

23/02094/FULMAJ | Full planning permission for the redevelopment of the Kennet Centre comprising the partial demolition of the existing building on site and the development of new residential dwellings (Use Class C3) and residents ancillary facilities; commercial, business and service floorspace including office (Class E (a, b, c, d, e, f, and g)); access, parking, and cycle parking; landscaping and open space; sustainable energy installations; associated works, and alterations to the retained Vue Cinema and multi storey car park. | The Mall The Kennet Centre Newbury RG14 5EN

Dear colleagues,

Please find below the comments from the Economic Development Team regarding planning application 23/02094/FULMAJ.

The Economic Development Team would like to lend their support to the application on the grounds that the redevelopment of the Kennet Centre is key to unlocking the long-term viability and economic prosperity of Newbury and the wider district by meeting the changing needs of residents, businesses, and visitors.

The proposed mixed use of the redevelopment, specifically the addition of on-site office space, is also a positive addition to the scheme as it'll ensure diversified economic activity on-site, which will improve the town centre's prosperity and resilience to industry-specific shock factors.

It is also important to highlight that the residential elements of this development will be necessary for the viability of the overall development. So, although the residential elements may be delivered elsewhere, they are almost certainly needed for the viability of the site in order to bring forward this essential piece of commercial redevelopment and enhancement of the public realm.

If this site is not redeveloped, then it will limit the ability of the town centre to grow as the main economic hub of West Berkshire and a destination for residents and visitors. There is a risk that the Kennet Centre, as it is now, as an outdated and redundant commercial site, will become a stranded asset if it is not allowed to be redeveloped and improved.

The Newbury Master Plan

[The Newbury Masterplan](#) highlights the importance of redeveloping the Kennet Centre, and the wider plan works on the basis that the site will be successfully redeveloped:

"The Kennet Centre, located at the southern end of the town, provides a second shopping centre facility, however it is older and noticeably more dated than Parkway and provides a lower quality retail offer. However, a planning application is awaiting determination for the redevelopment of the Kennet Centre to be rebranded as the Eagle Quarter. If approved, the scheme will reduce the overall volume of retail floorspace, whilst offering new flexible-use commercial uses of varying sizes to attract a mix of artisan and local operators, supported by flexible terms, to complement the national multiple retail offering more concentrated in the northern end of the town centre."

"The masterplan proposes enhanced arrival spaces at the rail and bus station. The Kennet Centre proposals, together with the Market Street redevelopment, create stronger links from the rail station to the town centre" (page 56).

As you can see from the quotes above, the masterplan highlights the strategic importance of the location of the Kennet Centre, and that redevelopment of the site will play an important role in

ensuring the Town Centre offers a mix of unit sizes that caters to shifting consumer demand away from retail and towards leisure, restaurants, cafés, and services.

The 2017 West Berkshire retail study identified 47% growth in expenditure in restaurants and cafés and 46% growth in expenditure on leisure activities in the Newbury area by 2036. The UK's 'experience economy' is on the rise, and Newbury must increase its provision of independent food and drink operators and cultural activities to take full advantage of the economic benefits of this shift.

The Kennet Centre has historically catered to large national chains, while the redevelopment's aim is to include smaller ground-floor units (starting at 400 sq ft) for the purposes of being marketed towards smaller independent businesses. The masterplan stresses the importance of this shift occurring in Newbury to ensure a vibrant mix of uses and the economic resilience of the town centre.

Economic benefits

As highlighted in the Economic Impact Assessment, the redevelopment of the Kennet Centre will have a considerable boost on the economy of West Berkshire by significantly improving what Newbury town centre has to offer visitors, residents, and shoppers and enhancing the public realm.

Over the last decade, the Kennet Centre has seen rising vacancy rates (see figure 2) as occupiers have slowly moved away from the site. This has caused the employment on-site to drop by 47% from 349 FTE staff in 2012 to 185 in 2020 (Economic Impact Assessment). This falling employment has a widespread economic impact on the local area through direct wages, reduced sales capacity for businesses, and less tax revenue for the central government.

The redevelopment is estimated to create a net employment capacity of 134 additional FTE jobs, with most of the additional job capacity coming from outside of the Kennet Centre's current retail-dominated employment. The inclusion of office space in the proposal is set to create the largest increase in job capacity, adding an additional 88 FTE jobs.

Additionally, the inclusion of residential units in the scheme brings forward other economic considerations. The development will provide residential space for 426 households, which are expected to generate £7.5 million per year in expenditure for the local economy, thus providing the Eagle Quarter and Town Centre with a larger customer base.

Green infrastructure and pedestrianisation

Newbury town centre has a well-connected network of pedestrian streets, but the connections to Victoria Park and the station remain poor, interrupted by the Kennet Centre barrier. This proposal seeks to redevelop the Kennet Centre and create a more open network of streets with 3,669.76 sq m of public realm improvements, connecting the site to the Market Street redevelopment and the rail station.

This connection will have a notable impact on the pedestrian connectivity between the train station and the town centre, which will improve both visitor access to the town centre and residents' access to the train station, further promoting sustainable travel and increased footfall across the town centre.

Retail space

Vacant retail space has been on the rise across the UK since 2020, with Newbury adhering to this trend. According to CoStar's statistics, over this period, the total retail vacancy rate in Newbury Town Centre has risen from 0.89% (Q1 2020) to 6% (Q3 2023).

This trend is part of a wider shift in consumer demand for high-street space. With the introduction of internet shopping, the high street and, to a greater degree, shopping centres have seen drastically higher competition for consumers. As such, town centres need to offer a wider variety of leisure and amenities to consumers to encourage their footfall.

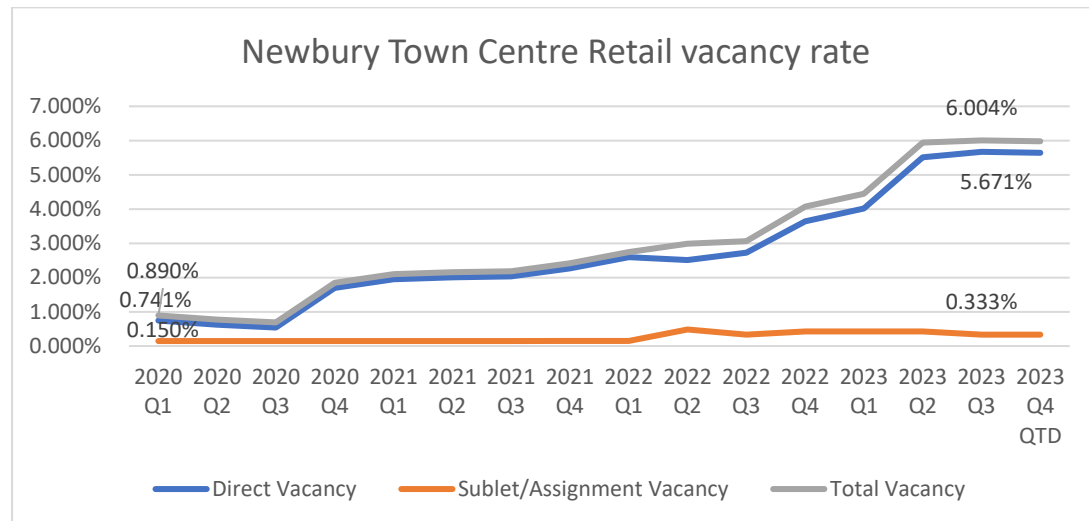


Figure 1: Source CoStar

This considerable increase in retail vacancies supports the shifts in retail demand stated in the Newbury Master Plan. Because of the significant increase in total available retail floor space (currently 87.5K sq ft) in Newbury, the loss of some retail space that has been deemed outdated will most likely not result in a shortfall in retail space supply and is a worthwhile trade-off to allow for modern multi-use retail and leisure space that better reflects the changing market demand.

As of Q3 2023, the Kennet Centre has a vacancy rate of 16.76% (Figure 2). This is 9.834% higher than the average shopping centre vacancy rate across West Berkshire, with the Kennet Centre's direct competitor, Parkway, currently having a vacancy rate of 0%.

As such, the reduction in commercial floor space from 244,000 sqft to 22,000 sqft (excluding the retained and enhanced cinema wing) is justifiable given the outdated and long-term vacancy of a large portion of the existing Kennet Centre, competition from existing shopping centres (parkway),

and the pedestrian benefits gained across Newbury from the redevelopment of the pedestrianised street.

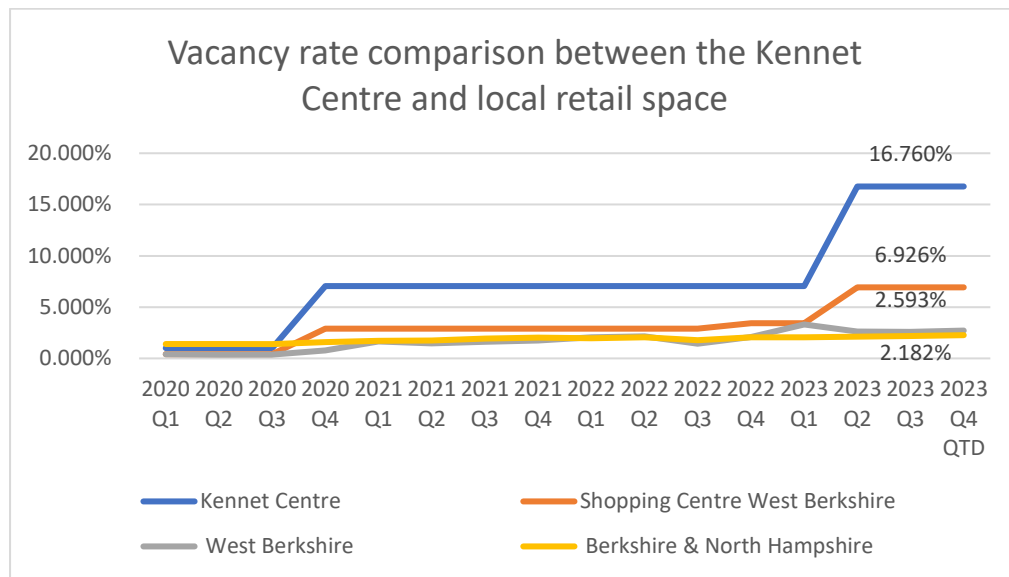


Figure 2: Source CoStar

Condition for employment and skills plan

The redevelopment of the Kennet Centre is estimated to provide around 360 FTE jobs related to construction sector activity. This will provide a massive opportunity for local construction workers to seek employment and upskill during the construction phase.

However, as pointed out in the Economic Impact Statement, the employment generated by the redevelopment will likely have a leakage effect in which construction workers from outside the district are hired to fulfil the demand for labour. This suggests around 72 FTE jobs will be generated locally.

To reduce leakage in future developments across the district, the Economic Development team would like to request an Employment Skills Plan (ESP) for the purpose of improving local construction skills and labour supply. Details on the ESP can be found below.

If this proposal achieves permission, then we would request that the developer or primary contractor produce an Employment Skills Plan (ESP) as a condition of approval. This is to ensure that the construction phase of the development provides additional social benefits and skills for the residents of West Berkshire.

This ESP will be negotiated between the Developer/primary contractor and West Berkshire Council using a Section 106 Agreement (Town and Country Planning Act, 1990). This agreement will allow for flexible negotiations between the Developer and the council to provide an agreeable benefit for local labour.

Please contact the Economic Development Team for any further assistance with developing and implementing an Employment and Skills Plan.

Comments by: Daniel Phelan

Date: 18th October 2023