Centre.

<sup>75</sup> Tiptree, West Mersea, Wivenhoe, Tollgate, Peartree Road, Turner Rise, and Highwoods.

- 8.7 We note the term “*broad scale and type of development*” is not used in NPPF 2012. All it requires (in paragraph 24) is that local planning authorities *should apply a sequential test to planning applications for main town centre uses* (where applicable) and that applicants and local planning authorities *should demonstrate flexibility on issues such as format and scale*. We would recommend the policy wording reflects these particular requirements.
- 8.8 The remainder of the policy relates to the impact test and matters of hierarchy. We deal with each of the criteria in turn.
- 8.9 Criteria (i/ii) wording seeks to ensure that proposals for main town centre uses are appropriate in the context of the centre hierarchy (the definitions set out in Policy SG5 provide a basis for assessment). This is a sound approach, in our view, although the Council should consider making it clearer that the criteria relate specifically to proposals in and on the edge of the Town and District Centres.
- 8.10 Criteria (iii) wording relates to the *character or amenity of the area* and is therefore beyond the scope of this Update.
- 8.11 Criteria (iv/v) wording reflects the impact test set out in paragraph 26 of NPPF 2012. We consider that no changes are necessary.
- 8.12 Criteria (vi) wording sets out when impact assessments are required, including when proposals exceed the floorspace thresholds identified in Table SG6.
- 8.13 Paragraph 26 of NPPF 2012 makes it clear that the impact test only applies to proposals over 2,500 sqm unless there is a different *proportionate, locally set floorspace threshold*. The thresholds shown in Table SG6 reflect those contained in the Specification for Retail Assessments (December 2017) prepared by Cushman & Wakefield. It sets particular floorspace thresholds for each Town and District Centre for comparison retail, convenience retail, and leisure services.
- 8.14 We consider that a more simplified approach would be appropriate in the light of the increasingly mixed-use nature of development proposals, including the trend toward space-sharing by retailers and other operators<sup>76</sup>, which is likely to become more prevalent given the changes in the retail sector and the introduction of the new Class E (which combines retail, commercial, business and service uses).
- 8.15 Figure 8.1 below sets out revised thresholds which we consider should be the ‘trigger’ for requiring impact assessments in respect of proposals for retail and/or leisure floorspace outside the Town and District Centres.
- 8.16 Separate floorspace thresholds are recommended for Colchester, Tollgate, Peartree Road, Turner Rise and Highwoods (i.e. within the Colchester Urban Area) and for Tiptree, West Mersea and Wivenhoe (i.e. outside the Colchester Urban Area). The thresholds consider the scale of any future proposals relative to the centres and the likely cumulative effects of committed developments previously identified in this Update.

**Figure 8.1 – Floorspace thresholds for impact assessments in the Borough**

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<sup>76</sup> See paragraphs 2.37-2.42 of section 2.

Centre	Retail and/or leisure floorspace (sqm gross)
Colchester Tollgate Peartree Road Turner Rise Highwoods	1,500
Tiptree West Mersea Wivenhoe	1,000

- 8.17 Those centres within the Colchester Urban Area are larger and/or include larger unit sizes. They tend to have a trading overlap in terms of their market shares of catchment area expenditure and are more likely to be affected by the committed developments (to varying degrees). In contrast, the District Centres of Tiptree, West Mersea and Wivenhoe are smaller, more localised ‘rural’ centres; and we assess that a lower floorspace threshold is necessary given their greater reliance on smaller format convenience goods shops and small-scale service uses.
- 8.18 Given the impact test only applies to *development outside of town centres, which are not in accordance with an up-to-date Local Plan* (paragraph 26 of NPPF 2012), we recommend that the criteria (vi) wording is updated to reflect this.
- 8.19 **Policy TC1** supports the role of Colchester Town Centre at the top of the centre hierarchy and as the *priority focus for new Town Centre uses and larger scale development*. Its support for a *diverse mix of uses* is consistent with the findings of this Update in that, whilst retail (and comparison goods retail in particular) should remain a key driver of activity in Colchester Town Centre, the need for a complementary mix of non-retail (including evening economy) attractions is increasingly important in the context of reduced retailer demand and consumers’ preference for all-round experiences.
- 8.20 We consider the policy is sufficiently flexible to respond to these trends; and is compatible with the Government’s intention to support the adaption of high streets through the introduction of Class E. To that end, the Council should consider including reference to shared mixed-use spaces and meanwhile uses<sup>77</sup> that can positively contribute towards the vitality of the Town Centre.
- 8.21 **Policy TC2** is the policy for primary and secondary frontages in Colchester Town Centre. It therefore seeks to address paragraph 23 (third bullet) of NPPF 2012.
- 8.22 Policy TC2 seeks to maintain at least 70% A1 retail use on primary frontages and at least 50% A1 retail use on secondary frontages; unless non-viability of A1 retail use can be demonstrated (inter alia). Notwithstanding the introduction of the new Class E<sup>78</sup>, we assess that setting minimum percentage thresholds is too rigid and inflexible. As an approach it can lead to unintended consequences and does not seem to be entirely consistent with the provisions of Policy TC1.

<sup>77</sup> Section 2 of this Update identifies the growing demand for such activity.

<sup>78</sup> The permitted development rights introduced by the Government, allowing for certain changes of use without the need for planning permission, further restrict the ability of the Council to effectively control the Town Centre’s shopping frontages.

- 8.23 At a time when the Town Centre is faced with rising vacancy levels and a reduction in comparison goods retailers<sup>79</sup>, as well as evidence of declining footfall (particularly due to the Covid-19 pandemic<sup>80</sup>), we consider the most appropriate policy response involves a greater level of flexibility for changes of use within the primary and secondary frontages.
- 8.24 We would therefore recommend that the policy wording is updated to remove the minimum percentage thresholds for A1 retail use (including the requirement for “*extended marketing (over 1 year)*” to demonstrate non-viability of A1 retail use). However, to ensure the vitality of the Town Centre, it would remain appropriate for the Council to seek to control the mix of uses based on a series of qualitative criteria including those set out in Policy TC2.
- 8.25 Such criteria would allow for complementary non-retail uses to be provided in appropriate locations. In order to recognise that primary frontages should include a high proportion of retail uses (relative to secondary frontages<sup>81</sup>), the Council should consider including a further criteria requiring that proposals should not harm the main retail function of the primary frontages.
- 8.26 **Policy TC3** identifies the Colchester Town Centre ‘allocations’ for retail and other main town centre uses (i.e. Vineyard Gate, St Botolph’s and Priory Walk as considered in section 7 previously). The policy wording should be updated to reflect the following:
- a) the updated retail capacity forecasts in section 5 are considerably lower than and supersede those set out in the 2016 Study;
  - b) the Council’s strategy for Vineyard Gate has changed (since the 2016 Study) and is now focused on delivering a residential-led mixed use scheme; and
  - c) the ‘need’ for retail and other main town centre uses will be addressed through the Colchester Town Centre allocations, together with the more flexible policy response set out previously.
- 8.27 **Policy NC1** applies a zoned approach to planning for the future development of North Colchester and Severalls Strategic Economic Area. Of particular relevance to the scope of this Update is zone 2, which is identified for a *leisure / community hub* (inter alia).
- 8.28 Paragraph 24 of NPPF 2012 requires *main town centre uses to be located in town centres, then in edge of centre locations and only if suitable sites are not available should out of centre sites be considered*. However, it is understood that the “*leisure / community hub*” proposals intend to complement the existing stadium and leisure facilities in the area and, providing the Council is satisfied that more centrally located sites have been considered (and discounted) in accordance with the sequential test, we would support the continuation of an approach where North Colchester is identified for a *leisure / community hub*. We would further support the restriction on retail uses included in the policy wording.
- 8.29 The policy also promotes *a range of sport and recreation uses* in zone 3 (subject to evidence supporting the need for such uses and proposals being in accordance with an

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<sup>79</sup> Since the 2016 Study.

<sup>80</sup> As identified in the updated healthcheck audit of Colchester Town Centre at Appendix A.

<sup>81</sup> See definition of “Primary and secondary frontages” (Annex 2, NPPF 2012).

agreed masterplan). Again, as an approach this is acceptable providing the Council is satisfied that the requirements of the sequential test have been met for the purposes of plan-making.

- 8.30 **Policy WC1** applies a zoned approach to planning for the future development of Stanway Strategic Economic Area. The policy identifies zone 1 as *the primary focus for B class employment uses* and sets out a series of criteria for allowing non-B class uses.
- 8.31 It then adds *main town centre uses will not be permitted* in zone 1. Given that offices are main town centre uses<sup>82</sup> and the policy includes criteria for allowing alternative uses, we consider that the restriction on “*main town centre uses*” is inconsistent with the Policy WC1 provisions for zone 1 (when read as a whole) and should therefore be removed.
- 8.32 Zone 2 comprises Tollgate District Centre. The main thrust of the policy is similar to Policy SG6 (criteria i/ii), in that it seeks to ensure that proposals *are suitable for, and proportionate to, the role and function of the centre and its place within the hierarchy*. Although we assess that this is a sound approach, we would question whether it is necessary for Policy WC1 to repeat the provisions of Policy SG6.
- 8.33 Policy WC1 further includes a series of criteria for allowing main town centre uses in zone 2 (i.e. Tollgate District Centre). We deal with each of the criteria in turn.
- 8.34 Criteria (i) wording supports the introduction of new services and/or community facilities, which we would support given the identified lack of such provision.
- 8.35 Criteria (ii) wording sets out the requirements of the sequential test consistent with paragraph 24 of NPPF 2012 and the provisions of Policy SG6.
- 8.36 Criteria (iii) wording reflects, in part, the impact test set out in paragraph 26 of NPPF 2012 and the provisions of Policy SG6 (specifically criteria iv). It omits reference to the other limb of the impact test<sup>83</sup> and the Council should consider including this.

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<sup>82</sup> See definition of “Main town centre uses” (Annex 2, NPPF 2012).

<sup>83</sup> Impact on “*existing, committed and planned public and private investment...*”.

## 9 Conclusions

- 9.1 This Update has been prepared by CPW Planning and provides the evidence base to assist the Council with its work on the retail and town centre policies of the emerging Local Plan, and to support the Council's development management function. It supersedes the 2016 Study prepared by Cushman & Wakefield.
- 9.2 In accordance with our instructions, the updated evidence base reflects the requirements of and is compliant with the NPPF 2012 (against which the emerging Local Plan is being examined).
- 9.3 The Update has been prepared in the context of the latest available information and recent events, including the Covid-19 pandemic and changes to the Use Classes Order (i.e. Class E). A further notable change since the 2016 Study has been the grant of planning permissions for new retail and leisure floorspace in the Borough, in particular the major development proposals at Tollgate (Stanway) and North Colchester.
- 9.4 To that end, the main objectives of this Update can be summarised as follows:
- a) review national trends in the retail sector (particularly in response to Covid-19);
  - b) updated healthcheck audits of the Borough's centres;
  - c) updated retail capacity forecasts in the light of committed developments and the latest population and expenditure projections;
  - d) updated commercial leisure audit;
  - e) assess the potential to meet identified needs (as required by the NPPF 2012); and
  - f) identify any policy revisions in response to the updated evidence base.
- 9.5 We summarise below the main findings and conclusions of this Update.

### **National retail context and the potential implications for the Borough's centres:**

- 9.6 It is likely that the pandemic-induced restrictions on the retail, leisure and hospitality industries will continue to have a significant impact on town centre footfall and activity. We consider that Colchester Town Centre is particularly vulnerable given its exposure to 'non-essential' fashion-orientated retailers, and reliance on leisure and hospitality (including the evening economy), other cultural activities and office/retail workers to generate expenditure.
- 9.7 Several factors including slower expenditure growth projections, the continued growth of online shopping, together with the scale of collapsed or 'at risk' retailers (and those downsizing or relaunching as online-only brands), highlight the reality that many town centres have too much retail space overall. We identify in section 3 of this Update the reduction in comparison goods retailers and increasing vacancy levels in Colchester Town Centre, which should be taken into account when planning for new retail – particularly comparison goods retail – floorspace in the Town Centre.
- 9.8 The trend towards 'right-sizing' has led retailers (and increasingly leisure operators) to target the most defensible and therefore high-demand locations, where footfall and

consumer spending is most resilient to economic changes. This is now affecting more and more larger centres, as investors become increasingly selective and polarise towards fewer, prime retail locations. The Borough's centres have been reasonably stable in terms of retailer representation since the 2016 Study (based on our updated healthcheck audits at Appendix A), although the considerable reduction in comparison goods retailers in Colchester Town Centre would suggest it is increasingly exposed and at risk to such trends.

9.9 A key challenge for Colchester Town Centre will be retaining and improving the mix of retailers and other services. To achieve this, the Town Centre will need to (inter alia):

- create the right conditions for investment in areas currently lacking in environmental quality (e.g. Priory Walk, St John's Walk Shopping Centre) to complement the improvements delivered – and planned – in other areas of the Town Centre (as identified in section 3 of this Update);
- improve accessibility, public transport connections, and car parking;
- provide opportunities for flexible store formats with click-and-collect facilities and servicing arrangements that meet the needs of modern retail businesses; and
- support a mix of retail and non-retail (including evening economy) attractions that are distinguished from those available at competing shopping destinations, and which help to increase dwell times and spend.

9.10 Diversifying beyond traditional retail offers will be necessary in the context of reduced retailer demand. This underlines the important role of shared mixed-use spaces and meanwhile uses, which provide interest and high-quality experiences that cannot be achieved online: town centre strategies should therefore be flexible in supporting the evolution of the high street.

9.11 Like successful retail businesses, the Borough's centres should look to integrate their physical and digital propositions in response to 'tech-savvy' consumer expectations and an increasingly competitive marketplace.

#### **Updated healthcheck audits of the Borough's centres:**

##### *Colchester Town Centre*

9.12 Colchester Town Centre is the principal comparison goods shopping destination in the Borough supported by a mix of non-retail uses and services. Although 'major' retailer representation is broadly unchanged since the 2016 Study, notable changes in the Town Centre's performance over this period include.

- The number of comparison goods retailers has fallen considerably (from 241 to 190), which represents a trend occurring in many centres across the UK but one that is increasingly affecting larger centres such as Colchester;
- Vacancy levels are rising (from 10.5% of total ground floor premises to 14.5%) with some prominent vacant premises at the east of the Town Centre in particular;
- Both footfall and car park stays have declined, especially during the Covid-19 crisis;

- The all-round leisure offer has shown signs of improvement with the opening of the Curzon cinema scheme (Queen Street), alongside the new restaurants including at Greytown House (High Street) and the refurbishment works to Mercury Theatre (Balkerne Gate);
- High Street has benefitted from the completion of public realm works (while further improvements are proposed for St Nicholas Square and Balkerne Gate using the £1m accelerated Towns Fund).

9.13 Overall, we assess that Colchester Town Centre continues to perform reasonably well against many of the healthcheck indicators. Yet there are weaknesses and signs that the Town Centre is increasingly vulnerable to structural changes in the retail sector and growing competition from nearby shopping destinations. The current outlook and the committed developments at Tollgate (Stanway) in particular, reinforce the need for measures to maintain the Town Centre’s attractiveness and role as the principal mixed-use shopping destination in Colchester Borough. This includes continued investment in the public realm and key opportunity sites (including Vineyard Gate, Priory Walk and St John’s Walk Shopping Centre) to improve the visitor experience and create a more vibrant, differential offer.

#### *Tiptree*

9.14 Tiptree District Centre continues to perform an important role in terms of serving the convenience-based shopping and service needs of surrounding communities. It is supported by three national supermarket chains – Asda, Iceland and Tesco – and includes a range of independent retail service businesses, together with a medical centre, community centre and library. Tiptree has a limited evening economy.

#### *West Mersea*

9.15 West Mersea District Centre provides a modest range of retail, service and community facilities that cater for the day-to-day needs of local residents as well as the centre’s visitor function. The retail offer is dispersed throughout the centre and is largely focused on convenience retail (the main convenience stores are Tesco Express, Co-op and Spar). There is a library, post office and sports/leisure centre, while the small number of independent cafes/restaurants provide a limited evening economy.

#### *Wivenhoe*

9.16 Wivenhoe District Centre is a small, linear, and somewhat fragmented centre serving the basic retail and service needs of local residents. There are two convenience stores (Co-op and One Stop), a Boots (chemist), and a small number of independent shops selling ‘boutique’ clothing and other personal goods. It serves an important localised role.

#### *Tollgate*

9.17 Tollgate is the Borough’s largest District Centre and has evolved from a predominantly ‘bulky’ retail park into an established, sub-regional shopping destination with extensive surface level car parking. It includes a Sainsbury’s superstore and a substantial range of multiple comparison goods retailers. Notwithstanding the limited changes to retailer representation since the 2016 Study, we assess it remains the case that Tollgate has a

strong influence over shopping patterns across the catchment area (which extends well beyond Colchester Borough) and directly competes with Colchester Town Centre for comparison goods expenditure.

- 9.18 The centre is lacking in terms of services and community facilities. It contains several food and drink outlets, with additional provision at Stane Leisure Park to the west of the District Centre.
- 9.19 Considering this recent development (Stane Leisure Park) and the planning permissions granted for major new retail and leisure floorspace (i.e. Tollgate Village and Stane Retail Park), Tollgate is evidently a growing multi-purpose destination and competitor to Colchester Town Centre.

#### *Peartree Road*

- 9.20 Peartree Road District Centre comprises large format comparison goods stores and warehouses selling predominantly 'bulky goods' (exceptions include Poundstretcher and Barnardo's). The centre also includes a Co-op convenience store, Domino's Pizza, Greggs (bakery), and some active leisure uses (e.g. gymnasiums).

#### *Turner Rise*

- 9.21 Turner Rise District Centre comprises a large Asda superstore and a purpose-built retail park with large format stores. There are several 'value' comparison goods retailers such as Poundland, Home Bargains and Dunelm. Consistent with the 2016 Study, there are no vacant units; no independent retailers; while services are limited to food and drink outlets (namely Pizza Hut, Costa Coffee and Subway) and the Asda in-store optician, pharmacy, and café.

#### *Highwoods*

- 9.22 Highwoods District Centre is dominated by a Tesco Extra superstore with in-store concessions including a pharmacy, print shop, café, and the Florence & Fred clothing range. It therefore functions primarily as a main food shopping destination for surrounding communities. Other uses within the adjacent shopping centre are predominantly independent businesses (e.g. newsagents, dry cleaners, hairdressers).

#### *Non-central locations*

- 9.23 There are additional facilities outside the centre hierarchy in the form of retail parks (e.g. Colchester Retail Park, Colne View Retail Park), 'solus' large format retail warehouses, foodstores, and commercial leisure facilities.
- 9.24 A major new leisure-based scheme is proposed at Northern Gateway (North Colchester) including a 12-screen Cineworld, a hotel, three large format active leisure units (D2), and A3/A5 food and beverage uses.

#### **Updated retail capacity forecasts:**

- 9.25 Our forecasts for the Borough's shopping destinations over the forecasting period to 2033 represent the 'baseline' scenario for new retail floorspace in the Borough, in which we assume that the 2016 pattern of market shares of convenience and comparison goods

expenditure in each of the Borough's shopping destinations – indicated by the 2016 household survey (adjusted by CPW Planning) – remains unchanged throughout the forecasting period, notwithstanding the potential impact of committed developments on shopping patterns and market shares over time.

- 9.26 The tables below show that, whilst some of the shopping destinations will have limited capacity to support new retail floorspace, the overall picture (Borough-wide) is that there will be a theoretical over-supply of floorspace. This is largely due to the major committed developments, particularly at Tollgate and Non-central stores in the Borough.

**Summary of retail capacity forecasts: convenience goods (sqm net sales area)**

	<b>2023</b>	<b>2028</b>	<b>2033</b>	Table number (Appendix B)
Colchester Town Centre	-150	100	350	13
Tollgate	-2,350	-1,950	-1,600	22
Turner Rise	-800	-500	-200	31
Peartree Road	-50	50	50	40
Highwoods	100	350	550	49
Tiptree	-300	-150	-50	57
Non-central stores in the Borough	-3,900	-3,400	-3,000	66
<b>Combined forecasts for Colchester Borough</b>	<b>-7,450</b>	<b>-5,500</b>	<b>-3,900</b>	n/a

Notes:

- a) The forecasts are 'baseline' forecasts after allowing for the committed developments.
- b) The forecasts are cumulative i.e. the forecasts for each year include the forecasts for the previous years and are not additional to those earlier forecasts.
- c) Forecasts rounded to the nearest 50 sqm net.
- d) The grand totals (i.e. combined forecasts) may not exactly equal the sub-totals due to rounding.

### **Summary of retail capacity forecasts: comparison goods (sqm net sales area)**

	<b>2023</b>	<b>2028</b>	<b>2033</b>	Table number (Appendix B)
Colchester Town Centre	2,100	2,850	2,950	13
Tollgate	-15,050	-14,650	-14,600	22
Turner Rise	50	200	200	31
Peartree Road	100	150	200	40
Highwoods	-50	0	0	49
Tiptree	500	500	550	57
Non-central stores in the Borough	1,400	1,650	1,700	66
<b>Combined forecasts for Colchester Borough</b>	<b>-11,400</b>	<b>-9,850</b>	<b>-9,550</b>	n/a

*Notes:*

- a) The forecasts are 'baseline' forecasts after allowing for the committed developments.
- b) The forecasts are cumulative i.e. the forecasts for each year include the forecasts for the previous years and are not additional to those earlier forecasts.
- c) Forecasts rounded to the nearest 50 sqm net.
- d) The grand totals (i.e. combined forecasts) may not exactly equal the sub-totals due to rounding.
- e) The forecasts for Non-central stores in the Borough assume any new comparison goods floorspace would trade at a typical average sales density for non-food retail warehouses. However, in the event that the forecast capacity or any part of it can be accommodated in town centre or edge-of-centre format developments, the capacity would be less than shown because town centre formats typically trade a higher sales densities than retail warehouses.

9.27 The updated retail capacity forecasts serve as a guide for future planning policies and decisions on planning applications. The forecasts should be reviewed regularly in the light of actual population and (in particular) expenditure growth, the outlook for which is subject to change given Covid-19 and the macro-economic conditions. It will also be important to review the forecasts as and when committed developments come forward and their effects become more measurable.

#### **Updated commercial leisure audit:**

9.28 We consider that the quantity and quality of commercial leisure provision in Colchester Town Centre and elsewhere in the Borough to be reasonably strong. The F&B offer is substantial and it remains to be seen whether the operator 'failures' and downsizing in this sector will have implications for existing provision in Colchester and/or the committed developments at Tollgate Village and Northern Gateway. However, the restaurant vacancies at Stane Leisure Park and within the Curzon cinema scheme in the Town Centre are perhaps an indication of market saturation.

9.29 The Borough's cinema offer has improved since the opening of Curzon (Queen Street), which is likely to have reduced the level of cinema participation 'leakage' beyond Colchester Borough as identified in the 2016 Study. The proposed new cinemas at Northern Gateway (Cineworld) and Tollgate Village (The Light) will further diversify the cinema offering.

9.30 We assess that the Borough is well served by gymnasiums / health clubs and other active leisure facilities such as indoor climbing, roller skating and laser tag. A new indoor climbing facility is proposed as part of the Northern Gateway scheme, while the tenpin

bowling facilities proposed at Northern Gateway and Tollgate Village will provide choice beyond the existing venue (Tenpin) on Cowdray Avenue.

- 9.31 Overall, therefore, we do not consider the Council should allocate sites for major new commercial leisure provision in the Borough. There are no obvious quantitative or qualitative ‘gaps’ based on existing supply and the proposed new commercial leisure developments identified in this Update. That said, leisure uses will continue to form an important part of mixed-use schemes and the Council should plan positively and flexibly for such uses in appropriate locations. Specific operator-led proposals should be considered on their merits having regard to the development plan and other material considerations.

### **Opportunities for growth and change:**

- 9.32 Our review of potential development opportunities for retail and other main town centre uses is focused on the relevant Colchester Town Centre ‘allocations’ under Policy TC3 of the emerging Local Plan (i.e. Vineyard Gate, St Botolph’s and Priory Walk).

#### *Vineyard Gate*

- 9.33 Due to significant changes in the retail market and the growing competition from nearby shopping destinations, the Council is now focused on delivering a residential-led mixed use scheme including public realm to showcase the site’s heritage features.
- 9.34 We consider that a residential-led mixed use scheme, which enhances the level of connectivity with Eld Lane to the north, would revitalise this part of the Town Centre. It would act as a catalyst for inward investment and generate additional footfall to support retail and non-retail businesses. Other potential uses could include cultural, visitor and/or community facilities; flexible office and/or workshop space; and retail and/or leisure services.

#### *St Botolph’s*

- 9.35 Since the 2016 Study, the Curzon cinema scheme has opened within the repurposed Roman House building. The scheme includes two vacant restaurants at ground floor level, which is perhaps a consequence of the ‘downsizing’ trend in the restaurant sector and/or an indication of market saturation.
- 9.36 Planning permission has been granted on appeal for the redevelopment of adjacent derelict land (Alumno Site) including student accommodation, hotel, artist studios, and flexible commercial floorspace.
- 9.37 The planned redevelopment of the Alumno Site would further revitalise this part of the Town Centre. In particular, we consider the new population arising from the student accommodation, together with users of (and visitors to) the hotel and other commercial uses, would have a positive impact on levels of footfall and activity. It would help to create the conditions necessary to reposition and attract investment in the surrounding area, including Priory Walk.

#### *Priory Walk*

- 9.38 There is considerable potential to improve the site's contribution to the vitality of the Town Centre, either through reconfiguration and refurbishment (with retail floorspace potentially forming a reduced component) or comprehensive redevelopment.
- 9.39 Any proposals should seek to retain Sainsbury's, which is the Town Centre's main supermarket and performs an important role catering for the main food and (more likely) top-up food shopping needs of town centre users.
- 9.40 The delivery of a mixed use scheme – potentially including retail, flexible commercial and/or community uses at ground floor with residential uses above – would complement nearby recent investments (i.e. the Curzon cinema scheme and the St Nicholas Quarter residential-led development on Long Wyre Street) and planned redevelopment (i.e. the Alumno Site), and help to attract further investment in this part of the Town Centre.

**Policy recommendations for the emerging Local Plan:**

- 9.41 We have reviewed a suite of policies set out in the emerging Local Plan (namely Policies SG5, SG6, TC1, TC2, TC3, NC1 and WC1) and, overall, assess that only limited revisions are necessary in the light of the updated evidence base.
- 9.42 The limited revisions proposed in section 8 of this Update seek to ensure that the retail and town centre policies are consistent with the requirements of NPPF 2012; and address recent events (including the Covid-19 pandemic and changes to the Use Classes Order) and other notable changes since the 2016 Study, in particular the grant of planning permissions for new retail and leisure floorspace at Tollgate (Stanway) and North Colchester.
- 9.43 Our policy recommendations will be incorporated into the Council's Topic Paper 4 (Retail and Town Centre Policies) prepared to support the forthcoming examination.