

Retail Impact Threshold Study

EVIDENCE BASE DOCUMENT

FOR LONDON BOROUGH OF TOWER HAMLETS

27 February 2018 – Final Report

TABLE OF CONTENTS

1... INTRODUCTION	3
2... PLANNING POLICY CONTEXT	4
National Policy.....	4
The London Plan.....	4
Local Plan Policy.....	5
3... NATIONAL RETAIL AND TOWN CENTRE TRENDS	7
General Comparison and Convenience Trends.....	7
Convenience	7
Comparison	8
Impact Threshold Trends within London.....	8
4... SUMMARY OF HEALTH CHECKS	10
Bethnal Green District Centre.....	10
Brick Lane District Centre.....	10
Watney Market District Centre.....	11
Roman Road East District Centre.....	12
Whitechapel District Centre.....	12
Limehouse Neighbourhood Centre.....	13
Columbia Road Neighbourhood Centre.....	14
Devons Road Neighbourhood Centre.....	14
5... SAMPLE CENTRES FLOORSPACE ANALYSIS	15
Composition Analysis.....	15
6... COMMITTED RETAIL DEVELOPMENT PROPOSALS	17
7... CONCLUSIONS AND RECOMMENDATIONS	19

1 INTRODUCTION

- 1.1 Carter Jonas ('CJ') has been instructed by London Borough of Tower Hamlets ("the Council) to provide advice on the appropriateness of adopting a local floorspace threshold for the purposes of applying the retail impact test in line with the National Planning Policy Framework (NPPF) (as per Paragraph 26 of the NPPF).
- 1.2 This Impact Threshold Study ("the Study") intends to provide the Council with an evidence base to justify applying a locally set threshold; enabling greater scope in identifying impact associated with proposed retail development at edge or out-of-centre locations. This Study will inform the wording of Policy TC3: "Retail outside our town centres" as currently presented in the emerging Tower Hamlets Local Plan 2031 (Regulation 19). For clarity, this Study has been produced after the publication of the Tower Hamlets Local Plan 2031 (Regulation 19).
- 1.3 The Study is set out in the following format:
- 1.4 **Section 2** reviews the context of national, regional and local policies, and the associated guidance on setting out retail impact threshold.
- 1.5 **Section 3** outlines the national retail and town centre trends, and the reviews the threshold precedent set by other London Boroughs.
- 1.6 **Section 4** summaries the health of the sample centres in the Council area.
- 1.7 **Section 5** analyses the existing floorspace characteristics across the samples centres.
- 1.8 **Section 6** examines the approved retail development proposals.
- 1.9 **Section 7** concludes the evidence and recommends the appropriate localised threshold.

2 PLANNING POLICY CONTEXT

National Policy

- 2.1 The National Planning Policy Framework states when assessing applications for retail, leisure and office development outside of town centres, local planning authorities should require an impact assessment if the development is over a proportionate, locally set floorspace threshold. If there is no locally set threshold, the default threshold is 2,500 sqm gross¹. The purpose of the test is to ensure that the impact of out-of-centre and edge of centre proposals on existing town centres is not significantly adverse (see para 26 of the NPPF).
- 2.2 Guidance on setting a locally appropriate threshold for retail impact assessments is currently contained in the 'Ensuring the Vitality of Town Centres' section of the NPPG (Paragraph: 016 Reference ID: 2b-016-20140306). This states that in setting a locally appropriate threshold it will be important to consider:
- The scale of proposals relative to town centres;
 - The existing viability and vitality of town centres;
 - Cumulative effects of recent developments;
 - Whether local centres are vulnerable;
 - Likely effects of development on any town centre strategy; and
 - Impact on any other planned investment.
- 2.3 As such, the purpose of this Study is to assess the local context in terms of each criteria.

The London Plan

- 2.4 The London Plan (2016) is the overall spatial development strategy for London which sets out an integrated economic, environmental, transport and social framework for the development of London over the next 20-25 years. The plan includes a number of policies relating to the town centre first approach which advocates the use of the sequential and impact assessments. **Policy 4.7 (Retail and Town Centre Development)** sets out the Mayor's support towards a strong partnership approach to assess need and bringing forward capacity for retail, commercial, culture and leisure development in town centres. With regards to planning decisions, the policy also states that proposals for new or extensions to existing, edge or out-of-centre development will be subject to an assessment of impact. For Local Development Framework preparation, the policy states Boroughs should identify future retail and commercial leisure floorspace needs; undertake regular town centre

¹ "Gross" is confirmed by the NPPG confirms the Paragraph: 016 Reference ID: 2b-016-20140306

health checks; resist inappropriate out of centre development; and manage existing out of centre retail and leisure development in line with the sequential approach.

- 2.5 The new Draft London Plan was published on 29th November 2017, with consultation taking place between 1st December 2017 – 2nd March 2018. The London Plan (2016) still remains the adopted Development Plan, however, the Draft London Plan is now a material consideration in planning decisions. It will gain more weight as it moves through the process to adoption, however the weight given to it is a matter for the decision maker. **Policy SD8 (Town Centres: Development Principles and Development Plan Documents)** states that Development Plans and development proposals should take a town centres first approach, and support both the sequential and impact tests.
- 2.6 It should be noted however that the London Plan itself does not set a threshold for retail impact assessment. The **Town Centres Supplementary Planning Guidance (SPG)** published on 8 July 2014, provides further guidance on the London Plan, and specifically in relation to the impact test. It reaffirms the “town centre first approach”. **Paragraphs 6.3.3 and 6.3.4** state that *“In line with NPPF paragraph 26, London Plan policy 4.7Bc requires an impact assessment for applications for new, or extensions to existing, edge or out of centre development. This policy is applicable to retail, leisure and office development exceeding 2,500 sqm outside of town centres, which are not in accordance with an up-to-date local plan. An impact assessment may also be required for developments below this threshold, for example, where a borough has set a proportionate, local floorspace threshold as indicated in the NPPF.”*

Local Plan Policy

- 2.7 The Council is in process of finalising the new Local Plan which, once adopted, will be the key strategic document to guide and manage development in the borough until 2031. The latest version of the emerging Local Plan is the **Tower Hamlets Local Plan 2031 (Regulation 19)**. The preparation of the emerging Local Plan is informed by the **Town Centre Retail Capacity Study (October 2016)** (“the Retail Study” prepared by Carter Jonas). This document will be reviewed, where relevant, throughout this Study.
- 2.8 Emerging **Policy S.TC1: “Supporting the network and hierarchy of centres”** sets out the town centre hierarchy within the Council Area. The policy includes one Major, eight District and eighteen Neighbourhood Centres (as well as Central Activities Zone, Tower Hamlets Activity Areas and Neighbourhood Parades)².
- 2.9 In consultation with the Council, it was decided that it was impractical, in terms of time and budget, to review all of the centres as part of this Study. As such, a sample of eight centres has been selected, that in our view

² We are not instructed to comment on the compliance of this policy with the NPPF, but at a first glance it would appear that this policy should be split to confirm the settlement hierarchy, and separately the town centre hierarchy. It should also be noted that the NPPF specifically excludes Neighbourhood Parades from the town centre definition.

(and following agreement with the Council), best represent the different offer, characteristics, role and function of all the centres in the Council Area. The selected (sample) centres are as follows:

- i. Bethnal Green District Centre
- ii. Brick Lane District Centre
- iii. Watney Market District Centre
- iv. Roman Road East District Centre
- v. Whitechapel District Centre
- vi. Limehouse Neighbourhood Centre
- vii. Columbia Road Neighbourhood Centre
- viii. Devons Road Neighbourhood Centre

2.10 The Impact Test is currently set out in the emerging **Policy TC3: “Retail outside our town centres”**, the relevant sections of which are as follows:

“1. Development of new A1 retail floorspace outside of the borough’s town centres will be directed to designated employment locations, transport interchanges and accessible locations along major routes and only supported where:

individual units do not exceed 200 square metres;

shop-fronts are well integrated into their surroundings and are implemented upon completion of the development; and

the role of nearby town centres is not undermined

2. New A1 retail floorspace will only be supported at other locations to those specified in part 1 where it meets the same criteria and additionally:

demonstrates local need that cannot be met within an existing designated centre; and

does not affect amenity or detract from the character of the area.”

3 NATIONAL RETAIL AND TOWN CENTRE TRENDS

General Comparison and Convenience Trends

- 3.1 The 2016 Retail Study contained a comprehensive review of trends relevant to the planning for retailing and town centres in general. This included data on the both the food (convenience) and non-food (comparison) sectors, in particular, the move towards smaller stores for food retailers and the move towards larger stores for non-food retailers. Since that time, these general trends have continued, albeit with some subtle but important changes.

Convenience

- 3.2 The food store market has undergone significant change in the last five years or so. The drive towards large format stores (such as format typically associated with Tesco Extra) has stopped – reflecting a change in the consumer shopping patterns (with an increased emphasis on convenience and value), as well as challenges presented by online shopping. The most significant growth is now in the discount sector and, to a lesser extent, amongst the medium convenience stores.
- 3.3 The discount operators (Aldi and Lidl) continue to open new stores and increase their market share of the grocery sector. It is becoming apparent that they are seeking to capitalise on their growing presence and popularity by also adding to the number of lines stocked in a typical store (within existing product ranges) and potentially improving and widening the product ranges. Thus, the typical description of such a store has now evolved into one of ‘limited assortment discounter’ (or LAD) where the focus is on both value (price competitiveness) and value-for-money (quality versus price). In order to accommodate these subtle but important changes to their store portfolios, both Aldi and Lidl have increased the size of new stores. Notwithstanding this, the majority of stores remain below 2,500 sqm.
- 3.1 Turning to the medium sized convenience stores, and specifically in terms of the more traditional supermarket brands, M&S now has two distinct food store formats: it’s Simply Food convenience store format (with an average size of 650 sqm) often situated on High Streets or locations with high foot-fall (such as petrol filling stations), and catering predominantly to the needs of those undertaking basket shopping, perhaps for lunch or top-up shopping needs; and, their Food Hall format more focused on shoppers looking to meet some of their bulkier food shopping needs, and reflecting the trend for shoppers to visit stores more frequently and undertake smaller transaction levels than the traditional ‘weekly shop’. Typically, a large Food Hall store, would comprise about 1,750 sqm floorspace (gross) (which is the size of a small high street supermarket, comparable to a Coop or a Tesco Metro), and have access to adjacent customer parking for trolley as well as large basket purchases. In a similar way, Iceland now operates two seemingly separate store formats, with its more recent Food Warehouse format reflecting the trend towards bigger stores with adjacent customer car parking.

- 3.2 Looking at smaller convenience stores, typically these have a floorspace less than 280 sqm (net) to avoid Sunday Trading restrictions.

Comparison

- 3.3 Turning to the comparison sector, the general trends remain as set out in out in the 2016 Retail Study. If anything, the number of proposals coming forward for new, or changes to existing out-of-centre retail floorspace has accelerated. Some key retailers, such as M&S and Next, continue to take new space within schemes. In a few instances this has resulted in town centre store closure, and / or relocation from out-moded out-of-centre stores. At the same time, there continues to be store closures within town centres, some triggered by the failure of individual retailers.
- 3.4 In summary, while high streets and town centres are continuously striving to adapt to changes in the retail environment, and retailer and shopper preferences, it is clear that the growth of out-of-centre retail development, the continued rise of online shopping, change in consumer habits, rising vacancy levels, the loss of key retailers to out-of-centre locations, and matters such as Brexit and other global uncertainties have left town centres more vulnerable, and perhaps less able to fight against these pressures and maintain a healthy, vital and viable environment.

Impact Threshold Trends within London

- 3.5 A review has been conducted of the Local Plans in London adopted in the last 5 years (since 2012) and whether these adopt a localised impact threshold.
- 3.6 In summary, of the 25 London Boroughs³, 10 adopt a localised impact threshold (40%). All of these use a “blanket” approach whereby the threshold applies to all the centres in the specific Borough. The threshold ranges from 80 sqm – 1,000 sqm, with the majority of the Boroughs adopting a 200 sqm threshold.

³ Excluding Tower Hamlets

Table 3.1 Summary of the London Borough's Impact Thresholds

Borough	Development Plan	Date Adopted	Policy	Adopted Local Threshold
Localised Impact Threshold				
Brent	Development Plan Document	Nov-16	Policy DMP 2: Supporting Strong Centres	500 sq.m for main town centre uses
Hackney	Development Management Local Plan	Jul-15	Policy DM7 – New Retail Development	200 sq.m for main town centre uses
Islington	Development Management Policies	Jun-13	Policy DM4.4: Promoting Islington's Town Centres	80 sq.m for main town centre uses
Kensington and Chelsea	Consolidated Local Plan	Jul-15	Policy CF 1 Location of New Shop Uses	400 sq.m for main town centre uses
Lewisham	Development Management Local Plan	Nov-14	DM Policy 13 Location of main town centre uses	Over 1,000 sq.m for sequential and impact
Merton	Sites and Policies Plan and Policie	Jul-14	DM R2 Development of town centre type uses outside town centres	280 sq.m for convenience retail
Wandsworth	Development Management Policies Document	Mar-16	Policy DMTS 2 Out-of-centre development	200 sq.m for retail and leisure but excludes local convenience shopping facilities
Waltham Forest	Development Management Policies	Oct-13	Policy DM26: Retail, Office and Leisure Developments	200 sq.m for main town centre uses
Hillingdon	Development Management Policies	Oct-15	Policy DMTC 1: Town Centre Developments	200 sq.m for retail and 1,000 sq.m for combined town centre uses
Hounslow	Hounslow Local Plan	Sep-15	Policy TC3	500 sq.m for retail and 2,500 for other main town centre uses
No Localised Impact Threshold				
Barking and Dagenham	Development Plan Document	Mar-11	Policy BE3: Retail Outside or on the Edge of Town Centres	No localised impact threshold. NPPF 2,500 sq.m applies
Barnet	Development Plan Document	Sep-12	Policy DM11: Development principles for Barnet's town centres.	No localised impact threshold. NPPF 2,500 sq.m applies
Bexley	Bexley Core Strategy	Feb-12	Policy CS14 Town centre vitality and viability.	No localised impact threshold. NPPF 2,500 sq.m applies
Camden	Camden Local Plan	Jul-17	Policy TC1: Quantity and location of retail development	No localised impact threshold. NPPF 2,500 sq.m applies
City of London	Local Plan	Jan-15	Policy DM 20.3: Retail uses elsewhere in the City	No localised impact threshold. NPPF 2,500 sq.m applies
Croydon	Detailed Policies and Proposals	Sep-16	Policy DM9: Development in edge of centre and out of centre locations	No localised impact threshold. NPPF 2,500 sq.m applies
Ealing	Adopted Development Management	Dec-10	Policy 4B: Ealing Local Policy - Retail	No localised impact threshold. NPPF 2,500 sq.m applies
Enfield	Development Management Document	Nov-14	No localised impact threshold. NPPF 2,500 sq.m applies	No localised impact threshold. NPPF 2,500 sq.m applies
Greenwich	The Royal Greenwich Local Plan: Core Strategy with Detailed Policies	Jul-14	Policy TC1 Town Centres	No localised impact threshold. NPPF 2,500 sq.m applies
Haringey	Development Management Document	Jul-17	Policy DM41: New Town Centre development	No localised impact threshold. NPPF 2,500 sq.m applies
Harrow	Development Management Policies	Jul-13	Policy DM 35: New Town Centre Development	No localised impact threshold. NPPF 2,500 sq.m applies
Kingston upon Thames	Core Strategy	Apr-12	Policy DM 20 New Retail Development	No localised impact threshold. NPPF 2,500 sq.m applies
Lambeth	Lambeth Local Plan	Sep-15	Policy ED6 Town Centres	No localised impact threshold. NPPF 2,500 sq.m applies
Newham	Core Strategy	Jan-12	SP6 Successful Town and Local Centres	No localised impact threshold. NPPF 2,500 sq.m applies
Westminster	Westminster's City Plan	Nov-16	Policy S21 Retail: No localised impact threshold. NPPF 2,500 sq.m applies	No localised impact threshold. NPPF 2,500 sq.m applies

4 SUMMARY OF HEALTH CHECKS

- 4.1 An important factor in determining the appropriateness of a local floorspace threshold for retail impact testing is an understanding of the health of relevant centres. For the purposes of this report, the findings of the 2016 Retail Study on the health of the sample centres (namely Bethnal Green, Brick Lane, Watney Market, Roman Road East, Whitechapel, Limehouse, Columbia Road and Devons Road) are summarised below for context purposes.

Bethnal Green District Centre

- 4.2 Bethnal Green District Centre is situated in the west of the borough along Bethnal Green Road. It is considered to be a popular district centre with a range of both comparison and convenience retailing. It has a strong comparison retail sector, which is occupied predominately by independent retailers reflecting the local traditional retailing nature of the centre. However, it currently lacks a provision of anchor multiples (comparison).
- 4.3 Convenience provision is strong and is higher than the national average. The centre is anchored by a Tesco Metro which sells a small range of comparison goods in addition to food goods. An Iceland store and Sainsbury's Local are also in the centre.
- 4.4 The centre benefits from a popular market which contributes to Bethnal Green's overall character and helps to attract local residents to the centre. However, the street market sells a limited offer of non-food goods. The offer seems to be repetitive and a wider range of goods are needed to attract more people and compete with other markets in the borough.
- 4.5 The vacancy rate is significantly lower than the national average.
- 4.6 There are a number of units that are in need of refurbishment and modernisation. Many of the buildings are of historic architectural interest therefore buildings should be enhanced and maintained to reflect this.

Brick Lane District Centre

- 4.7 Brick Lane is located in the west of the borough. The centre sits within the heart of the City Fringe Activity Area. This lies in the western part of Tower Hamlets and is bound by the borough border and the City of London to the west, London Borough of Hackney to the north and west and the River Thames to the south. The City Fringe is characterised by its ethnically diverse population including a large Bangladeshi community and diverse socio-economic demographics. The City Fringe is also an important economic hub. It hosts office space, cultural, creative and tourism activity. London Metropolitan University and the Royal London Hospital are also located here.

- 4.8 Brick Lane has experienced major change over recent years and has transformed into a centre which has become a focus for the creative industries, fashion industries and a strong evening economy. It is one of the most vibrant and economically successful places within Tower Hamlets.
- 4.9 The scale of the land uses found along Brick Lane is different to those across the rest of the borough due to the larger concentration of leisure uses; including an evening economy appealing to both local residents and visitors and creative industries. Brick Lane's night time economy, specifically its restaurants and cafés, is considered to be one of the strongest within the borough. The centre is famous for its abundance of curry restaurants. Alongside this are a number of unique cafes/restaurants, which help to make Brick Lane a distinctive visitor destination, attracting those from across London.
- 4.10 Although comparison provision is just below the national average, it has a diverse independent offer despite the lack of national multiples. Goods sold include fashion (including vintage and leather goods), music records, art and textiles.
- 4.11 The 2016 Retail Study identified that the centre could benefit from attracting a larger supermarket anchor. Only small convenience stores occupy the centre and the majority of these generally target the local Bangladeshi community.
- 4.12 The street market operates every Sunday and is one of the most popular markets within borough and London. There are also five markets held within the Truman Brewery including the Boiler House Food Hall which sells a variety of food from across the world. This provides Brick Lane Market with a distinctive offer which is different to any of the other markets operating in the borough.

Watney Market District Centre

- 4.13 Watney Market is located within Shadwell to the southwest of the borough, and hosts a post-war open air shopping centre. At the heart of the town centre is Watney Market, which sells a range of food and non-food goods.
- 4.14 Watney Market has a very strong convenience provision. National multiple food stores within the centre include Sainsbury's, Iceland and Tesco Express which are supported by a number of local retailers and the market.
- 4.15 The market is key to the centre's overall offer. Although it is relatively small, it is very busy and sells a variety of goods (although there is scope for a wider range of non-food goods). The market area provides a pedestrianised public space for the community. There is also a seating area at the southern end of the market place for the public to use.
- 4.16 Watney Market's comparison provision has potential for improvement. Although provision is only slightly under the national average, there is only one national multiple comparison retailer located within the centre. The centre would benefit from attracting additional multiples to help compete with bigger centres and to attract more visitors from outside the centre.

4.17 Leisure provision should be extended in regards to cafes/restaurants and drinking establishments. Attracting more leisure uses would help to increase dwell times within the centre and would make the centre more appealing to visitors from outside of Watney Market.

Roman Road East District Centre

4.18 Roman Road East is a historic, linear centre located to the north of the borough at the eastern end of Roman Road. The centre is just over a ten minute from to both Bow and Mile End and is in close proximity to the Olympic Park. Roman Road East is split into two distinct halves, with the market to the east and standard retail units and residential properties to the west.

4.19 The famous Roman Road Market is considered to be a key asset of the centre. There are over 200 market stalls which sell a range of both comparison and convenience goods. The new Roman Road Yard Market sells unique goods including antiques and vintage clothing and has strengthened the existing market. Overall, the market contributes to Roman Road's character and charm.

4.20 The centre is well served by convenience goods stores and the provision (in terms of outsells) is above the national average. There are five multiple convenience retailers within the centre including Spar, Tesco Metro and Iceland. There are also a number of well-known independent retailers such as George's Plaice located on Roman Road.

4.21 There is a below average proportion of comparison retailers and there are very few national multiples. The household survey identified that respondents thought the centre could be improved by attracting additional high street shops. The comparison shops that are present in the centre comprise mainly women's clothing stores.

4.22 The vacancy level is above the UK national average.

Whitechapel District Centre

4.23 Whitechapel is situated within the centre of the borough on the edge of Aldgate and the City. It has is a historic, linear centre which is set around Whitechapel Road. Whitechapel has a number of major attractions and institutions which draw a large number of people to the high street for a variety of purposes, including: the Royal London Hospital; a Queen Mary University of London campuses; and the Whitechapel Idea Store is London's second busiest public library. The new Crossrail station will further increase the attraction of the centre, generating new investment, trips and footfall.

4.24 The centre is characterised by a high proportion of convenience floorspace, anchored by a Sainsbury's and supported by a wide range of independent grocers, butchers and bakers, including ethnic/specialist food retailers. The street market also sells food and goods.

- 4.25 The historic street market is central to Whitechapel's character and retail offer. It is considered to be an important economic and social hub for the local community and it assists with the generation of footfall and activity across the centre. There are approximately 116 stalls selling a range of food and non-food goods including fruit and vegetables, spices and clothes predominately targeted at the local community with the offer split by 40% food and 60% non-food. However, the market's offer is also considered to be in need of a wider offer to help attract commuters and visitors from outside of the centre.
- 4.26 Although Whitechapel appears to have a strong leisure provision with an above average proportion of units, closer analysis shows that its food and beverage offer is largely dominated by independent fast food/takeaway outlets. The Experian audit identified approximately 15 takeaway outlets which is equivalent to 42% of the total leisure provision. This is an overrepresentation of this use which should be managed to ensure it does not continue to expand.
- 4.27 There is a strong provision of financial and professional services across the centre, mainly including banks. There are approximately eight retail banks in Whitechapel.
- 4.28 The vacancy rate is below the national average.
- 4.29 Many of the buildings fronting Whitechapel Road are of architectural and historical importance, and Whitechapel Road itself is an important and historically significant movement route within East London. Many buildings retain their original features above ground level. However, many of the buildings are poorly maintained and in need of repair. There are also issues with littering and graffiti across the centre.
- 4.30 The station is currently being redeveloped to accommodate the new Crossrail station. This will increase the accessibility of the centre alongside creative new investment and regeneration opportunities for the centre.

Limehouse Neighbourhood Centre

- 4.31 With 68 units, Limehouse Neighbourhood Centre is the largest neighbourhood centre in the borough. Its offer is focused around retail and leisure units which line both sides of the busy Commercial Road and north into White Horse Road.
- 4.32 There are two national multiple supermarkets in the centre (Tesco Express and Sainsbury's Local) and one multiple convenience store (Costcutter). Tesco Express is located to the far east of the centre and is somewhat removed from the centre whilst Sainsbury's is located further into the heart of the centre.
- 4.33 Despite the size of the centre, there are only two comparison goods outlets and the majority of the other units are occupied by leisure use, particularly restaurants and cafes. The Half Moon Theatre is also located on White Horse Road.

4.34 Limehouse Station has a significantly high vacancy rate (36.17%, as referenced in the Retail Study). Most of these vacant units are in poor condition and alongside the busy main road, which impact negatively upon the public realm of the centre.

Columbia Road Neighbourhood Centre

4.35 Columbia Road is one of Tower Hamlet's most famous neighbourhood centres and is popular amongst London tourists due to the Columbia Road Flower Market which is held every Sunday morning. There are approximately 49 market stalls, of which 98% are permanent to the market. The street has approximately 47 independent shops including a number of art galleries and cafes. Units are focused along a Victorian terraced street with uses either side. The retail units are at ground floor level with residential uses above.

4.36 Columbia Road's shopping provision is distinctive due to the variety of specialist retailers and the vibrant and creative unit frontages. The centre is also unique because of its wealth of comparison retailers. Approximately 33 of the 47 units are occupied by non-food goods retailers and there are only two convenience stores. This is a significant contrast compared to the borough's other neighbourhood centres. The independent shops complement the flower market and help to establish the distinctive character of the centre.

4.37 There are four vacant units within the centre. In terms of leisure provision, there are two cafes and three public houses/drinking establishments.

4.38 Despite the renowned success of the Columbia Road Market many of the shops are only open during market hours meaning the centre operates in a way that none of the other centres do. The attraction of the centre to tourists, and those from across London means it is not fulfilling the role of a neighbourhood centre. Moreover, the centre is only active and open on Sunday's which suggests it does not fulfil the role of a district centre. Compared to other neighbourhood centres, Columbia Road is located some distance from a railway/underground station.

Devons Road Neighbourhood Centre

4.39 Devons Road Neighbourhood Centre is located to the east of the borough nearby to Stroudley Walk and Bromley by Bow. The centre has approximately 13 units including three convenience stores, two takeaways, one café and two betting shops (Coral and William Hill). The units are located along the Devons Road approach to the DLR station which is situated within the neighbourhood centre boundary. Units along the eastern side of the road are set back from the street and arranged in a 1960s style purpose-built pedestrianised shopping parade with residential uses above. The four units on the other side of the road resemble typical shop units are not set back from the road. Further to the northeast of the centre is the Devons Road DLR station. The surrounding area is currently the focus for regeneration, for example Merchants Walk is a development of 259 new build homes. Much of this area is currently undergoing development and is comprised of industrial uses.

5 SAMPLE CENTRES FLOORSPACE ANALYSIS

5.1 In order to expand on the information on the health of centres within the previous section, we have relied on a number of further sources:

- The Council's own Audit of the centres, as undertaken in August 2017, provides the information on the number of units in each centre broken down into Use Classes.
- The Average Floorspace figures are sourced from the London Data Company (LDC). This is collected by matching the respective Town Centre boundaries to the LDC premises addresses, and then matching the addresses to the Valuation Office Agency (VOA, the arbiter of business rates) database. The data sourced from LDC was matched to the VOA database in 2016, and updated manually by LDC where applicable⁴.

5.2 Based on the above data we have prepared the following analysis, relevant to the consideration of a local floorspace threshold for impact testing.

Composition Analysis

5.3 The tables below identify the number of units and average floorspace breakdown for each centre, by Use Class.

5.4 It is evident that A1 retailing uses are the most prominent uses in all of the centres, followed by financial and professional services and restaurants and cafés.

5.5 When comparing the individual centres, it is clear that whilst the District Centres host more units than the Neighbourhood Centres. The difference between the average unit sizes is not of a major significance:

- The average unit size of units in the A1 Use Class are mostly similar, averaging at 149 sqm. They range from 98 sqm to 235 sqm in the District Centres, and between 42sqm and 274 sqm in the Neighbourhood Centres.
- The average unit size of units in A3 Use Class are very similar, averaging at 96 sqm. They range from 93 sqm to 138 sqm in the District Centres, and between 37 sqm and 112 sqm in the Neighbourhood Centres.
- A similar situation is noted for the units in the A2 Use Class: the average size is 69 sqm. The units range from 60 sqm to 96 sqm in the District Centres, and between 18 sqm and 93 sqm in the Neighbourhood Centres.
- Across all the centres, the average unit size is 129 sqm.

⁴ It should be noted that the number of LDC addresses does not match exactly the number of units as audited by the Council in August 2017; and that at the national level, only 74% of LDC records are matched with a floorspace indicator (i.e. for some units information on floorspace is absent). We are advised by LDC that the match rate generally depends on address quality and the trading / registered names, which can differ across the databases meaning that a record cannot always be matched with high confidence. Notwithstanding the above limitation of the data, at the time of writing, it was found that the quality of the data was acceptable in the absence of a more reliant, easily accessible, data source.

- 5.6 Given the average unit sizes within the centres, particularly those units presently in class A1 retail use, it is readily apparent that the average unit size is significantly below the default NPPF threshold of 2,500 sqm. In our view this provides important background to the justification for lower local threshold significantly lower than the NPPF.
- 5.7 This is particularly the case when the average unit size is cross-referenced with data on the health of the centres, retailer representation, and the nature and scale of commitments (discussed in the next section).

Table 5.1 Centre Composition Analysis

Average Unit Size (sqm.)									
Units	District Centres					Neighbourhood Centres			Average
	Bethnal Green	Brick Lane	Watney Market	Roman Road East	Whitechapel	Limehouse	Columbia Road	Devons Road	
A1 Shops	154	159	143	98	235	274	42	59	146
A2 Financial and Professional Services	96	60	81	73	64	93	19	No Info	69
A3 Restaurants and Cafés	103	127	138	93	107	112	37	48	96
A4 Drinking Establishments	No Info	137	No Info	No Info	No Info	163	0	No Info	100
A5 Hot Food Takeaw ays	105	90	86	83	106	48	46	75	80
D2 Assembly and Leisure	No Info	343	No Info	No Info	1017	510	42	No Info	478
Sui Generis	165	71	121	149	107	99	No Info	80	113
Average Unit Size	125	141	114	99	273	185	31	66	129

Number of Units									
Units	District Centres					Neighbourhood Centres			
	Bethnal Green	Brick Lane	Watney Market	Roman Road East	Whitechapel	Limehouse	Columbia Road	Devons Road	
A1 Shops	81	148	83	113	81	9	42	3	
A2 Financial and Professional Services	15	21	4	25	13	6	0	0	
A3 Restaurants and Cafés	10	58	8	19	16	8	1	1	
A4 Drinking Establishments	8	7	2	2	3	4	2	1	
A5 Hot Food Takeaw ays	5	6	12	13	9	6	0	3	
D2 Assembly and Leisure	1	4	0	0	1	0	0	0	
Sui Generis	12	0	5	14	7	10	1	3	
Vacant	7	28	3	23	7	19	0	2	
Total	139	272	117	209	137	62	46	13	

6 COMMITTED RETAIL DEVELOPMENT PROPOSALS

- 6.1 This section examines retail consents in the Council area since March 2012 (the publication date of the NPPF); including their size and location. The data has been provided by the Council. This analysis will help inform the likely pressure the existing centres face from out-of-centre development, and help inform an appropriate local floorspace threshold for the purposes of assessing retail impact.
- 6.2 Table 6.2 provides a summary of planning permissions for retail floorspace in the Borough since March 2012. There have been a total of 27 planning applications, cumulatively seeking 12,027 sqm of new retail floorspace of which 9,130 sqm (13 applications) secured flexible commercial floorspace (highlighted in blue). The majority of this “flexible” floorspace (8,136 sqm i.e. 89%) is to be delivered by schemes which are individually above 1,000 sqm.
- 6.3 Table 6.1 summarises the typical size categories of the recent planning applications.

Table 6.1 Typical size categories recent planning application (sqm)

Scheme Size	Total Floorspace	%
up to 200	1,318	11%
200 to 1000	2,573	21%
1000 to 2,500	8,136	68%
Total	12,027	100%

- 6.4 It is evident that the majority (89%) of the floorspace (i.e. 10,709 sqm) is to be delivered via schemes that are individually between 200 sqm and 2,500 sqm. This is a significant increase in floorspace which in the absence of a locally set threshold, is not required by policy to be tested in relation to the impact it could have on the town centres in the Borough.
- 6.5 It should be noted that none of the planning applications have been above the NPPF threshold of 2,500 sqm. This could be explained by a number of factors, such as commercial and market desires, and the potential lack of readily available and viable sites in the built-up area of London.
- 6.6 The above findings further highlight the importance of identifying an appropriate lower local threshold in order to manage future development proposals and ensure they are appropriately tested in terms of their likely impact; both individually and cumulatively.

Table 6.2 Retail Schemes Permitted since 2012

Planning Reference	Site Address	Location (OUT or EDGE)	Net Retail Floorspace proposed	Proposal description
PA/15/02689	31-33 Nelson Street	Edge	24	Extension to existing A1 use
PA/13/01649	161A Bow Road	OUT	25	Extension to existing A1 use
PA/14/03223/A1	Lime Wharf, 25 Vyner Street and 25A Vyner Street	OUT	37	Redevelopment of the site to provide a cultural foundation with art gallery, exhibition and auditorium facilities (Use Class D1), office/workshop space (B1) and cafe/restaurant (A3), retail unit (A1), four serviced apartments (C1) and four residential units (C3).
PA/11/03216	55 Poplar High Street	Edge	50	Change of use from minicab office (sui generis) to internet cafe and ancillary office space (Use Class A1/A2)
PA/12/00051/A1	136-140 Wapping High Street	OUT	50	Redevelopment of three additional floors and new facade treatments; change of use of the existing property from Offices (B1a) to Residential (C3) comprising 51 residential units and a 50sq.m commercial unit (Use Class A1/A2/A3/A4/A5/B1a) at ground floor level - Flexible commercial floorspace
PA/14/01723/EX	16 Martha Street, London	Edge	56	Conversion of void space at ground floor to retail shop - use class A1 and erection of a single storey rear
PA/16/02692/A1	Ailsa Wharf, Ailsa Street	OUT	70	New retail unit for 70sqm (as part of mixed use scheme for 785 units).
PA/13/02116	2 To 4, Sidney Street, London	Edge	76	Small florist off Commercial Road
PA/16/01763/A1	Castle Wharf Esso Petrol Station, Leamouth Road	OUT	81	81 sqm (single unit) of flexible non-residential floorspace (Use Classes A1, A2, A3, B1, D1 and D2) -
PA/13/00112/NC	Frances Wharf, 303-305 Burdett Road, London	OUT	89	Change of use from B1 to multi-use commercial comprising A1, A2, B1, B8, D1 & D2 use classes. - Flexible commercial floorspace
PA/13/00384	Former Queen Elizabeth Hospital, Hackney Road	OUT	90	Flexible use - includes A1,A2, A3, A4, B1, D1 and D2
PA/12/02494	100 Violet Road, London	OUT	100	100 sqm (GIA) of flexible commercial floorspace (Classes A1/A2/A3/A4/A5).
PA/12/03320	2-4 Boulcott Street	Edge	109	Flexible commercial floorspace
PA/12/02343/NC	Railway Arch, 71 Cable Street	Edge	137	Change of use from Class B8 (Storage) to Class A1 (Shop) with the installation of a shopfront.
PA/16/01041/A1	42-44 Thomas Road, London	OUT	140	140 sqm (single unit) of flexible commercial space (Use Class A1, A2, A3 or D1) as part of scheme for 184 resi units.
PA/12/00357/A1	286-290 Cambridge Heath Road	Edge	184	Demolition of existing building and redevelopment to erect a 4 storey building comprising 184m2 of flexible commercial use (Use Classes A1/A2/B1) and 9 residential flats (Use Class C3).
PA/15/02216/A1	235 Westferry Road, E14	OUT	203	Mixed use redevelopment - including 722 residential units, retail use, and flexible restaurant and cafe and drinking establishment uses.
PA/16/02140/A1	Glaucus Works, Leven Road	OUT	291	291 sqm of commercial space (A1/A2/A3/A4, B1(a), D1) as part of scheme for 160 resi units - Flexible commercial floorspace
PA/15/02828/NC	Railway Arches, 207-211 Three Colts Lane and Arches 214-216 Witan Street	OUT	336	Alterations to 13 arch frontages - changes of use for 5 arch units from B2 to A1; 2 arches to A3 use and 6 arch units from B2 to B1.
PA/14/03003	24-26 Bow Road, London	OUT	425	Outline application - Bow Road. Flexible Commercial - A1/A2.
PA/15/01231/A1	120 Vallance Road & 2-4 Hemming Street	OUT	500	1,311 sqm (GEA) of commercial space (500 smq retail) and 144 residential units
PA/15/01984/NC	Railway Arches, 157-170 Malcolm Place	OUT	818	Change of use of railway arches to flexible use A1 – A4, B1 and / or B8 and associated external alterations.
PA/16/01061/A1	Anchorage House, 2 Clove Crescent	OUT	1,198	Change of use at ground floor level from Class B1 Office to a mix of flexible Class A1, A3, A4 Individual 'commercial' units are approx 250-300sqm
13/02722	Peterley Business Centre, 472 Hackney Road	Edge	1,521	1,521 sqm of commercial space falling within use classes A1, A2, A3, A4, B1, D1 and/or D2 - Flexible commercial floorspace
PA/14/03594/A1	Leamouth Peninsula South	OUT	1,590	1590sq.m. (GIA)Class A1 – A4 and B1 floorspace at ground floor level - Flexible commercial floorspace
PA/16/02823/A1	Capstan House, 1 Clove Crescent	OUT	1,706	Change of use at ground floor level from Class B1 Office to a mix of flexible Class B1, A1, A3, A4 uses Note: No more than 900 sq. m to be used within Class A1 at any one time;
PA/14/03547	Wickham House, 69-89 Mile End Road and 10 Cleveland Way	OUT	2,121	Wickham's dept store refurb (located near Anchor Point) - flexible commercial on ground floor

7 CONCLUSIONS AND RECOMMENDATIONS

- 7.1 This report has examined whether there is a sound basis for the local planning authority to set a local floorspace impact threshold, rather than utilise the default of 2,500 sqm threshold set out within the NPPF.
- 7.2 The report has highlighted that:
- The national trends show that, in general terms there is a clear move towards smaller convenience stores for food retailers and the move towards larger stores for non-food retailers. The growth of out-of-centre retail development, the continued rise of online shopping, change in consumer habits, rising vacancy levels, the loss of key retailers to out-of-centre locations, and matters such as Brexit and other global uncertainties have left town centres more vulnerable, and perhaps less able to fight against these pressures and maintain a healthy, vital and viable environment.
 - In general terms, when looking at the centres in Tower Hamlets: the majority of centres comprise independent retailers reflecting the local traditional retailing nature of the centres; some are in clear need for investment (such as public realm and façade maintenance); street markets and other community uses act as key attractors and footfall generators; national comparison brands are lacking.
 - Based on the above points, it seems that whilst many Tower Hamlets centres have found their niche role, and function relatively well within it, this position could be easily destabilised by the impact of out-of-centre schemes.
 - In London, 40% of Local Plans that have been adopted since 2012 have adopted a local impact threshold. All use a “blanket” approach whereby the threshold applies to all the centres in the specific Borough. The threshold ranges from 80 sqm – 1,000 sqm, with the majority of the Boroughs adopting a 200 sqm threshold.
 - In terms of retail unit sizes, the majority of centres in Tower Hamlets comprise units that are on average 129 sqm in size. This is significantly below the default NPPF threshold of 2,500 sqm.
 - Since 2012, 89% (i.e. 10,709 sqm) of committed floorspace is to be delivered via schemes that are individually between 200 sqm and 2,500 sqm (i.e. falling below the default NPPF threshold of 2,500 sqm). This suggest that the national threshold does not reflect local circumstance.
- 7.3 On the basis of the above, it is considered that a locally set impact threshold of **200 sqm gross** would be adopted. We recommend that one single, consistent threshold would be appropriate across the Borough, for reasons of simplicity and transparency, as well as being supported by the evidence.