

**Agenda for Strategic Planning Committee
Wednesday, 23rd September, 2020, 2.00 pm**



Members of Strategic Planning Committee

Councillors P Arnott, M Allen, K Blakey, S Chamberlain, O Davey (Vice-Chairman), P Hayward, N Hookway, M Howe, B Ingham, D Ledger (Chairman), K McLauchlan, A Moulding, E Rylance, P Skinner and I Thomas

East Devon District Council
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Venue: Online via the zoom app. All councillors and registered speakers will have been sent an appointment with the meeting link

Contact: Wendy Harris 01395 517542; email wharris@eastdevon.gov.uk

(or group number 01395 517546)
Tuesday, 15 September 2020

**Important - this meeting will be conducted online and recorded by Zoom only.
Please do not attend Blackdown House.**

Members are asked to follow the [Protocol for Remote Meetings](#)

This meeting is being recorded by EDDC for subsequent publication on the Council's website and will be streamed live to the Council's Youtube Channel at <https://www.youtube.com/channel/UCmNHQruge3LVI4hcgRnbwBw>

Public speakers are now required to register to speak – for more information please use the following link: <https://eastdevon.gov.uk/council-and-democracy/have-your-say-at-meetings/all-other-virtual-public-meetings/#article-content>

1 Public speaking

Information on [public speaking](#) is available online

2 Minutes of the previous meeting

Minutes of previous meeting held on 16 September 2020 will be provided shortly.

3 Apologies

4 Declarations of interest

Guidance is available online to Councillors and co-opted members on making [declarations of interest](#)

5 Matters of urgency

Information on [matters of urgency](#) is available online

6 Confidential/exempt item(s)

To agree any items to be dealt with after the public (including the Press) have been excluded. There are no items which officers recommend should be dealt with in this way.

7 Cranbrook Town Centre (Pages 3 - 58)

The report details the background to Cranbrook Town Centre detailing the key role in forming a sustainable community in the town centre.

[Decision making and equalities](#)

For a copy of this agenda in large print, please contact the Democratic Services Team on 01395 517546

Report to: Strategic Planning Committee

Date of Meeting 23 September 2020

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A



Cranbrook Town Centre

Report summary:

This report details the background to Cranbrook Town Centre detailing the key role the town centre was always envisaged to have in forming a sustainable community in the new town. Two options are presented for the delivery of the town centre. The first is a commercially led approach being presented by the East Devon New Community Partners (EDNCp); the second is the approach that could be taken in a Cranbrook Town Centre Masterplan SPD that seeks to reflect the original vision for the town centre.

Recommendation:

Members are asked to:

- 1) Consider the background to Cranbrook Town Centre, the planning obligation requirements on the developers and the current planning policy position.
- 2) Consider the proposals made by the East Devon New Community Partners (EDNCp) and the officer's concept for a proposed Town Centre Masterplan.
- 3) Advise the East Devon New Community Partners (EDNCp) that the Council is not minded to enter into the proposed Memorandum of Understanding based on the proposed heads of terms at the present time but is open to further negotiation.
- 4) Recommend to Cabinet that funding be made available to support the pro-active delivery of the town centre based on the draft SPD Masterplan.
- 5) Agree that work continues on the draft SPD. In the event that sufficient funding commitments are made a draft SPD and delivery plan be presented to Strategic Planning Committee in December. In the event that sufficient funding cannot be identified a further report be brought to Strategic Planning Committee in December to update Members and give consideration to the East Devon New Community Partners (EDNCp) proposals as they stand at that time.
- 6) Agree that a further report be brought to Strategic Planning Committee on 20th October 2020 to consider alternative development delivery vehicles.

Reason for recommendation:

To provide clarity to the EDNCp over the potential acceptability of their proposals and direct a clear route to the delivery of a town centre at Cranbrook.

Officer: Ed Freeman – Service Lead – Planning Strategy and Development Management,
efreeman@eastdevon.gov.uk, 01395 517519

Portfolio(s) (check which apply):

- Climate Action
- Corporate Services and COVID-19 Response and Recovery
- Democracy and Transparency
- Economy and Assets

- Coast, Country and Environment
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Financial implications:

The key financial element is the recommendation to Cabinet that funding be made available to support the pro-active delivery of the town centre based on the draft SPD Masterplan. At this stage it will be difficult for Cabinet to make such a commitment as the full implications and consequences and the determination of how funding may be structured in such proposal is known and could not be presented to Cabinet at this stage. Cabinet could agree in principle but subject to full implications and proposals being made available for debate which would then be a recommendation from Cabinet to Council.

Legal implications:

Production of an SPD is governed by the Planning and Compulsory Purchase Act 2004 and the Town and Country Planning (Local Planning)(England) Regulations 2012, it would be subject to public consultation but not subject to independent examination. A memorandum of understanding is a statement of intent by those who are party to the memorandum and is not a legally binding document. Any planning proposals including variations to the existing s106 would be required to progress through the normal formal planning process and determination. Other legal implications are as set out within the report.

Equalities impact Low Impact

Climate change High Impact

Risk: High Risk; The report presents two key options for the delivery of Cranbrook town centre one of which does not deliver on the established aspirations for the town centre as detailed in the Cranbrook Plan but is likely to deliver development within the town centre sooner and through a commercial model. The alternative seeks to deliver on the stated aspirations but is likely to lead to delay in terms of delivery and would require greater public sector investment.

Links to background information Cranbrook Plan: <https://eastdevon.gov.uk/planning/planning-policy/cranbrook-plan/>

High Streets and Town Centres in 2030 Inquiry report: <https://bit.ly/3d6wlua>

The Grimsey Review: The Vanishing High Street: <https://bit.ly/3a7gpve>

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

Report in full

The Vision for Cranbrook

The concept of developing a new town on the eastern edge of Exeter can be traced back to the early 1990's and is first included in planning policy in the 1995 Devon Structure Plan which proposes a new community for about 2000 dwellings in the period up to 2011. The Devon Structure Plan 2001 - 2016 which was adopted in 2004, refers to the concept of self-sufficiency

and says that it will be particularly important in the context of the new community proposals of which Cranbrook was one. Policy ST3 of the Structure Plan defines self-sufficiency as “...providing a balance of housing and facilities, and a mix of compatible uses in order to maximise accessibility and reduce the extent of travel”. This concept was taken forward in the East Devon Local Plan adopted in 2006 where Proposal PUA1 (New Community) states:

“Provision is made for the development of a New Community of 2,900 dwellings on land identified on the Proposals Map. The community will be developed in accordance with a comprehensive brief (and associated documents) that will provide for the timely and integrated provision of the necessary community facilities and infrastructure.....It will be a requirement that the first residents of the new community have services provided locally that are sufficient to meet their basic needs. These services are to be of sufficient quality so that residents can be expected to use them in preference to seeking services elsewhere with the associated travel implications. As development of the new community proceeds provision of services will be required to be in step with residential completions. The Council will require the provision of the following infrastructure and other facilities by means of either conditions or Section 106 obligations (whichever is appropriate), in line with a phased programme of delivery (where phasing is appropriate), to be secured in advance of any planning permission being granted.....”

8. *Appropriate levels of services, amenities and infrastructure and associated buildings including retail, recreation, health, social services, places of worship, community hall, library, primary and secondary education, emergency services for the community. This is to include early stage provision of accommodation for retail, health and advisory services (and other services to support community cohesion) in order that the first residents have no need to seek these outside the community.....”*

11. *Provision of opportunities to accommodate employment generating land uses including dwellings incorporating office/workshop space and electronic facilities for working from home, (excluding home working an allowance is made for five hectares of land for business and industrial uses.)”*

Persimmon Homes, Taylor Wimpey and Hallam Land Management came together to form a consortia known as the East Devon New Community partners (EDNCp) who brought forward an outline planning application for the establishment of the town. By the time planning permission was granted for the first 2900 homes at Cranbrook in October 2010, the description of development included reference to “A town and local centre comprising the following uses with associated car parking in accordance with PPG13 and PPG3 standards:

- up to 17,500sq m (gross) of employment;
- up to 6,700 sq. m (gross) of retail floor space (to include A1, A2 & A5);
- A3 (takeaways) and A4 (public houses and bars) uses;
- Hotel(s); and
- Community facilities including assembly, leisure and health.”

Employment and Retail Strategy

The application was also accompanied by an Employment and Retail Strategy which forms part of the approved documents. The following are key quotes from this document detailing what was envisaged in relation to the town centre:

- Para 4.3: The vision is of a mixed use and vibrant town centre focused around a high street that will be implemented incrementally.

- Para 4.4: The town centre will also include purely residential parcels with town houses or apartment blocks built to high densities around 60 dwellings per hectare (dph) or as defined in codes and balancing the range of flats and apartments over shops
- Para 4.5: The aspiration is that Cranbrook should function as an Area Centre meeting wider needs and it will be the case that the town centre will play a role in this regard.
- Para 6.12: As Cranbrook grows, and as the commitment to expansion is confirmed, then there is likely to be a demand for additional phases of retail development within the town centre, offering more opportunities for comparison retailing.
- Para 6.13 Opportunities for other types of development: hotel development, public houses and commercial leisure (e.g. health clubs) are likely to exist in the new community although in new developments elsewhere, demand for these has proved unpredictable. Delivery of such uses should be facilitated by the employment and town centre strategy, although care is necessary to ensure that the strategy is not dependent upon their delivery.
- Para 7.8 The phasing strategy has been based upon the potential trigger points for servicing of the commercial development and recognises commercial advice that the population threshold for the delivery of the principal retail elements of the town centre is not likely to be achieved until around the 1500th dwelling. However, in the period prior to this threshold being achieved, it is anticipated the neighbourhood centre to the west of the Rockbeare Stream will provide for the day to day needs of the residents.
- Paragraphs 7.17- 7.31 set out the strategy for the town centre and the S106 states the following in relation to these in the definition of the Town Centre Design Code: *a code identifying the number type disposition and phasing of the Town Centre Buildings structures and uses which shall be in accordance with the phasing guidance contained within the Employment and Retail Strategy and the Strategic Design guidance and which shall contain relevant details of the proposals for the Town Centre*
- Para 7.17 Subject to the confirmation of the phasing arrangements within the Town Centre, sites within the town centre south of the Main Local Route will be offered to the market initially, in whole or in part, to be available for construction upon the provision of appropriate access as a result of the delivery of that part of the Main Local Route by the developers or through the provision of access direct from the C832. The release of such sites will seek to achieve:
 - a supermarket of some 3,500 sq. metres (gross);
 - an additional 500 square metres of retail space (gross) fronting the Main Local Route,
 - 1,500 sq. metres of B1 office employment including workshops;
 - residential on 2 or 3 floors above those retail elements fronting the Main Local Route.
- Para 7.20 With regard to specific employment elements, at least two development parcels will be identified within the detailed design code which would be capable of accommodating larger scale employment uses. An initial site of up to one hectare will be marketed for 1,500-4,000 sq. metres of B1 development for a single larger user in accordance with the section 106 triggers.

The document also refers to the delivery of flats and offices over shops and the inclusion of some purely residential parcels within the town centre.

The original masterplan for the first 2,900 homes at Cranbrook is shown overleaf.

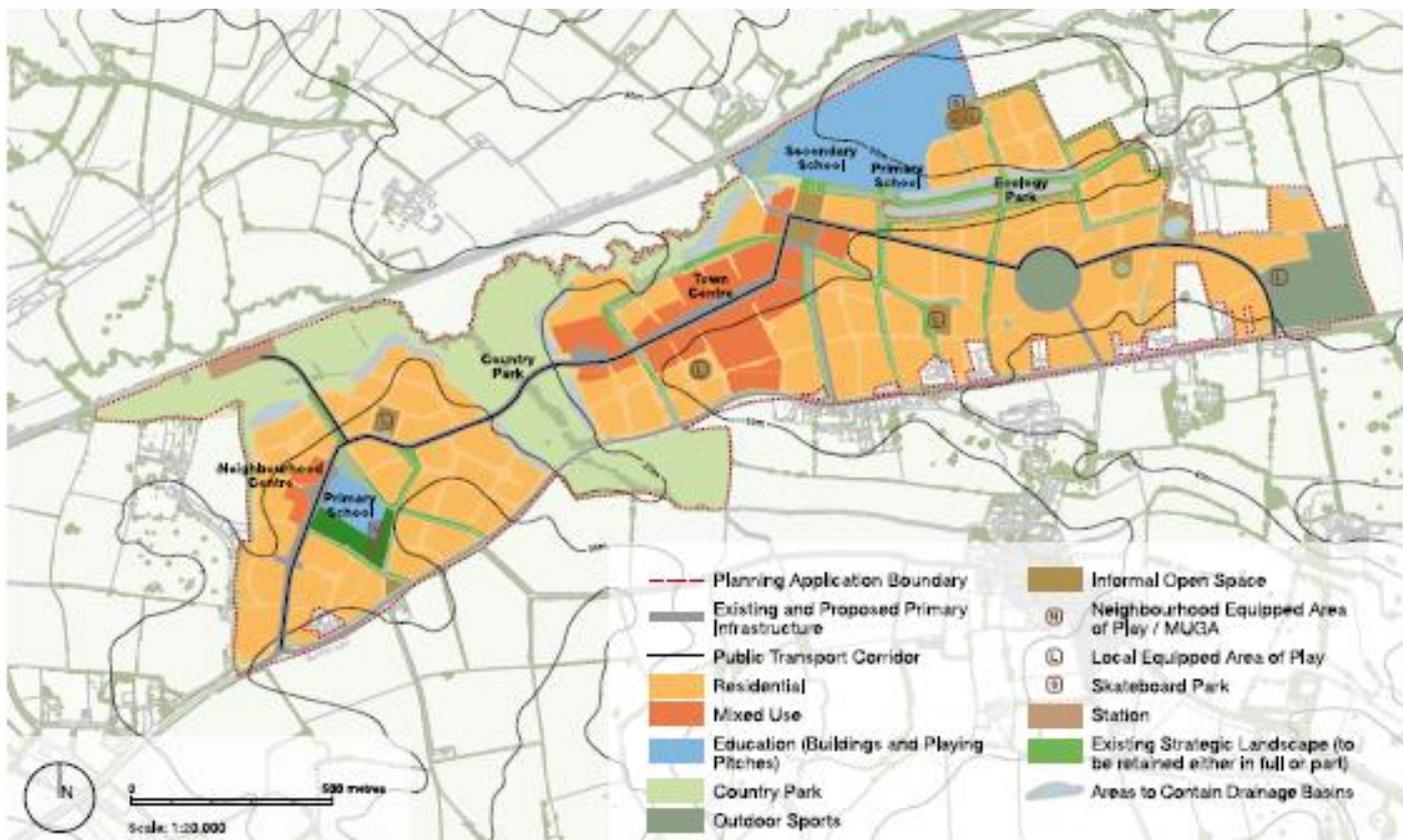


Figure 1. The original land-use plan for Cranbrook including the original town centre shown as the large area of mixed-use at the centre of the plan.

It can be seen that the original masterplan envisaged a town centre that extended not just north/south between the London Road and the Country Park but also east/west between the country park and the education campus.

The development assumptions set out in the Employment and Retail Strategy were that:

- All retail development is on the ground floor
- Commercial offices are developed primarily on 3 floors
- Any hotel development would comprise up to 4 storeys
- Generally, but not exclusively, flats and office employment be delivered over shops
- The town centre will also include purely residential parcels with town houses or apartment blocks built to high densities around 60 dph or as defined in codes and balancing the range of flats and apartments over shops and
- Shared parking provision

A number of important principles to be followed in the delivery strategy were set out as follows;

- Whilst the principle of early provision is to be encouraged where possible, this should not be at the expense of compromising quality thresholds by encouraging too many of the lower value uses that may be the only commercially deliverable developments at lower population thresholds;
- The strategy itself needs to be flexible and take account of fluctuations in market demand and trends;
- The strategy needs to be flexible in allowing for planned growth of the town centre in particular beyond the completion of the 2,900 dwellings for which permission was being sought
- In relation to retail development the strategy needs in particular to take account of the population thresholds required to stimulate commercial demand

- The strategy should promote, through the identification of appropriate uses within the town centre and within each parcel, the principles of more intensive and mixed use forms of development
- Given the likely period of implementation, extending beyond the current planning application, the strategy must seek to introduce temporary uses and an appropriate management strategy to address spaces that will for a significant period remain undeveloped.

Strategic Design Guide

A vision for the town centre was established in the Strategic Design Guide that accompanied the original application. This was for a vibrant, mixed use town centre focused on a high street and implemented incrementally and able to respond to future growth requirements. It was recognised that Cranbrook should function as a local service centre, helping to meet the needs of a wider catchment than the town itself. It was emphasised that this shouldn't detract from the role of existing Area centres or Exeter as a sub-regional centre. It was recognised that there was demand for certain types of retailing including in the neighbourhood centre, with a supermarket of up 3,500 m² gross in the town centre.

The importance of having adaptable buildings and layouts in the town centre was recognised in order to allow for changes of use without the need for the building stock to be rebuilt and residential development in the town centre was stated as being in excess of 50 dph.

Transport Assessment

The Transport Assessment that also accompanied the outline planning permission for Cranbrook also considered the role of the town centre in terms of its impact on the wider highway network in a section on non-residential trips. The transport assessment is based on the new community accommodating the following mix of non-residential uses:

- 5,000sqm of A1, A2 and A3 retail units in settlement centre and local centre (of which, 4500sqm in the settlement centre and 500sqm in local centre)
- 4,000sqm of community facilities
- 1,000sqm of A3 pubs/restaurants
- 3,000sqm for a hotel
- 17,500sqm of B1 employment uses
- 2,000sqm of B2 workshops
- 2 No. 420 space primary schools; and
- 1 No. 1500 space secondary school

The assessment then considers the movements by mode of transport and breaks them down by the settlement centre and local centre. For the settlement centre (town centre) it estimates the following:

Mode	Walk	Cycle	Bus	Rail	Car Driver	Car Passenger	Total
AM Peak							
Retail	111	7	0	-	306	37	461
Community Buildings	14	1	2	-	30	8	54
Pub/Restaurant	5	0	1	-	11	3	20
Hotel	14	1	2	-	30	8	54
B1 Industrial	53	16	72	-	210	21	371
B2 Industrial	1	0	3	-	16	0	21
PM Peak							

Retail	97	8	81	-	475	144	805
Community Buildings	60	2	5	-	134	76	277
Pub/Restaurant	25	1	2	-	56	32	115
Hotel	13	0	1	-	29	17	61
B1 Industrial	67	9	86	-	163	16	340
B2 Industrial	0	1	0	-	14	1	16

NB – While the retail figures are explicitly for the town centre the figures for other uses are not.
Source: data extracted from tables 8.1, 8.2 and 8.3 – East Devon New Community, Environmental Statement, Chapter 9: Transport, Appendix 9/5 Local Trip Generation, February 2005

This analysis shows that there were always forecast to be significant movements within the town to access non-residential uses. If these uses are not provided within the town then these movements would be to destinations outside of the town and are more likely to be car based due to the increased distances to destinations over those in the forecast.

Planning Obligations

The planning permission for Cranbrook is linked to a Section 106 agreement which requires the delivery of elements of the town centre by the developers. In some cases this is in the form of land only while in other cases it is for land and buildings. At the top of the following page is a table showing the requirements and the relevant trigger points.

It is important to note that in excess of 2100 homes have now been built and occupied at Cranbrook and so the requirement for the 5 retail units and provision of public conveniences at 2000 homes has passed and a number of other triggers will be reached shortly.

Title	Area of land required (ha)	Delivery of building	Final trigger	Requirement comprises:
Class A uses			n/a	
	5 High street units	500 sq. m	2000 homes	Land and building and subsequent marketing
Class B1		Units to include 1 unit up to 4000sqm	n/a	
Youth facilities	0.2	480 sq. m	3450 homes	Land and building
Library	0.1	450 sq. m	3450 homes	Land and building
Police and ambulance	0.25 Police + Parking for 2x Ambulances		2500 homes	Serviced land
Health and well being	0.7		2500 homes	Serviced land
Extra care	0.5		2500 homes	Serviced land
Children's Centre	0.1	250 sq. m (£432,000 Index linked)	2500 homes	Land and building
Town Council Facility	0.05	237 sq. m	3450 homes	Land and building
Public Conveniences	N/A	Only if not within a commercial building	2000 homes	Land and building + £200,000 commuted sum for maintenance (if not within a commercial building)
Public Realm and Public Art	N/A	N/A	Agree details prior to commencement and payment of contribution at completion	EDNCp to deliver with commuted sum for maintenance of street furniture.
Design Codes	N/A	N/A	18 th May 2019	To be submitted and agreed.
Marketing	N/A	N/A	18 months following agreement of design codes.	To market all town centre retail space (
Car Parking Strategy	N/A	N/A	18 th May 2019	To be submitted and agreed.
District Heating	N/A	N/A	To connect all development.	Reasonable endeavours to connect.

Design Code

Aside from the Section 106 agreement there are also conditions attached to the planning permission for Cranbrook that are relevant to the town centre. Condition 7 attached to the outline planning permission for Cranbrook sets out a two tier approach to design guidance – the Strategic Design Guide for the whole town discussed above and then design codes for individual phases. A Town Centre Design Code has been in preparation at various times since 2012. However while this work has been going on the economic climate for delivery of high street retail units and supermarkets has changed markedly and many things have changed at Cranbrook as well.

Below is a chronology of key events that have impacted on the town centre in recent years:

Chronology

2012-13	Additional 587 homes and accelerated delivery of the education campus Redesign of the Town Centre proposed by developers 2x town centre workshops held
2015	Cranbrook community 'Our Place Plan' published Economic Development Strategy published Education campus opens Cranbrook Plan issues and options consultation
2016	Cabe town centre workshop Local Plan adopted anticipating expansion of Cranbrook to circa 8,000 homes Start of construction of the pub Cultural Development Strategy published
2017	Enterprise Zone designation goes live and includes Cranbrook Town Centre Cranbrook Plan preferred approach consultation
2018	Informal discussions between the developer consortium, town council, ward members, EDDC officers and other stakeholders regarding delivery of public facilities such as the town hall and a health and wellbeing hub.
2019	Cranbrook Plan Draft Plan consultation Weekly meetings held with key stakeholders to develop a town centre masterplan
2020	Cranbrook Plan Examination hearing sessions

It should be noted that the Section 106 agreement also required a town centre design code for the implementation, phasing and laying out of the town centre to be submitted by 18th May 2019 but this has not happened. A design code reached a final draft stage back in 2017 however it was not completed or adopted because of the ongoing uncertainty associated with understanding how a 21st Century town centre might function and be delivered. Rather it was considered preferable to see major proposals taken through a design review process with development briefs prepared for individual sites. This has not happened. It should be noted that with regard to marketing there has been a display board on the town centre land from Alder King seeking interest in 3 of the town centre parcels. This has been in-situ for a number of years but there are no details of these plots being advertised on the Alder King website and the board is only visible from within the town centre itself. In submissions to the Cranbrook Plan examination the EDNCp state that Henry Davidson Developments (HDD) have marketed the town centre extensively since 2009, however officers have seen no evidence of this.

The weekly meetings in 2019 were productive and led to the production of a draft town centre plan that it was understood the main parties were happy with. However the plan was never formally submitted and recent proposals coming forward from the consortium do not appear to officers to naturally follow on from these discussions.

Town centre changes and town growth

The revised town centre arrangement is shown in Figure 2 below. It can be seen that the town centre has been reduced in size since that shown in Figure 1 with the area to the west turned to housing and taken out of the town centre and the two mustard coloured areas within the revised town centre boundary developed for housing as well.

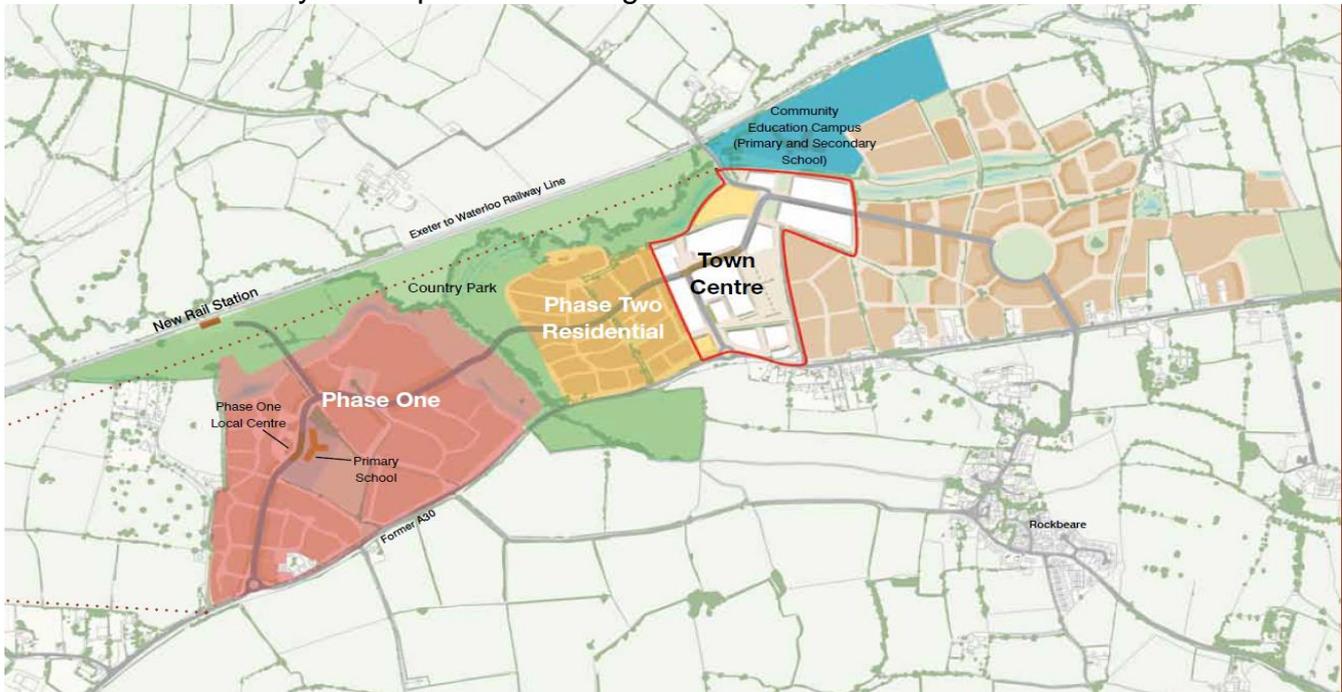


Figure 2. The revised town centre arrangement at Cranbrook

As the town centre has reduced in size the intended population for it to serve has been increasing as proposals for the expansion of the town have been progressing. Overleaf is the masterplan for the town as included in the Cranbrook Plan DPD showing the scale of the expansion areas relative to the town centre (the pink area central to the plan). The outline planning permission consented area is the grey land east and west of the town centre.

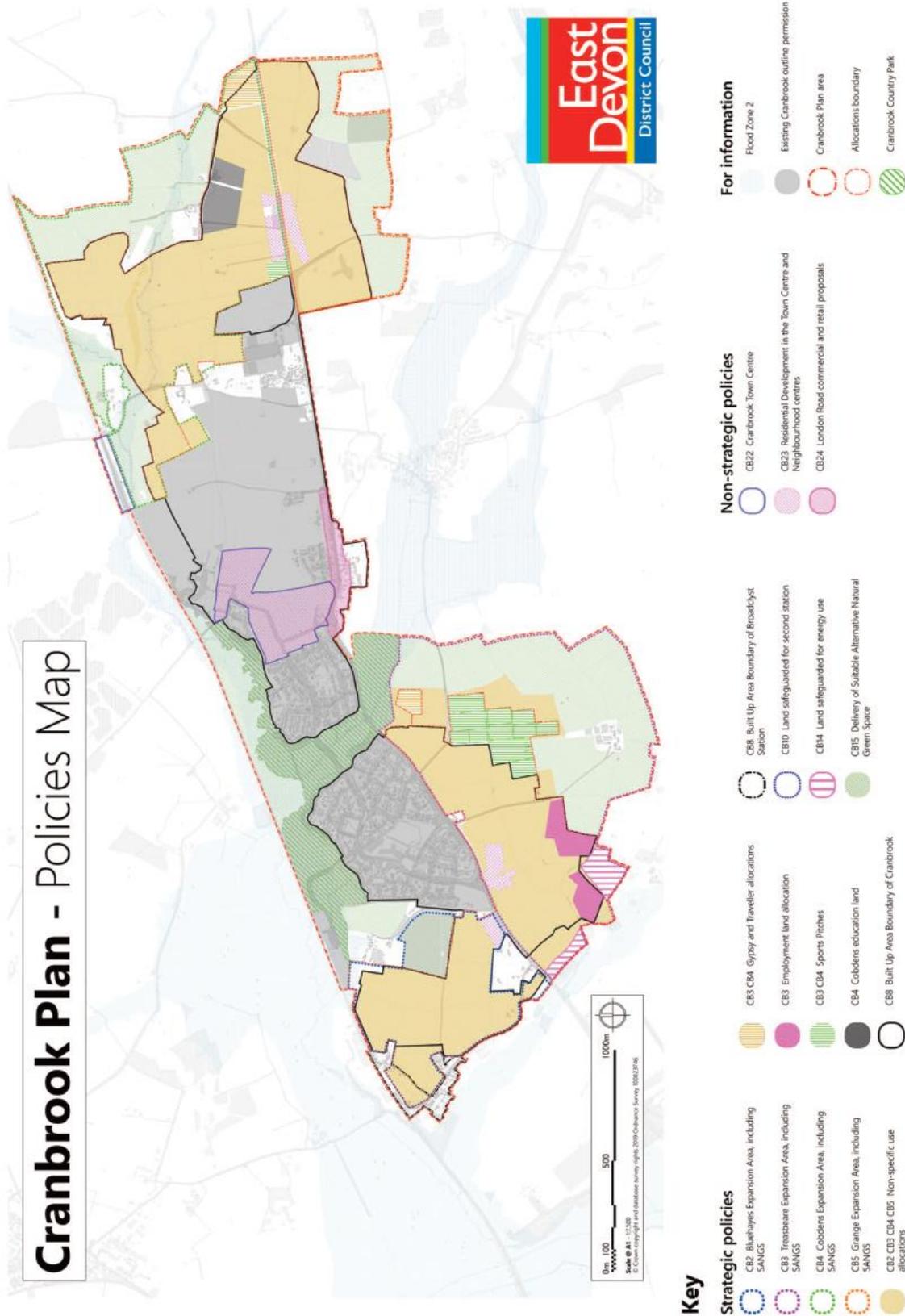


Figure 3 The Cranbrook Plan DPD Policies Map (as submitted)

Current Policy Position

In the adopted Local Plan Strategy 12 – Development at Cranbrook refers to allocating land to be developed as a “modern market town”. In terms of the town centre the plan refers to:

“3. **Jobs** - provision of up to 18.4 hectares of employment land shall be made throughout the town to provide a range of business spaces suitable for the needs of businesses as they develop and grow and to accommodate a range of employment opportunities for residents of Cranbrook and surrounding areas. Serviced or otherwise available land should be available for occupation by employment uses on a phased basis that is directly proportionate to house building:

- 4.5 hectares at/before 2,500 homes are occupied;
- 9 hectares at/before 5,000 homes are occupied;
- 13.5 hectares at/before 7,500 homes are occupied;
- The remainder after 7,500 homes.

Monitoring of take up of employment land and jobs provided will allow for future policy adjustment. Nearby West End employment sites will also provide jobs for Cranbrook residents and some will travel to other locations for work purposes including Exeter City.

4. Town Centre - The town centre of Cranbrook will provide a focal point for retail, business and leisure activities and will be designed to create a vibrant day and night-time economy and this will be complemented by a series of smaller neighbourhood centres.

5. Social and Community and Education Facilities - Cranbrook will accommodate a full range of social, leisure, health, community and education facilities (including new schools) to meet the needs of all age groups that will live at the new town.”

The draft Cranbrook Plan DPD which is currently at examination includes a specific town centre policy. The full text of this policy and other relevant policies is available on-line but the key characteristics that the plan seeks within the town centre are:

- A self-supporting town capable of meeting most of its own retail, commercial, economic and social needs
- A town centre focussed around a market square which is a multi-functional space used for cultural purposes, recreation, and outside/market trading and frontage development which addresses both the square and the roads/access routes leading to it.
- Town centre provision of a health and wellbeing hub, leisure centre, civic centre, library, children’s centre, youth centre and extra care housing.
- Temporary commercial uses are also encouraged to support the delivery of the town centre and encourage the emergence of cultural, retail, commercial and social activity recognising that the town centre will take time to develop and the commercial realities of delivering a new town centre.
- Residential development within the town centre to be high density (not less than 55 – 60 dwellings per hectare) and specifically on upper floors above shops and other commercial premises
- Land on the periphery of the town centre only to come forward for residential purposes where it can be demonstrated that it is not required for retail, commercial or community uses. Even then it should be high density and adaptable at ground floor level to allow conversion business and retail units in the future if required.

A separate policy also supports the expansion of commercial and retail uses onto the London Road area immediately to the south of the town centre (as shown on Figure 2) accepting that passing traffic along this route could be better attracted into the town centre by frontage commercial development in this area.

The Cranbrook Plan DPD was agreed for submission for examination by the Planning Inspectorate at the Council meeting on 27th February 2019 having first been endorsed by Strategic Planning Committee and Cabinet. Due to its advanced stage of production the Cranbrook Plan can carry significant weight in planning decisions, however it could be subject to change through the examination process and so cannot carry full weight at the present time. Hearings into the plan

were in January/February 2020 and additional hearing sessions are anticipated in November 2020. It is likely that there will need to be a consultation on any main modifications to the plan needed for it to be found sound, so that adoption of the plan is around 6 months away.

Having established the background and the policy position at Cranbrook it is important to consider some of the external factors that will impact on the delivery of Cranbrook Town Centre.

The Future of High Streets

A lot has been reported in the press about the decline of High Streets and town centres in this country and as a result it is easy to be downbeat about the prospects of delivering a town centre in Cranbrook. Clearly high streets up and down the country have seen a number of long established chains closing stores as well as the closure of a number of smaller local names. The rise in internet shopping has had a major impact on the high street and there is no doubt that times remain challenging for high street traders and will remain so for the foreseeable future.

The government convened an inquiry into this issue in May 2018 to investigate the future of the high street called “High Streets and Town Centres in 2030”. Although the inquiry acknowledged the challenging retail environment they did not believe that the high street is dead but that there is an urgent need for them to adapt, transform and find a new focus. The inquiry identified 4 systemic issues affecting the high street which can be summarised as follows:

1. Too much retail space – high streets and town centres have become increasingly retail focused with it now being widely considered that most towns have too much retail space to meet current needs.
2. Fragmented ownership – in the past, pension funds and insurance companies owned shopping centres or whole parts of towns, however they have been reducing their holdings such that in smaller and medium towns the majority of shops are owned by individuals and this is seen as a major barrier to a co-ordinated response to change.
3. Retailers high fixed costs: business rates and rents – These are a significant cost on bricks and mortar shops that lead to significant overheads making them uncompetitive on price with internet and out of town retailers who have lower costs.
4. Business taxation: Again these are much higher for high street retailers with a comparison with internet retailers showing that business rates amount to approximately 0.7% of Amazon’s UK turnover compared with 2 – 6% for many high street retailers.

The inquiry went on to look at the future of high streets and town centres and considered the work of the Grimsey Review on the ‘Vanishing high street’ which considered that “the 21st century town is about an activity-based community gathering place”. The inquiry considered that there was a need for high streets and town centres to repurpose themselves and find the right balance between retailing, leisure, health, social care, services and residential. Investment in the arts and culture was considered important and putting town centres at the heart of the community. The inquiry report concludes by saying:

“We are convinced that high streets and town centres will survive, and thrive in 2030 if they adapt, becoming activity-based community gathering places where retail is a smaller part of a wider range of uses and activities. Green space, leisure, arts and culture and health and social care services must combine with housing to create a space that is the “intersection of human life and activity” based primarily on social interactions rather than financial transactions. Individual areas will need to identify the mix that best suits their specific characteristics, local strengths, culture and heritage. Fundamentally, community must be at the heart of all high streets and town centres in 2030.”

The Grimsey Review also includes a section on “What Local Authorities Must Do and When”. It discusses the importance of place making putting great importance on the quality of urban design,

public realm and transport connectivity. It then talks about bringing people back into town centres to live and the importance of having flats over shops to increase footfall in town centres. These are things that are considered important in making Cranbrook town centre a successful place. A COVID-19 supplement to the Review has been published which asserts that in order to emerge from this period in better shape we need to see increased power to local communities, dynamic and collaborative leadership and fewer streets and a huge expansion in green spaces and squares that puts sustainability and the environment at the heart of everything and is based in quality of life and experiences. The authors encourage sectors to jointly manage risk in order to prosper, the removal of inappropriate taxation (they encourage high streets to become enterprise zones) and the use of simplified Compulsory Purchase Orders where needed to initiate these changes.

The commentary arising from these studies is largely about existing town centres and high streets and how they can be adapted to meet the needs of communities today. Clearly there is no existing town centre at Cranbrook and so we have a clean slate. In some respects this is an advantage as we do not have a legacy of poor developments to clear or adapt to current needs, however existing town centres benefit from a range of public, community and leisure buildings that may not be economically viable to build today. It is also important to note that Cranbrook Town Centre is within the Exeter and East Devon Enterprise Zone and benefits from business rate relief until the end of March 2022. The government inquiry notes that the payment of business rates is a significant challenge for retailers but it is a challenge that retailers at Cranbrook would not have to face for many years.

The reports mentioned above largely pre-date the coronavirus pandemic. The long term impacts of the pandemic on town centres are as yet unknown, however some work is emerging on the initial impacts felt notably in a recent publication by the High Streets Task Force entitled “Review of High Street Footfall July 2019 – June 2020”. This up to date research study is based on footfall in 154 towns and shows that district centres saw a smaller fall in visitors compared to cities as their high streets have more readily evolved from a retail focus to ‘multifunctional’ hubs. A key quote from the study comes from Professor Cathy Parker who is the research lead for the study and Professor of Marketing and Retail Enterprise at Manchester Metropolitan University. In the study she endorses a move away from the retail focus in towns saying:

“We believe that an ‘activity hierarchy’ is a better way to consider our town centres – as either major cities, regional centres, towns or districts. This simpler approach based on footfall would make for better planning decisions and help to emphasise that for many places, serving their local population with a wide range of services, including health, education, culture and leisure, is a more achievable route to success.”

It is clear from this work that existing town centres need to diversify away from retail uses and it is crucial that this work informs the development of the town centre at Cranbrook and that a range of services are provided. Unlike existing centres Cranbrook town centre starts with no traditional retail led town centre uses and so it is still helpful to look at similar size towns in Devon and the services and facilities on offer there. Cranbrook is forecast to have a population of around 20,000 people when the currently consented area and expansion areas is built out. This is similar to the population of Tiverton which is considered to be the nearest comparable town. Below is a brief summary of the business, community and leisure facilities available in Tiverton for context:

Tiverton town centre –

- Pannier market
- Premier Inn (recently opened)
- Mid-Devon District Council Offices
- M&S supermarket in the town centre with edge of town centre Tesco and out of town Morrison’s; Lidl under construction adjacent to Tesco
- Cinema

- High Street including WHSmith, Argos, Boots, Banbury's department store and a range of independent and chain stores
- Two subsidiary retail streets with primarily independent stores
- Cafes and hot food takeaways on the High Street.

It is also important to remember that Cranbrook is located very close to Exeter with only an 11 minute journey by train to Exeter Central. It is clearly not going to be possible for Cranbrook to compete with Exeter but it could carve out its own niche market and attract people into the town and meet the more day to day needs of residents of the town. It should be possible for residents to fulfil basic needs by providing cafes, restaurants, hairdressers, dry cleaners, food shopping, newsagents and other basic day to day needs at Cranbrook without the need to travel out of the town. The substantial increase in home working in recent months would only add to the potential day time footfall within the town centre to support these activities at lunchtime and before and after work.

Key Issues to be resolved

Discussions with the developer consortium over the delivery of the town centre at Cranbrook have gone on for a number of years without agreement being reached. The core reasons for this relate to 3 key issues which despite all of the history and planning policy have never truly been resolved.

These issues are:

- Quantum – How much land is needed for commercial, community, retail and leisure uses and how much should be brought forward as housing.
- Land values – The values that can be prescribed to the parcels of land within the town centre is largely dictated by the uses that will take place on them. In the current market a residential use is likely to attract the highest value as there is a known demand for housing and substantial profit to be made from developing the land for housing. Commercial and retail spaces achieve much lower values, sometimes being worth little more than the cost of building them.
- Who delivers what – The Section 106 agreement only requires the developers to deliver a limited range of retail and community spaces but it is clear from the background detailed earlier in this report that there was always an expectation both by the Council and the consortium that there would be significant amounts of additional commercial spaces beyond that required in the Section 106 agreement. It was intended that this would come forward through commercial investments in the town centre but to date this has not happened. It was however, never envisaged that such interests would come forward immediately, indeed it is beyond 2000 homes that it was envisaged that such interests would arise.

These 3 issues are interrelated as are the solutions to them. Ideally the quantum of each use would be resolved through a flexible approach that retains land for whatever purposes there is demand for as the town grows and develops. The land is however an asset that the consortium understandably from a commercial viewpoint want to do something with as soon as possible to realise the value of the asset that they hold. With this in mind, because there has always been reference to residential uses in the town centre they are arguing that the land not required to meet the S106 requirements should be attributed a residential value in the absence of a clear requirement or demand for other uses. They argue that the land was purchased at a value that reflected the original planning permission and they therefore expect a residential value, however it is clear from the background section to this report that a mixed use town centre was always envisaged, and indeed one that was originally larger than the current town centre boundaries.

The consortium's approach is challenging the Council to either accept their case or argue why their proposals do not meet the policy requirements even though the quantum of each use is not prescribed. It is also challenging the Council to take on delivery of the other elements of the town centre in the absence of this being something that is commercially attractive for them to do.

However a big challenge to doing this is the consortium's expectations for residential values to be paid for town centre land. In any land transaction the Council would need to be able to demonstrate best value to comply with public procurement laws but buying land at residential values to deliver non-residential uses would never represent best value in financial terms.

Emerging Proposals for the Town Centre

In late 2019 a Cranbrook Strategic Delivery Board was established. The Board is made up of 2 Members of each of Cranbrook Town Council, East Devon District Council and Devon County Council and is advised by Officers of each Authority. The Board is advisory rather than decision making and its purpose is to support the planning and delivery of key community infrastructure, assets and services in the town.

The East Devon New Community partners (EDNCp) have presented and discussed their current proposals for the town centre to the Cranbrook Strategic Delivery Board on several occasions. They would like the Council to agree a Memorandum of Understanding (MOU) to agree in principle to their proposals. Without the MOU in place they assert that they will not conclude the negotiated sale with HDD (to deliver a supermarket, high street retail and nursery) and will not complete sufficient dwellings in the wider town development to trigger the need for some of the S106 obligations for the town centre. An MOU is a legal document signed by various parties as a statement of intent but it is not legally binding. If signed it would indicate the Council's intentions with regard to the EDNCp proposals but a formal and final decision on the issues raised would be made through the planning application process and determined by Planning Committee. The following section of the report details and discusses the EDNCp proposals.

East Devon New Community Partners Town Centre Proposals

Summary of proposals to be read in conjunction with the parcel plan (figure 4).

An MOU to be signed by East Devon District Council (EDDC), Persimmon Homes Ltd, Hallam Land Management Ltd, Taylor Wimpey Developments Ltd, Devon County Council (DCC), Cranbrook Town Council (CTC) and Henry Davison Developments Ltd (HDD). The table overleaf summarises the current obligations on the consortium and their current proposals for dealing with these through the MOU:

Use	Area of land required (ha)	Delivery of building	Final trigger	Requirement comprises:	Proposal
Class A uses			n/a		
	5 High street units	500 sq. m	2000 homes	Land and building	To be built by HDD on TC4a.
Class B1		Units to include 1 unit up to 4000sq. m	n/a		Nil
Youth facilities	0.2	480 sq. m	3450 homes	Land and building	TC4b to be transferred to DCC with a financial contribution in lieu of direct provision to be paid prior to occupation of 100 th dwelling within the town centre.
Library	0.1	450 sq. m	3450 homes	Land and building	TC4b to be transferred to DCC with a financial contribution in lieu of direct provision to be paid prior to occupation of 100 th dwelling within the town centre.
Police and ambulance	0.25 Police + Parking for 2x Ambulances		2500 homes	Serviced land	TC4c transferred to EDDC.
Health and well being	0.7		2500 homes	Serviced land	TC2 to be transferred to DCC/EDDC
Extra care	0.5		2500 homes	Serviced land	TC2 to be transferred to DCC/EDDC
Children's Centre	0.1	250 sq. m (£432,000 Index linked)	2500 homes	Land and building	TC4b to be transferred to DCC with a financial contribution to be paid prior to occupation of 100 th dwelling within the town centre
Town Council Facility	0.05	237 sq. m	3450 homes	Land and building	TC2 to be transferred to DCC/EDDC and financial contribution paid in

					lieu of direct provision prior to occupation of 100 th dwelling within the town centre
Public Conveniences	N/A	Only if not within a commercial building	2000 homes	Land and building & commuted sum (if not within a commercial building)	To be provided within a public building. No commuted sum or capital contribution for construction.
Public Realm and Public Art	N/A	N/A	Agree details prior to commencement and payment of contribution at completion	EDNCp to deliver with commuted sum for maintenance.	Part of development of TC4a. No commuted sum for maintenance of street furniture in TC4a.
Design Codes	N/A	N/A	18 th May 2019	To be submitted and agreed.	Deemed to be discharged. Development to be in accordance with Town Centre Design Principles document
Car Parking Strategy	N/A	N/A	18 th May 2019	To be submitted and agreed.	Deemed to be discharged. Development to be in accordance with Town Centre Design Principles document
Marketing	N/A	N/A	18 months following agreement of design codes.	To market all town centre retail space	Deemed to be discharged
District Heating	N/A	N/A	To connect all development.	Reasonable endeavours to connect.	To be provided only if cost is no greater than anticipated by original S106 agreement and E.ON master agreement.

In addition to addressing the reduced number of obligations in the original Section 106 agreement as detailed above, the MOU also proposes:

- Nil affordable housing across the town centre land parcels
- To offer to transfer TC4d to EDDC - no purchase price yet determined, although EDNCp likely to be looking for £800k-£1m/gross acre

- Agreement for residential development on parcels TC1, TC3, TC4d (if not purchased by EDDC), TC4e, TC5a, TC5b, TC6, TC7a & TC7b
- Delivery of a Morrisons Supermarket on TC4a alongside an additional 500 sq. m of commercial floorspace in addition to that required under the Section 106 agreement, total 1,000 sq. m high street retail.
- EDDC and DCC unable to request additional S106 contributions beyond those contained in the MOU and unable to object on policy grounds to the proposals at planning application stage.

Over the next two pages is a parcel plan showing the various parcels referred to above and then a layout plan showing the consortiums proposals for a supermarket and adjacent spaces.

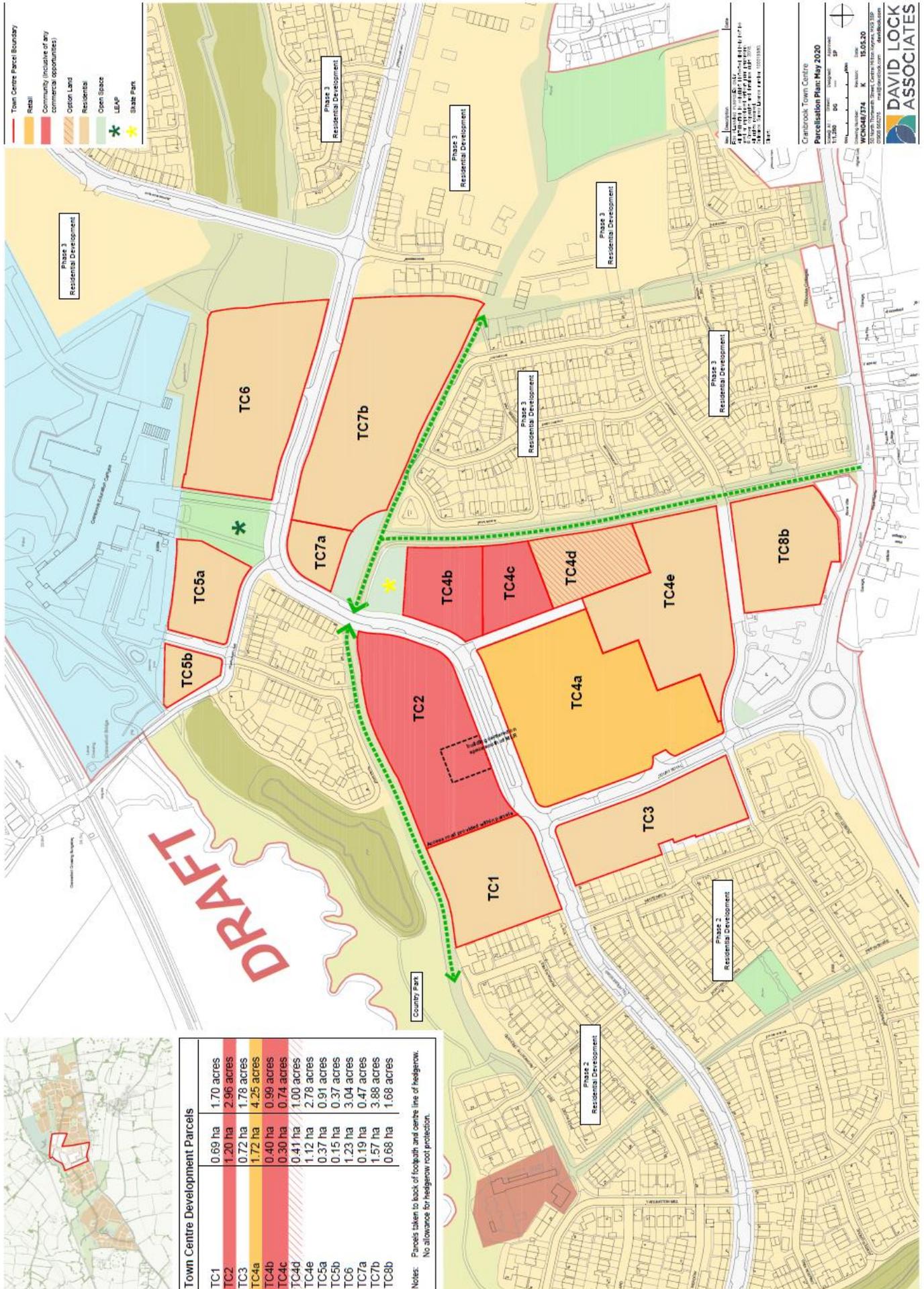


Figure 4 Town Centre parcelisation plan submitted by EDNCp – red parcels are proposed as S106 land/buildings

Site Layout – July 2020



Figure 5 – HDD TC4a proposed development

Discussion

The proposals presented by the EDNCp essentially propose the delivery of the reduced Section 106 requirements detailed earlier in this report with the addition of a supermarket to be provided by Morrison's and an additional 500 sq. m of commercial space and children's day nursery. This would lead to commercial and community uses taking place on the parcels labelled as TC2, TC4a, TC4b and TC4c in Figure 4. EDNCp then propose to deliver residential development on all of the remaining parcels; the total town centre residential numbers would be in the region of 384 homes.

The only potential exception to this proposal is an opportunity for the Council to purchase parcel TC4d, albeit it is understood that this would have to be at residential land values. It is understood that achieving residential land values from all of the parcels except for those mentioned is a prerequisite of them delivering the supermarket and commercial space that are additional to their S106 requirements. It is stated that this is due to the delivery of Cranbrook to date not living up to assumptions made at the beginning of the development and therefore not delivering the profit margins expected.

The EDNCp argue that the quantum of retail space originally envisaged is not sustainable or necessary due to a seismic shift in consumer spending habits. Clearly high streets up and down the country have seen a number of long established chains closing stores as well as the closure of a number of smaller local names. The rise in internet shopping has had a major impact on the high street and there is no doubt that times remain challenging for high street traders and will remain so for the foreseeable future. This situation and the future role of high streets is still emerging, although there is some evidence that smaller town centres are proving more resilient than larger town and city centres during the current pandemic, likely as a result of increased home working continuing to generate footfall.

Officers are however keen to retain flexibility within the town centre and are very concerned at proposals to determine a use for all of the land in the town centre now. It is impossible to know at this stage exactly what the town will need as it grows with only just over a quarter of the proposed housing currently constructed and given the uncertainty over the future of town centres. It is however clear from recent studies that town centres will still have a role in the future. This role may be less retail focused and have a more leisure and community purpose but it is important that there are suitable spaces for these activities to take place for the health and wellbeing of residents of the town and to minimise outward commuting for these activities which would seriously damage the sustainability of the town. Were there to be such significant residential development on the town centre land, the nature of the fragmented land ownership that arises with such residential development would severely restrict the opportunity for future town centre growth; this matter of fragmented ownership is highlighted as an issue for town centres in both the High Streets and Town Centres in 2030 Inquiry and the Grimsey Review.

A letter from HDD was included within the EDNCp hearing statement to the Town Centre matter for the Cranbrook Plan DPD examination. That letter sets out the quantum of development which HDD believe could be accommodated with the Town Centre and is based upon the resultant town population:

TOTAL		PROPOSED PHASE 1	COMMENTS
• Supermarket	2,475m ²	2,475m ²	
• Shops / Restaurants	1,500m ²	500m ² – 600m ²	• Situated in a corner of the North of TC4A fronting the MLR and TC2.
• Leisure	600m ²	Market led	
• Offices / Business	1,000m ²		• Situated areas TC2, TC4A and TC4B • This assumes no public sector demand
• Civic Buildings	As many as possible	As many as possible	• Library, Town Council, etc
• Nursery	600m ²	600m ²	
• Care	66 Bed	If market demand exists	
• Public House		Already exists	

The currently tabled proposals from EDNCp do not provide space for the full quantum of retail/restaurant floor space set out in the HDD advice, nor do they make land allowances for the leisure or office space advised.

The EDNCp's offer is that the whole of parcel TC2 is used to meet outstanding S106 obligations for town centre facilities, specifically for the Town Council offices, extra care housing and health & wellbeing hub. Without this northern side of the high street (Tillhouse Road) having an active frontage, there are severe concerns that a single sided high street would not facilitate the activity, vitality and viability needed for a town centre. Accordingly, EDDC officers commissioned a proving layout for parcel TC2. That layout assumes that both the extra care site and health & wellbeing hub can be designed to have ground floor uses which at least in part, are open to the public and therefore have an active frontage. In order to deliver this ground floor frontage, and also in allowing for additional open space in front of the Town Council offices, it would reduce the overall site area on which the Health & Wellbeing Hub would be sited. It should be noted that there are examples of things like pharmacies or an opticians being incorporated in the ground floor of a health centre or of a café or hairdressers serving both the residents of an extra care facility as well as the public. However, at the time of writing no specific design work has been undertaken to confirm whether or not these facilities can be provided on TC2 should the extra care and/or health & wellbeing centre is accommodated there. Comments from Devon County Council and the NHS Clinical Commissioning Group in relation to extra care are included within the consultee comments section at the end of this report.

Figure 6 overleaf shows an overlaid layout of the HDD scheme for TC2, the EDNCp indicative housing layout and the EDDC officer commissioned proving layout for TC2; the plan indicates the type of layout for the town centre expected should the MOU proposals be taken forward.

Cranbrook Illustrative Master Plan

PHASE	TYPE	AREA (SQM)	NO. OF UNITS	NO. OF STORES	NO. OF PARKING SPACES	NO. OF GREEN SPACES	NO. OF TREES	NO. OF LANDSCAPING	NO. OF UTILITIES	NO. OF SERVICES	NO. OF COMMUNITY	NO. OF CULTURAL	NO. OF RECREATION	NO. OF EDUCATION	NO. OF HEALTHCARE	NO. OF SENIORS	NO. OF CHILDREN	NO. OF YOUTH	NO. OF ADULTS	NO. OF ELDERLY	NO. OF TOTAL
PHASE 1	RESIDENTIAL	100,000	1,000	10	100	10	100	10	10	10	10	10	10	10	10	10	10	10	10	10	10
PHASE 2	RESIDENTIAL	200,000	2,000	20	200	20	200	20	20	20	20	20	20	20	20	20	20	20	20	20	20
PHASE 3	RESIDENTIAL	300,000	3,000	30	300	30	300	30	30	30	30	30	30	30	30	30	30	30	30	30	30
PHASE 4	RESIDENTIAL	400,000	4,000	40	400	40	400	40	40	40	40	40	40	40	40	40	40	40	40	40	40
PHASE 5	RESIDENTIAL	500,000	5,000	50	500	50	500	50	50	50	50	50	50	50	50	50	50	50	50	50	50
PHASE 6	RESIDENTIAL	600,000	6,000	60	600	60	600	60	60	60	60	60	60	60	60	60	60	60	60	60	60
PHASE 7	RESIDENTIAL	700,000	7,000	70	700	70	700	70	70	70	70	70	70	70	70	70	70	70	70	70	70
PHASE 8	RESIDENTIAL	800,000	8,000	80	800	80	800	80	80	80	80	80	80	80	80	80	80	80	80	80	80
PHASE 9	RESIDENTIAL	900,000	9,000	90	900	90	900	90	90	90	90	90	90	90	90	90	90	90	90	90	90
PHASE 10	RESIDENTIAL	1,000,000	10,000	100	1,000	100	1,000	100	100	100	100	100	100	100	100	100	100	100	100	100	100



Figure 6 Composite layout of HDD scheme, EDNCp indicative housing layout and proving layout for TC2. Composite produced by EDDC.

As discussed earlier, the EDNCp have stated that if the MOU is not agreed then they will cease constructing houses pursuant to the Outline Planning Permission prior to 3450 occupations and therefore will not trigger the delivery of the youth facilities, library or Town Council offices. It should be noted that the obligations to deliver the Children's Centre, 500 sq. m. of retail floor space and public conveniences and the land for the Police Station, health & wellbeing centre and extra care would still be reached. Of the 3,487 dwellings included in the permissions tied to the S106 agreement, 3,066 have received detailed permission. Taylor Wimpey have submitted a further reserved matters application for an additional 311 dwellings pursuant to the outline permission which is under consideration. This will leave only 110 dwellings without a reserved matters approval, of which approximately 90 are expected to be in the town centre. There is no indication that these purely residential parcels will not be completed and indeed, if work is completed on the already commenced parcels there would be 2,921 dwellings occupied.

Clearly it would be unfortunate if the consortium did walk away prior to delivery of 3450 occupations and it is unclear how serious the threat of this happening is given that they would still be left with the liability of the remaining land parcels with no hope of securing a separate residential consent without the obligations being re-imposed. It is also important to note that there would be a significant loss of income from the house sales that would otherwise have been expected. In the event that this did happen however it is considered that infrastructure funding from the expansion areas would have to be reprioritised to enable the delivery of youth facilities, library and town council offices. Viability work for the expansion areas already allows for some funding for these facilities acknowledging the additional demand that would be placed on them by the expansion areas.

In terms of the proposed housing itself it is important that the town centre achieves higher levels of housing density than found elsewhere at Cranbrook both to make best use of such a sustainable location and create the footfall to support commercial enterprise within the town centre but also from a place making perspective the town centre should be characterised by a more dense and urban form of development. Discussions with the EDNCp have suggested that they are not against higher density development but not necessarily the 55 – 60dph envisaged by the Cranbrook Plan, or indeed as envisaged in the documents which supported the outline application. The indicative housing layout included at Figure 4 has looked to increase density in the more central parcels but indications are that the housing types and designs will be very similar to those already built in Cranbrook, whereas Officers views are that town centre housing needs to be distinctive in its own right. The EDNCp's biggest concern however is the suggestion of apartments within the town centre as they do not believe that there is a market for such units. It is considered that a variety of high density housing and apartments would be the ideal. While the market at Cranbrook for these forms of housing has only been tested to a limited degree through some apartments on early phases of development it is considered that the town centre offers a different product and if done well there is no reason to think that it could not form an attractive option for purchasers. The indicative housing layout provided by the EDNCp shows a total of 384 units, of which 70 are apartments, 27 of them above the two parades of retail units proposed by HDD. This equates to 18% of the total residential units anticipated in the scheme.

The developers are not offering to provide any affordable housing within the town centre under their proposals whereas the first c. 90 units should be delivering 28.56% affordable housing under the current S106 agreement while any further units over and above the provisions of the outline consent should be providing 15% under the Cranbrook Plan (Local Plan policy would be 25%). This equates to a requirement for c. 70 affordable homes. The EDNCp argue that these requirements are not viable. If demonstrated through a viability appraisal then policy would allow for a reduced affordable housing rate to reflect the viability position. The viability of the delivery of the town is discussed further in the section below.

Viability

Whilst the consideration for Members at this stage is not to determine any planning applications for the town centre, rather to indicate whether to proceed to agree a MOU for the EDNCp scheme or to progress an SPD, the existing Local Plan, National Planning Policy Framework (NPPF) and National Planning Practice Guidance (NPPG) are of relevance to the consideration of development viability in reaching this decision.

Strategy 34 of the East Devon Local Plan relates to affordable housing site targets and in situations where a proposal does not meet the site target requires the submission of evidence to demonstrate why provision is not viable or otherwise inappropriate.

Paragraph 57 of the NPPF states the following:

Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.

The NPPG includes the following in relation to viability at application stage (reference ID 10-007-20190509):

Should viability be assessed in decision taking?

Where up-to-date policies have set out the contributions expected from development, planning applications that fully comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. Policy compliant in decision making means that the development fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies.

Such circumstances could include, for example where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force.

The PPG makes reference to the reviewing of development viability. With large, complex projects such as that at Cranbrook it may be appropriate to include review mechanisms. The principal S106 agreement for Cranbrook does not include such review mechanisms at present. However, what is clear from the PPG is that such review mechanisms are to strengthen the LPA's ability to ensure policy compliance rather than to protect a return to the development. The paragraph in full is below.

How should viability be reviewed during the lifetime of a project?

Plans should set out circumstances where review mechanisms may be appropriate, as well as clear process and terms of engagement regarding how and when viability will be reassessed over the lifetime of the development to ensure policy compliance and optimal public benefits through economic cycles. Policy compliant means development which fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies.

Where contributions are reduced below the requirements set out in policies to provide flexibility in the early stages of a development, there should be a clear agreement of how policy compliance can be achieved over time. As the potential risk to developers is already accounted for in the assumptions for developer return in viability assessment, realisation of risk does not in itself necessitate further viability assessment or trigger a review mechanism. Review mechanisms are not a tool to protect a return to the developer, but to strengthen local authorities' ability to seek compliance with relevant policies over the lifetime of the project.

Reference ID: 10-009-20190509

In support of the MOU put forward, the EDNCp have submitted a viability sketch to demonstrate the costs and revenue arising from the delivery of the town from inception to completion. Clearly, some of these costs and revenues are forecasts as they haven't yet been realised but many are based on known figures. It is stated that the profit margin anticipated at the inception of the development was 16% but that even with the current obligations and town centre development proposed, it is forecast to be lower than this, at 13.6%. It is for this reason that nil affordable housing is proposed and also why a reduced package of existing S106 obligations is proposed and why nil, or little (still under negotiation) other S106 contributions are forthcoming in relation to the additional housing over above the outline consent housing numbers. It is asserted that the non-delivery of these elements would help to bring the profit margin back towards the inception expectations.

Officers are concerned that the viability sketch provided does not follow the standard methodology for viability appraisals set out in the National Planning Policy Framework (NPPF) and National Planning Practice Guidance (NPPG) and that the inputs and outputs used do not present a full picture of the costs and revenues associated with the development. The EDNCp argue that this methodology is not compulsory and is not appropriate in this instance due to the complexity of the development and the fact that much of it is complete. It is agreed that the delivery of Cranbrook is complicated, however the standard methodology and inputs/outputs for viability appraisal is suitable for developments of varying sizes, including for plan making. Indeed, this methodology is currently being utilised to appraise the viability of the expansion of Cranbrook as part of the examination into the Cranbrook Plan DPD; the EDNCp have not criticised the use of this methodology for this purpose.

Housing costs and revenue

One of the main concerns with the presented viability information is that it does not clearly include build costs of the dwellings themselves or the associated housing revenues. The EDNCp is comprised of two national volume housebuilders (Persimmon have a 40% stake and Taylor Wimpey 30%) and Hallam Land Management, a land promotion company (30% stake). The first two parties construct and sell their own houses at Cranbrook, with Hallam disposing of its sites to developers and those developers themselves realising profits from house sales. It is asserted by the EDNCp that these costs and revenues are incorporated into the average land value per acre,

however EDDC Officers do not believe this to be the case and the following provides an example of why this position is adopted.

Westco Properties Ltd and Galliford Try Partnerships Ltd purchased the phase 3 site currently being developed by Linden Homes on 8 March 2018 from Hallam Land Management. The Land Registry Title (DN692271) indicates that the price paid was £7,388,900 excl. VAT. The site area amounts to 10.7 gross acres, giving a price paid of £690,551/acre. This value is lower than the value of £810,000/acre in the EDNCp viability sketch, however the EDNCp value is asserted as being based on analysis of receipts and partitioned acreages over the life of the development and so the two values would not be expected to be the same. We know from the price which was being offered to a third party for the purchase of TC6 for educational purposes but at residential land values (£800,000 - £1m/gross acre) that the £810,000/acre value in the viability sketch is unlikely to include an uplift to account for residential sales profit. Westco and Galliford Try are delivering their own affordable housing on the parcel, which is a S106 obligation not met by Hallam as land promoter; the proportionate cost of the other financial S106 obligations will have been accounted for in the land price paid and Hallam retain responsibility for complying with those.

Westco and Galliford Try will now be constructing the houses on their site and realising revenues from the sale of the properties, resulting in a profit being made. It is those costs, revenues and resultant profit which are not present in the viability sketch. The omission of these elements has the potential to have a significant impact upon the overall profit made; it is accepted that Hallam Land Management don't realise these profits, being land promoters and not developers, unlike the other two EDNCp businesses.

The Galliford Try/Westco land deal is used as an example to demonstrate Officers concerns that the value of house sales is not captured in the viability sketch as the purchase price was available from Land Registry records. The same principle of house sale value would apply to the other residential parcels within the site, including those of Persimmon and Taylor Wimpey as well as other Hallam sold parcels as all the residential land is dealt with under the same line in the viability sketch.

The delivery of Cranbrook has benefited from significant public funding in the form of grants and loans in order to forward fund infrastructure. One of these funding agreements with the Homes and Communities Agency (now Homes England) included an overage arrangement. This has previously been discussed with EDNCp who have asserted that the overage paid was in the region of £200k and based upon the speed of house sales. Confirmation of this position has been sought from Homes England who are unable to detail the precise arrangements or amount of overage paid due to commercial confidentiality. They have however, confirmed that the overage arrangement was based purely on the uplift in the value of house sales from a base figure included in the funding agreement, with an allowance made to account for cost inflation. The full overage payment due from all members of the Consortium has been finalised and was a substantial sum, significantly higher than the £200k value previously cited to EDDC Officers.

EDNCp annual reports

Officers have previously been advised that Hallam Land Management in particular are "down on the project" at Cranbrook. There has been little mention to date of how the other two Consortium parties have fared financially at Cranbrook so far.

Hallam Land Management produces an Annual Report that is published by Companies House on the gov.uk website as their annual financial return. Cranbrook is a long term project for Hallam and is referenced within the report on an annual basis in numerous locations. The below are excerpts from those documents for the past few years.

2017 Annual Report

At our two long-standing projects; at Cranbrook we have negotiated a disposal of 180 plots which exchanged early in 2018 ... Both projects continue to deliver well, in line with our expectations.

2018 Annual Report

At our other long-standing projects, Cranbrook, the 3,500-unit new community at Exeter, and Kingsdown in Bridgwater, steady progress continued during the year. At Cranbrook we sold 180 plots to a regional housebuilder Both projects continue to perform well.

2019 Annual Report

Steady progress continued during the year at our longstanding projects at Cranbrook (the new community near Exeter) and Kingsdown, Bridgwater. We contracted to sell 315 plots at Cranbrook to Taylor Wimpey; at Bridgwater, 142 plots were sold to Persimmon. Both projects continue to perform well ... At Cranbrook, we are in negotiation with a national food retailer to provide a store in the town centre.

In addition, the 2011 Annual report made the following statement (within it, Cranbrook is referred to as Clyst Hayes):

We completed profitable land sales on our sites at Winsick, Mansfield, Rugby, Countesthorpe, Clyst Hayes and Buckingham. The prices achieved, particularly on the four southern sites, were very pleasing, demonstrating that good sites in prime locations can still command premium prices.

The positive messages given about Cranbrook in these annual reports suggest a different picture to the one now being presented and further demonstrates the need for a clear and open viability appraisal.

Within the 2019 accounts the 'off balance sheet arrangements' section details that Hallam Land Management had an original interest of 53 acres at Cranbrook and have so far disposed of 35 acres, leaving them with 18 acres remaining to be sold. The only land without reserved matters approval granted or pending within the outline planning permission site for the town is that within the town centre. The town centre parcels, excluding TC2, TC4b and TC4c parcels (proposed as S106 land) amount to just under 22 acres, suggesting that the majority of the land to be disposed of will be to the benefit of Hallam Land Management, rather than the current 40/30/30 split that has gone before over the residential parcels of the town.

In conclusion, Officers remain concerned that the viability information submitted in support of the proposed Town Centre scheme is inadequate to support the asserted position that the development cannot afford to deliver any affordable housing or other S106 contributions beyond the reduced suite of obligations in the existing S106 agreement and cannot afford to increase the amount of land put forward for non-residential uses.

District Heating

The EDNCp are proposing that the town centre would only be connected to the district heating network if the costs of connection reflect those negotiated on the original agreement with E.ON, who run the network. Discussions with E.ON indicate that it is unlikely that the costs will meet this criteria given that the original connection charges were negotiated many years ago and were subsidised. There is therefore a significant risk as things stand that connection to the district heating will not be secured under the EDNCp proposals. As a default the EDNCp are proposing only to comply with building regulations.

District heating is a key foundation of the sustainability credentials for Cranbrook. Originally this was in the context of increasingly demanding standards being introduced through the Code for

Sustainable Homes. Arguably the significance of district heating has only increased in the context of a declared climate emergency, the need to support a green recovery and the forthcoming introduction of the Future Homes Standard.

There has been some discussion arising from the EDNCp about installing a gas main in preference to connecting to the district heating network. This course of action would lead to a legacy of higher carbon development as each home would not benefit from the ability to decarbonise the existing network. Instead each home would need to be retrofitted individually at the expense of the home owner or landlord.

The current feasibility study on District Heating demonstrates that it is possible to secure large scale carbon savings. Any solution will need to be cost effective and deliverable to a timescale that accords with wider development programmes, including that of the Town Centre development. The development of the town to date surrounds the town centre land and the Strategic Delivery Board has indicated that it considers the connection of town centre development to the existing heat network to be of fundamental importance.

More detail on the background to the district heating network, its significance and plans to ensure that it achieves zero carbon status are contained in appendix 2 attached.

Additional infrastructure requirements

The delivery of circa 290 additional homes over and above those which can come forward pursuant to the existing planning permission (and associated S106 agreement) will lead to additional pressures on infrastructure and therefore consideration as to what contributions/infrastructure the delivery of this quantum of housing should provide is necessary.

The MOU proposes that other than those set out in the MOU there shall be no other additional obligations or requirements placed on the EDNCp or HDD in developing the Town Centre. This would preclude EDDC and DCC from making requests towards other infrastructure requirements or contributions at the time of a planning application being made. Officers of both authorities have expressed that this is not a clause which it would be appropriate to agree to, with DCC in particular stating that it goes against their statutory duties as Local Education Authority.

Officers have been negotiating with EDNCp over the list of infrastructure and contributions and have derived a list of infrastructure contributions considered to meet the tests for the imposition of S106 obligations set out in legislation. These items are listed in the table below (calculated for 287 dwellings) and derived from the requirements of The Cranbrook Plan DPD, evidenced by the Cranbrook Infrastructure Delivery Plan:

Infrastructure Item	Cost
Formal open space	£121,407.19
Formal play	£107,366.91
Allotments	£50,930.46
SANGS capital delivery cost*	£284,247.00
SANGS in perpetuity maintenance	£172,062.35
Off-site habitat mitigation	£141,091.13
Primary education	£989,770.00
Sports Pitches	£244,329.00
Leisure Centre	£270,482.01
Cricket (upgrading existing facilities)	£21,335.73
Health & Wellbeing hub	£603,552.39
Off-site walking and cycling infrastructure	£174,125.77
Sustainable transport	£636,846.81
Shared cars and e-bikes	£20,647.48

Infrastructure Item	Cost
AGP contribution (off-site towards facility at Broadclyst Leisure Centre for hockey)	£19,270.98
TOTAL	£3,857,465.11

*SANGS capital delivery cost excludes purchase cost of land, which would also need to be met.

At the time of writing, EDNCp accept that they must meet their obligations for habitat mitigation (comprising SANGS and off-site habitat mitigation in the table above). Whilst the three EDNCp partners all have land interests in the Cranbrook expansion areas and have control of land to meet their SANGS obligations for those parcels, they have advised that there is no land available for SANGS mitigation for the extra over Town Centre housing. On this basis they assert rather than having to pay for SANGS to be delivered in proximity to Cranbrook, which would involve having to meet land purchase costs as well as capital delivery and maintenance costs, this should be via the approach adopted for off-site mitigation whereby a set sum is payable per dwelling. This figure is currently £1137.22, which would equate to £326,286.00 for 287 dwellings. In either scenario, the likelihood is that the onus would fall upon EDDC to deliver the required SANGS mitigation; the concern of Officers is that whatever payment is made must enable the required quantum of SANGS to be delivered and maintained in perpetuity.

Current indications are that in addition to meeting habitat mitigation requirements, the EDNCp may be willing to offer c. £500k towards the package of infrastructure items listed above but no formal offer to this effect has been received. This is a significant reduction over the c. £3.2m package of infrastructure listed above (value excluding habitat mitigation).

Summary

The main benefit of the EDNCp proposals is the short-term delivery of a supermarket and the additional 500sqm of commercial space beyond the S106 requirements. The desire to see some delivery of services and facilities within the town centre is well understood and officers share this desire. The community questionnaires over the years have made it clear that the community want to see something delivered as soon as possible. This ambition is shared and there is no doubt that this would deliver a big short term gain for the town but in the long term the proposals would prevent the town centre from meeting the needs of the community in the future, lead to greater levels of out commuting, impact on health and wellbeing as well as the sustainability of the town. Furthermore, in the absence of any affordable housing or contributions toward infrastructure the pressures on existing services and facilities would be exacerbated.

Cranbrook Town Centre Masterplan SPD Approach

An alternative approach to that presented by the EDNCp is for the Council to develop its own masterplan for the town centre and adopt this as a supplementary planning document (SPD). At the Strategic Planning Committee of the 25th February it was agreed to add the production of this document to the Local Development Scheme (LDS) on the basis that this option would be given further consideration alongside the EDNCp proposals.

It is considered that an SPD offers the opportunity for the Council to take a lead on the delivery of the town centre by developing its own proposals and consulting the community on these to engage the wider community in this debate.

Earlier in this report a number of outstanding fundamental issues were identified namely quantum, land values and who delivers what. An SPD would expand on existing planning policy and address uncertainty about the required quantum of specific uses within the town and so doing influence land values for the individual parcels within the town centre. This route could potentially reset land values for some parcels and reduce expectations for residential values for town centre land. It is however important to understand that to deliver alternative uses within the town centre would likely

require the Council to acquire land within the town centre in order to deliver on the aspirations in any SPD and this may involve the use of compulsory purchase powers if a land deal cannot be secured by willing negotiation. As a result it is only worth pursuing this option if Members are interested in pursuing a more proactive approach to the delivery of the town centre both in terms of land purchase but also in terms of delivering buildings and potentially operating/letting spaces within the town centre. It is however worth noting that an SPD provides a strong policy base for resisting proposals that do not comply and should influence future proposals from the consortium.

Officers initial work on an SPD seeks to use the EDNCp proposals as a starting point by incorporating their proposals for TC4a and the continuation of the siting of the DCC library, youth centre and children's centre on TC4b (DCC have recently granted themselves outline planning permission for these uses on this parcel) and blue light services land on TC4c. Where they differ from the EDNCp proposals is by seeking to make the remainder of TC4 available for a mixture of commercial, community and leisure uses to meet the needs of the town in the future and the delivery of a northern side of a high street, opposite the HDD scheme on Tillhouse Road. The proposals also seek to locate the extra care facility, land for which is secured in the existing S106, on parcel TC1 where it would be located in proximity to, but away from the High Street and in a location preferred by DCC. It may make provision for a hotel on TC8b as it had been understood that there was demand for additional hotel accommodation in the area and this could add an important component to the business offer at Cranbrook and provide employment opportunities. The SPD would also look to future proof other parts of the town centre such as parcel TC3 by ensuring that ground floor frontages are adaptable and could be converted to form commercial units in the future if the need arises, in line with policy requirements of the Cranbrook Plan DPD. The SPD proposals would also deliver housing on parcels TC5a, TC5b, TC6 and TC7 generating circa 300 units within the town centre acknowledging the role that a limited quantum of appropriate housing types play in generating footfall and supporting a vibrant town centre. It is envisaged that the SPD would also seek to secure affordable housing within the town centre as well as connection to the district heating network and achieve policy compliance with regard to other infrastructure requirements.

These proposals are outlined on Figure 7 overleaf.



Parcel TC1	Extra Care Centre Private garden Extra Care Centre - Retail/Cafe (GF)	55 1700m ² 1820m ²
Parcel TC2	Town Council Building (GF) Town Council - Rent Offices (FF) Town Council - Rent Offices (GF) Office Retail (GF) Apartments/Duplex (FF & SF) Mews Units 3st Town Houses 3 st. Houses/Duplex/Apartments Retail Office (GF, FF & SF)	6 475m ² 331m ² 331m ² 13 875m ² 27 257m ² 5 350m ² 11 1350m ² 16 1450m ² 9 775m ²
Parcel TC3	Apartments/Duplex (GF, FF & SF) New town houses GF attached to retail units Mews Units	20 1460m ² 14 1700m ² 13 870m ²
Parcel TC4a	Supermarket Nursery Spa/Apartments (FF & SF) Retail (GF)	1 245m ² 1 600m ² 20 920m ²
Parcel TC4b	Devon County Council Land	
Parcel TC4c, d & e	Library/Children's Centre/Youth Centre (GF & FF) (0.8ha)	1180m ²
Parcel TC4a & b	Health Centre (2 st) Combined with leisure (building footprint) Leisure Centre (2 st) Combined with health (building footprint) Workshop/Hybrid Space Tri - Services Land (0.25ha destined) Light industrial units	3138.05m ² 3138.05m ² 620m ² 364m ² 740m ²
Parcel TC5a & TC5b	Houses	
Parcel TC6 & TC6b	Houses	
Parcel TC7a & TC7b	Houses	
Parcel TC8a & TC8b	Hotel	1850m ²

Figure 7 EDDC Officer commissioned indicative strategic masterplan for SPD production
 page 35

Timetable for SPD

The Council has an adopted protocol on the production of SPD's which would need to be followed in the event that this route is endorsed. The following of this protocol results in a timetable for production as follows:

Date	Event/action
1 October – 30 November 2020	Production of draft SPD and associated reports/screening (Strategic Environmental Assessment, Equalities Impact Assessment, Habitat Regulations Assessment, Health Impact Assessment, Draft consultation Statement)
15 December 2020	Draft SPD to SPC, seek authority to consult
4 January 2021 – 15 February 2021	Consultation on draft SPD and associated reports/screening for 6 weeks
15 February 2021 – 6 April 2021	Consideration of responses received, revisions made to SPD as necessary in light of consultation findings
27 April 2021	Proposed SPD and associated reports to SPC seeking authority for second stage consultation
30 April - 14 June 2021	Consultation on proposed SPD
14 June 2021 – 28 June 2021	Consultation summary produced for SPC
July 2021 (no date for meeting yet set)	SPC recommend adoption of SPD to Cabinet
Summer 2021 (no date for meeting yet set)	Cabinet resolve to adopt SPD

Delivery

A significant concern with pursuing an SPD to deliver the indicative masterplan or something similar is how it could be delivered. The land within the town centre is understood to be entirely controlled by Hallam Land and negotiations to date have indicated that they would only be willing to sell land within the town centre at residential land values even though there is no planning policy basis for valuing all of the town centre land on this basis. The policy position as detailed earlier in this report is for a mixed use town centre incorporating a range of retail, community and other business uses in addition to residential units and this should lead to a significantly lower land value than a wholly residential use. In light of the opposing positions on land values between the Council and Hallam Land it may be necessary to use compulsory purchase powers (CPO) to secure land within the town centre. On the face of it there should be a basis for securing land through this route at a value that reflects the values associated with the mix of uses intended for the town centre. However CPO is a specialist area of law and further legal advice should be sought before pursuing this course of action.

There would also be a significant cost associated with the Council delivering part or all of the town centre at Cranbrook. The main sources of funding that have been identified so far are as follows:

Section 106

The expansion of Cranbrook is being progressed through the development of The Cranbrook Plan Development Plan Document which is currently being examined for soundness by The Planning Inspectorate. A Cranbrook Infrastructure Delivery Plan (CIDP)¹ has been prepared as evidence to support the Plan and includes within it the collection of financial contributions towards some of the proposed town centre infrastructure. This includes the cost of a tri-light facility and a capital contribution towards the cost of a health & wellbeing centre, both elements for which land is

¹ <https://eastdevon.gov.uk/media/3720813/psd24-infrastructure-delivery-plan-july-2020.pdf>

already secured in the current S106 agreement. The CIDP also includes a capital contribution of just under £4 million toward the anticipated £10 million cost of a leisure centre to include swimming pool.

Enterprise Zone

Alongside Skypark, Science Park and Airpark, Cranbrook Town Centre forms part of the Exeter and East Devon Enterprise Zone (EZ). The inclusion of the town centre within the designation was deliberate, recognising the ongoing challenge of delivering a 21st century town centre and aiming to be able to provide support to delivery of commercial floor space and local job creation.

The development of any employment space with a rateable value within the EZ attracts 100% business rate retention, compared with the normal situation where around 50% is sent to central government. The designation allows for borrowing to be made against future business rates income in order to accelerate delivery of new commercial space and support job creation.

The Implementation Plan for the EZ currently focuses this financial support on overcoming barriers to delivery and bringing forward catalytic investments. The current borrowing programme of £8m has to-date committed £6.49m of funding, of which only £150k is currently earmarked for specific project spending at Cranbrook.

The programme is looking to increase borrowing by an additional £12m to support the delivery of capital projects, with priorities being proposed to be redrawn to now address structural challenges, support green recovery and clean growth and overcoming barriers and accelerating delivery. Importantly, the structural challenges faced by town centres and the commercial property market would potentially increase the priority for investment at Cranbrook. At the time of writing, this additional borrowing is yet to be debated by the Enterprise Zone Board and East Devon District Council's Cabinet but is due to be considered shortly. Subject to their decisions this could provide a substantially funding stream to support delivery of the town centre.

Commercial Investment Fund

In early 2019 the Council established a commercial investment fund of £20 million. An associated investment framework document was agreed which sets a criteria against which investment opportunities would be assessed. Although not published due to commercial sensitivities the framework identifies 5 potential investment opportunities that would be considered under the framework these are:

- Management of existing assets
- Acquisition for commercial investment
- Acquisition for district wide benefits
- Direct developments – both housing and commercial
- Strategic partnerships and joint ventures

An investment in Cranbrook town centre could fall into all but the first of these potential opportunities with there being potential for joint ventures and strategic partnerships to help to develop elements of the town centre under the last point.

East Devon Homes

In 2017 Members resolved to set up a local housing company to be wholly owned by the Council with the purpose of providing housing in the general market and to generate a profit to provide income to the Council's general fund. The cabinet report of 8th March 2017 seeking agreement to establish the company set a number of high level objectives which were:

- To increase housing supply in the area to address existing demand and meet the needs of a growing population, and help boost growth in the local economy;
- To act as a stimulus for change to improve the quality of rented sector accommodation across the district;
- To set standards for good housing design and management in the local housing market;
- To generate general fund income for the Council through returns from Private Rented Sector housing and sales receipts from market housing sales and affordable homes;
- To act as a development vehicle for the Housing Revenue Account and deliver affordable housing.

The activities of the housing company have been limited so far but it does provide a vehicle to undertake investment and potential direct delivery of housing within the town centre at Cranbrook.

Other Borrowing

The Council has the ability to borrow from the public works and loans board at favourable rates which subject to a suitable business case and return on investment could also present a means to invest in the delivery of Cranbrook town centre.

A combined health, wellbeing and leisure complex has long been an ambition at Cranbrook but with the EDNCp proposals this is extremely unlikely to come to fruition due to the locating of the health and wellbeing S106 land on parcel TC2. Devon County Council (Public Health), the NHS and LED Leisure continue to support the ambition of delivery of this joint facility. The NHS have indicated their desire to explore joint funding opportunities for the progression of this project, with suggestions made of seeking One Public Estate funding for feasibility and design work.

Overall if the Council is willing to invest in the delivery of Cranbrook it has the ability to do so. When considered alongside the increasing body of evidence which supports local authority intervention in town centres through investment not purely for commercial return but also in the interests of sustainability and the health and wellbeing of the population, these options have the ability to be attractive. It is however important that any commitment to continue with production of the SPD is made in conjunction with funding being found to deliver the proposals that are emerging as without funding the SPD proposals could not be delivered. Without the means to deliver the alternative then the offer from the EDNCp may appear more attractive than it would otherwise.

Delivery Models

Aside from the funding of delivery of the town centre it is considered that the current situation faced with regard to Cranbrook town centre highlights some fundamental issues with a private sector led approach to delivering a new town. It is clear that the delivery of lower value uses such as business spaces, retail units and community facilities such as those needed in Cranbrook town centre are not a priority for them and yet they are essential to creating a high quality and sustainable community. This is further evidence of the need to explore different models for delivering large scale developments like this in the future and it is recommended that a separate report be brought to Members to consider the options to inform future local plan work.

Economic analysis

Commercial consultants have been commissioned to provide commercial support in respect of the town centre and have made recommendations on the type and quantum of provisions within the land. They advise that the following is provided in the town centre:

Use	Recommended quantum
Retail	Maximum of 1,950 sq. m (of which max. 8 units x 100 sq. m, 2 units x 300 sq. m, 1 unit x 550 sq. m) Min. provision of 850 sq. m
Supermarket	Max. 1,400 sq. m Min. provision 1,200 sq. m
Office/co-working space	Max. 1,500 sq. m
B1 Business Units/Workshop	Max. 2,500 sq. m
Innovation Centre (office & bench space)	Max. 500 sq. m
Nursery	500 sq. m
Gym/studio	Max. 650 sq. m
Leisure	Max. 500 sq. m
Potential for outdoor market within town square	
1 or 2 floors of residential units above retail units	

The above table indicates that our commercial consultants think that the consortium led proposals include only the absolute bare minimum of retail space required. They also suggest that the proposals are a long way short of the amount of commercial office and business spaces with a range of 3,500sqm min to 4,500sqm max required by the market. The consortium proposals do not propose any. Although this is only the consultant's opinion they are experts in this area with an excellent knowledge of the local market.

The commercial consultants employed by EDDC have provided valuation information for the proposed land uses of the two different proposals, including the respective residential elements. This work indicates that there is a c. £2m land valuation difference between the two proposals as they do not consider that it is appropriate to ascribe a residential land value to all of the town centre land. The consultants support the location of community buildings close to the town centre as it will help to support and generate footfall. They also highlight the importance of having a retail frontage on TC2 as this creates a pull into the town centre by delivering a dual sided high street; the delivery of mixed-use frontages on parcels TC1 and TC3 would help increase footfall. This work has all been carried out post Covid-19 with reasonable assumptions made about its impact.

To date there has been no delivery of commercial floor space in Cranbrook town centre and they consider that there is currently good demand for the type of commercial floor space shown on the draft SPD proposal on parcel TC4e. The offerings at Skypark and the Intermodal freight site are delivering large units for established companies (e.g. Lidl, Amazon, DPD) and there is an opportunity for commercial floor space in Cranbrook Town Centre to provide a different product to meet the needs of smaller companies and producers in commercial and workshop spaces; this aligns with the expectations set out in the Cranbrook Economic Delivery Strategy.

Within the Employment and Retail Strategy produced as part of the original planning application it was estimated that the proposals to develop the town [for 2900 homes] could provide between 1,050 and 1,200 jobs, not including employment at, or based from home. Of these, 700-830 would be office based employment, 200-250 from retail and 100-115 from small businesses and workshops. The existing units in the neighbourhood centre at Younghayes Road in phase 1 deliver some retail jobs and a handful of office based jobs within the estate agent office. The table below provides estimates on the difference in new job delivery from the two currently tabled options.

Job Density within Cranbrook Town Centre					
EDNCp Option			SPD Option		
Town Centre Parcel	Use	Job numbers	Town Centre Parcel	Use	Job numbers
TC1	Housing	0	TC1	Extra Care Housing, with retail & café	17
TC2	Extra Care Housing, with retail & café Town Council Building GP Offices Housing	102	TC2	Retail, Office Town Council Building Housing	153
TC3	Housing	0	TC3	Housing	0
TC4	Supermarket Retail Nursery Housing DCC Building, Library Tri Light Land Housing	262	TC4	Supermarket Retail Nursery Housing DCC Building, Library Tri Light Land GP Offices Leisure Centre Workshops	348
TC5	Housing	0	TC5	Housing	0
TC6	Housing	0	TC6	Housing	0
TC7	Housing	0	TC7	Education Campus	111
TC8	Housing	0	TC8	Hotel	23
		364 jobs			652 jobs

Evidence compiled by Devon County Council's Economy team for the Devon work-hubs bid shows that Devon as a location has high potential demand for flexible workspace due to its high levels of flexible workers and digital and creative professionals, with parts of East Devon and south east Exeter in particular having higher than average concentrations of these type of workers. Both proposals have the opportunity to provide work-hub space by expanding provision within one of the civic and community buildings, either within the DCC community hub (housing the library, children's centre and youth centre) or as part of the Cranbrook Town Council offices/town hall. Once operational work-hub provision would generate revenue for the owner of the building but the construction of such space would require funding to be obtained as it would be an additional cost over and above the obligations of the EDNCp to deliver the aforementioned community facilities.

The Enterprise Zone designation brings with it a large opportunity for the retention of business rates within the Town Centre. The table overleaf provides a comparison of the two differing proposals and their forecast Council Tax and Business Rates incomes up to 2042. For the SPD route, analysis has also been made of the impact upon income of a delayed delivery and of having a smaller supermarket than the one currently proposed.

	Option 1 - Developer	Option 2 – EDDC SPD	Option 3 – EDDC SPD (delayed delivery until 2025)	Option 4 – EDDC SPD (small supermarket)
Total business rate income (2020 – 2042) (100% retention as Enterprise Zone)	£10,403,143	£21,283,356	£18,201,506	£17,484,465
Total council tax income (2020-2042)	£18,923,211	£11,615,656	£9,805,425	£9,805,425
<i>Retained by EDDC (7%)</i>	£1,324,625	£813,096	£686,380	£686,380
Retained by CTC (12%) ²	£2,270,785	£1,393,879	£1,176,651	£1,176,651
Retained by DCC (73%)	£13,813,944	£8,479,429	£7,157,961	£7,157,961

¹ Town & Parish Councils usually retain 4%, but amended to 12% to reflect higher precept in Cranbrook <https://eastdevon.gov.uk/council-tax/council-tax-information/council-tax-faqs/what-does-council-tax-pay-for/#article-content>

The above options have all been modelled based on a number of assumptions about the phasing of the delivery of parcels within the town centre. In the case of options 1 and 2 it is envisaged that the first phases would be complete in 2022/23 with latter phases completed in 2030/31. In the case of options 3 and 4 delivery is delayed with early parcels delivered in 2025 and latter phases by 2033/34. The income in terms of business rates and council tax has been modelled accordingly to reflect the forecast delivery rates.

As can be seen, the developer's proposal generates significantly higher Council Tax receipts than the SPD proposal as currently planned, however the latter option generates far higher business rate income and job creation. This means that whilst overall receipts from the EDNCp proposals are higher, the amount retained by EDDC would be considerably lower than if the SPD route is followed.

Conclusions

In order to aid consideration of the two options against each other below is a list of their respective main advantages and disadvantages:

EDNCp Proposals:

² Town & Parish Councils usually retain 4%, but amended to 12% to reflect higher precept in Cranbrook <https://eastdevon.gov.uk/council-tax/council-tax-information/council-tax-faqs/what-does-council-tax-pay-for/#article-content>

Advantages

- Provides clarity over how the Section 106 obligations for 500sqm retail space, youth facility, library, town council offices, health and wellbeing centre, extra care housing and public square are to be met.
- Early delivery of a supermarket (subject to timescales being clearly detailed in the MOU).
- Delivery of children's day nursery, providing nursery care for under 2's, not currently available in Cranbrook in a nursery setting.

Disadvantages

- Lack of space for additional retail, business, leisure and community spaces to be provided
- Minimal employment opportunities for residents
- Lack of space for a leisure centre despite this being a policy requirement in the Cranbrook Plan DPD
- Very limited flexibility for meeting future needs and uses as a result of residential development of all non-commercial parcels in the first instance.
- No affordable housing (policy requirement for c. 70 units)
- Sub-optimal location for the Health & Wellbeing centre and extra care facilities
- No likely connection to district heating
- No/very limited contributions towards the delivery of additional infrastructure arising from the residential development
- Housing types which won't deliver the footfall necessary in a town centre location
- Long term impacts upon health & wellbeing of residents from having a lack of employment opportunities, facilities and services in the town

Proposed SPD:

Advantages

- Allows for the delivery of the same HDD commercial scheme - Morrison's supermarket, High Street shops and children's nursery (accepting that EDNCp do not consider this to be viable without their housing proposals).
- Allows for the Section 106 requirements to be located in optimal locations
- Enables the future proofing of the town centre through setting aside more land for future needs while still enabling significant housing development to take place.
- Opportunity to reset land values on some key plots within the town centre to address EDNCp hope value.
- Will provide over 250 additional jobs to the EDNCp scheme with consequential economic benefits and retained business rates income.
- Potential to deliver affordable housing.
- Potential to achieve connection to the district heating network.
- Achieves greater self-containment within the town leading to less out commuting, more sustainable journeys and better health and wellbeing outcomes.

Disadvantages

- Land is not owned by EDDC and so uncertain how this could be viably delivered.
- Requires EDDC direct investment in the town centre to deliver.

- Delivery of the full suite of existing town centre S106 obligations would be subject to EDNCp proceeding to reach 3450 occupations or delivery of these being negotiated in any land deal.

The Cranbrook Strategic Delivery Board have been guiding negotiations with the EDNCp over their proposals and receiving regular updates on the SPD proposals. The board has provided detailed comments included in Appendix 1 but their recommendations are as follows:

“The Cranbrook Strategic Delivery Board:

- a) is in favour of pursuing the delivery of the Consortium proposals and does not support the SPD/Masterplan proposal;
- b) requests that all three tiers of local government work proactively with the Consortium’s proposal to improve the offer particularly the creating of active retail and commercial frontages on the northern elevation of parcel TC2;
- c) supports the purchase of an additional acre of town centre land for future development and requests that EDDC investigate urgently whether it can support the purchase of an additional acre of land and this be determined by elected members as soon as possible.
- d) Recognises the differences of opinion that surround viability testing and acknowledges the advice of Officers but asks the Strategic Planning Committee to carefully consider whether or not rejection of the Consortium’s offer on the grounds of viability could lead to a viable alternative of town centre delivery within a realistic timescale;
- e) Seeks reassurances that the Town Centre will be connected to the district heating network.”

The views of the Cranbrook Strategic Delivery Board have been carefully considered but even they have concerns about the EDNCp proposals not connecting to the district heating network an issue that it has not been possible to resolve through negotiation.

In officers opinion the consortium proposals may deliver what the town needs now but in so doing it precludes the delivery of future commercial and community spaces that the town will need as it grows from its current 2100 homes to around 8000 in the future. Failure to meet the long term needs of the town as it grows jeopardises the future of Cranbrook as a sustainable and healthy new town.

The production of an SPD and the proactive delivery of the town centre is therefore considered to be the favoured approach. There would however be major challenges in terms of accessing the land and funding the delivery of the proposals. It is therefore considered that if this is Members favoured option that work is undertaken in parallel with continued production of the SPD to ensure that the proposals can be delivered. This would involve taking a separate report to Cabinet exploring these options in further detail and seeking commitments to the delivery of the proposals ahead of formally consulting on the proposed SPD.

Appendix 1 – Consultee Responses

A number of strategic consultees have been invited to comment on the proposals discussed within this report and their comments are included in full on the following pages.

Cranbrook Strategic Delivery Board **Background**

The town of Cranbrook is growing rapidly eastwards and the townspeople (and the surrounding settlements) which together make up the local community are in desperate need of retail, social and business opportunities now.

There are constant demands from the community for the delivery of the town centre land with political pressure and frequent accusations that the local elected members (of all three tiers of local government) are doing nothing to move this forward.

The limited retail and business opportunities in the neighbourhood centre in Younghayes Road conveniently serve only the nearby homes in the first phase of the development and this centre is now too far from the subsequent phases of development to provide the local convenience retail and business activities which one would expect in any town. As a consequence of limited retail, social and business opportunities we are seeing increased and unnecessary use of the car when otherwise town centre facilities would offer more convenient access by foot and cycle.

The Consortium Proposal

Pros:

Provides delivery of key town centre facilities in the near future. These include:

- A medium size (2,500m²) supermarket;
- 1,000m² of retail space - this is double the developer consortium's obligation;
- A town square which provides key social space for markets, events and festivals as well as an ideal locality for bar and cafe culture;
- An opportunity to deliver an enhanced town hall building with cafe, terrace, public toilets and around 15 business units - A small town council building of 237m² would otherwise fall due for delivery at 3,450 occupations and therefore this is delivered much earlier than the Section 106 obligation;
- A nursery;
- An opportunity for the delivery of a DCC building housing a children's centre, youth centre and library bringing forward the delivery of both youth centre and library which otherwise would not fall due until 3,450 homes are occupied;
- A skate park;
- Land for extra care facilities delivered by DCC, brought forward from the trigger point of 2500 homes;
- Land for a blue light facility to house Fire, Police and Ambulance services;
- Around 350 town centre homes;
- Land on parcel TC2 will be handed to the local authority and therefore there are no acquisition costs. This provides an opportunity for investment to deliver addition retail and commercial frontages along the north side of Tillhouse Road (with residential above) thus creating a strong high street environment with potentially something like 2,000m² of retail units available in total.
- Option to purchase an acre of land to safeguard land for any additional development needs identified in the future, e.g. a leisure centre, workshops or light industrial units.

Cons:

A reduced number of affordable homes within town centre parcels compared with current local plan policy;

Space for the delivery of any future town centre facilities such as a leisure centre, hotel, workshops and light industrial units would necessitate land purchase;

High purchase price of additional land on TC4d.

Commentary:

The proposal has its constraints and limitations but it does deliver much-needed facilities sooner rather than later despite the wider economic outlook.

Fewer affordable homes is always a concern for elected members but Cranbrook has a very good record of delivery across the development with a high percentage delivered to date. Essentially, as with every development, this is a viability issue which will need to be tested. A reduced number of affordable homes in the town centre might also contribute towards delivering a more balanced community.

The question of a leisure centre is not regarded as problematic in the town centre area from the members' point of view given the facilities available at the Cranbrook Education Campus which are available to the wider community and include a sports hall and other indoor and outdoor sporting facilities. Further sports facilities are already delivered at Ingram's with more planned for the expansion of the town which will create opportunities to provide additional sports and leisure facilities.

The lack of opportunity to have workshop and light industrial units in the town centre is not considered to be a deal breaker by the members either as there are opportunities to deliver these within the town in the future expansion areas and there is more suitable land which might be considered within the noise envelope of Exeter Airport which is unsuitable for residential development. Equally there are varied employment opportunities within walking and cycling distance of the town including Sky Park (which more recently is subject to agreement to bring forward light industrial units at the site), Exeter Logistics Park and Science Park as well as other opportunities to the east of Exeter with many more jobs still to be delivered on all of these sites;

There has been no interest in a hotel provider coming to the town;

There is an opportunity to purchase additional land from the Consortium and if this were to be pursued it would provide an opportunity to bring forward additional town centre uses. This could, for example, be an opportunity to reinvigorate the earlier proposal of developing Cranbox as a USP for the town.

How Cranbrook develops as a retail centre is very much governed by the proximity of Exeter (9 mins by train) and Moor Exchange which has now been granted planning consent. Both Exeter and Moor Exchange will have an influence on what retail businesses are likely to invest in Cranbrook and it is felt that there is a need to develop a relatively small but niche offer for the town rather than try to replicate a traditional high street.

Discussions about the delivery of a health and wellbeing centre within the town centre area have been on-going for many years without coming to conclusion particularly with no progress on the funding which might be required. With the development of the Town Hall building there is an opportunity to review the use of the existing Younghayes Centre which currently houses the Cranbrook Medical Practice. Plans are underway to expand the Doctors' surgery into an adjoining space in the Younghayes Centre to meet the needs of the practice over the next five years. Consideration is now required as to whether or not the Younghayes Centre might be reviewed as a future health and wellbeing centre. The other accommodation is currently occupied by the Town Council, Action East Devon and the Cranbrook Planning Team with a small library and meeting room. The Town Council and Library would relocate to the town centre and the planning team already has accommodation at Blackdown House. Action East Devon could also move to better accommodation in the Town Hall. The sports hall at Younghayes is not fit for purpose and is no longer used for sports (with all relocated to the Education Campus), is unsuitable for other current uses including meetings and events and could be reconfigured at much less costs than a new Health and Wellbeing centre.

The proposal to develop a Supplementary Planning Document (SPD) leading to a Masterplan for the Town Centre area.

Pros:

A more extensive and diverse town centre development delivered through a Cranbrook Town Centre Masterplan which could include:

- All of the retail, commercial, civic and social elements in the Consortium proposal;
- Additional retail, commercial and mixed use facilities,
- Workshops and light industrial units;
- An hotel;

- Leisure centre;
- Fewer residential units;
- Residential units with frontages convertible to commercial use.
- Affordable housing.

Cons:

High level of risk;

Unknown delivery timescale;

No identified funding for delivery;

Impact on the community as a result of slower delivery and delay to providing much needed town centre facilities in the near future;

Potential need for compulsory purchase of land which further adds to the funding pressure;

High level of unknown costs to public purse;

Reliance on commercial interest;

Loss of the currently engaged supermarket provider;

Unable to deliver the County Council building containing library, youth service and children's centre;

Piecemeal delivery of Section 106 obligations which are due (Children's centre, skatepark, land for blue light facility and 500m² of retail space).

Commentary:

Whilst the aim of the SPD and Masterplan is, undoubtedly, to bring forward a more extensive and holistic town centre for Cranbrook, there are clear and unavoidable risks associated with this approach and therefore considerable concern within the local community that this will take a long time to achieve and, more worryingly, may never be achieved.

As the three tiers of local government emerge from the pandemic, their budgets as well as the wider economy will be under considerable pressure and the authorities' ability to invest in the town centre is likely to be diminished.

It is clear that the approach via an SPD / Masterplan will not be attractive to the Consortium and therefore the likely scenario is that the plan would be progressed through compulsory purchase of land by a local authority (principally EDDC) and subsequent marketing of the various parcels to attract commercial interest. This is potentially costly to the public purse at this time of economic uncertainty and carries with it great financial risk.

Existing Section 106 obligations, brought forward under the Consortium proposal, will revert to the original trigger points. This means that four elements (children's centre, blue light facility land, skatepark and 500m² of retail space) will come forward in the foreseeable future whilst other obligations are not due until 3,450 occupations which is probably 7 + years away. These obligations will need to be delivered in the town centre area in isolation without the benefit of being part of the overall masterplan. The alternative is to further delay the earlier trigger points to allow them to come forward much later.

Viability Testing

The Board is acutely aware that there are key differences of opinion between the Planning Authority and the Consortium as to whether or not the viability testing information put forward meets the requirements of the LPA and is within criteria set out in the NPPF. Members of the Board accept the advice of officers in this regard but have indicated that they are not qualified to make a valued judgement. Instead the Board is content that Officers will set out the position to the Strategic Planning Committee with recommendations. The position of the board is linked to the fact that taking a decision to reject the Consortium proposal will leave the town in limbo for many years with considerable uncertainty whether or not a viable alternative is deliverable.

The Board therefore raises the question whether or not the viability information submitted by the Consortium should be accepted on this occasion in order to bring forward much needed facilities within the town centre irrespective of whether it strictly meets NPPF requirements. In addition the fact that the country is now in recession is a consideration for exemption as indicated in the NPPF.

District Heating

Viability has also touched on the ability of the Consortium to remain with District Heating as the heat source for the town centre development. This is very much associated with the cost of connecting district heating to individual properties and whether or not the current district heating system in Cranbrook is compliant with the Government's Part L Building Regulations. The latter point is as yet unclear and we await confirmation of that from Government.

However members of the Board are clear in their resolve that Cranbrook Town Centre should be connected to the District Heating network.

Recommendations:

The Cranbrook Strategic Delivery Board:

- a) is in favour of pursuing the delivery of the Consortium proposals and does not support the SPD/Masterplan proposal;
- b) requests that all three tiers of local government work proactively with the Consortium's proposal to improve the offer particularly the creating of active retail and commercial frontages on the northern elevation of parcel TC2;
- c) supports the purchase of an additional acre of town centre land for future development and requests that EDDC investigate urgently whether it can support the purchase of an additional acre of land and this be determined by elected members as soon as possible.
- d) Recognises the differences of opinion that surround viability testing and acknowledges the advice of Officers but asks the Strategic Planning Committee to carefully consider whether or not rejection of the Consortium's offer on the grounds of viability could lead to a viable alternative of town centre delivery within a realistic timescale;
- e) Seeks reassurances that the Town Centre will be connected to the district heating network.

Mike Deaton, Chief Planner, Devon County Council

Devon County Council has considered the town centre proposal proffered by the New Community Partners and has the following comments.

Devon County Council (DCC) is working towards providing community facilities in Cranbrook Town Centre which would consist of a single building providing for community, children's, library and youth facilities. In order to facilitate this DCC will require serviced land and a financial contribution towards the building. The provision of a sufficiently sized area of land in an appropriate location in the town centre has been identified in the New Community Partners (NCP) parcelisation plan and DCC has recently obtained outline planning consent for the community building on this area of land.

However, at this stage Devon County Council is unable to sign the Memorandum of Understanding (MOU) offered by the New Community Partners (NCP). The following areas are being discussed with the NCP, but no agreement has yet been reached.

1. Transfer of land for the community building.

The MOU provides a trigger of the release of the land at the occupation of the 100th dwelling occupied within the town centre land but DCC require that the trigger is a specific date. Having obtained outline planning consent DCC is keen to progress to submission of reserved matters as soon as possible. This represents a large financial risk for DCC and one it is reluctant to take without the security of landownership. There is also a requirement that the land is remediated and serviced which will need to form part of the MOU.

2. Financial contributions towards the community buildings.

The current s106 agreement with the NCP provides for the construction of children's centre facilities (or financial contribution towards the construction) and construction of library facilities and the construction of a building for youth facilities. The trigger starting the process for the children's centre has been reached (1750 dwellings, with provision of facilities no earlier than 2,500 dwellings) but the triggers for the library and youth building will not be reached for some time (3450 houses). In order to facilitate the early construction of a single building (rather than separate buildings) DCC is asking for staged payments tied into the stages of construction of the community building. Whilst the financial contribution for the children's centre is provided for in the existing section 106 agreement there is not a mechanism to convert the provision of the buildings by the NCP into financial contributions towards the construction costs for the library and youth building. These construction costs are the subject of negotiation but no resolution has been reached however, it is apparent that there will be a large funding gap and the DCC will need to consider whether it is able to progress its scheme when the financial implications are fully understood.

3. Mitigation of impacts of the NCP town centre proposal

The NCP are requesting that DCC sign up to an MOU clause confirming that it will not require any additional contributions as a result of the additional housing to be provided in the town centre. This is unacceptable to DCC as the provision of 287 additional dwellings will have impacts on primary education provision and transport infrastructure which will be need to assessed as part of the future planning application. DCC is currently negotiating with NCP about the level of financial contribution needed to mitigate the impacts of the additional but this has not been concluded.

4. Extra Care House

The NCP proposals would provide 0.5 hectares of land for Extra Care Housing as required by the existing s106 agreement. The proposed location of this land on parcel TC2 is acceptable to DCC, although we are willing to consider other locations for this land within the town centre. We are aware that EDDC has concerns about the amount of active frontage on Tillhouse Road provided by an ECH scheme in this location. We appreciate this concern and will work with the relevant parties to address this. The detailed design requirements for the ECH scheme on this site will be identified and resolved by the ECH providers appointed by DCC when the time comes to progress this scheme.

5. Conclusion

DCC finds that, so far as its interests are concerned, the area and location of the land is acceptable, but there remain significant concerns about the MOU as set out above and at this stage DCC is unable to sign up to the MOU.

Dr Virginia Pearson, Director of Public Health, Devon County Council

The planning of the town centre of Cranbrook offers a unique opportunity to ensure the needs of the growing population of Cranbrook can be met. This includes the health and wellbeing needs of the diverse growing population of Cranbrook which also supports the wider determinants of health such as the economy, community and environment. Ensuring that the population have access to both health care, space for communities to meet, access to affordable and diverse food and opportunity for employment within the town is important to wellbeing. Ensuring there are appropriate leisure services for physical activity that compliments the offer from the education campus and the wider green space and is accessible and affordable to all parts of the community to enable them to take part in physical activity is important for people's health. We have seen how both services and town centres have developed and ensuring that the Cranbrook town centre has space to enable it to grow and evolve over time is important to give it sustainability. Allowing space that can be adaptable to needs as they change will enable to changing and growing needs to be met.

Gill Munday, Head of Primary Care (North & East), NHS Devon Clinical Commissioning Group –

From our perspective, it is critical that we ensure there is sustainable health and well-being provision for the Cranbrook community and in that regard I would make the following points.

1. The existing GP provision at Younghayes is a temporary solution and we remain committed to a long-term facility in the town centre. That is a better location for us (central, with good access links) and also allows Younghayes to revert to its original role of housing a dentist practice.
2. We remain committed to the concept of integrating the health and well-being services within a wider leisure facility. This has worked very well for the NHS in other locations (there are good examples from elsewhere in the country) and is very much in keeping with the NHS Long-term Plan with its emphasis on prevention and social prescribing.
3. Option 2 creates a line of One Public Estate facilities, which includes the library, fire and SWAST as well as health & leisure. This close proximity will help the design team to plan efficient and integrated facilities.
4. Finally, as you may be aware the current capital funding round for NHS primary care premises (The Estates Technology and Transformation Fund) finishes in March 2021. We are confidently expecting that a replacement round of primary care capital will be announced later this year and be made available from April 2021.

Consequently, not only does our service strategy strongly support Option 2 of a combined health & leisure facility, but also that the CCG will shortly be able to bid for its share of the capital funding. In addition, the latest round of One Public Estate funding is now open and we would very much support a joint bid with EDDC for funds to produce the designs and business case for an integrated health and leisure facility. In contrast, a small stand-alone building that just houses GP services as envisaged under Option 1 is considered sub-optimal and will not meet the needs of the growing population of Cranbrook over the longer term.

Peter Gilpin, CEO of LED Community Leisure – 27 August 2020

I have been CEO of LED Community Leisure (LED) since 2010. LED manages leisure facilities for East Devon and South Somerset District Councils (EDDC and SSSDC, respectively)

For EDDC we manage 10 leisure centres, including 3 pools, as well as Ocean and the Pavilion, Exmouth, and some outdoor leisure facilities.

In South Somerset we manage 4 leisure centres, including 2 pools; 3 facilities for the council and 1 for an Academy.

LED employs around 700 staff and has a turnover of over £12m.

Prior to my appointment with LED, and for the first 5 years (until 2015), I was also responsible for the management of Mendip District Council's 5 leisure centres, including 4 pools, through Avalon Leisure Ltd.

So, over the past decade, I have been responsible for the management of 20 leisure facilities, including 9 swimming pools, which I trust provides you with some reassurance of my experience. I shall also be drawing upon some of the afore-mentioned facilities for comparative purposes when providing my views on the provision for Cranbrook.

My comments are primarily in response to the two options that you have provided, and in the context of the 'Sports, leisure and recreation at Cranbrook' (SLRC) report from Graeme Thompson (March 2015) and his 'Addendum Report' dated October 2017. I shall also focus on the provision of the potential leisure centre, rather than the 'outdoor' leisure and recreation provision.

I must start by saying that, as the operators of the nearby Ottery St Mary and Broadclyst Leisure Centres, whose management team have been trying to build up a programme of activities within the current Cranbrook (educational) facilities, the current facility provision is totally unable to meet even the current demand.

LED is currently operating leisure facilities within 6 'dual use' leisure centres, where facilities are primarily owned and provided by the Local Education Authority (LEA) or the Academy and shared with the community. These facilities are becoming increasingly unviable for community use during the school day, due to pressures on the school timetable and, increasingly, safeguarding requirements demanded by Ofsted. Limited parking is also a major issue.

As a consequence, LED is having to withdraw activities from these centres during the school day, as we have in Colyton, and is actively seeking alternative premises in Axminster and Sidmouth where two of our other dual use facilities are unable to meet daytime demand.

With the Cranbrook School facilities already unable to meet the demand for activities that LED is being asked to provide, and given the future population growth, these facilities cannot be expected to provide for the future leisure demands of the town. They may, however, have a significant role to play in the wider demand requirements, as I shall explain later.

Before commenting upon the design proposals, I should like to refer to the SLRC reports from Graeme Thompson, the latter of which in turn refers to the Draft Cranbrook Plan DPD (the DPD). These identified that the DPD should plan for the following leisure centre facilities to meet the demand of 4,000 dwellings, or a population of circa 9,400 residents at 2.35 per dwelling:

- A 6-lane, 25m main swimming pool
- A learner pool
- A 4-court sports hall
- 2 squash courts
- A gym/fitness centre
- A dance/exercise studio

However, the Cranbrook Plan proposed allocations will give a total figure of 7,740 homes (including the existing permission) and it appears from the proposals that there are likely to be potentially 200 extra in the town centre, whichever scheme goes ahead, so it would seem sensible to plan for 7,940 homes, and with a population multiplier of 2.35/dwelling we end up with 18,660 residents.

This is very close to the potential population anticipated in the 2015 SLRC report (1.2) and higher than that mentioned in the Addendum Report, which anticipated 7,500 homes (1.1).

This will have a significant impact upon the demand for leisure facilities and the above provision. Let me take each in turn:

Swimming Pool

The two SLRC reports demonstrated the requirement for 1.64 lanes (27.3% of a 6-lane pool) based on Sport England's Sports Facility Calculator (SFC) and on 4,000 dwellings at 2.08 persons per dwelling.

However, we are now looking at a future population of 18,660 residents at 2.35 persons per dwelling. This then requires a minimum of a 4-lane, 25m pool.

However, whilst the calculations in the 2015 takes into account the populations of the Parishes of Rockbeare, Broadclyst, Whimble and Clyst Honiton (at 2014), I do not consider this adequate.

Sport England research shows that people will travel for 20-30 minutes to use a swimming pool, particularly parents with children, for both 'fun' swimming as well as swim lessons. This brings the population of Ottery St Mary and EDDC's 'West End' into the calculation; the nearest pool at Honiton is slightly further and the route through the town centre will also take longer. The Honiton facility is also only 5-lanes of a 25m pool catering for a catchment population of circa 15,000+ people, with no teaching pool, and therefore already at the limit of its capacity – we have a waiting list for swim lessons well into 2021.

Honiton	5-lane 25m pool, no teaching pool Catchment population circa 15,000+ Pool at capacity, waiting list for lessons
Exmouth	6-lane 25m pool plus teaching pool Population 35,000+, c50,000 catchment area Pool at capacity, waiting list for lessons
Sidmouth	4-lane 25m pool, no teaching pool Population c14,000, c18,000 catchment Pool at capacity, waiting list for lessons
Wincanton	4-lane 25m pool, no teaching pool Population c6,000, catchment c10,000 Pool nearing capacity, at capacity at peak times and for lessons
Wells	4-lane 25m pool, no teaching pool Population 12,500, catchment 15,000 Pool at capacity, waiting list for lessons
Street	6-lane 33.3m pool plus teaching pool

Population c13,000, catchment c23,000+ (incl. Glastonbury)

Pool meets local demand but nearing capacity; waiting list for lessons

Frome 6-lane 25m pool plus teaching pool

Population c27,000, c30,000+ catchment area

Pool at capacity, waiting list for lessons

Adding the Ottery St Mary / West End area to the catchment area of the proposed pool at Cranbrook will significantly increase the catchment population. The 2015 SLRC identified a potential population of “just shy of 30,000” (5.6), and recognising that the Cranbrook demographic will likely include a disproportionate (higher) number of families with children, a 6-lane pool (plus teaching pool) should be provided, as concluded in the report.

It is likely that a ‘Cranbrook Swimming Club’ may also emerge from the provision of a swimming pool, thus adding to demand, and LED has also already had enquires from Exeter City Swimming Club about hiring pool time from the potential pool operator if and when it should open.

The ‘downside’ of a swimming pool is that they are traditionally expensive to run, due to high staffing, utility and chemical costs, and invariably require a subsidy from the responsible local authority. However, this can be offset by the provision of more ‘profitable’ activities within a multi-activity centre, as explained below.

4-Court Sports Hall

The 2015 SLRC identified the need for generic sports hall facilities capable of catering for (primarily) badminton, basketball, and wheelchair basketball, fencing, netball, indoor volleyball and table tennis (6.25).

Whilst the secondary school sports hall can provide supplementary capacity, particularly for club use, it cannot provide sufficient daytime access due to the ‘dual use’, safeguarding and parking limitations identified earlier.

However, with peak demand for sports halls being in weekday evenings, a ‘dual use’ community access agreement with the School would be very beneficial and allow for a more flexible use of the two sports halls for additional or multiple activities: two different sports clubs could be using the facilities simultaneously, for example, or one being used by a club and the other by the public on a ‘pay as you play’ (PAYP) basis.

If the school sports hall were available for sports clubs and some evening PAYP, the leisure centre sports hall space, or part of it, could even be ‘repurposed’ for an alternative activity, such as soft play.

Whatever the eventual operating arrangements, there is a clear case for the provision of a 4-court sports hall, or the equivalent space for alternative leisure activities, within a leisure centre with unrestricted opening hours and access for the general public. As identified in the SLRC, most sports halls in East Devon contain 4 badminton courts (6.9).

Squash courts

The SLRC identifies the requirement for 2 squash courts, again based on Sport England’s SFC. It should be noted that Exmouth Leisure Centre now has just 2 squash courts, rather than the 3 stated in the SLRC, and that the Winslade Park court remains closed, with no guarantee that this will reopen nor be available for public use.

The requirement for 2 squash courts should, therefore, remain.

Gym / fitness centre

As already noted in the SLRC (5.12) and supported by the Amateur Swimming Association (now Swim England), “a gym and exercise/dance studio would need to be provided on the same site as the swimming pool in order to ensure the facility’s financial viability.” (5.12). This should thereby remove the requirement for an operating subsidy from the relevant local authority, as mentioned above.

With the well-established (and growing) popularity of group exercise classes, 2 exercise/dance studios will also be required, one larger and one smaller one for popular activities such as yoga.

Given the projected population and based on current industry statistics that c15% of the adult population are gym users or class participants, an eventual figure of c1,500 ‘gym members’ could be anticipated.

This will require a gym of c250 square metres (or 50 stations as per the SLRC Addendum) and 2 studios totalling an additional 200 square metres.

Whilst a commercial fitness operator may seek standalone premises within Cranbrook on the basis of this demand, locating the facilities within the leisure centre is the better solution for 3 main reasons: a) this would off-set the running costs and subsidy required for the pool, as mentioned above; b) a smaller footprint would be required as reception and changing room requirements can be met and shared with other activities within the leisure centre; and c) the requirement to provide an industrial/employment unit for a fitness club within the somewhat limited retail/workshop/hybrid/light industrial spaces is removed.

It is recognised that a relatively small fitness operator has opened a unit at the end of the Rockbeare Straight, within the small industrial and retail area containing the garage and other retail/light industrial offers, but this is totally inadequate to meet the needs of Cranbrook and is, in any case, a specific ‘functional’ fitness offer rather than a generic public gym.

The nearest gym and exercise studio offer is therefore at Ottery St Mary Leisure Centre, which as well as being a distance from Cranbrook, is also of insufficient size to meet the needs of the new town. There is no fitness gym within the Cranford School site, and the access and availability of their dance/performance studio is also inadequate to meet the exercise class demand, for reasons already explained.

The leisure centre should, therefore, also include a gym/fitness centre and 2 studios totalling c450 square metres.

The minimum requirements for a leisure centre capable of meeting the leisure and fitness demands of Cranbrook are, therefore, as identified in the Sport England’s Sports Facility Calculator and the EDDC SLRC and Addendum.

It should be noted that sufficient parking will also be required, probably for up to 100 cars, including disabled, parent and child and electric charging bays. Whilst the desire for reducing the use of cars is recognised, winter weather and the requirements of parents with young children, particularly those in buggies, will inevitably result in significant car use, even within the town. Lack of sufficient parking will result in problems with on-road parking and inconvenience to residents and other users, as has already been experienced at the secondary school. Priority parking should be for the disabled and parents with children.

In addition to the above minimum leisure requirements, consideration should also be given to providing a soft play facility and café within the leisure centre, with possibly the soft play taking up some of the sports hall space, particularly if a community use agreement with the secondary school can be reached to share this provision outside of school hours.

If a café cannot be fitted into the leisure centre, the centre should ideally be located in close proximity to one. A nearby crèche facility would also be very beneficial as it seems doubtful there would be space for one within the leisure centre.

Given the clear demand and requirement for a leisure centre and pool, this brings me to the issue of the location.

In what I perceive as 'Option 1', the town hall, health and wellbeing centre and care facilities are located in area TC2; retail (including café?), nursery and apartments in TC4a; a Devon County provision in TC4b; 'other community facilities' in TC4c (potentially a 'tri-light' facility for police and emergency services?), and residential units in TC4d&e – although with the potential for EDDC to purchase TC4d for other future town centre uses.

For the above leisure centre to be located within this option, with adequate parking, it would require areas TC4d and the eastern section of TC4e (assuming that TC4c is unavailable, as otherwise this could be combined with TC4d, with the 'tri-light' facility located in TC4e's eastern section, which would place it more conveniently on a road junction?).

In either case, the leisure centre car park would need to be located with easy and direct access to the retail units and nursery/crèche in TC4a.

Assuming that TC4b will be allocated to DCC, as shown, the leisure centre would need 2 of the 3 remaining TC4c, d and eastern e sections, adjacent to one another, with the tri-light facility in the third; just one of these would not be sufficient.

In what is titled as 'Option 2' (drawing No: 1528_SK102B), the leisure centre is specifically shown as one of two buildings in TC4c, d & e at the southern end, combined with the health centre. It would need to be the 2 storeys indicated, although the footprint shown does appear to be quite restrictive in order to fit in the respective facilities and suitable reception, office, changing and storage areas.

A suitable plant room and mechanical and engineering provision will also be required, servicing both facilities, and given the Council's aspiration to achieve a carbon neutral state in due course, incorporating state-of-the-art energy reducing technology will be essential.

Combining leisure and health and wellbeing facilities is now an increasingly common and successful approach being adopted elsewhere; Warrington having a well-known and successful example. However, whilst Option 2 corresponds with my view on Option 1, whereby the leisure centre needs 2 sections, TC4d and TC4e (east), the addition of the health centre significantly reduces the parking spaces required.

Only 50 standard spaces are shown (with no larger spaces for disabled and parents with children) and the leisure centre alone will require a minimum of 100 spaces. With the health centre in the same section, the parking requirement will be even greater. Honiton Leisure Centre for example, has 94 parking spaces plus 4 disabled, and this provision is inadequate at peak times.

Unless adequate parking can be provided, I would foresee significant problems with on-road parking, which could have serious consequences to the 'tri-light' facility if it remains in TC4c; my suggestion, as above, is that it should be in the eastern section of TC4e – although this would not resolve the lack of parking for the leisure and health centres then in TC4c and d/

I hope that the above will provide the information required in order to make a more informed decision on the leisure centre provision, from the perspective of an experienced operator. I should be very happy to provide additional information or attend any future meetings, as I would consider that future input on the design and operating considerations, including energy efficiency (which LED is very familiar with), essential.

Appendix 2

District Heating

In recognition of the large scale and long term nature of the developments in the West End of the District, the need to factor in increasingly stringent environmental and carbon performance standards has been a key tenet of the adopted approach. In the case of Cranbrook the initial planning took account of the Code for Sustainable Homes and the anticipated timetable for progressing to Code 6 and net zero carbon development in 2016.

Element Energy were commissioned in 2008 to undertake a study to understand how best to meet these more demanding standards over time. This study demonstrated that it would be much more cost effective to install a district energy network to meet the zero carbon standard rather than to rely on fabric and renewable energy measures on each home. Subsequently a requirement for all homes to be connected to a district heating network became a key part of the planning strategy for Cranbrook and the neighbouring Skypark commercial development. Funding made available by the Regional Development Agency to bring forward key infrastructure (such as St Martin's school) was also made contingent upon this network being rolled out.

Following a competitive exercise E.ON were procured as the preferred energy company/operator for the network. An 80 year concession agreement was negotiated between E.ON and the developer consortium. It should be remembered that such a large network on a relatively low density greenfield site had never been delivered before in the UK. This was very much viewed as a 'lighthouse' project and significant public sector investment was required to make the scheme viable. This took the form of a £3.8m grant from the Low Carbon Infrastructure Fund plus a further £100k each from the District, County and City Councils.

A second network serving the Monkerton/Pinhoe/Mosshayne area together with the Science Park was negotiated in 2013. This was achieved on a purely commercial basis with no grant. Together there are now over 100km of heat pipe in the ground with a capex of circa £50m. The first permanent energy centre at Skypark was commissioned in 2013 and a second energy centre, currently under construction at Monkerton, is due to be commissioned later this year

Ultimately it is expected that over 12,000 homes and 2m sq. ft. of commercial space will be served by these networks. Given the length of the concession agreements this is a long term commitment. It should also be remembered that these heat networks are effectively local monopolies - it is only EON that can supply the heat and, unlike the electricity network, there is no ability for heat customers to swap to a different provider. Price controls and wider service guarantees therefore form an important part of the concession agreement.

The wider legislative backdrop for and pathway towards zero carbon development has been set back in the intervening period since construction of Cranbrook started in 2011, not least through the abolition of the Code for Sustainable Homes and the scrapping of zero carbon homes target in 2015. During 2019 the Government did commit to there being no fossil fuelled homes from 2025. This is to be enshrined within a new 'Future Homes Standard' for new build homes to be future-proofed with low carbon heating and world-leading levels of energy efficiency.

The Government consulted on proposed changes to Part L '*Conservation of fuel and power*' of the Building Regulations during October 2019. To meet the Future Homes Standard by 2025 it was recognised that industry will need to develop the necessary supply chains, skills and construction practices to deliver low-carbon heat, and highly energy efficient new homes. The first steps in facilitating these changes is to provide a clear vision for implementing the Future Homes Standard and to set an ambitious uplift to the current energy performance requirements in the Building Regulations for new homes.

Two options were set out for tightening Part L of the Building Regulations during 2020 as follows;

Option 1: 20% reduction in carbon emissions compared to the current standard for an average home. It was anticipated this could be delivered by very high fabric standards (typically with triple glazing and minimal heat loss from walls, ceilings and roofs). •

Option 2: 31% reduction in carbon emissions compared to the current standard. It was anticipated that this could be delivered based on the installation of carbon-saving technology such as photovoltaic (solar) panels and better fabric standards, though not as high as in option 1 (typically double not triple glazing).

It was made clear that Option 2 was the preferred option.

In relation to district heating the consultation document included the following paragraph;

Heat networks (sometimes referred to as district heating) are a distribution system that takes heat from a centralised source and delivers it to a number of different buildings. These heat networks also form an important part of our plan in the future of low carbon heat, in particular in cities and high-density areas. Heat networks can decarbonise more easily compared to most other heat sources because new technologies can be added to the system with little disruption to individual householders. They provide a unique opportunity to exploit larger scale, renewable and recovered heat sources that can't be accessed at an individual building level. Heat networks also provide system benefits such as thermal storage and reducing the energy demand of the grid at peak times. It is estimated by the CCC that around 18% of UK heat will need to come from heat networks by 2050 if the UK is to meet its carbon targets cost-effectively. We expect that heat networks will have a strong role to play in delivering low carbon heat to new homes in future

Whilst the government's response to the consultation has been delayed due to the impact of the Covid-19 pandemic, the direction of travel is clear. This includes in relation to the introduction of the Future Homes Standard and the expectation that an average home built to it will have 75- 80% less carbon emissions than one built to current energy efficiency requirements (Approved Document L 2013). Equally the expectation is that this will be achieved through very high fabric standards and a low carbon heating system. In the words of the consultation this will ensure that new build homes will be 'will be fit for the future, better for the environment and affordable for consumers to heat'

Cranbrook/Skypark District Heating

It is in this context that the district heating network at Cranbrook needs to be considered. Policy CB13 of the draft Cranbrook Development Plan Document sets out a policy to achieve the vision of delivering a truly zero carbon new town. This includes ensuring connections to an expanded district heating network. The availability of a decentralised energy network is a core sustainability credential. Clearly this in turn relies on a zero carbon energy source to provide both the heat and the power that is generated. This is particularly the case given the decreasing carbon factor of the wider electricity grid as, for example, coal is phased out and additional large scale offshore wind and other renewable electricity generating capacity is brought on stream.

Section 106 obligation

In recognition of the need to ensure that the district heating network would meet increasingly stringent carbon performance standards for the first 2,900 homes at Cranbrook, the s.106 agreement attached to the planning permission for the EON energy centre at Skypark included the following provisions;

1. The Facility is to be a solid biomass Combined Heat and Power (CHP) system with supplemental gas boilers and supplemental gas combined heat and power engines (definition of District Heating Facility).
2. Clear direction that the facility shall supply 'heat' to the whole of both Cranbrook and Skypark (paragraph 6.1).
3. Clear direction that the biomass CHP shall be constructed as part of the Facility (para 6.3). It is acknowledged that temporary facilities may have needed to be provided during

construction depending how quickly Cranbrook / Skypark developed (paragraph 6.2) but this didn't avoid the need to construct the facility with the biomass CHP as part of it.

4. The Facility needs to be supplying 'heat' to the majority of the buildings granted permission at Cranbrook and Skypark prior to or at occupation of 2,000 dwellings at Cranbrook (definition of Fully Operational and paragraph 6.6).
5. By the same time, the biomass CHP needs to be of sufficient capability (capacity) to be able to supply electricity (2MWe) and heat (2.4MWth), although the latter is predicated on the demand for the heat being sufficient to warrant the capability (paragraph 6.4).
6. If the heating demand is such that running the biomass CHP would result in '*wasting excessive quantities of heat*' then the supplemental gas boiler / gas combined heat and power engines can be used to provide heating to Cranbrook (paragraph 6.5). Once there wouldn't be excessive wasted quantities of heat then the biomass CHP should be used to provide the base heat load with the supplemental equipment being used to provide heat at peak times or during maintenance / repair of the biomass CHP.

Of particular significance is the 2,000 occupations trigger which has recently been met at Cranbrook. In anticipation of reaching this trigger work has been ongoing over the past two years to understand whether there is a technically and financially feasible solution to meeting the obligations of the s.106 agreement - essentially a solid biomass fuelled combined heat and power plant capable of generating 2MW electric and 2.4 MW thermal.

With the benefit of further technical advice there is acceptance that the gasification and pyrolysis technologies, which it was hoped would be scalable to 2MW as well as being more efficient and lower cost than traditional steam based technology, have not matured sufficiently in the decade since the s.106 agreement was negotiated to provide a reliable way forward. However, the expansion of Cranbrook to circa 8,000 homes in line with policies set out in the Local Plan and Cranbrook Development Plan Document and the potential for further strategic development coming through the next Local Plan provides an opportunity to reconsider the strategic basis for the choice of technology.

A report considered by EDDC's Cabinet in July 2019 ([Zero Carbon Development in the West End, Cabinet Report July 2019](#)) sought authority to commit **funding of up to £30k to support an application to Round 9 of Heat Networks Delivery Unit funding**. The Heat Networks Delivery Unit (HNDU) is part of, and directly funded by, the Department for Business, Energy and Industrial Strategy (BEIS). The bid was submitted and was successful. Subsequently a detailed techno-economic study was commissioned from consultants WSP.

The study identified 6 potential local heat supply opportunities of which 3 were modelled in detail. These were;

- The energy from waste plant at Hill Barton
- The convertor station for France-Alderney-Britain (FAB) project connected to a water source heat pump
- Solar thermal with seasonal pit thermal storage

Overall it can be seen that very substantial carbon savings could be achieved equating to around an 80% reduction relative to using gas boilers.

Assessment

The feasibility study demonstrates that it is possible to secure large scale carbon savings by utilising alternative technologies to the biomass scheme that was originally negotiated a decade ago. These would support both the large scale delivery of new zero carbon development as well as decarbonising the existing network.

The study includes a detailed techno-economic model. This highlights that the minimum capital cost of the options is circa £60m. Whilst the EfW connection option has a positive cash flow and rate of return, grant aid is likely to be needed to raise this to the level of a commercial return. Discussions have been ongoing with the Department for Business, Energy and Industrial Strategy

with a view to submitting an application to round 7 of the Heat Networks Investment Programme (HNIP) – a £320m capital programme designed to support the roll out of district heating networks and to secure carbon savings.

As well as the choice of technology the results of the study raise a number of wider questions, particularly;

What role do the Local Authorities need to play? This ranges from setting the policy framework through to enabling delivery including applying for grant monies and the potential for direct investment. More widely consideration needs to be given to who provides long term regulatory support the heat network customers after the development has finished and the developers have departed. The City Council has established the Monkerton Heat Company for example which suggests the need to consider a wider social role for example.

What is E.ON's role going forward? Clearly E.ON are the incumbent energy provider but the concession agreement is limited to the first 3,500 homes. Alongside addressing the current s.106 obligations consideration needs to be given to E.ON's appetite to continue to roll out the network to the expansion areas. Alternatively a different or additional commercial partner could be secured.

These questions will need careful consideration to resolve. It is clearly essential that the final solution is cost effective and does not delay development programmes. But, with the potential to also secure grant funding, the opportunity is there to complete the journey that was started 10 years ago and to ensure that district heating performs a fundamental role in underpinning the sustainability credentials of both Cranbrook and Skypark.

Finally it is important to consider the counter factual position - in other words if district heating had not been a requirement of the initial phases of development or of the DPD policy. In all probability this would have to lead to the installation of gas boilers in each home. These homes would then need to be retrofitted in the future on a house by house basis to meet decarbonisation objectives— to support an alternative fuel source such as hydrogen or technology such as air source heat pumps. For the expansion areas each developer would need to bring forward measures to meet the more demanding standards with the possibility that some homes delivered prior to 2025 would still be gas fired. Cumulative a switch to air source heat pumps might raise the need to substantially reinforce the grid network potentially bringing additional cost and risk in terms of timescales.