

# Newton Abbot Future High Streets Fund Submission

## Purpose of Paper

This paper sets out Newton Abbot's progress in securing Future High Streets Fund funding and presents options for reconfiguring the bid to meet new MHCLG requirements.

## Background

First announced as part of the government's Our Plan for the High Street at Budget 2018, the Future High Streets Fund is designed to renew and reshape town centres and high streets in a way that drives growth, improves experience and ensures future sustainability. This is to be done by providing co-funding to successful applicants to support transformative and structural changes to overcome challenges in their area. By August 2019, a total of 100 High Streets across the country had been invited to submit applications for the £1 billion available through the Future High Streets Fund.

Newton Abbot submitted a bid in July 2020 with requested funding of **£13,340,559<sup>1</sup>**. However, the process for securing funding has been long and delayed.

On 26 December 2020, £830 million of the Future High Streets Fund was allocated, with 15 areas awarded £255 million and a further 57 areas receiving provisional funding of £576 million. **28 areas were unsuccessful in their applications.**

Newton Abbot is one of the 57 areas allocated provisional funding due to its strong business case and demonstration of value for money. However, Newton Abbot's funding offer has been reduced to up to 69% of the original ask.

This means Newton Abbot has the potential to secure **£9,199,364** from the Future High Streets Fund.

The funding deficit of **£4,109,195** needs to be found through reconfiguration and/or partial scaling back of the Newton Abbot FHSF Business Case.

## Summary of Bid Submitted

Newton Abbot shares many of the challenges that have affected high streets across the UK, including changing consumer patterns and a difficult trading environment for large retailers. Unlike many areas, Newton Abbot is experiencing significant housing growth and the challenge for Newton Abbot is to provide a compelling offer that appeals to visitors across the demographic spectrum, continuing to act as the economic centre for the broad range of residents living and working in the Town and wider District. Without concerted improvement, the town risks continual decline to a dormant town serving Exeter and Plymouth.

**Declining performance of indoor market** – Historically, the Market Hall and Market Square have acted as a community hub for residents and visitors, but have been displaying signs of difficulty, with lower footfall, fewer stalls and reduced spend. There is an opportunity to protect and enhance this heritage asset.

<sup>1</sup> September 2020 adjustment to £13,308,559 to exclude management and evaluation costs.

**Issues with vitality** – High street vacancy rates are increasing, particularly following the 2019 closure of M&S and floorspace is heavily dominated by retail uses. Increasing the prominence of a diverse mix of uses will enable Newton Abbot to adapt to the demands of a growing population in coming years.

**Poor transport connectivity, congestion and pollution** – Poor connectivity between the station and the main shopping area limits potential visits and footfall. The road layout also results in a significant volume of traffic passing through the town, resulting in congestion and air pollution. Pressure to convert land to residential uses is expected to result in declining car parking in the town centre. Left unaddressed, these issues will continue to impinge on the accessibility of the town centre and may compound high street decline. Establishing sustainable travel options is a priority.

All of this is evidence of a town centre struggling with a deteriorating investment climate and large viability gaps. As a result, the follow projects were selected for inclusion in the business case:

Project	Description
Regeneration of the Newton Abbot Market Hall, Alexandra Theatre and Outdoor Markets	Structural changes to Market Hall to optimise usage and re-establish the Grade II listed Market Hall, adjacent Alexandra Theatre and Market Square, providing social, community and entertainment space as well as workspace and flexible retail.
Sustainable travel measures for Newton Abbot town centre	Capital expenditure to deliver hard infrastructure and public realm to improve accessibility. The proposal encompasses two sustainable transport projects:), Queen Street Enhancements including Gateway to the Town Centre, and National Cycle Network Improvements including Sherborne Road bus area.
Cinema	Redevelopment of part of the Market Walk shopping centre to improve accessibility and gateway to the Market, bringing forward a new 4 screen cinema and two restaurant units. This provision will allow the operator to improve the range of films on show, improve draw and dwell time to support the day and night-time economy.
Construction of car park decking at Cricketfield Car Park	Provision of additional car parking at Cricketfield Car Park will allow a flexible reduction of parking within the town centre by allowing redevelopment of Cattle Market site for housing (12 units). This measure will also safeguard town centre accessibility in light of projected population increases.

As a result of the project costs outlined above, Newton Abbot requested **£13,340,559** from the Future High Streets Fund.

### Summary of Bid Offer

MHCLG's FHSF offer to Newton Abbot is **£4,109,195** less than the September clarifications request. In order to address this shortfall, Newton Abbot is able to make changes to its proposal. Changes to the proposal include the scaling back or elimination of some or all projects, or alternatively to make up some or all of the shortfall through new public and/or private co-funding.

Deliverability is the key criteria by which a decision is made about how to scale back and/or eliminate projects from a bid. The revised proposal also needs to consider the Benefit to

Cost Ratio (BCR) because the scaling back or elimination of projects will reduce the benefits as a result.

The table below outlines four options that could meet MHCLG's provisional offer.

Option description	Impact on cost	Impact on Benefit to Cost Ratio	Summary
(1) Original proposal but with removal of Cricketfield Car Park and review of other proposals <b>(Suggested)</b>	Cost reduction fully in line with requirement from MHCLG.  Removal of Cricketfield (£5,027,010) leaves £917,815 from MHCLG's revised bid offer.	Discounted benefits would reduce because of the reduction in area-based property uplift. Also, there would be loss of direct property uplift related to the redevelopment of the Cattle Market site (12 units).  <b>Initial modelling suggests that BCR remains healthy and above 2:1 MHCLG benchmark</b>	Enables Newton Abbot to deliver key schemes around the market square and minimises the loss of accessibility from reduced car parking through sustainable transport measures. Maximises grant allocation for Newton Abbot.
(2) Original proposal but with loss of cinema scheme	Cost reduction in-line with MHCLG would be attainable (just).	Some loss of direct land value uplift and significant reduction in footfall and wider land value uplift.  <b>Initial modelling suggests that BCR above MHCLG benchmark of 2:1 would be difficult to achieve.</b>	This proposal loses the regenerative impact that a comprehensive redevelopment of the market square area.
(3) Proportionate Scaling back of all projects	Difficult to achieve required cost savings without large impact on flagship schemes.	Difficult to assess how benefits would be affected but <b>initial modelling suggests that BCR above MHCLG benchmark of 2:1 would be difficult to achieve.</b>	This proposal offers the worst of all worlds. Given the time available, it would also be difficult and expensive to reconfigure.

### Recommendation

Hatch recommend that Option 1 is chosen. This is because:

- The required cost savings are achievable

- A strong BCR is attainable despite the regrettable loss of the Cricketfield Car Park scheme
- The remaining projects are able to demonstrate an impact across the Town Centre
- The Cricketfield Car Park scheme could be reactivated at a later date when alternative funds become available.
- Provides an opportunity to audit original costs and revenue assumptions and make adjustments for post COVID-19 conditions to ensure ongoing deliverability and financial sustainability.

APPENDIX