

Mid Devon Local Plan Review: Examination

Hearing Statement: Matter Policy J27, Issue 6

This statement should be read in conjunction with the representations¹ made by GL Hearn on behalf of Friends Life Ltd (c/o Aviva Investors Global Services Ltd) (herein FLL) and seeks to complement and expand on those representations as necessary to assist the Inspector in determining the extent to which the Mid Devon Local Plan Review (MDLPR) meets the appropriate tests of legal compliance and soundness.

6. IF THERE IS A NEED FOR THE SCALE OF TOURIST AND LEISURE ELEMENTS PROPOSED, WHY IS THE OSV NECESSARY?

6.1. This statement should be read in conjunction with the Statement of Common Ground (SoCG) prepared by MDDC, FLL and Eden in relation to Issues 1, 5, 6, and 7 (August 2017); and FLL's hearing statements for Issues 1, 5 and 7. We would also draw the Inspector's attention to the following:

- The notion of 'need' when planning for tourism-related development is described within the aforementioned responses to Issue 1 and is not re-addressed here. It is, however, important to acknowledge that tourism extends beyond the narrow definition contained within the NPPF; indeed the Government recognises that tourism is a dynamic and rapidly evolving sector and therefore to ensure that opportunities to promote growth and innovation are not lost the regulatory framework (in all senses) should be kept under review to allow common-sense to prevail when promoting sectoral growth.
- The Financial Viability Report (August 2016) appended to the aforementioned SoCG and included within FLL's response to Issue 7 (Appendix 7A) makes clear that the wider allocation scheme is unviable without the OSV. This position has also been reaffirmed by the independent review of the Report undertaken by Savills on behalf of Mid Devon District Council.
- This statement should be read in the context of FLL's response to Issue 5 where it is demonstrated that the OSV forms an important component of the multi-faceted destination that is envisaged at Junction 27, and that there is a clear synergy between the OSV and the tourism and leisure elements. In this respect, the synergy between the leisure elements and the OSV at Junction 27 not only presents individuals with an opportunity to span a number of activities during a single visit, but also for individuals within visitor parties to divide across preferred activities. This notion is clearly reflected within the opportunities identified by the Mid Devon Tourism Study 2014 (MDTS), as described in the SoCG.

6.2. The market for tourist attractions in the UK is predominantly non-commercial. A large proportion operates with subsidy from the public sector, predominantly from local authorities and the Department of Culture, Media and Sport (DCMS) via Arts Council England (ACE). Most new visitor attractions are developed with assistance of capital funding from sources such as the national lottery (mainly via the Heritage Lottery Fund) and the European Regional Development Fund (ERDF).

¹ Representations to Mid Devon District Council's Consultation on its Proposed Submission Local Plan (February 2015) on Behalf Of The Eden Westwood Partnership (April 2015); and Representations to The Mid Devon Local Plan Review Proposed Submission (Incorporating Proposed Modifications) January 2017 on Behalf Of Friends Life Limited (C/O Aviva Investors Global Services Limited) (February 2017)

Many smaller attractions survive only because they are run by volunteers. It is rare for new attractions to be built on a purely commercial basis. This can be seen by looking at the list of the top visitor attractions in England (Figure 1), as collated by Visit England. Only those shaded operate in a predominantly commercial manner². The Eden Project is alone in being a new structure. The market is also distorted by the fact that admission to so many attractions is free as a result of government policy.

Figure 1: Top Visitor Attractions in England³

RANK	Most visited PAID attractions		Most visited FREE attractions	
	Name of attraction	Visitors 2016	Name of attraction	Visitors 2016 (E) = Estimate
1	Tower of London	2,741,126	British Museum	6,420,395
2	Chester Zoo	1,898,059	National Gallery	6,262,839
3	Royal Botanic Gardens, Kew Gardens	1,828,956	Tate Modern	5,839,197
4	Flamingo Land Theme Park and Zoo	1,610,556	Brighton Pier	4,650,000 (E)
5	Windermere Lake Cruises, Bowness	1,557,423	Natural History Museum	4,624,113 (E)
6	St Paul's Cathedral	1,519,018	Somerset House	3,443,220
7	Stonehenge	1,381,855	Science Museum	3,245,750
8	Royal Academy of Arts	1,285,595	Victoria and Albert Museum	3,022,086
9	ZSL London Zoo	1,211,279	National Portrait Gallery	1,949,330
10	Westminster Abbey	1,202,000 (E)	British Library	1,496,685
11	RHS Garden Wisley	1,135,976	MAC Birmingham	1,130,030
12	Roman Baths	1,093,856	Serpentine Gallery	1,111,015
13	Drayton Manor Theme Park	1,054,102 (E)	Tate Britain	1,081,542
14	Colchester Zoo	1,017,023	Imperial War Museum London	1,011,172
15	Eden Project	1,000,363	Greenwich Visitor Centre	936,013 (E)
16	Pleasure Beach, Great Yarmouth	1,000,000	Ashmolean Museum	910,419
17	Houses of Parliament	990,014	Museum of London	856,559
18	Shakespeare's Globe	938,432	Merseyside Maritime Museum	840,675
19	Canterbury Cathedral	903,319 (E)	The Ice Cream Farm	821,462
20	Hampton Court Palace	903,270	Museum of Liverpool	802,722

- 6.3. There are some major attractions which are commercial and not on the list⁴. These are mainly theme parks and other attractions operated, predominantly in tourist hot spots in London, by Merlin Entertainments, which is the second largest operator of visitor attractions world-wide and the only company that operates a large number of attractions in the UK. Their attractions include Alton Towers, Thorpe Park, Chessington World of Adventures, Legoland, London Eye, Madame Tussauds, London Dungeon and Sea Life Centre aquaria.

² Source: Colliers International

³ Visits to Visitor Attractions Survey, Enjoy England

⁴ Because the owners do not disclose their visitor numbers to Visit England.

- 6.4. Amusement parks⁵ is the one element of the attractions sector that is commercial. It is not one that is expanding in terms of opening new sites in the UK, however. Substantial investment has been taking place, but only in existing operations. The last major amusement park to open was Legoland, almost 20 years ago. The last new dedicated amusement park of any size that we are aware of is Gulliver's Land in Milton Keynes, which is aimed at young children. It opened in 1999.

Figure 2: Age of significant amusement parks in the UK (Source: Colliers International)

<i>Park</i>	<i>Opening year</i>	<i>Years of Operation</i>
Gulliver's Land	1999	16
Legoland Windsor	1996	19
Fantasy Island	1995	20
Gulliver's World	1989	26
Chessington World of Adventures	1987	28
Oakwood Theme Park	1987	28
Paultons Park	1983	32
Alton Towers	1980	35
Thorpe Park	1979	36
Gulliver's Kingdom	1978	37
Flambards Experience	1976	39
Flamingo Land	1959	56
Drayton Manor	1949	66
Blackpool Pleasure Beach	1896	119

- 6.5. Many amusement parks have, by contrast, closed in recent times, as Figure 3 shows. The rate of closure has accelerated since the end of the last century. Flambards in Cornwall and Fantasy Island in Skegness, for example, have both gone into administration within the past two years. This trend emphasises the need for any proposed tourism/leisure attraction to be multi-dimensional and to be established on a strong financial footing.

Figure 3: Significant amusement parks that are now defunct (Source: Colliers International)

<i>Park</i>	<i>Location</i>	<i>Year of Opening</i>	<i>Year of Closure</i>
Camelot Theme Park	Lancashire	1983	2012
Loudoun Castle	Ayrshire	1995	2010
Pleasure Island	Liverpool	1993	2008
The American Adventure Theme Park	Derbyshire	1987	2007
Brocklands Adventure Park	Cornwall	1977	2007
Ocean Beach	Rhyl	1954	2007
Dobwalls Adventure Park	Cornwall	1970	2006
Dreamland	Margate	1920	2006
Killarney Springs	Cornwall	1990	2006
Once Upon a Time	Devon		2005
Frontierland	Morecambe	1909	2000
Bobbyland	Somerset	1993	1999
Granada Studios Tour	Manchester	1988	1999
Tucktonia	Dorset	1976	1986
Belle Vue Zoological Gardens	Manchester	1836	1980

⁵ Most modern amusement parks have strong theming and are now more commonly called theme parks than amusement parks. The term "theme park" also implies that there is a pay barrier and a single admission charge rather than free entry and payment for individual rides. Most amusement parks operate that way now.

- 6.6. The Eden Project in St Austell is an example of where a large scale, bespoke tourism attraction was only realised through an injection of public funding. As set out in Appendix 1a of our Hearing Statement for Issue 1, c. 80% of the funding for the St Austell Eden Project was made available through a combination of regional development, European and Millennium Commission funding. In the current economic and political climate, it is unlikely the same level of public subsidy will be available and the promoters are also mindful of the need to demonstrate using a proportionate evidence base that the allocation proposals are deliverable.
- 6.7. In developing its emerging proposals FLL has engaged with Colliers International Destination Consulting, a specialist consulting team within Colliers International (herein Colliers). Colliers work with the owners, managers and developers of destinations ranging from cities and mixed-use developments through to artistic and cultural attractions, leisure parks, resorts, and event and sport venues. Colliers is the market leader on feasibility advice for the newly evolving sector of surf parks and has been instructed to carry out market and financial feasibility work⁶ on fourteen potential surf park projects across the UK, Europe and further afield, including Surf Snowdonia (the world's first Wavegarden lagoon, opened 2015), Bristol, Edinburgh, London, Barcelona, Madrid, South Carolina, Hamburg, Munich, Tokyo (for 2020 Olympics) and Singapore.
- 6.8. The surf lagoon will not require the same level of subsidy as the agronomy visitor centre, but also cannot be built on a purely commercial basis. Surf Snowdonia⁷ was the first artificial surfing lake to be delivered in the UK and its delivery was supported by grants of c.£2 million from Welsh Government⁸. The surf lagoon also provides the anchor for commercial activities like visitor accommodation and food and beverage which cross-subsidise the lagoon, as would be the case at Junction 27. Typically the surf parks are planned as a single business, operated commercially, with admissions to surfing (bought by the hour), a surf school, shop, café/bar and lodge/camping style accommodation. This product mix is required to both satisfy visitor needs and expectations and also generate a mixed line of revenue that is sufficient to cover the annual operating costs.
- 6.9. In Colliers' expert opinion, the surf park as listed in the allocation policy will need the critical mass of the wider scheme to provide the sufficient visitor pull to provide the market awareness and visitor attraction. The surf park can act as a differentiator to the wider scheme - it will be a very special spectacle and experience. It will need the benefit of the wider infrastructure investment at Junction 27 providing a serviceable development plot with utilities and car parking. Successful delivery and long term viability of the surf park would include some financial support from the wider project, but more crucially, it requires the co-location to provide sufficient market profile and attraction.
- 6.10. In addition to the financial cross-subsidy arising from the OSV proposal, the OSV will also act as a visitor attraction which in turns benefits the other tourism and leisure proposals at Junction 27. Most successful tourist and day trips comprise a series of activities. Visit England, Visit Scotland and Visit Wales recognised this when commissioning TNS to produce the Valuing Activities Report⁹ in 2015. As part of quantifying the trip spending both directly and indirectly associated with particular day out activities, TNS reviewed responses to the GB Day Visitor Survey¹⁰ and identified that the typical day visit involves 3.8 distinct activities. For those whose day visits included watersports, the average day visit included 4.8 activities, while those visiting museums or art galleries, the average day visit included 5.0 activities. This suggests that in order to achieve the objectives underlying the proposed allocation, more will be required than just the outdoor and exhibition activities.

⁶ Colliers has led on the detailed business planning of these parks and is party to the requisite commercially sensitive information. The detail of the information is private to the clients and so cannot be shared but Colliers is able to draw upon its experience to provide expert advice.

⁷ Application reference

⁸ <http://gov.wales/newsroom/tourism/2015/150731-surf-snowdonia/?lang=en>

⁹ Valuing Activities Final Report, TNS (2015), page 19

¹⁰ The GB Day Visitor Statistics 2014, TNS (2014)

- 6.11. Not every visitor will be attracted to the outdoor activities and not every visitor will be attracted by the Eden Ark. Many will be at the site because members of their party are interested in these activities which appeal to a varied audience. In the Valuing Activities¹¹ report, TNS states that 86% of respondents identified that the opportunity for ‘special shopping’¹² (for items not regularly bought) was either the sole reason, very important or fairly important in the decision to make a day visit. With many brands which are not typically found on high streets (e.g. Calvin Klein, Michael Kors, Joseph, Tommy Hilfiger, Polo Ralph Lauren, Radley, Vans), the proposed outlet shopping village will therefore provide a special shopping role which will appeal to those accompanying active leisure participants to the site, in addition to those attracted specifically to shop.
- 6.12. From shopper surveys and reported footfall counts, FSP estimates that 12% of the UK population are regular (at least once a year) outlet shoppers. This is a relatively small portion of the ‘shopping population’ (the ONS identifies shopping as the 4th most popular activity undertaken in free time by 71% of adults in England¹³) but with special shopping generating the highest level of attributable spend on visits¹⁴, the outlet shopping village will make an important contribution to the viability of the Junction 27 development.
- 6.13. Outlet centre rental income is based upon the turnover of each occupier, rather than a fixed level of rent as is the case with the majority of UK town centres and shopping malls. The commercial risk of a new store not performing as expected is shared between the occupier and the landlord at an outlet centre whereas the occupier assumes the majority of risk at a conventional shopping mall. As a result, the outlet model has proven to be more profitable than other retail formats and capable of adaptation to a wide variety of challenging locations. This has enabled the construction of outlet centres at a variety of different location types and the format has financially underpinned a number of mixed use commercial regeneration projects. Notable examples include Gunwharf Quays in Portsmouth (redundant Naval dockyard, HMS Vernon), Dalton Park (former Murton Colliery spoil heap) and Swindon Designer Outlet (former Great Western Railway carriage works).
- 6.14. The NPPF, paragraph 154, makes clear that Local Plans should be “aspirational but realistic. Therefore, having regard to the above, in response to the Inspector’s question ‘Why is the OSV necessary?’ FLL draws the following conclusions:
- The OSV forms a component of the multi-faceted offer that has been developed in order to deliver the type of attraction that is being sought. The OSV is therefore a necessary component of the wider strategic objective to deliver a major tourist attraction that has a critical mass of things to do and stop for; and
 - The OSV is necessary to assist in the delivery (in financial viability terms) of the allocation in the plan period.

¹¹ Valuing Activities Final Report, TNS (2015), page 13

¹² Defined by Visit Britain as “Shopping for items you do not regularly buy”

¹³ Social trends: Lifestyles and social participation, The Office for National Statistics (2011)

¹⁴ Valuing Activities Final Report, TNS (2015), page 26

