Annex 1

Future High Streets Fund – Analysis

The purpose of this document is to summarise the application process and key criteria associated with the Future High Streets (FHS) Fund, and present the potential town candidates which could form the basis of East Devon's single Expression of Interest bid.

This document has been compiled by officers across the council including planners, surveyors and economic development officers.

Background

The deadline for the submission of Expressions of Interest is 22 Mar 2019. There is likely to be a later opportunity to bid for the Fund as well. Initial awareness of the Fund emerged in autumn 2018 with fuller detail in December 2018 and then supplementary guidance more recently. As government has released more detailed information we have also sought clarification on what is and isn't eligible or likely to be favoured.

If we were to submit a bid for one of our established towns it should be recognised from the individual and collective analysis below that our high streets are not failing nor would those communities necessarily recognise or accept transformational intervention to solve a problem that isn't significant i.e. replacing retail with alternative high street functions.

However, it is also clear that other authorities not so different from nor far away from ours are preparing bids for some of their town centres. Government has said that it would like to see high streets across the regions benefit so it may well be willing to consider and work with bids of varying levels of under-performance to ensure a geographic spread.

We also have our new community of Cranbrook which could offer a more plausible and eye-catching proposition to government as well as being a possible blueprint for high street development in future towns.

This is an Expression of Interest rather than a full blown detailed bid at this stage and the selected locations will be able to draw down assistance to populate detailed proposals. Whether we bid for Cranbrook and/or an established community they will need to work with and seek to influence MHCLG positively to further the East Devon case.

Links to background information:

- Future High Streets Fund: prospectus
- Future High Streets Fund: application form
- Future High Streets Fund: supplementary guidance for bidding authorities
- The High Street Report
- High Street 2030: Achieving Change
- High street crisis deepens: 1 in 12 shops closed in five years

The Future High Streets Fund

The government has committed to helping more high streets adapt and meet changing consumer expectations. It launched its Plan for the High Street in autumn 2018 with a fund of £675m. This plan includes a cut in business rates by up to a third for a wide range of retail properties for two

years, a consultation on planning reform to make it simpler to create more homes, jobs and choice in town centres, and the creation of a High Streets Task Force.

The Future High Streets Fund is part of this plan. It will provide co-funding towards capital projects that bring transformative change. The intention is to bring about the regeneration of town centres through innovative proposals around transport, housing delivery and public services. The objective of the Fund is to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability.

The Fund guidance states that the Ministry of Housing, Communities and Local Government (MHCLG) **'will not accept bids covering town centre areas that are not facing significant challenges'**. They expect places to come forward with proposals that cover high streets or town centres defined as areas that exhibit high levels of social and economic activity, that contain a variety of uses and functions and that act as important service centres for extensive catchment populations.

The guidance also states that ***"Single bids that cover more than one distinct town centre area are not eligible and will not be considered for funding."***

The number of Expressions of Interest that can be submitted by a Local Authority is determined by population. East Devon District Council has the maximum of **one** permitted bid for the area.

The fund is specifically deterring 'light touch interventions' in favour of bids that will make 'a transformative difference'. MHCLG expects to see a range of project sizes coming forward, many of which are in the region of £5-10 million per town centre (maximum £25 million). It is expected that projects will also bring with them public and private sector co-funding.

There are three main elements to the Expression of Interest application form:

1. Defining the Place – Population living and working in the town centre area; footfall, commercial space, retail activity, cultural activities
2. Challenges – vacant properties, opening/ closures of commercial units, surveys, air quality, crime/ safety, accessibility, housing demand
3. Strategic Ambition – Level of ambition from Local Authority, alignment with other funding streams, engagement and strategic linkages

Bids will need to demonstrate that they meet the necessary eligibility criteria for the Fund in order to be considered for funding. There are eight questions within the main elements of the Expression of Interest form. Six are scored questions that have been assigned a weighting. The total weighted score will be used to decide which of the eligible bids are successful at the Expression of Interest stage. Some questions require a score above a 'minimum threshold'. Bids will be excluded from further consideration if they score below the threshold mark for any question. The Fund criteria, 'Supplementary guidance for bidding authorities' is available here.

The Fund timeline is:

- 22 March 2019: 17:00 deadline for Expressions of Interest
- Summer 2019: announcement on places moving to Phase 2 (business case development)
- Late 2019: first round of final business cases for Phase 2 to be submitted by local authorities
- Spring 2020: all remaining final business cases for Phase 2 to be submitted
- Not before 2020: Second round of applications to the Future High Streets Fund opens

The National picture of struggling town centres

Total retail sales in the UK were worth £395 billion in 2017 (House of Commons 2018). Retail expenditure in town centres is now estimated to be 36.6% and is forecast to drop to 34% by 2022 (Bamfield 2018 *Retail at Bay 2018 Report*, Centre for Retail Research)

A key driver in the continued decline in town centre retail expenditure since 2000 has been the growth in online spending. This has risen from just 1.6% in 2002 (Bamfield 2018) to 18% in October 2018 (ONS 2018). Online shopping is a much smaller percentage for food at 6.3% but higher for other goods (Bamfield 2018). According to the Centre for Retail Research, growth in online retailing is forecast to continue, reaching 30% by 2028.

Recent analysis undertaken by the Guardian newspaper reveals that the retail presence in almost every town centre in England and Wales has declined since 2013, with some losing over a fifth of stores. English and Welsh town centres have lost 8% of their shops on average since 2013. The town centre with the starkest decline is Stoke-on-Trent, which has lost 23% of its 415 stores in just five years.

The seaside towns of Eastbourne and Blackpool have seen the second and third largest reductions in store numbers, with around a fifth of stores lost since 2013. Major cities such as Southampton and Sheffield are also among the worst affected.

Not all retailing has been impacted equally. Clothing retailers have seen the biggest decline since 2013, with more than 750 shops lost nationally; on the opposite end of the spectrum, extra hair and beauty salons have sprung up in our town centres. These changes illustrate a growing shift in how consumers are using their local town centres. Convenience stores and independent supermarkets have also grown in almost all town centres. The small and independent nature of the East Devon retail offer may be one of the reasons why our high streets have demonstrated resilience to date.

There is a positive future for the reimagined and repurposed town centre. It is considered that the town centres for the future should be repositioned as places providing space and opportunities for people to come together. Retail is an element of this but so is housing, workspace, leisure and entertainment together with connectivity to transport and local services. There is a growing body of research with supporting case studies discussing the future role of our high streets/ town centres and what needs to be done now to reshape them, these include:

- Multifunctional Centres: a sustainable role for town and city centres – Institute of Place Management 2015-2016;
- The Grimsey Review 2;and
- Revitalising town centres **-** A handbook for council leadership Local Government Association, May 2018

East Devon's main town centres

Of the main towns in the District, Exmouth, Axminster, Honiton, Ottery St Mary, Budleigh Salterton, Seaton and Sidmouth all have town centre boundaries identified in the adopted Local Plan. All provide for local shopping needs and act as focal points for development and service provision in the rural areas.

There are no Business Improvement Districts in East Devon. Exmouth and Axminster are defined as Regeneration Towns by the council and both have One Public Estate funding approved for

project development to consolidate public sector land assets. East Devon has also submitted its Stage 2 bid for Coastal Communities Fund. This bid, if successful, will bring a mix of innovations to our seaside communities to enhance their profile, accessibility and contemporary attraction. The bid includes a mix of investments including free Wi-Fi, hi-definition beach cameras, big screen equipment, motorhome facilities, and bespoke town apps for visitors and residents to discover local events, attractions, information, businesses and spending opportunities.

All of East Devon's High Streets and their communities have experienced bank branch closures. This is a national issue and bank branch networks have been contracting for many years. There are several explanations for this decline including the desire by banks to cut costs; mergers within the industry; competitive pressures from new entrants in the banking sector; changes in the nature of retail banking transactions; and a growth in alternative means of accessing bank services. Further closures of bank branches will continue to impact upon our high streets in the months and years to come. For further background information see House of Commons Library Briefing Paper Number 385, 19 October 2018 – Bank branch closures.

There is an ongoing debate about the presence of Charity Shops on our High Streets. Often perceived as an indicator of a 'failing' retail environment, the reality is far more complex. Charity shops bring many positive benefits to a town, often becoming longstanding and stable rent paying tenants of available retail premises bringing a positive footfall contribution from residents and visitors who wish to either donate goods and/ or purchase pre loved or vintage items. A recent report, *Shopping for good: the social benefits of charity retail* (Demos, 2016) highlights the positive contributions that charity shops make to, not only their parent charity in terms of an income stream, but also in terms of providing volunteering opportunities as well as leading the way in the reuse and recycling of goods. The Charity retail sector is not immune to the changing retail environment and has also experienced a reduction in the number of stores, particularly in more 'stressed' high streets and town centres.

The sector recognises that there are opportunities for more structured volunteering opportunities and development progression (including apprenticeships), and reviewing and improving, where necessary, the pay and benefits of shop managers. The report recommends that charities undertake a comprehensive assessment of their shops' role in delivering social value within the wider community.

The following section looks at our main established towns in turn. Data is sourced from Devon County Council and The Greater Exeter Town Centre and Retail Study – Part 1 undertaken by GVA in 2017. This study is currently in draft format and will be published shortly. Budleigh Salterton is not included in the study. Officers are considering mechanisms for bi-annual monitoring of East Devon's towns which will include agreement on the scope of towns to be covered.

Axminster

Serving a large rural catchment, Axminster is a reasonably healthy town centre that is noted for its historic character. The current land use profile identifies that the town has an above average proportion of convenience goods retailers including a large Tesco supermarket and a number of independent convenience goods retailers. However, the centre only attracts under half of first choice main food shopping trips from the local area, and just over half of top-up food shopping trips. In addition, Axminster has a slightly below average proportion of comparison and service goods retailers, although the retailers are largely dominated by local independents. The centre's market penetration for comparison goods shopping is relatively low, although performs well in the health and beauty and CDs/books sectors. The vacancy rate falls slightly above the national average.

Axminster lies outside the Exeter Travel to Work Area being located in the Sidmouth Travel to Work Area. The town does not benefit from coastal tourism. It is on the rail mainline to Waterloo and Exeter.

There are a number of local landowners and developers who have a track record of investing in good development in Axminster and its surrounds and there is the potential for this to be harnessed for a project proposal. The Webster's Garage site and neighbouring Royal Mail assets are an opportunity for some town centre transformation.

Axminster has the prospect of 800+ new homes development and associated infrastructure including employment, leisure and transport investment. These developments offer the potential to substantially reduce traffic flows through the town centre and opportunities for town centre and public realm enhancement.

Axminster area population estimate (2016) is **14,394** (All Saints, Axminster, Chardstock, Dalwood, Hawkchurch, Kilmington, Membury, Musbury, Shute, Stockland, and Uplyme)

Data Source: Devon.gov.uk/facts and figures

Land use profile of Axminster town centre, 2011-2016

Sector	2011			2013			2016		
	No.	%	Ave	No.	%	Ave	No.	%	Ave
Convenience	11	11.0	8.8	10	10.1	9.00	10	10.6	9.4
Comparison	38	38.0	41.1	43	43.4	40.4	35	37.2	39.5
Service	34	34.0	36.4	34	34.3	37.0	35	37.2	37.9
Other	3	3.0	1.2	3	3.0	1.2	2	2.1	1.2
Vacant	14	14.0	12.6	9	9.1	12.4	12	12.8	12.2
Total	100	100	100	99	100	100	94	100	100

Data Source: Experian GOAD and GVA land use surveys from Greater Exeter Town Centre Retail Study Part One (currently in draft form)

Cranbrook

Cranbrook is difficult to compare to other towns because it currently lacks a town centre to provide for its growing population and surrounding catchment. The town will eventually become equivalent to the size of Barnstaple in population terms.

Cranbrook began development in 2012 and planning permission for approximately 3500 homes now exists, with around 1900 of these built and occupied, giving a population of around 4500. The main planning permission for the development of the town includes for a town centre and there are a number of facilities that are intended to be located within this area, including offices for the Town Council, library, health and wellbeing centre, children's centre, youth facility and extra care housing. The town is developing a thriving community and as well as a Town Council having been formed there are around 25 different community groups established with a newly founded Community Association.

The first local shops opened in September 2015 on the western side of the town. The 7 shop units are all occupied, providing the first neighbourhood centre. The town also has a public house, which opened in Spring 2017, located within the town centre, but the remaining land allocated as town centre remains vacant.

Conversations about the concept of Cranbrook have been discussed at a regional and local level for more than 20 years. Planning of development, from planning policies, to infrastructure delivery, has involved ongoing dialogue with neighbouring local authorities, Homes England, Highways England, Heart of the South West LEP, MPs, LiveWest and many other stakeholders.

The delivery of Cranbrook has received strong local leadership from the commencement of development on site. The local partners have a solid track record of effective collaboration to support, unlock and successfully delivery major developments. Cranbrook has been a successful collaboration between Devon County Council, East Devon District Council and Exeter City Council. East Devon District Council have also supported the development of Cranbrook Town Council to ensure the town has a voice and steer future development within the town. The Town Council has taken on responsibilities over and above their statutory obligations. East Devon District Council is supportive of this approach and is seeking to asset and endow the town to support future sustainability.

The town centre land is within a single ownership but with significant changes within the retail sector, particularly challenges experienced on the high street, there is not commercial interest to develop retail space. However, the level of enquiries for occupiers remains buoyant, although these are not generally from businesses able or looking to build out their own premises.

To secure the future of Cranbrook as a town in its own right, not a suburb of Exeter, a focal point for the community is needed, with local facilities, but it is accepted that this is unlikely to be a retail led approach.

Exmouth

Exmouth is the largest town in Devon. It is a popular tourist destination with its traditional seaside resort characteristics and remains a healthy centre with a good range of convenience, comparison and service retailers. Despite the range of convenience retailers, the centre is unable to retain a large proportion of main and top-up food shopping market share for local residents due to the size and type of retailer present within the town centre, and the majority of local shoppers continue to use the Tesco store on Salterton Road.

In terms of comparison goods shopping, the centre continues to perform reasonably well despite its proximity to Exeter and out of centre retail warehouse units. The low vacancy rate, and large number of national multiple comparison goods retailers both suggest the town centre is healthy.

The Strand is a popular focal point for residents and visitors with a strong and increasing quality of retail and food and beverage (F+B) activity signifying the importance of high quality town centre public realm. The pedestrianised shopping area, the Magnolia Centre, is an unattractive and tired shopping environment next to a popular surface car park. Aside from the closure of the post office and the nearby relocation of those functions, the shopping centre remains successful. The space does offer an opportunity for redevelopment and investment but there is no indication that the landowners are interested.

Exmouth has benefitted from substantial public and private investment in recent years including station area improvements, a Marks and Spencer's food hall, Premier Inn, Mamhead Slipway, the Strand and ongoing seafront investment. The Exeter Royal Academy for Deaf Education is preparing to relocate its campus to Exmouth in 2020, bringing its pupils and staff to the town and marking an exciting new era for the former Rolle college site.

The town has also benefitted from the redevelopment of Exmouth Town Hall as an office base for East Devon District Council. Exmouth Town Council supports a Town Team and Tourism Team, bringing forward projects to enhance the town and improve the resident/ visitor experience.

Exmouth area population estimate (2016) is **48,613** (Bicton, Budleigh Salterton, Colaton Raleigh, East Budleigh, Exmouth, Lympstone, Woodbury)

Data Source: Devon.gov.uk/facts and figures

Land use profile of Exmouth town centre, 2011-2016

Sector	**2011**			**2014**			**2016**		
	No.	**%**	**Ave**	**No.**	**%**	**Ave**	**No.**	**%**	**Ave**
Convenience	25	9.1	8.8	29	10.3	9.4	29	10.4	9.4
Comparison	118	43.1	41.1	124	44.1	39.5	121	43.5	39.5
Service	104	38	36.4	110	39.2	37.9	112	40.3	37.9
Other	1	0.4	1.2	1	1.2	1.2	1	0.4	1.2
Vacant	26	9.5	12.6	17	6.1	12.2	15	5.5	12.2
Total	274	100	100	281	100	100	278	100	100

Data Source: Experian GOAD and GVA land use surveys from Greater Exeter Town Centre Retail Study Part One (currently in draft form) Note that in reviewing this data the national averages listed for Exmouth in the draft document are incorrect and these have been corrected in this table.

Honiton

Honiton is a linear high street and historic market town. It is considered to remain a fairly healthy town centre; the centre benefiting from a below average proportion of vacant units. It has a reasonable range of convenience retailers, however the centre faces considerable competition from large out of centre stores such as Tesco, Lidl and Aldi.

Honiton town centre plays a stronger role for top-up food shopping, although over half of local residents are still using stores outside of the town centre.

Honiton has a reasonably strong representation of comparison goods retailers, and the centre is particularly well represented by furniture (due to the high number of antique traders), books, arts and crafts and gift shop retailers. This specialism has further developed in recent years with a number of high quality retailers establishing in the town showcasing the work of local artists and designers.

Honiton has a lively weekly market and in 2018 hosted its first 'Gate to Plate' event showcasing high quality food and drink retailers from the local area.

Honiton is now home to East Devon District Council's new headquarters, bringing a new workforce into the town.

The town is well connected in transport terms. It sits alongside the A30, has bus services and a mainline station to Waterloo and Exeter.

Honiton area population estimate (2016) is **16,785** (Awliscombe, Combe Raleigh, Cotleigh, Dunkeswell, Farway, Honiton, Luppitt, Monkton, Northleigh, Offwell, Upottery, Widworthy, Yarcombe)

Data Source: Devon.gov.uk/facts and figures

Land use profile of Honiton town centre, 2009-2016

Sector	2009			2013			2016		
	No.	%	Ave	No.	%	Ave	No.	%	Ave
Convenience	22	12.8	8.6	21	12.1	9.0	17	9.8	9.4
Comparison	92	53.5	41.2	91	52.3	40.4	90	51.7	39.5
Service	45	26.2	35.1	51	29.3	37.0	54	31.0	37.9
Other	2	1.2	1.2	2	1.2	1.2	2	1.2	1.2
Vacant	11	6.4	13.7	9	5.2	12.4	11	6.3	12.2
Total	172	100	100	174	100	100	174	100	100

Data Source: Experian GOAD and GVA land use surveys from Greater Exeter Town Centre Retail Study Part One (currently in draft form)

Ottery St Mary

Ottery St Mary is a small yet functional town centre within the central part of the district. The town centre has an above average representation of convenience goods, and attracts over half of local main and top-up food trips, due to the Sainsbury's store on Hind Street which, since its development, has had a significant impact upon food shopping patterns.

The range of comparison goods retailers in the centre is modest and comprises local independent traders. The overall proportion of comparison goods and service retailers both fall below the national average, which reflects the relatively small market share of the centre in a range of comparison goods categories.

The vacancy rate has fluctuated over recent years, however, very recently there have been a number of new independent retail and F+B entrants into the town. In addition, the town has established the Ottery Food and Families Festival adding to a range of unique town events that include Pixie Day and Tar Barrels.

Traffic congestion and quality of public realm are particular local concerns addressed in the town's Public Realm Strategy.

Ottery St Mary area population estimate (2016) is **15,604** (Buckerell, Feniton, Gittisham, Ottery St Mary, Payhembury, Rockbeare, Talaton, Whimple)

Data Source: Devon.gov.uk/facts and figures

Land use profile of Ottery St Mary town centre, 2010-2016

Sector	**2010**			**2014**			**2016**		
	No.	**%**	**Ave**	**No.**	**%**	**Ave**	**No.**	**%**	**Ave**
Convenience	9	13.0	8.6	11	15.1	9.4	12	16.7	9.4
Comparison	30	43.5	41.5	30	41.1	39.5	27	37.5	39.5
Service	20	29.0	35.1	23	31.5	37.9	22	30.6	37.9
Other	2	2.9	1.2	2	2.7	1.2	1	1.4	1.2
Vacant	8	11.6	13.7	7	9.6	12.2	10	13.9	12.2
Total	73	100	100	73	100	100	72	100	100

Data Source: Experian GOAD and GVA land use surveys from Greater Exeter Town Centre Retail Study Part One (currently in draft form)

Seaton

Seaton is a traditional seaside resort, within the East Devon Area of Outstanding Natural Beauty and is popular as a residential base. As such Seaton perhaps more than our other resorts experiences issues associated with seasonality of visitor numbers. Over the past decade, Seaton has been affected by the closure of the Lyme Bay Holiday Park, with the site cleared and partially redeveloped for a Tesco supermarket, residential accommodation and most recently a Premier Inn hotel.

Seaton benefits from a low vacancy rate, the land use profile reflects its predominant function as a popular tourist destination and seaside town. The centre features an above average representation of convenience, comparison and service retailers, with a particularly high representation of cafes, restaurants and takeaways. The largest convenience goods retailer is Tesco, which attracts both main and top-up food shopping trips and helps the centre to attract over half of first choice local main food and top-up food trips.

The proportion of books/arts/crafts/gifts retailers are all above their respective national averages, further reflecting the centre's key function and market share of the centre in this range of comparison goods categories.

Seaton was at one time a Regeneration Town designated as such by the district council. The centre has continued to repurpose and has seen significant investment in visitor attractions such as Seaton Jurassic, the Tramway terminus, and a new centrally located gymnasium.

Seaton area population estimate (2016) is **12,708** (Axmouth, Beer, Colyton, Combpyne Rousdon, Seaton)

Data Source: Devon.gov.uk/facts and figures

Land use profile of Seaton town centre, 2010-2016

Sector	2010			2014			2016		
	No.	%	Ave	No.	%	Ave	No.	%	Ave
Convenience	10	8.9	8.6	13	10.7	9.4	13	10.8	9.4
Comparison	50	44.3	41.5	50	41.0	39.5	51	42.5	39.5
Service	36	31.9	35.1	48	39.3	37.9	48	40.0	37.9
Other	2	1.8	1.2	2	1.6	1.2	2	1.7	1.2
Vacant	15	13.3	13.7	9	7.4	12.2	6	5.0	12.2
Total	113	100	100	122	100	100	120	100	100

Data Source: Experian GOAD and GVA land use surveys from Greater Exeter Town Centre Retail Study Part One (currently in draft form)

Sidmouth

Sidmouth is one of the most attractive seaside towns on the south coast of England, having developed from a small market and fishing town into a very popular tourist resort in the 18th and 19th centuries. The town is framed in a narrow valley (of the River Sid) which opens to the sea and is sheltered from the east and west by imposing red sandstone cliffs.

The town centre boasts a strong representation of comparison goods retailers and above average proportion of convenience goods retailers.

However, the centre struggles to retain a large proportion of main and top-up food shopping trips from the local population due to the size of stores present, clearly catering for tourists' demands. This is also the case for comparison goods shopping market share which remains low. That said, vacancies in the centre are currently very low, which suggests the centre and its function is still an attractive location for retailers. Sidmouth is actively exploring ways to raise the profile of its town centre offer, and has added new festivals and events to the town calendar.

The district council recently relocated its HQ away from Sidmouth making way for a future 100+ apartment development which will bring further residential development near to the high street, Sidmouth has the prospect of investment and redevelopment of the former Drill Hall site adding further attraction to the town. Sidmouth also has the benefit of circa £300,000 of S106 to invest in enhancing its visitor offer which will be allocated according to a public prioritisation process.

Sidmouth area population estimate (2016) is **17,888** (Branscombe, Newton Poppleford and Harpford, Otterton, Sidmouth, Southleigh)

Data Source: Devon.gov.uk/facts and figures

Land use profile of Sidmouth town centre, 2011-2016

Sector	2011			2013			2016		
	No.	%	Ave	No.	%	Ave	No.	%	Ave
Convenience	22	12.2	8.8	22	12.2	9.0	23	12.4	9.4
Comparison	95	52.5	41.1	93	51.7	40.4	99	53.5	39.5
Service	57	31.5	36.4	60	33.3	37.0	57	30.8	37.9
Other	0	0	1.2	7	0.6	1.2	1	0.5	1.2
Vacant	7	3.9	12.6	4	2.2	12.4	4	2.2	12.2
Total	181	100	100	180	100	100	185	100	100

Data Source: Experian GOAD and GVA land use surveys from Greater Exeter Town Centre Retail Study Part One (currently in draft form)