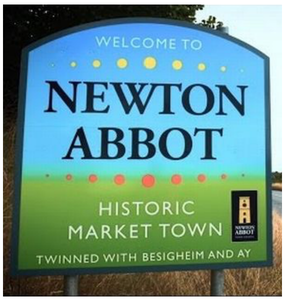
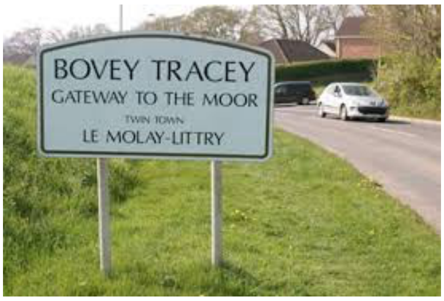




GOING TO TOWN IN THE FUTURE

Stage 1: The Challenge for Town Centres

Prepared by:

***per* Consulting**

PLANNING ECONOMICS REGENERATION

Final Report February 2020

CONTENTS

APPENDICES

1. INTRODUCTION

1.1 This document is the Stage 1 Report of a research study, "***Going to Town in the Future***", commissioned by Teignbridge District Council to inform development of a vision and strategy for the five main town centres across the District area. The five towns examined are:

- Bovey Tracey
- Chudleigh
- Dawlish
- Newton Abbot
- Teignmouth

1.2 This initial report considers the wealth of research into the challenges for town centres, reflecting on the implications for Teignbridge and conceptualising how the towns may need to respond in the future. An accompanying "powerpoint" report includes a review of previous research into town centre challenges. Further study reports address specific local issues including:

Stage 2 - Understanding Local Place
Stage 3 – Planning Policy Recommendations

1.3 The whole study forms part of the wider evidence base for the review of the Local Plan, which is intended to cover the period 2020-2040.

2. Economics & The High Street

2.1 The global recession of 2008 sparked what might be described as a "perfect storm" for town centres and the retail industry stimulating:

- A contraction in consumer spending;
- Aligned with spiraling property & operational costs - with many retailers over-exposed from the previous rush for space; and
- A seismic shift in spending behaviour – embracing *e-retail* and a "convenience culture".

2.2 Whilst the UK economy returned to growth there remain global uncertainties in the face of US and China trade wars and the ongoing Brexit debate dampening consumer confidence.

2.3 Looking forward, it is clear a new structural offer is needed in our town centres, with no sign of the e-revolution abating and consumer pressure in response to climate change effects.

Key Trends

- Town Centre footfall has declined nearly 20% since 2008.
- The trend is still downward -5% over the period 2017-19 with out-of-town shopping centres also affected (-6% in the same period).
- Some 275 retailers in administration 2007-2013 affecting 25,000 stores and 225,000 staff.
- Impact on retailers continuing with latest casualties including House of Fraser & Debenhams.
- Town Centre vacancy rates more than doubled to 16% between 2008-2012.
- Vacancies improved slightly since then but are rising again to around 11.5% in 2019.
- Meanwhile, there has been exponential growth in on-line retail sales from 6% in 2006 to 12% in 2013 and now pushing towards 20% in 2019. Around half of all e-retailing now via mobile devices.

3. TOWN CENTRES – POLICY RESEARCH

3.1 There is no shortage of research, policy advice and academic or professional opinion addressing the woes of the High Street and exploring the potential future for town centres. Academic theories on retail and marketing propositions abound over the last fifty years or more.

3.2 Town Centres have featured in Geography and Planning Research even longer, spanning from Christaller's Central Place Theory in 1933 which sought to explain the hierarchical distribution of settlements and the provision of low to high order goods and services.

3.3 Mainstream commentary on town centres has, however, accelerated in line with growing concerns of the future and visible impact on the High Street since the 2008 economic recession. Our research has examined nearly 30 texts ranging from the Portas Review (2011) to the House of Commons Select Committee Report (Feb 2019) as referenced in Appendix 1.

3.4 A selection of the key documents are summarised in the accompanying Powerpoint report with some common themes arising from much of the research highlighted below:

Town Centre retail dominance is over – a much broader social mix of activities to be encouraged.

Convenience & Experience - critical behavioral drivers for people in choosing between competing locations.

This, in turn, raises the importance of **Access and Mobility** to and within town centres.

There is also much lament over inequity of **Business Rates** and the impact of **parking fees** as revenue generator for public sector – whilst also criticising the lack of **public realm maintenance** (with no alternative suggestions as to how to cover these additional costs).

Inevitably, constraints of the **planning system** are also challenged, seeking more de-regulation in the main whilst also demanding more regulation against out-of-town competition.

3.5 The implication of these and other issues and how they affect the five Teignbridge Towns is considered further in subsequent stages of the research report.

3.6 A brief review of interventions and government policy seeking to support town centres since the launch of the first review in 2011 (Mary Portas) is set out below.

- 27 Portas Pilots / Town Teams established 2001-2013 - £2.3 m revenue support.
- Town Team Partners - £10k package of support from the Association of Town Centre Management (ATCM)
- £10m High Street Innovation Fund – tackle empty properties and impact of 2011 riots.
- High Streets Renewal Award - £1m to 7 local areas – Atrincham worked with landlords re-use empty shops and the council lowered parking charges to encourage more people to visit.
- Business Improvement Districts (BIDS) – loan fund support to assist formation.
- Nearly 230 BIDS operating across the UK in 2018 – smaller towns finding increasingly challenging to cover the 1 - 2% business rate precept and some larger operators raising concerns on the impact nationally (Boots). Cornwall has been successful in forming 8 BIDS across small towns.
- Legislation passed to allow Property Owner BIDS in 2014.
- Open Doors Pilot (2018) matching landlords with community groups seeking space.
- Register of empty properties to be piloted.
- Business Rate Relief –
    - Zero Rates on Rateable Value up to £12k
    - Tapered Relief on Rateable Value £12-£15k (single property)
    - Small business multiplier for Rateable Value<£51k (49.1p rather than 50.4p 2019)
    - Empty Shops did have temporary relief – but now back to standard 3 months
    - Note: Charity shops benefit from automatic 80% relief and can gain 20% discretionary.
- £55m Heritage High Streets Fund.
- £675m Future High Streets fund – over 300 expressions of interest with 100 towns shortlisted and provided financial support to develop detailed Business Cases.
- £9.7m improvement fund – High Street Saturday – for Local Authorities to clean-up their town centres.
- Planning – extended Permitted Development Rights (May 2019)

4. REFLECTING ON PROPOSED SOLUTIONS

4.1 Whilst some reports attempt to simplify cause and effects, most commentators recognise the complex inter-relationships and different commercial, social and governance issues at play within our town centres.

4.2 Local Authorities, however, are often seen as the “guardians” of our town centres but, in practice, lack control over all the “levers” of change and have also been constrained by lack of funding. The competitive process adopted for the Future High Streets Fund will mean some areas will inevitably miss out.

4.3 Only recently is any attention being given to the more significant relationship between landlords and the dynamics of the real-estate markets. The presumption of high retail values (which has perhaps delayed more radical changes) is perhaps slowly eroding, opening up new opportunities for more town centre variety rather than holding out for higher rents (although Business Rate calculations are still running behind the market curve).

4.4 The recent blanket introduction of extended Permitted Development rights, whilst well-meaning in-principle, may force unwanted change on otherwise suitable retail properties where landlords chase higher returns from residential or office use, allowing them to crystalise their investments.

5. Town Centres – Continual Evolution

5.1 Whilst much of the recent research highlights the accelerating forces impacting on our town centres today, in truth they have always evolved and changed over the years in response to different social and commercial market forces.

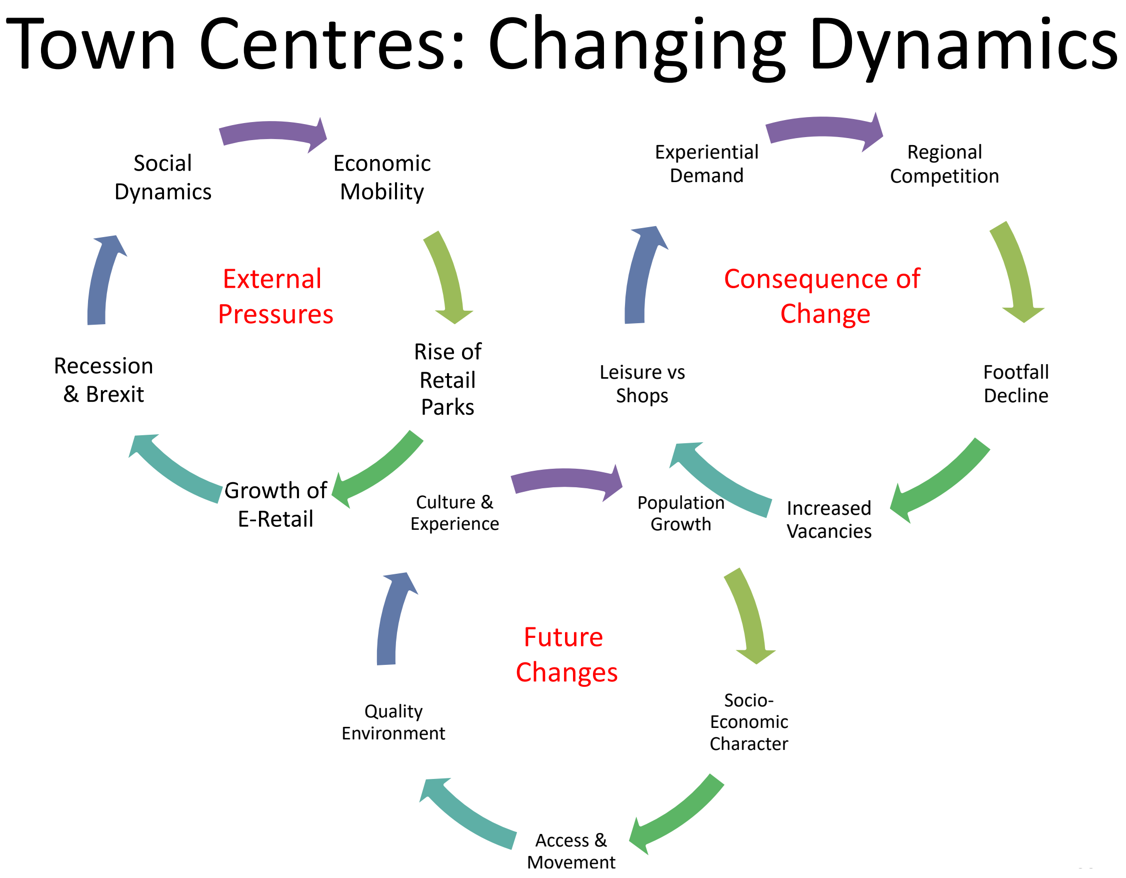
5.2 Whilst such change is inevitable, most towns are very slow to respond to external forces. This is due largely to fragmented ownership and perhaps the lack of unified leadership and direction. Contrast this with the stronger management control of shopping malls or outlet centres.

5.3 Historically many of our town centres were established as convenient locations to trade (market towns) albeit transiently to begin with then becoming a more established base for merchants. Each town was closely connected with its trading community but started to face increasing competition as personal mobility gave people greater freedom between where they lived, worked and shopped.

5.4 The rise of the supermarkets and later hyper—markets further challenged the traditional town centres' ability to accommodate large-formats and responded to (and stimulated) demand for convenience and access.

5.5 As on-line retailing accelerates, wider social and economic challenges creates further pressure on town centres and the traditional form of "bricks and mortar" retailing resulting in store closures, shrinkage of retail real estate and decline in town centre footfall as the retail attraction dwindles.

5.6 This constant cycle of change in response to social and economic forces is captured in the diagram below.



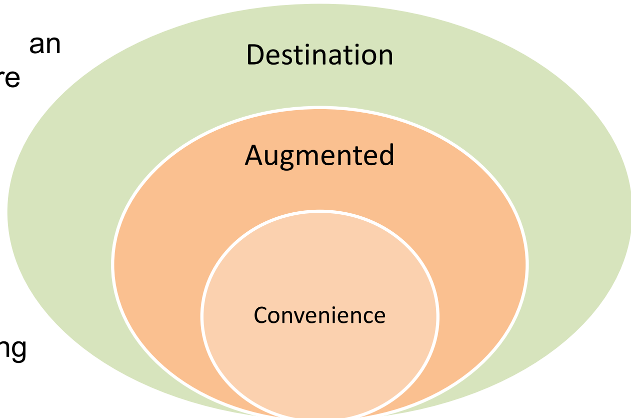
6. CREATING SENSE OF PLACE

6.1 The Institute of Place Management, centred on Manchester Metropolitan University, was established in 2006 to help crystalise a more holistic approach to town centre management through leading research, education and professional skill development. They have long recognised the significance of the complex interaction between people, place and governance and behavioural choices people make.

6.2 This informs a different hierarchy of places not just based on size as is so often in the context of town planning but based more on the local offer, convenience and quality of visitor experience.

6.3 To be successful, town centres have to provide a competitive edge to attract visitors and local expenditure. All towns need to have a clear, ideally distinctive, **core offer** – a mix of shops and services that users want. For some locations these work effectively as the most convenient location to achieve the basics. Such centres, therefore, must relate effectively to the socio-economic context of its core catchment area.

6.4 Alongside this, however, there is an "**expected offer**" this means more discerning consumers will look for ease of access, and expected level of cleanliness, security and customer service – especially where consumers may have a choice of which centre to visit. This shapes, "**augmented centres**" which start to become more competitive places drawing from wider than local catchment areas.



6.5 Increasingly today, as more basic shopping is now done through the convenience of the internet, consumers seek a more dynamic "**experience**". This demands more variety and choice within the centres and ability to enjoy "a good day out" mixing shopping and leisure interaction and enjoying novelty or existing experience.

7. A DIFFERENT APPROACH TO HIERARCHY OF PLACE

7.1 More recently, research into footfall activity in town centres by IPM (2017) identifies distinctive town "signatures" representing:

- Comparison Shopping Centres
- Holiday Towns
- Speciality Centres, and
- Multifunctional or Convenience centres

7.2 **Comparison shopping centres** are typified by a peak in footfall relating to pre-Christmas spending.

7.3 **Multifunctional centres** tend to have a much flatter profile all the year round.

7.4 As expected, **Holiday and Speciality towns** attract more visitors in the summer months, due to a special attraction, or location (e.g by the sea, or in the midst of National Parks).

7.5 Holiday and speciality towns can be distinguished from each other by observing a higher summer peak for holiday towns and secondary peak in December for speciality towns.

7.6 Notably the research highlights towns with footfall patterns that fit these profiles, tend to perform better than those without a clear profile. In other words, towns that have a definite "offer" for their catchment appear to attract more customers.

8. Reflecting on Need & Choice

8.1 The Architect, Jan Gehl encourages designers to focus on the spaces between buildings as much as the design of the building itself. "*In a society becoming steadily more privatized with private homes, cars, computers, offices and shopping centres, the public component of our lives is disappearing. It is more and more important to make cities inviting, so we can meet our fellow citizens face to face and experience directly through our senses*".

Necessary, Optional, and Social Activity.

8.2 Gehl distinguishes between necessary/functional activities, optional/recreational activities and social activities in how we interact with public spaces and places.

8.3 While necessary activities take place regardless of the quality of the physical environment, optional activities depend, to a significant degree, on what the place has to offer and how it makes people behave and feel about it.

8.4 The better a place, the more optional activity occurs and the longer necessary activity lasts. Social activity is the fruit of the quality and length of the other types of activities, because it occurs spontaneously when people meet in a particular place.

8.5 Social activities include children's play, greetings and conversations, communal activities of various kinds, and simply seeing and hearing other people. Communal spaces in cities and residential areas become meaningful and attractive when all activities of all types occur in combination and feed off each other.

8.6 There is an interesting parallel between Gehl's model and the thinking from the IPM. The diagram below reflects on how this could apply to town centres in practice, responding to the needs of different generations of town centre users.

	Necessary activities	Optional activities	Social activities
Young people	Schools/Colleges Travel Health care Services e.g. Hairdresser	Live (home) Fashion buying Hobby equipment Takeaways	Gather/ hang out with friends Nights out – pub, cinema, nightclub Cultural events
Working households	Workplaces Travel Food Clothing/footwear Health care – pharmacy, optician etc Personal Services e.g. Hairdresser Prof/business service e.g Post Office	Live (home) Fashion buying Household goods Hardware/DIY Eating out/takeaways Nights out – pub, cinema, theatre	Meet for coffee Gym/exercise Club activities Cultural events Markets
Seniors	Travel Food Clothing/footwear Health care – pharmacy, optician etc Personal Services e.g. Hairdresser Prof/business service e.g Post Office	Live (home) Fashion buying Household goods Hardware/DIY Eating out/takeaways Nights out – pub, cinema, theatre	Meet for coffee Keep fit activities Club activities Excursions Cultural events Markets

9. DRIVERS OF FUTURE CHANGE

9.1 Town centres are continually evolving in response to various challenges and forces of change. Looking forward, the following key drivers are expected to play a significant role shaping town centres in the future.

9.2 **Local Employment Prospects**
Vibrant town centres (whether retail or leisure focussed) will depend on a healthy economy. Town centres will face different challenges if acting as an in- or out-commuting centre.

9.2 **Demographic Trends**
Changing demographics (both population size and age structure) are also important drivers and it is vital town centres respond to changing demands, staying relevant to the evolving population catchments. This includes consideration of accessibility, movement and the overall sense of place.

9.3 **Mobile Technology**
Town centres must adapt and respond to the demands of technology and find ways to interact more effectively with consumers.

9.4 **Experiential Environments**
Consumer behaviour has moved away from shopping as the main event to demanding wider experiences and enjoyment of “places”. This trend will see town centres offering a broader mix of activities and events creating stronger social connections.

9.5 **Climate Change Demands**
Consumer pressure to tackle climate change is mounting; perhaps with resulting pressure to buy local, reduce the need to travel and cut unnecessary packaging. E-retailing will be quick to respond to these challenges. Town Centres must do so as well.

9.6 The implications of these challenges and future opportunities for the five Teignbridge Towns is explored further in the accompanying report stages.

APPENDIX 1

Town Centre Policy Research Documents Reviewed

Portas Review (2011)

Future High Streets: Business Going Local (BIC 2011)

Understanding High Street Performance (Genecon for BIS Dec 2011)

Regeneration of town centres – National Assembly for Wales (January 2012)

Re-imagining urban spaces to revitalise our High Street (MHCLG July 2012)

High Streets at the heart of our communities – Government response to Portas (March 2012)

Evaluation of Current Practice in Town Centre Regeneration (Welsh Government 2012)

21st Century High Streets – what next for Britain's Town Centres (Taskforce Nov 2013)

Grimsey Review – the vanishing High Street 2013

Successful Town Centres – developing effective strategies (ATCM 2013)

Future High Streets Forum (Dec 2013)

National Review of Town Centres – Advisory Group Report to Scottish Government (June 2013)

Town Centre Action Plan – Scottish Government Response (November 2013)

Strategic Management for Sustainable Recovery (TCP 2013)

The Future High Street – Perspectives on Living, Learning and Livelihoods in our Communities (Future Spaces Foundation 2013)

Discretionary Rate Relief & High Streets (Assoc of Convenience Retailers)

Town Centres & Retail Dynamics: Towards a Revised Retail Planning Policy for Wales (Welsh Government 2014)

High Street UK2020 – Institute of Place Management (2014)

The Customer Experience of Town Centres (Loughborough University – Jan 2014)

Celebrating the Great British High Street (ATCM 2014)

High Street Performance & Evolution – a brief guide to the evidence (Southampton University July 2014)

In town parking – what works? (ATCM July 2014)

Identifying factors that influence vitality and viability (IPM 2014)

British High Street: From Crisis to Recovery – comprehensive review of the evidence (Southampton University March 2015)

Digital High Street 2020 Report (Advisory Board March 2015)

Traditional or Experiential Places? (Journal of Urban Regeneration & Renewal 2015)

Town Centre Action Plan – Two Years On (Scottish Government 2015)

Retail Reimagined – The Digitally Re-Mastered High Street (IMRG 2016)

2030: The death of the High Street (Pacel Hero Jan 2017)

Town Centre Regeneration 5 years on (Welsh Government Review 2018)

Healthy High Streets – Institute of Health Equity & Public Health England (2018)

Grimsey 2 (2018)

Rejuvenating Ireland's small town centres (Society of Chartered Surveyors Ireland)

High Street 2030: Achieving Change (Institute of Place Management 2018)

The High Street Report 2018

Planning Reform: Supporting the High Street & increasing delivery of new homes (Oct 2018)

Revitalising Town Centres – A handbook for council leadership (LGA May 2018)

High Streets and Town Centres in 2030 (HCLG Committee Review Feb 2019)

High Streets can be saved (The Guardian 2019)