

Crawley Borough Council

Council-Owned Neighbourhood Parades Scrutiny Panel

Agenda for the **Council-Owned Neighbourhood Parades Scrutiny Panel** which will be held **virtually - Microsoft Teams Live**, on **Tuesday, 8 December 2020 at 6.30 pm**

Nightline Telephone No. 07881 500 227



Chief Executive

Membership:
Councillors

R A Lanzer (Chair), M L Ayling, F Guidera, T Lunnon and D M Peck

Please note: in accordance with Regulations in response to the COVID-19 Public Health Emergency, from April 2020 committee meetings will be held virtually via online video conferencing with committee members in remote attendance only. Any member of the public or press may observe a committee meeting (except where exempt information is to be discussed) via a link published on the Council's website at least 24 hours before the scheduled start time. Please note that there will be no public questions at meetings of the scrutiny panel.

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The order of business may change at the Chair's discretion

Part A Business (Open to the Public)

	Pages
1. Apologies for Absence	
2. Disclosures of Interest & Whipping Declarations	
<p>In accordance with the Council's Code of Conduct, councillors are reminded that it is a requirement to declare interests where appropriate.</p> <p>Councillors must also declare if they are subject to their party group whip in relation to any items under consideration.</p>	
3. Introduction to the Review: Setting the Scoping Framework and Timescales	3 - 36
<ul style="list-style-type: none">• To receive a brief introduction to the review• To discuss, amend (as necessary) and agree the scoping framework (draft attached as appendix A)• To determine any background information the Panel requires, further to the information presented in report FIN/499 to the Overview and Scrutiny Commission (attached as appendix B).	
4. Dates of Future Meetings	
<p>To confirm the dates of future meetings of the panel, and to agree a plan for the topics to be discussed at each meeting.</p>	

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Agenda Item 3

Introduction to the Review: Setting the Scoping Framework and Timescales

- To receive a brief introduction to the review
- To discuss, amend (as necessary) and agree the scoping framework (draft attached as appendix A)
- To determine any background information the Panel requires, further to the information presented in report FIN/499 to the Overview and Scrutiny Commission (attached as appendix B).

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Scoping Framework

Council-owned Neighbourhood Parades Scrutiny Panel

PART 1: THE REVIEW

Section I - Terms of reference

To examine the various roles of council-owned neighbourhood parades to explore:

- How effectively these are currently being discharged.
- What improvements might be made for the future.

Section II – Reasons for the review

The Council owns 11 neighbourhood parades across Crawley. An important revenue stream is provided by the parades, which are intended to be ‘community assets’ due to the provision of local shopping facilities. The current neighbourhood parade policy (the [Property Strategy](#)) was adopted in May 2004 and aimed for a commercial approach to the Council’s property portfolio. The policy has been in place for 16 years, so there is an opportunity to examine how effective it has been over this substantial time period in meeting its objectives.

The desired outcome is an appraisal of the effectiveness of neighbourhood parade policies in meeting agreed objectives since May 2004 and consideration of possible changes for the future.

Section III - Key objectives of review

The review will involve consideration of the following:

- How successful has the revenue stream from the parades been under the current policy? How important is this revenue stream to council services?
- Are the parades perceived as ‘community assets’ by locals (an objective of the Property Strategy)? If so, how do the parades meet this objective? E.g. how successfully do they provide access to shops without the need to travel? Does the diversity of shops fulfil this?
- What else do residents want from their local parade(s)?
- Consideration of the information provided within report [FIN/499](#) regarding:
 - The current tenant/use mix of the parades and changes of use over time.
 - The number of vacant units.
 - The number (and usage requirements) of parties on the waiting list for a unit.
 - The policy regarding flats over the retail units.
 - The policy regarding the 21 year rule on extensions to the property.
 - The policy for responsibility for maintenance.

And whether these matters meet the objectives of the Local Plan.

- Clarity on the rent review/lease renewal process.
- Analysis of the real increase in rents allowing for inflation (RPI).
- How a potential tenant’s ability to run a business is assessed/supported – the Council offers some signposting to resources but is limited in the ways it can help support tenants to run a business (such as training/guidance).
- What affect has the Coronavirus pandemic had on retail?

After consideration of the above, what options might there be for change?

Section IV - What will not be included in the scope (and why)?

It is proposed that the review should be kept proportionate, by focusing on the aims, objectives and scope as set out in the suggestion form, in order to target the areas which will add the most value. The scope could be very wide-reaching but should be kept to considerations which are directly relevant to the matter at hand.

Scrutiny should not duplicate any other work currently being undertaken within the Council.

PART 2: EVIDENCE GATHERING AND PLANNING

Section V - Key documents and background information the panel may find useful

1. [Property Strategy May 2004](#)
2. [Report FIN/499 - Council-owned Neighbourhood Parades Introductory Report](#)
3. [Competition Act 1988](#)
4. ["Running of Crawley's neighbourhood parades to be reviewed", Crawley Observer, 10.06.20](#)
5. [Facebook post and public comments – "what would you change about your nearest neighbourhood parade if you could?" Crawley Observer](#)
6. [CBC website – support and advice during the Coronavirus outbreak for business and employers](#)
7. [Gov.uk website – financial support for businesses during coronavirus \(COVID-19\)](#)
8. Information and evidence from key CBC officers
9. Potential witness sessions with Cabinet members
10. Potential witness session with letting agent
11. Potential consultation with public
12. Potential witness sessions/consultation with tenants

Regard should be had for current (and proposed) policy documents and legislation when undertaking the panel's work to ensure compliance with Council policies and priorities.

Any consultation will need to take into account Coronavirus restrictions and the safety of residents and CBC staff, together with resources and time constraints. Consultation may therefore be via email or web surveys. The CfPS guidance on understanding scrutiny work during the Coronavirus pandemic can be found [here](#). Early discussion with the communications team will be essential.

Section VI - Witnesses to be invited

(initial suggestions listed below – all TBC by Panel)

<u>Organisation/Position</u>	<u>Type of Feedback</u>	<u>Reason for Inviting</u>
CBC Asset Manager	Witness session	<ul style="list-style-type: none"> • To provide information on how the current strategy has worked with regard to the revenue stream and how important this revenue is to council services, together with further information on how rents are calculated. Gather their views on the Property Strategy and suggestions for any areas for improvement. • NB - discussion may be in exempt session.

Head of Corporate Finance/Chief Accountant	Witness session	<ul style="list-style-type: none"> To assist the panel in its analysis of the real increase in rents allowing for inflation (RPI) and the revenue stream gathered from the parades. Gather their suggestions for any areas for improvement. NB - discussion may be in exempt session.
Community Services Manager	Witness session (feedback on Facebook – see V.5 above – is partly focused on crime and disorder issues on the parades)	<ul style="list-style-type: none"> To provide the panel with a perspective on the community safety aspects of/nearby the neighbourhood parades.
Cabinet Members	Witness sessions	<ul style="list-style-type: none"> To gather views on the current strategy. To provide information on how residents may be being affected by the current situation and the impact this may have on the parades (and how/to what extent they are meeting the objectives).
External		
Letting Agent	Witness session	<ul style="list-style-type: none"> To update on the current situation and give views on how the policy works in practice.
Public	Web survey	<ul style="list-style-type: none"> To understand what exactly residents want from parades.
Parade tenants	Witness sessions	<ul style="list-style-type: none"> To give views on how the policy works in practice and to recognise and understand any changes tenants would like made.

Section VII - Site Visits by Panel Members		
<u>Location/Event</u>	<u>Date</u>	<u>Purpose of Visit</u>
TBC		

Section VIII - Community Engagement Proposals
TBC

PART 3: ADMINISTRATIVE CHECKLIST

Section IX – Planning the Panel’s Work Programme		
	<u>Date (prov)</u>	<u>Details: (e.g. witnesses, objectives etc.)</u>
Projected start date	Nov 20	
Panel meeting 1	08/12/20	Background report and scoping framework
Panel meeting 2	Feb 21	
Panel meeting 3	Mar 21	
Panel meeting 4	Apr 21	
Panel meeting 5	June 21	
Panel meeting 6	July 21	Finalise outcomes/recommendations
Further meetings IF REQUIRED – or by email		

Section X - Resources and Responsibilities	
Chair	Cllr Lanzer
Members	Cllrs Ayling, Guidera, Lanzer, Lunnon, and Peck
Lead Officers	Sue Bader (Asset Manager) Karen Hayes (Head of Corporate Finance)
DSO	Jess Tamplin
Head of Service	Head of Corporate Finance

Section XI - Reporting Arrangements	
<u>Committee/body</u>	<u>Date (prov.)</u>
Final report of panel to Overview and Scrutiny Commission	TBC
Final report to Cabinet (as appropriate)	TBC
Final report to other committee, Full Council or body (as appropriate)	TBC

Section XII – Approvals		
<u>Details</u>	<u>By whom</u>	<u>Date</u>
Terms of reference/Panel agreed	OSC	28/09/20
Scoping Framework - drafted	Democratic Services	Nov 20
Scoping Framework - first agreed	Panel	

Crawley Borough Council

Report to Overview and Scrutiny Commission 8 June 2020

Council-owned Neighbourhood Parades – Introductory Report

Report of the Head of Corporate Finance, FIN/499

1. Purpose

- 1.1 Following the submission of a [Scrutiny Suggestion Form](#) by Councillor Lanzer requesting a review of Neighbourhood Parades, this report updates on the number, nature and examination of the various roles of council-owned neighbourhood parades. It also explores how effectively these have been discharged, together with what improvements might be made for the future.
- 1.2 The proposed scope was to highlight the important revenue stream derived from the parades in addition to their value as community assets in terms of providing local shopping facilities for the neighbourhoods and beyond.
- 1.3 The current neighbourhood parade policy was included within the [Property Strategy](#) which was adopted in May 2004 when it was decided to adopt a more commercial approach. There is now an opportunity to examine its effectiveness and the influence that it has had on meeting the range of objectives associated with this strategy.
- 1.4 It was agreed that a Scrutiny Panel would be established for the municipal year 2020-2021 with the first Overview and Scrutiny Commission (OSC) meeting as the scoping meeting with a report outlining the detailed requirements from the scrutiny suggestion.

2. Recommendations

- 2.1 To the Overview and Scrutiny Commission:
 - a) That the Commission considers the report and reconfirms whether there is the value and a requirement for the establishment of a Scrutiny Panel.
 - b) Should 2.1(a) be accepted, that the Commission confirms the establishment of the Council Owned Neighbourhood Parades Scrutiny Panel based on 3:2 membership.
 - c) That a Chair for the new Scrutiny Panel be established and allow the Chair of the Panel to establish the terms reference.
 - d) That the Commission submits any additional information it feels would be beneficial for the Scrutiny Panel to receive.
 - e) If a Scrutiny Panel is not established that the Commission is requested to identify any amendments it would suggest to the Property Strategy.

3. Reasons for the Recommendations

- 3.1 The desired outcome would be an appraisal of the effectiveness of current neighbourhood parade policy in meeting agreed objectives since May 2004 and consideration of possible changes for the future.

4. Background

- 4.1 Crawley was built as a 'New Town' in accordance with the neighbourhood principle where each residential neighbourhood has its own parade or concentration of local shops, facilities and services to support the day-to-day needs of residents. Crawley Borough Council (CBC) owns 11 neighbourhood parades in Crawley. The rest of the parades in the neighbourhoods include Peterhouse Parade, Shire Parade, both small private parades in Pound Hill; the Maidenbower Centre; and Broadfield Barton, a private parade but with many owners. In addition, there is a small private parade of shops on Three Bridges Road across from Three Bridges Station.
- 4.2 There are 139 shops in the neighbourhood parades owned by the Council, most of these have a residential unit above. The tenants enter into a business lease, the terms of which are generally standard for a commercial property, but will vary slightly to reflect the particulars of the retail unit.
- 4.3 The Council's Property Strategy was approved and set up in 2004 with the intention to establish some principles and policies to improve the management of the diverse portfolio owned by the council and assist in meeting the aims and objectives of the then Corporate Plan and Community Strategy. An essential objective for the strategy was to balance out the various competing priorities effectively, e.g. community need against financial requirements.
- 4.4 The 2004 Property Strategy details much information regarding the non-operational property, and particularly the neighbourhood parade shops, which was suggested to be the most visible part of the Council's non-operational portfolio. It was noted in 2004 that the demands and expectations placed on the parades had changed significantly from the time of their original development.
- 4.5 Going forward from 2004, there has been a significant shift in shopping trends with an increased demand for online shopping. Despite this, there has not been a big turnover of tenants which indicates a good demand for the neighbourhood parade shops as tenants stay for a prolonged period. Nevertheless, trends in change of use have shifted towards an increase in convenience shops (with off-licence) and those of prepared food to eat out as well as an increase in beauty services.
- 4.6 The national economy has remained relatively flat for most of the period since 2004, although experienced a decline with the 2008 global recession. Despite this, the neighbourhood parades stood up well, with very few vacant units. There is still a need to see the effect of the Covid-19 situation which may potentially have a detrimental impact on the local economy, however people are likely to continue to shop locally.
- 4.7 Since 2004 Local Government Finance has changed considerably with a significant reduction in funding from Central Government. This has prompted local government to react and plan for a more commercial approach. The Council's Transformation Plan aims to generate revenue that can be reinvested in delivering and maintaining Council services and to ensure that staff are equipped with the right skills to identify and benefit from commercial opportunities, balancing this approach with core public service values.

4.8 It is important to note that the non-operational portfolio which includes the neighbourhood parades is not the only property owned by the Council. The Council also owns properties that provide uses for the community of high social value, such as the Tilgate Forest Recreation Huts, and a number of the former Play Centres, and Scout Huts, Sports Clubs, and Social Clubs where the financial consideration is balanced by the community gain.

5. The types of business activities on the Neighbourhood Parades

5.1 The following table provides a general representation of the current business activities which may be found on the parades. It classifies shops by their main category of business activity but some shops may have more than one use, for instance a convenience store may also include an off-licence. A more comprehensive table can be found in Appendix A. Most parade shops have a residential unit above which can be let out thus providing an additional income for the leaseholder.

Table 1 – Number of shops per category of business activity in the Council-owned Neighbourhood Parades:

Category of use	Number of shops
Food takeaway (as main offer)	29
Convenience store - Independent store (15) - National chain store (9)	24
Hairdressing, barbers or beauty salon	11
Pharmacy	9
Betting office	8
Café, coffee shop and/or bakery	8
Newsagent - Independent store (3) - National chain store (5)	8
Other/ Miscellaneous	8
Restaurant (including those with takeaway service)	7
Dry cleaning or launderette	7
Professional services (accountancy, recruitment, estate agent)	6
Events and parties	5
Off licence (as main offer)	4
Alternative medicine	3
Vacant	2
Total	139

Notes:

- *The total number of premises with a takeaway function is 35.*
- *The total number of shops with an off licence offer is 20.*
- *The number of Sub Post offices is 6.*
- *There are 2 greengrocers.*

5.2 Change of Use

5.3 For the purpose of this report, a change of use refers to both a different business use altogether and also to an extension of the use permitted by the lease e.g. addition of off licence provision.

- 5.4 There have been 54 changes of use in the 16 years since 2004 involving 37 shops out of the 139 shops in the neighbourhood parades, an average of 3.4 changes per year.
- 5.5 Over the same period, and included within the 54, there have been 8 additional takeaways on the parades. This follows a national trend for demand for ready to eat food, a trend also highlighted in the report '[Parades of Shops - Towards an understanding of performance & prospects](#)' by the Department for Communities and Local Government in 2012.
- 5.6 There has also been an increase in beauty services with some tanning and/or beauty/ nail salons opening up (5 since 2004). In addition there has been an increase in professional services for Accountants, Recruitment, and Estate Agents, and alternative products services such as chiropractors and alternative medicine products.
- 5.7 There has been a decrease in the number of shops that cater for hobbies e.g. musical instruments, pet shop, sport equipment as well as haberdashery and clothing, however these types of shops still have not disappeared from the parades completely.
- 5.8 While the 2004 Property Strategy already acknowledged that there was a decrease in the use of specialist retailers whose role over the years have gradually been provided for as part of diversified convenience stores (e.g. there is currently only one butcher which opened in 2017), the following table establishes information on the number of changes which have occurred since 2004 per parade, while Appendix B details the type of changes occurred.

Table 2 – Number of changes of use per neighbourhood parade and percentage of shops per parade with at least one change of use since 2004:

Neighbourhood	Number of shops with at least one change since 2004	Number of shops without a change since 2004	Total number of shops per Neighbourhood Parade (as of 06/04/2020)	Percentage of shops with at least one change since 2004 per Parade
Gossops Green	5	8	13	38%
Southgate	5	8	13	38%
Pound Hill	4	8	12	33%
Langley Green	5	12	17	29%
Three Bridges	4	10	14	29%
Furnace Green	3	8	11	27%
Ifield	3	10	13	23%
Northgate	3	10	13	23%
Tilgate	4	16	20	20%
West Green	1	6	7	14%
Bewbush	0	6	6	0%
Total	37	102	139	27%

Note:

Table 2 refers to change of use as per the paragraph 5.3 definition “a different business use altogether but also an extension of the use permitted by the lease or addition of off licence provision”.

- 5.9 The table shows that the Gossops Green, Southgate and Pound Hill parades have a higher percentage of change of use out of their total number of shops since 2004

whereas those that had the lowest were the Bewbush, West Green and Tilgate parades.

- 5.10 Gossops Parade is considered to be one of the less popular parades, it is located behind the Windmill Public House, and is less visible to passing traffic. There are now a higher percentage of takeaway/restaurant uses on this Parade as tenants have found it can be a profitable business, in this location.
- 5.11 Bewbush and West Green are small parades meeting the needs of the policy with convenience store; chemist; newsagent/tobacconist/confectioner; and also a number of differing takeaways.

6. Financial Information

- 6.1 The net cost of services that the Council provides after receiving income including commercial property income is £14.9m in 2020/21. Without the income from parades the Council would not be able to provide the services at the level it currently does, including parks and open spaces, waste and recycling, community wardens and play services.
- 6.2 In the Financial year 2004/05 the Council received £8.8m in Government funding, in 2019/20 this had reduced to £7.8m. If the 2004/05 figure of £8.8m had been increased by RPI then the Council would have received £13.5m in Government support, this is an estimated reduction of over £5.7m over that period based on RPI. The Table below shows the changes in Government funding since 2004 in five year intervals.

Table 3 – Changes in Government funding since 2004/05 to 2019/20 in five year intervals:

Type of funding	2004/05 £	2009/10 £	2014/15 £	2019/20 £
Retained Business Rates	2,718,073	8,461,520	3,590,997	6,494,242
New Homes Bonus	0	0	1,327,705	1,473,175
Government Grant	6,123,062	1,953,028	3,705,607	0
Total	8,841,135	10,414,548	8,624,309	7,967,417

- 6.3 **Income**
- 6.4 The total income received from the parades is approximately £3.0m per annum. This is around 50% of the total commercial rental income the council receives, this was £6.3m in 2019/20 and is an important part of maintaining services.
- 6.5 Table 4 below shows the changes in income. There is an average increase in the rents by 93.0% over the 16 year period. Over the same period the Retail Price Index (RPI) has increased by 53.2%. If the rent of £1,548,784 was increased by RPI the income would be £2,372,737, the actual income is £2,989,520 which is a real term increase of 26%, £616,783.

Table 4 – Comparison of rent income between financial years 2004/05 and 2019/20 and the percentage increase:

Neighbourhood Parade	Rent Income 2004/05	Rent Income 2019/20	Percentage Increase
West Green	£73,700	£117,270	59%
Furnace Green	£80,950	£162,000	100%
Bewbush	£110,450	£167,100	51%
Northgate	£121,175	£244,100	101%
Gossops Green	£131,073	£246,575	88%
Pound Hill	£123,836	£262,565	112%
Southgate	£161,475	£275,920	71%
Three Bridges	£115,589	£298,455	158%
Ifield	£170,145	£309,800	82%
Langley Green	£208,290	£431,505	107%
Tilgate	£252,100	£474,230	88%
Total	£1,548,784	£2,989,520	93%

- 6.6 The rent for any unit is generally subject to review or renewal every five years. Appendix C gives details of how these are calculated, this should be read together with the rest of this section. Rents are based on a commercial assessment of the unit and negotiation between the parties. The rent is referenced against rents agreed on comparable properties, and the best form of comparable evidence comes from an actual market letting of a vacant unit, which has been exposed to the market, and for which potentially a number of offers to lease has been received. It has not been possible to review how the rental values have changed over the intervening years in more detail, as this would pose a very substantial piece of work, such as looking back into archived files.
- 6.7 Evidence on the same parade is preferable, but equally evidence from other parades is informative, though often with an element of adjustment to reflect the popularity of a parade. The rent being negotiated cannot reflect what any tenant might be able to afford to pay for the unit, as this does not create a level playing field for either landlord or tenant across the shops and the parades.
- 6.8 From having units to let on the open market the Council has established that the larger parades, Tilgate Parade, and Langley Parade, can command higher rents per square foot than the other parades. Factors such as accessibility will play an important part here as this will bring in a larger footfall, and it should be noted that there has been investment by the Council in these two parades to make them more accessible. More information on the types of repairs carried out on the parades can be found on at paragraphs 6.11 and 6.12 below and section 11.1.
- 6.9 In addition to rents some businesses also pay business rates. For every pound (£1) received in business rates, only 4.9p is retained by the Council while 10p goes to West Sussex County Council and 85.1p to central government. Many businesses on the parades are 'small businesses' and pay little or no business rates.
- 6.10 **Expenditure - Maintenance**
- 6.11 As part of the Council's Programmed Repairs Budget, work has been carried out to improve the external fasciae and guttering of a number of the parades over the years. These works have been carried out by the Council to maintain the asset and to ensure uniformity in appearance. The Council also organises and pays for the cleaning of the common parts to the parades, including communal staircases and walkways which is not charged back to the tenant despite an ability to do so under the lease agreements.

- 6.12 A significant amount has been spent in improvements on the neighbourhood parades including capital investment in car parks, programmed maintenance and repairs works with a cost over £4.9 million.

7. Vacant Units

- 7.1 The parades experience a relatively low vacancy rate with only 13 shops becoming vacant out of 139 shops since 2010.
- 7.2 At the time of writing, there are two vacant units and another shop lease is coming to an end in the summer.
- 7.3 One reason for a unit to become vacant is because a business is failing, resulting in non-payment of rent. Often, despite intervention to attempt and maintain the tenant in the business, there will come a time when the Council needs to step in and take a unit back. This is either done by negotiation, or by forfeiting the lease under Court procedures. Forfeiture is never undertaken lightly as it is an adversarial process for both landlord and tenant; it is often costly for the landlord, and often takes a long time to regain the property back. There will likely then be the ensuing repairs to put the property into good order, as a tenant who cannot afford rent is usually one who does not keep a property in repair. The Council may be holding a rent deposit from the tenant. Depending on circumstances this money may either be put towards rent arrears and/or towards the necessary works of repair. However, it is unusual for the deposit to cover both.
- 7.4 Occasionally a tenant may retire, or decide not to take a new lease at expiry. These are rare occurrences as tenants prefer to sell their lease on, thus recovering the money from the business.
- 7.5 The leases granted on the parades are full repairing leases which means that the tenants are responsible for keeping the property in good repair, including all internal and external parts, and all the structure, which includes the roof. This obligation to fully keep in repair also relates to the flat, as well as the retail unit.

8. The waiting list for lease applications

- 8.1 The Asset Team keeps a list of potential applicants interested in renting Council property. If a unit does become available the potential applicants' details are passed to the Council's letting agents, with whom the Council has a contract for the letting of any vacant commercial property.
- 8.2 Due to Data Protection requirements only recent information has been kept in relation to the waiting list, which at the moment has a total of 46 enquiries for retail premises. A table summarising the type of business activities proposed by enquirers can be found in Appendix D.
- 8.3 In most instances when a parade shop becomes available, it is marketed on a tender basis; interested parties submit their best offer in terms of the annual rent, the length of lease they would like, the use to which they wish to use the property for, and any other terms which they consider relevant to their offer. In 2018/2019 expressions of interest were sought for a unit in Langley Parade. Over 10 offers were received and evaluated on the best fit for the unit, and more importantly, the parade.

9. General management principles of the Neighbourhood Parades

9.1 The Lease agreement

9.2 The length of the lease ranged between 20 to 25 years in 2004 but it currently stands between 5 to 20 years, 20 years being the maximum length of lease the Council is able to offer given recent legislation, more details are in Appendix C.

9.3 Some of the key lease terms are:

- Premises: The parade units consist of a retail unit, and in most cases include the residential flat above. The whole property is subject to a commercial lease.
- Rent: the rent includes the retail unit and also the residential unit above it. The rent for both the retail and residential elements will stay the same for each five year period during the course of the lease. The table below illustrates what an initial £10,000 rent would have increased annually if increased by RPI since 2014. The increase over that period would be 13%.

Table 5 – Example of increase by RPI annually on a base rent of £10,000:

Year	Increase from previous year RPI %	£
2014	2.4%	10,240.00
2015	1%	10,342.40
2016	1.8%	10,528.56
2017	3.6%	10,907.59
2018	3.3%	11,267.54

- Alienation: The tenant can sell the lease on (assignment) with the Council's consent as landlord, and can sublet the flat on an Assured Shorthold Tenancy (AST), if not occupied by the tenant, or by staff. Subletting of the whole unit is often prohibited (the Council loses some control over the property), though this ability to control may be dictated by the form of the clauses in the lease which can vary depending on when they were originally granted.
- Rent Deposit: the more recent tenants (since 2010) will have been required to lodge a six month rent deposit, which is in line with the general market, with the Council to be used in the event of non-payment of rent, or for dilapidations. Tenants who pre-date 2010 will generally not have rent deposits lodged.

9.4 How rents are established

9.5 Rents are reviewed at a rent review date specified in the lease, or at the point of lease renewal. Alternatively, a new rent is set when an offer is received for a vacant unit.

9.6 A brief explanation as to how rent or the rental value of a property is arrived at can be found in Appendix C and 6.6 and 6.7 above.

9.7 The difficulty experienced by the Council on reviews and renewals when trying to agree a rent with a tenant is that the Council is referencing the rent to that received from similar property, whilst the tenant will often negotiate in terms of a sum of money which the business can afford to pay. This tension can lead to an apparent transfer of the negotiation into public scrutiny.

9.8 **Vetting of applicants**

- 9.9 When a property is vacant, or when an existing tenant assigns their lease to a new party, a vetting process of the applicant takes place. The purpose of this is to ensure that the applicant has sufficient financial standing to be able to fund the business in its early days. A second purpose is to ensure that the applicant understands the lease document into which they will be entering and the financial implications of doing so which not only apply to the payment of the rent but also the potential cost of any repairing obligations. A signature from the applicant is sought out to seek consent to perform a credit check and confirm understanding of the terms and conditions of the lease.
- 9.10 As part of the financial check, the applicant is asked to produce a business plan as to how they see the business going forward. Occasionally the applicant will have instructed an accountant or similar to produce a business plan, but more often these are produced by the applicant, and enables some indication as to a potential applicant's capabilities. However, it is only a business plan, and it does not follow that a good business plan will result in a successfully run business.
- 9.11 A number of applicants are first time businesses. In these cases the Council may take, as well as the rent deposit, some form of guarantee. This can either be a Guarantor to the lease, or can be a charge over property held by the applicant. Whilst this might help secure the rent and other obligations, it does not assist the tenant in running the business. The Council does not have the expertise or facility to offer help and support in terms of starting up and running a business. However, some business resources and support are available. Information signposting to these resources can be found in this [link](#).
- 9.12 In certain occasions, when a unit has become available, some prospective tenants have not been considered acceptable due to a very obvious lack of business acumen. When there are a number of applicants, there is the opportunity to progress with the potentially more viable tenant. In the case where a tenant is looking to assign the lease, and the Council is presented with one potential assignee, it can be more difficult to evaluate their ability to run the business. A future option may be to ask for support from the Economic Development team.
- 9.13 The Landlord & Tenant Act 1927 and the Landlord & Tenant Act 1988 require the Landlord to be reasonable in their vetting of the assignee, and the outgoing tenant will be pressurising for the sale of the lease to go through. The basic principle is that the assignee must put the Council as landlord in no worse position than the Council would be with the existing tenant, assuming the existing tenant has complied with all the obligations of the lease.
- 9.14 The Council's letting agent, who markets the vacant properties, also carries out all the necessary checks on the applicant and obtains references (bank, previous landlord, trade references) and completes those on behalf of the Council. Once references and the business plan/past accounts have been received, these are reviewed prior to organising a meeting with the proposed assignee/tenant. The interview as part of the vetting process ensures that the proposed tenant is aware of the obligations they are taking on and provides an opportunity for the Council and the potential new tenant to clarify any issues.

10. **The Neighbourhood Parades as Community Assets**

- 10.1 The Local Plan [Crawley 2030](#) recognises and aims to maintain the key role of the neighbourhood parades in meeting the day-to-day needs of local communities whilst allowing flexibility for other uses to support the vitality and viability of each parade. In

practice, this has meant the make-up of the parades has varied over time, with the role of individual specialist uses such as butchers, bakers and greengrocers being taken over by the larger convenience stores as a single anchor, and more takeaways and other more bespoke non-convenience uses, for example beauty taking their place. The Local Plan review 2020 (Reg. 19) has sought to revisit the boundaries of the identified neighbourhood centres to ensure that the public houses, as a key feature of many neighbourhood centres, are also now included within the Local Plan review 2020 designation.

- 10.2 The current list of tenants of the parades (Appendix A) demonstrates that almost all the parades seem to include the most important shops for meeting day to day needs: Convenience Store, Chemist and Newsagent as well as takeaways which many residents would probably now include in that category.
- 10.3 Further details relating to the Local Plan Policy are in Appendix E.
- 10.4 It is important to maintain the focus of ensuring Crawley's neighbourhood parades continue to provide for the day-to-day needs of the local communities (particularly convenience shopping) rather than emphasising the changes of increased mobility, or the fact that many people are increasingly driving to out of town supermarkets which would not be in line with current national thinking regarding sustainability, nor council policy with regards to the neighbourhood principle. Therefore, whilst there is scope to allow some non-convenience or specialist retail uses on the parades, especially the larger ones, it is important that the council manages the way in which these uses are allowed so as to ensure that the parades can continue to meet the day-to-day 'top up' shopping needs of residents, and therefore that we are able to promote the broader concepts of sustainable development. The recent Covid-19 pandemic has brought home the value of local neighbourhood shopping.

11. Review of Neighbourhood Parades policies

11.1 Maintenance of the Parades

- 11.2 As landlord the Council has carried out repairs and replacement work to the gutters and fasciae to various of the parades over a number of years. This would be repair work not easily carried out by a tenant, often requiring the use of scaffolding. Additionally by carrying it out at one time there is uniformity of work, such that benefits the appearance of the parade. The cost of these works have come from the Council's Programmed Repairs Budget, and have not been re-charged to the tenants.
- 11.3 As referred to above some of the parades have benefitted from other items of repair being carried out by the Council, where the repair might be to a "common part" of the parade, for instance the walkways, but for which technically the tenants have individual liability. This common benefit has not been recharged to the tenants.
- 11.4 The pavements fronting the parades and the car parks beyond are generally owned by West Sussex County Council (WSSC) as Highway Authority. WSSC is generally responsible for repairs to these areas.
- 11.5 In the past, Parade Regeneration works have been carried out to most of the Council's parades. These have varied in extent, with major works having been carried out at Langley Parade as part of the Langley Green regeneration works, also at Tilgate Parade, and to a lesser extent at Ifield Parade. Parades such as Pound Hill and Northgate Parade have benefitted from more limited improvement works, often around the car parking provision. The cost of these works have been borne by the Council.

11.6 **Flats over retail units**

- 11.7 Where a retail unit has a flat over, the Council requires that the flat is taken on a commercial lease with the shop. There are a number of reasons for this, but mainly if the flat were to be let separately by the Council, the ingoing tenant would have the opportunity of exercising a Right to Buy. This could lead to the break-up of the parade into a number of ownerships, and will affect the Council's ability in the future to deal with the parade.
- 11.8 There are two parades where all the flats above the shops are Crawley Homes units, Furnace Parade and at Bewbush.
- 11.9 The flats can be occupied by the tenant, or the tenant can let the flat on an assured shorthold tenancy basis. This does give the tenant the opportunity to let the flat at a market rent, and which rent can be reviewed more frequently than the five year period under the commercial lease from the Council. A large number of retail tenants do let their flat out, and can make approximately a 30% profit on the rent charged by the Council. Other tenants will use the flat to house their staff, thus saving in wage costs, and a very few will keep the flat empty or use part as an office for their business.

12. **Review of potential options for change**

12.1 **The basis of the rental value**

- 12.2 It is believed that the fairest way across the board for all tenants is to try and have comparability between parades and shops, such that all tenants are treated equally. It is contended that the reference to a market rent is the most appropriate way of achieving this (6.6 and 6.7 refer). It is the basis used for a vast percentage of retail units through the country, based on a valuation method prescribed by the Royal Institution of Chartered Surveyors. There are often discussion groups as to whether the Zoning valuation method (briefly explained in Appendix C) needs adjustment, but a more preferred method has not been established and this method does allow the units to be referenced against one another in the interest of fairness across all units. This method of valuation of the rent would be typically used by most Local Authorities for their commercial property, unless they had some form of discounted rent scheme.
- 12.3 Rental values can be referenced against values on other parades, and that might include the private parades in the Borough. Whilst a very small sample, recent information has shown that in some instances the rents on two different private parades were respectively 6.5% and 4.3% higher than the rents on Tilgate Parade (arguably our best parade) at a comparative time. Comparison with private parade shops is in general difficult due firstly to actually obtaining the information, but then in ascertaining that the lease terms are relatively comparable, for instance that rents are reviewed every five years and not every three years. Further work could establish a more reliable data base.
- 12.4 There is limited scope in terms of the possible options for the lease. The Council offers flexible leases in respect of the length of the lease. A lease can be anything from five to twenty years, although most have provision for rent adjustment after five years. Otherwise, the actual lease is a standard commercial lease, which generally gives parity across the neighbourhoods, with tenants having equal degrees of responsibility in terms of repair, and obligation, financial or otherwise. The terms and conditions of the lease can influence the rent, so to have comparable lease terms across units and parades allows comparison when valuing the rent at review or renewal.

12.5 **Rent review policy**

- 12.6 As agreed under the Property Strategy the aim is to optimise the revenue to the Council while having regard to its wider objectives. The leases under which the units are let set out the basis of the rent review, and the rents for the neighbourhood parade units are considered to be the rent which the property would achieve if available to let in the open market, or a market rent. This approach has regard to the market for the neighbourhood shops. It does not particularly have regard to the market for Town Centre shops, unless it is seen that the two markets are comparable.
- 12.7 The shops are valued as to whether they provide an A1/A2 retail/another user, or an A3/A5 restaurant/takeaway, with evidence showing that an A3/A5 user can support a higher rate per square foot rent than the A1/A2 users.
- 12.8 Another approach which might be included in a rent review clause is to have the rent geared to RPI. However, if a neighbourhood parade rent geared to RPI was then compared to a rent on a private parade unit, and it was seen that the private parade rent is higher, it could be such that the Council could be said to be subsidising neighbourhood parade rents by agreeing to an RPI increase basis (see Appendix D).
- 12.9 A rent geared to turnover is another way a landlord may receive a rental income. This method is sometimes employed within shopping centres where the national retailers pay a percentage of their turnover, and where the turnover is evidenced by the Electronic Point of Sale (EPOS). This reflects the more side by side approach of the landlord and tenant who are both motivated by the performance of a multi-million pound property asset. For the tenants of the parades to evidence their turnover, would require investment in EPOS equipment, and it is possible some tenants would prefer not to have this scrutiny on their accounts.
- 12.10 The Council is not able to value the rent for a unit to accord with what the tenant thinks they may be able to pay, as there would be no uniformity to the approach, and thus it would be difficult to show that all tenants were being treated equally, as well as perhaps being contrary to s.123 of the Local Government Act 1972 which does provide for the Council to obtain the best possible consideration. There is also the argument that the tenants do run their shops for their own commercial benefit. To provide specific support to the Council's neighbourhood parades in terms of the rent required, may be unfair to those tenants of shops on the privately owned parades.
- ## 12.11 **21 year rule on extensions**
- 12.12 In this instance, the premise under the Landlord & Tenant Act 1954 is that on lease renewal an extension to the property, and which was constructed by a tenant more than 21 years previously with the landlord's consent, becomes capable of being valued by the landlord, such that the tenant then pays rent on it.
- 12.13 The argument for this is that the tenant (or the predecessor tenant) paid a capital sum for the construction of the extension, so during the 21 years should not pay rent on the structure, although effectively the structure belongs to the landlord, as it is built on the landlord's land. After 21 years the tenant has had the benefit of the capital sum having been amortised over the period, and when the lease comes next to be renewed, the landlord should take benefit of the structure, as it is effectively his property.

- 12.14 If a tenant constructs an extension, and does not seek landlord's consent, the landlord may either require the extension to be removed, or can require the tenant to pay rent on the structure from day one.

13. Conclusions

- 13.1 From the above it is clear that the Council needs to balance the management and letting of parades but such that they are not viewed as being subsidised by Crawley Borough Council if compared to other commercially run parades in the Borough, and that they are still meeting the aims of the Local Plan and residents.
- 13.2 There will be uncertainty for the future of some of the businesses due to Covid-19, and this will be reviewed over the coming months. However, shopping local is likely to remain and will be a positive choice for the local communities. There will be some businesses that are adversely affected due to social distancing such as hairdressers, beauty salons and restaurants, but hopefully this will be only on a short term basis.

14. Background Papers

- [Retail, Commercial Leisure & Town Centre Neighbourhood Needs Assessment 2019](#)
- [Crawley 2030 - Borough Local Plan 2015-2030](#)
- [Submission draft Crawley Borough Local Plan January 2020](#)
- [Parades of shops: Towards an understanding of performance and prospects - Department for Communities and Local Government 2012](#)

15. Report author and contact officer

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Appendix A – Current Tenant/ User Mix (as of 01/05/2020):

Parade	Neighbourhood	Category	Detailed use/s
Dorsten Square	Bewbush	Convenience store	Convenience store/ off licence
Dorsten Square	Bewbush	Newsagent	Newsagents
Dorsten Square	Bewbush	Pharmacy	Pharmacy
Dorsten Square	Bewbush	Convenience store	Convenience Store & Off Licence
Dorsten Square	Bewbush	Food takeaway	Indian Takeaway
Dorsten Square	Bewbush	Food takeaway	Chinese Takeaway
Furnace Parade	Furnace Green	Food takeaway	Malaysian/Thai/Chinese/Oriental Takeaway
Furnace Parade	Furnace Green	Professional services (accountancy, recruitment, estate agent)	Accountancy/Financial Software
Furnace Parade	Furnace Green	Hairdressing, barbers or beauty salon	Ladies/Gents Hairdressers
Furnace Parade	Furnace Green	Café, coffee shop and/or bakery	Café A3 use
Furnace Parade	Furnace Green	Food takeaway	Indian Takeaway
Furnace Parade	Furnace Green	Convenience store	Newsagents/Convenience store & Off licence
Furnace Parade	Furnace Green	Convenience store	Grocers & Off Licence
Furnace Parade	Furnace Green	Pharmacy	Chemist
Furnace Parade	Furnace Green	Dry cleaning or launderette	Dry Cleaners
Furnace Parade	Furnace Green	Vacant	Vacant
Furnace Parade	Furnace Green	Food takeaway	Fish & Chip Shop
Gossops Parade	Gossops Green	Food takeaway	Takeaway Pizza

Gossops Parade	Gossops Green	Café, coffee shop and/or bakery	Café/Chinese Takeaway
Gossops Parade	Gossops Green	Food takeaway	Burger Takeaway & Kebabs
Gossops Parade	Gossops Green	Food takeaway	Fish & Chip Takeaway
Gossops Parade	Gossops Green	Dry cleaning or launderette	Launderette
Gossops Parade	Gossops Green	Convenience store	Greengrocer
Gossops Parade	Gossops Green	Pharmacy	Pharmacy
Gossops Parade	Gossops Green	Hairdressing, barbers or beauty salon	Ladies/Gents Hairdressers
Gossops Parade	Gossops Green	Betting office	Licensed Betting Office
Gossops Parade	Gossops Green	Convenience store	Convenience store/ Sub Post Office
Gossops Parade	Gossops Green	Convenience store	Convenience store/ Sub Post Office
Gossops Parade	Gossops Green	Vacant	U/O as Indian Restaurant
Gossops Parade	Gossops Green	Convenience store	Off Licence & Grocers
Ifield Drive	Ifield	Professional services (accountancy, recruitment, estate agent)	Resource Centre & Office
Ifield Drive	Ifield	Convenience store	Convenience store/ off licence
Ifield Drive	Ifield	Food takeaway	Pizza & Kebab House
Ifield Drive	Ifield	Hairdressing, barbers or beauty salon	Ladies/Gents Hairdressers
Ifield Drive	Ifield	Alternative medicine	Chinese/Herbal Medicines
Ifield Drive	Ifield	Betting office	Licensed Betting Office
Ifield Drive	Ifield	Food takeaway	Chinese Takeaway
Ifield Drive	Ifield	Newsagent	Newsagents/Sub Post office

Ifield Drive	Ifield	Food takeaway	Fish & Chip Takeaway
Ifield Drive	Ifield	Café, coffee shop and/or bakery	Coffee Shop
Ifield Drive	Ifield	Convenience store	Grocers/ off licence
Ifield Drive	Ifield	Restaurant (Inc. those with takeaway service)	Indian Restaurant/Takeaway
Ifield Drive	Ifield	Restaurant (Inc. those with takeaway service)	Indian Restaurant/Takeaway
Langley Parade	Langley Green	Convenience store	Grocers/ off licence
Langley Parade	Langley Green	Convenience store	Greengrocers/Sale of Cloth & Clothes
Langley Parade	Langley Green	Food takeaway	Baker/Indian/Pizza & Kebab Takeaway
Langley Parade	Langley Green	Pharmacy	Pharmacy
Langley Parade	Langley Green	Dry cleaning or launderette	Launderette
Langley Parade	Langley Green	Events and parties	Cakes & Ancillary Party Goods
Langley Parade	Langley Green	Off licence	Off licence, tobacconist/Confectioners
Langley Parade	Langley Green	Restaurant (Inc. those with takeaway service)	Indian Restaurant
Langley Parade	Langley Green	Convenience store	Halal Centre
Langley Parade	Langley Green	Convenience store	Greengrocer & Provisions
Langley Parade	Langley Green	Betting office	Licensed Betting Office
Langley Parade	Langley Green	Newsagent	Newsagents/Sub Post office
Langley Parade	Langley Green	Other	Vape Shop
Langley Parade	Langley Green	Café, coffee shop and/or bakery	Café/Coffee Shop
Langley Parade	Langley Green	Food takeaway	Fish & Chip Takeaway
Langley Parade	Langley Green	Hairdressing, barbers or beauty salon	Hairdresser & Barber

Langley Parade	Langley Green	Convenience store	Convenience store/ off licence
Northgate Parade	Northgate	Events and parties	Bridal & Wedding Items
Northgate Parade	Northgate	Food takeaway	Chinese Takeaway
Northgate Parade	Northgate	Newsagent	Newsagent
Northgate Parade	Northgate	Food takeaway	Indian Takeaway
Northgate Parade	Northgate	Betting office	Licensed Betting Office
Northgate Parade	Northgate	Other	Music Shop
Northgate Parade	Northgate	Food takeaway	Fish & Chip Shop
Northgate Parade	Northgate	Café, coffee shop and/or bakery	Sale of Cakes, Bread & Confectionary
Northgate Parade	Northgate	Convenience store	Convenience store/ off licence
Northgate Parade	Northgate	Food takeaway	Pizza Takeaway
Northgate Parade	Northgate	Hairdressing, barbers or beauty salon	Hairdressers
Northgate Parade	Northgate	Pharmacy	Chemist
Northgate Parade	Northgate	Convenience store	Sri Lankan Food Grocers
Pound Hill Parade	Pound Hill	Food takeaway	Fish & Chip Shop
Pound Hill Parade	Pound Hill	Other	Hardware Shop
Pound Hill Parade	Pound Hill	Food takeaway	Chinese Takeaway
Pound Hill Parade	Pound Hill	Pharmacy	Chemist
Pound Hill Parade	Pound Hill	Café, coffee shop and/or bakery	Café, Baker & Takeaway
Pound Hill Parade	Pound Hill	Newsagent	Newsagents & Post Office
Pound Hill Parade	Pound Hill	Food takeaway	Pizza Takeaway

Pound Hill Parade	Pound Hill	Convenience store	Convenience store/ off licence
Pound Hill Parade	Pound Hill	Hairdressing, barbers or beauty salon	Hairdressers
Pound Hill Parade	Pound Hill	Dry cleaning or launderette	Drycleaners/Laundrette/Takeaway
Worth Road	Pound Hill	Betting office	Licensed Betting Office
Worth Road	Pound Hill	Off Licence	Off Licence
Southgate Parade	Southgate	Café, coffee shop and/or bakery	Vegan Café
Southgate Parade	Southgate	Hairdressing, barbers or beauty salon	Hairdressers & Beauty Salon
Southgate Parade	Southgate	Betting office	Licensed Betting Office Vacant now
Southgate Parade	Southgate	Dry cleaning or launderette	Laundrette & Dry Cleaning
Southgate Parade	Southgate	Hairdressing, barbers or beauty salon	Tanning/Beauty Treatments/Massage
Southgate Parade	Southgate	Events and parties	Event Catering & Food Delivery
Southgate Parade	Southgate	Convenience store	Convenience store/ off licence
Southgate Parade	Southgate	Convenience store	Newsagents/Sub Post office/Convenience store
Southgate Parade	Southgate	Alternative medicine	Chiropractor
Southgate Parade	Southgate	Food takeaway	Chinese Takeaway
Southgate Parade	Southgate	Food takeaway	Fish & Chip Shop
Southgate Parade	Southgate	Other	Butchers
Southgate Parade	Southgate	Professional services (accountancy, recruitment, estate agent)	Accountants
Gales Drive	Three Bridges	Other	Shop mobility Products & Furniture
Gales Drive	Three Bridges	Convenience store	Greengrocer/Off Licence

Gales Drive	Three Bridges	Other	Sale of Carpets/Soft Furnishings
Gales Drive	Three Bridges	Professional services (accountancy, recruitment, estate agent)	Accountancy Services
Gales Drive	Three Bridges	Food takeaway	Takeaway Pizza & Burgers
Gales Drive	Three Bridges	Dry cleaning or launderette	Dry Cleaners
Gales Drive	Three Bridges	Restaurant (Inc. those with takeaway service)	Indian Restaurant/Takeaway
Gales Drive	Three Bridges	Events and parties	Florist/Bridal Jewellery
Gales Drive	Three Bridges	Betting office	Licensed Betting Office
Gales Drive	Three Bridges	Pharmacy	Chemist & Optician
Gales Drive	Three Bridges	Alternative medicine	Chiropractor
Gales Drive	Three Bridges	Hairdressing, barbers or beauty salon	Ladies/Gents Hairdressers
Gales Drive	Three Bridges	Off Licence	Off Licence
Gales Drive	Three Bridges	Food takeaway	Chinese Takeaway
Tilgate Parade	Tilgate	Convenience store	Convenience store/ off licence
Tilgate Parade	Tilgate	Newsagent	Newsagents/Tobacconist/Toys
Tilgate Parade	Tilgate	Food takeaway	Pizza Takeaway
Tilgate Parade	Tilgate	Events and parties	Party Shop & Fancy Dress Hire
Tilgate Parade	Tilgate	Restaurant (Inc. those with takeaway service)	Indian Restaurant
Tilgate Parade	Tilgate	Other	Sale of Pets & Food
Tilgate Parade	Tilgate	Hairdressing, barbers or beauty salon	Hairdresser
Tilgate Parade	Tilgate	Pharmacy	Chemist

Tilgate Parade	Tilgate	Professional services (accountancy, recruitment, estate agent)	Recruitment Agency
Tilgate Parade	Tilgate	Off Licence	Off Licence
Tilgate Parade	Tilgate	Café, coffee shop and/or bakery	Bakers/Coffee shop
Tilgate Parade	Tilgate	Professional services (accountancy, recruitment, estate agent)	Estate Agents
Tilgate Parade	Tilgate	Food takeaway	Chinese Takeaway
Tilgate Parade	Tilgate	Restaurant (Inc. those with takeaway service)	Turkish Restaurant
Tilgate Parade	Tilgate	Convenience store	Convenience store/ off licence
Tilgate Parade	Tilgate	Newsagent	Newsagents/Tobacconist/Sub Post Office
Tilgate Parade	Tilgate	Dry cleaning or launderette	Launderette/Dry Cleaner
Tilgate Parade	Tilgate	Betting office	Licensed Betting Office
Tilgate Parade	Tilgate	Food takeaway	Fish & Chip Shop
Tilgate Parade	Tilgate	Other	Tattoo Shop
Ewhurst Road	West Green	Pharmacy	Chemist
Ewhurst Road	West Green	Food takeaway	Chinese Takeaway
Ewhurst Road	West Green	Food takeaway	Fish & Chip Shop
Ewhurst Road	West Green	Restaurant (Inc. those with takeaway service)	Restaurant/Café
Ewhurst Road	West Green	Hairdressing, barbers or beauty salon	Hairdressing & Beauty Salon
Ewhurst Road	West Green	Convenience store	Grocers & Off Licence
Ewhurst Road	West Green	Newsagent	Newsagents

Appendix B – Changes of use in the Neighbourhood Parades since 2007:

Premise No. and Parade	Neighbourhood	Use in 2004	Change & Year # 1	Change & Year # 2	Change & Year # 3
Furnace Parade	Furnace Green	Fish & Chip Takeaway	Sale of Asian Sweets & Savouries 2007	Sale of Second Hand Clothing & Bric-a-brac 2011	Café 2018
Furnace Parade	Furnace Green	Newsagent, Tobacconist & Confectioner	Convenience Store 2014		
Furnace Parade	Furnace Green	Licensed Betting Shop	Sale of Carpets & Flooring 2012	Vacant 2019	
Gossops Parade	Gossops Green	Sale of Fishing Equipment & Bait	Café & Chinese Takeaway 2012		
Gossops Parade	Gossops Green	Sale of Sports Clothing & Equipment	Burger & Kebab Takeaway 2009		
Gossops Parade	Gossops Green	Sale & Hire of Party Goods & Dance Clothing	Greengrocer 2020		
Gossops Parade	Gossops Green	Indian Restaurant & Takeaway	Vacant 2018		
Gossops Parade	Gossops Green	Sale of Oriental & Non-Mainstream Groceries	Convenience Store & Off Licence 2014		
Ifield Drive	Ifield	Pizza Takeaway	Charitable Activities & Community Work 2011		
Ifield Drive	Ifield	Off Licence	Sale of Electronic Lighting & Horticultural Equipment 2008	Pizza, Burger & Kebab Takeaway 2010	
Ifield Drive	Ifield	Pharmacy	Sale & Trading of Second Hand Computers, Consoles, Games, CD's, DVD's, Phones & other Electronic Products 2011	Off Licence 2014	Sale of Chinese Herbal Medicines & Reliefs 2017
Langley Parade	Langley Green	Sale & Engraving of Trophies	Sale of Cakes & Party Goods 2017		
Langley Parade	Langley Green	Café	Indian Restaurant & Takeaway 2011		

Premise No. and Parade	Neighbourhood	Use in 2004	Change & Year # 1	Change & Year # 2	Change & Year # 3
Langley Parade	Langley Green	Sale of Pets, Pet Foods & Equipment	Convenience Store Specialising In Asian Food 2018		
Langley Parade	Langley Green	Internet Café	Sale of Vapes and Vaping Liquids 2018		
Langley Parade	Langley Green	Sale of Material & Ready Made Clothes	Sale of Asian Sweets & Savouries & the Provision of Beauty Treatments added in 2015	Café added in 2016	
Northgate Parade	Northgate	Newsagent, Tobacconist & Confectioner	Sale of Alcohol added 2015		
Northgate Parade	Northgate	Sale of Musical Instruments	Pizza Takeaway 2015		
Northgate Parade	Northgate	Sale of Fire Protection Equipment	Sale of 5Kg or larger Packets of Spices, Pulses & Rice, 5L or larger Oils & Exotic Fruit & Veg 2007		
Pound Hill Parade	Pound Hill	Hardware, Haberdashery & Pet Foods	Beauty & Tanning Salon 2020		
Pound Hill Parade	Pound Hill	Bakery	Café added 2016		
Pound Hill Parade	Pound Hill	Indian Restaurant & Takeaway	Pizza Takeaway 2016		
Pound Hill Parade	Pound Hill	Dry Cleaners & Laundrette	Indian Takeaway added 2017		
Southgate Parade	Southgate	Pizza & Indian Takeaway	Vegan Café 2015		
Southgate Parade	Southgate	Licenced Betting Shop	Vacant 2020		
Southgate Parade	Southgate	Pharmacy	Sale of Cloth, Clothes & the Provision of Beauty Treatments 2015	Tanning Salon & the Provision of Beauty Treatments 2019	
Southgate Parade	Southgate	Sale & Repair of TV's	Nail Salon 2005	Estate Agents 2010	Butchers 2017
Southgate Parade	Southgate	Sale & Repair of Mobile Phones	Sale of Cloth & Ready Made Clothes 2013	Provision of Accountancy Services 2015	

Premise No. and Parade	Neighbourhood	Use in 2004	Change & Year # 1	Change & Year # 2	Change & Year # 3
Gales Drive	Three Bridges	Electrician's Office & Showroom	Nail & Beauty Salon 2006	Accountancy Services 2008	Sale of Shop mobility Products & Furniture 2016
Gales Drive	Three Bridges	Sale of Cake Decorations & Equipment	Sale of Shop mobility Products & Furniture 2007	Accountancy Services 2016	
Gales Drive	Three Bridges	Sale of Gas Fires & Heating Equipment	Sale of Kitchen & Bedroom Furniture & Fittings 2008	Pizza, Kebab & Burger Takeaway 2013	
Gales Drive	Three Bridges	Newsagent, Tobacconist, Confectioner & Post Office	Tobacconist & Off Licence 2012		
Tilgate Parade	Tilgate	TV Sales & Repairs	Recruitment Consultant 2014		
Tilgate Parade	Tilgate	Haberdashery	Estate Agent 2017		
Tilgate Parade	Tilgate	Butcher	Turkish Restaurant 2012		
Tilgate Parade	Tilgate	Licensed Betting Shop	Sale of Children's Wear 2006	Florist 2008	Tattoo Studio 2012
Ewhurst Road	West Green	Sale of Musical Instruments	Café in 2015		

Appendix C – Explanation of how rents are set out:

Commercial property is valued with reference to procedures set out by the Royal Institution of Chartered Surveyors, which are prescriptive as to how a property is measured, and how market rents should be assessed. The rents for retail units are generally valued with reference to the “Zoning Method”, where the front of the shop is more valuable in terms of rent than the rear. The method of measurement is standard across units, which then allows the units to be referenced against one another in terms of total square footage, and for a rate per square foot to be established, which in turn can provide information for comparative purposes.

The best form of rental evidence comes from an open market letting. The rent offered can be analysed by reference to the square footage of the unit being let and the rate per square foot can then be applied to comparable property.

In deciding as to what is a comparable property, the main criterion is similarity of location, so the units on one parade will tend to be comparable to each other. Then it needs to be determined as to whether the various parades are indeed comparable to each other.

Experience of past lettings have shown that some parades are preferred by tenants over others, such that an increased rent is likely to be paid. Generally it is the larger parades which tend to have the increased footfall which command a higher rent, so Tilgate Parade, Langley Parade, then Ifield Parade, Southgate and Pound Hill. The parades which tend to obtain a lower rate per square foot are Furnace Parade and Gossops Parade, due to the number of shops, but also location, particularly Gossops Parade as its visibility from the road is poor.

The rent for any unit is generally subject to review or renewal every five years, and the lease will provide for the rent to either stay the same, or to be increased to reflect a rent which might be obtained in the open market. This is calculated with reference to the information extracted as to the rental level from comparable properties, and is a matter for negotiation between the parties. The best form of comparable evidence comes from an actual market letting of a vacant unit, which has been exposed to the market, and for which potentially a number of offers to lease has been received.

Following on from this is evidence of rents achieved from lease renewals or rent reviews. Evidence on the same parade is preferable, but equally evidence from other parades is admissible, though often with an element of adjustment to reflect the popularity of a parade. The rent cannot reflect what any tenant might be able to afford to pay for the unit, or a percentage of profit (turnover rents) as this does not create a level playing field for either landlord or tenant across the shops and the parades.

The shops are valued as to whether they provide an A1/A2 retail/ another user, or an A3/A5 restaurant/takeaway with evidence showing that an A3/A5 user can support a higher rate per square foot rent than the A1/A2 users.

Some tenants, and generally this is the multi-nationals, now require flexibility and the ability to perhaps vacate the property on expiry of the lease. Other tenants, and usually the sole traders, require a longer lease as they see this as an asset to sell with a number of years left on the lease.

Within the lease, there is a rent review clause which sets out the basis upon which the rent is to be reviewed. The rent review clauses in the Council’s leases follow standard commercial lease rent review clauses. At lease expiry, there is legislation under the Landlord & Tenant Act 1954 which needs to be followed in agreeing terms for a new lease, including the rent.

Appendix D – Applicants waiting list for Neighbourhood Parade shops with required use (as of 08/04/2020):

Date of enquiry	Required used from waiting list enquirer
05-Feb-15	Church
15-Jul-15	Pie & mash shop
05-Aug-15	Letting agency
12-Aug-15	Barbers
20-Aug-15	Book & Clothes shop
29-Jan-16	A3 & A5
29-Jan-16	Restaurant
01-Feb-16	Clothes shop
02-Feb-16	A3/A5 with residential accommodation above
02-Feb-16	Café/coffee shop use
30-Mar-16	Toy library
22-Jun-16	Legal business
07-Sep-16	Shop only (no flat) for sale of pre-loved baby goods
16-Sep-16	Shop for charity type operation. Nursery goods/pottery/donated items
23-Feb-17	Café or fish & chip Takeaway
20-Mar-17	Ice creams
20-Mar-17	Dance studio/coffee shop
20-Mar-17	Take away
20-Mar-17	Beauty Salon/hairdressing
30-May-17	Sunbeds
25-Sep-17	Barbers
24-Jan-18	Beauty
23-Feb-18	Café/shop
20-Mar-18	Hot food takeaway
08-Aug-18	Barbers
08-Aug-18	Chinese Takeaway
08-Aug-18	Kebabs Takeaway
24-Sep-18	Beauty Salon
10-Oct-18	Indian Restaurant & takeaway
12-Dec-18	Launderette
17-Jan-19	Hairdressing Shop Unit
25-Nov-19	Convenience store or takeaway

Appendix E – Local Plan information

The role of the Council through Planning (Development Management) can to a degree allow for the control of the loss of shops to other uses, such as takeaways (A5). However, the planning system does not allow for control over changes of use between different types of shops within the Class A1 categorisation. For example, there would be no requirement for a planning application to change the use of the parade's only convenience store to a specialist music shop – which would obviously have far less benefit to meeting the day to day needs of local residents. Also, where a convenience store needs to vacate the premises, it would be challenging for Planning to 'safeguard' that use for convenience retail if there were other retail users interested in the unit. Finally, there is no distinction in planning terms between a national chain retailer and a local independent store (e.g. Tesco Express would be treated the same as a local family grocer), or between the approach between Council owned and private parades.

It should be noted that the important role of local shops has now been recognised by the Government through the General Permitted Development Order 2015. Whilst this allows flexibility for A1/A2 uses and Sui Generis buildings (those that do not fall within any particular use class for the purposes of planning permission such as betting offices and pay day loan companies) to change to C3 residential use with prior approval under Class M, the legislation includes caveats that would appear to enable the Local Planning Authority to refuse prior approval on grounds that the impact of the use being lost either a) undermines the adequate provision of services or facilities (provided there is a reasonable prospect of the building being used for such use) or b) where the building is located in a key shopping area, that the loss of the building would impact upon the sustainability of that shopping area. In this regard, even under the Government's currently flexible planning legislation, there remains recognition that local shops provide an important role for many people, whilst feeding into wider sustainability objectives.

Policy EC8 of the Adopted Local Plan 2015, and Policy EC11 of the draft Submission Local Plan 2020 are virtually the same, supporting the change of use of ground floors at the Parades, provided that the proposals;

- "i) Are appropriate to the established role of the neighbourhood centre in terms of scale and function; and
- ii) Will not adversely affect the ability of the parade to cater for the day-to-day needs of local residents; and
- iii) Will not result in an adverse impact upon the amenity and environment of the locality; and
- iv) Will maintain and where possible enhance the vitality and viability of the parade"

The Crawley Retail Commercial Leisure and Town Centre Needs Assessment recently completed by Nexus in January 2020 to support the Local Plan Review (referenced in the background papers section 13 of the report) emphasises the vital role played by neighbourhood parades by serving the day-to-day needs of local community. It concludes:

"4.142: Overall, the neighbourhood parades are functioning as intended, predominantly providing convenience and comparison goods and leisure and retail services to meet the local resident's day-to-day needs. Across the board, there is a lack of vacancies, demonstrating that units within Crawley's neighbourhood parades are generally [in good] demand. There is a noticeable lack of financial and business services across the neighbourhood parades, which is unfortunate for less able residents, but understandable with financial and business services representing less of a 'day-to-day' need as compared to other retail and service categories.

4.143: It was observed that almost all neighbourhood parades benefit from a pub or restaurant, which has in some cases not been included in the Council's defined boundary. As pubs and restaurants can positively contribute to the functionality of these neighbourhood parades, by

providing a much-needed social or recreational role, or increasing dwell time within the centre, it is strongly recommended that these uses be included within the defined boundaries.

The Nexus study also refers to the Ministry of Housing, Communities & Local Government publication (MHCLG, formerly DCLG) 'Parades to be Proud of' which defines local neighbourhood parades as '*typically located in the heart of a residential community, urban and rural, often with around 5-10 units, providing walk in convenience shopping and limited local services.*'

The Local Plan generally, and the emerging Council's Transport Strategy, emphasise sustainable development, and respond to the Climate Emergency and requirements in the National Planning Policy Framework to minimise the need to travel, and promote use of public transport, cycling and walking. The neighbourhood principle of development in Crawley (Policy SD1), whilst one of the New Town principles, is increasingly recognised and advocated as a sustainable pattern of development whereby the neighbourhood centres provide shops, community facilities and services to serve the local community, reducing the need to travel and promoting health and wellbeing (Policy SD2). These themes of sustainability have also been drawn upon in the recent appeal decision at Tilgate Forest Business Park, where the Inspector upheld the council's decision to refuse an application for residential development, including on the grounds that the proposed development was located a significant distance from the nearest neighbourhood parade, contrary to the neighbourhood principal that underpins Crawley's planning as a New Town. The key message here has been that if sufficient shops and supporting services are not available, this increases the need to travel, often by private vehicle.

Higher density development is also encouraged through the emerging Local Plan 2020 at the neighbourhood centres. At a recent (Planning Inspectorate) PINS advisory meeting, the planning inspector drew upon the importance of sustainability and provision of access to local services as a key requirement where densification is proposed. The emerging Council's Transport Strategy 2020 sets a vision of residents "*spending more time out and about in more attractive neighbourhoods...enjoying cafés, shops and other local businesses*". It recognises "*Neighbourhoods, centred on key facilities...*" as one of the strengths and opportunities of Crawley and quotes Policy CL1 b) from the Local Plan review 2020 as particularly relevant, "*Ensuring neighbourhood centres remain the focal point the local community, providing facilities that meet their day-to-day needs within walking distance.*"

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