

HD22 Response: Further Statement on Gungate Retail Redevelopment Scheme

Background

Following the hearing sessions for the Local Plan regarding Retail the Inspector asked for further information on the 'Gungate' retail redevelopment scheme (HD22):

The Gungate redevelopment for retail and other uses is clearly a critical scheme for the future of not only the town centre but the Borough as a whole. The Inspector needs to be satisfied that the Local Plan, and in particular policy EC2, is effective in relation to this scheme, in the short to medium term. The Inspector therefore requests a Statement to address whether the scheme has a high a likelihood of delivery within the next five years, including the following key aspects:

- (i) An expression of intent, and any indication of scheme deliverability.
- (ii) An assessment of the real or perceived barriers to implementation, and how these barriers will be overcome.
- (iii) The identification of a timeline indicating the principal milestones for project delivery.

The Council has worked with WYG – planning consultant for Henry Boot, in preparing this further statement.

The answers to the three questions the Inspector set can be found in statement prepared by WYG: appendix A and B.

Retailing Context

At the hearing sessions reference was made to the history of the Gungate scheme, the history of the development of the out of centre retail parks, in particular the Secretary of State decisions on the appeals for the "John Lewis" and "B&Q" sites, and the 2001-2011 Local Plan examination. The Council considers that it is helpful to set out the background to these and the wider context of Tamworth's retail market.

Land adjacent to Tamworth Herald ("John Lewis site") and Cardinal Point ("B&Q" site)

In January 2002 an application was submitted by Aucott for DIY/bulky goods (7060sqm) on land adjacent to the Tamworth Herald.

In May 2002 an application was submitted by Redbourn Group Plc for a mixed use development comprising Class A1 bulky non-food retail warehousing (7432sqm) and associated garden centre (1858sqm) and builders yard (1393sqm), Class B1 office, Class B2 general industrial and Class B8 distribution uses.

Both applications were refused in March 2004 for the following reasons:

- Not in accordance with PPG6, Structure Plan and adopted and revised deposit Local Plan 2001-2011.
- Failure to demonstrate that development could take place without serious harm to the highway network and in a sustainable manner, contrary to the Structure Plan and the revised draft Local Plan.

Appeals were lodged by both applicants and a joint Section 78 appeal inquiry was held over April and May 2005. The Inspector appointed to examine the Tamworth Local Plan 2001-2011 also assisted the Section 78 Inspector.

In March 2006 the Secretary of State allowed both appeals on the basis that there was quantitative and qualitative need for the proposals and lack of available sequentially preferable sites.

The most recent store opening on the land adjacent to the Tamworth Herald was the John Lewis 'Home' in October 2011. The first of the units at the Cardinal Point site (B and Q) opened in November 2011.

2001-2011 Local Plan and the "Gungate" site

The 2001-2011 Tamworth Local Plan was examined between January and May 2005. In the submitted document the Gungate Precinct was allocated for a minimum of 4000sqm of convenience and or comparison retail floorspace. Land adjacent to the Tamworth Herald and the Cardinal Point sites were allocated for employment uses.

The Local Plan inspector's report was issued in August 2005. He agreed with the Section 78 inspector that there was a significant need for additional comparison goods floorspace, as well as existing commitments, which could not be met by the Gungate redevelopment and that there were no sequentially preferable sites available within a reasonable timescale (by 2009) that were viable and suitable. The Local Plan inspector supported the Section 78 inspector who considered that the DIY/bulky goods nature of the applications would not harm the vitality and viability of the town centre because their intended use put them in a different market sector to the Gungate redevelopment. It was considered unlikely that DIY/bulky goods would anchor a town centre scheme of the type proposed at Gungate and as there was no dedicated DIY offer in the town centre, the proposed out of centre operations would mainly draw from other out of centre operations and not from the town centre. He recommended the allocation of the land adjacent to the Tamworth Herald. The Council resolved to reject this recommendation.

In December 2008 an application was submitted for redevelopment of the Gungate Precinct and adjacent land for 20660sqm of A1 retail floorspace. In October 2009 The Council's Planning Committee resolved to grant outline planning permission for redevelopment of the Gungate Precinct and adjacent land. The application was referred to the Secretary of State who decided not to intervene and Planning permission was granted in July 2010.

In July 2010 the last of the shops shut and in October 2010 the precinct was demolished. In May 2013 an application was submitted by Henry Boot to extend the time limit for implementing the Gungate Precinct redevelopment scheme which was granted in July 2013.

Commentary

It is worthwhile noting that both the Inspectors (Local Plan and Section 78) and the Secretary of State were considering proposals at the two appeal sites for "Bulky Goods" retailing when they came to their conclusions.

Furthermore during the Local Plan examination and the section 78 appeals, the Gungate scheme was considered to be partially advanced with a developer who owned only part of the land allocated in the draft Local Plan. The assembly of the rest of the site was still required and a planning application was not yet submitted at that point in time.

The Section 78 inspector noted that delivery of Gungate in a short time period would be difficult and determined the 2 greenfield sites could deliver quicker. The proposal and focus of the Inspector was that these proposals were for bulky goods, more specifically the consideration was for DIY stores.

"With what is known today, the appeal proposals for DIY and furniture uses are most unlikely to delay the Gungate project moving forward as fast as the necessary processes will allow" (para 280 of Section 78 Appeal Inspector report)

"I find this sensible and pragmatic as the only likelihood of conflict would arise if the appeal schemes and the Gungate project were seeking to address the same market deficiency. As said, I am certain that DIY uses and/or the proposed MFI would not represent a potential anchor for Gungate in a primary retail area and with the

anticipated scale of development there is no likelihood of both a convenience and bulky goods stores being accommodated". (para 281 of Section 78 Appeal Inspector report)

The Secretary of State (SoS) in the appeal decision only admits to being convinced that there was adequate expenditure to show need for additional DIY and furniture floorspace. Whether or not it was the intention of the Inspector and SoS to limit the range of goods that could be sold to DIY and associated garden products and furniture together with ancillary uses, or to a range of bulky goods, the phrasing of Condition 14 on the permission issued referring to the retail sale of non food goods, effectively granted an open A1 non-food goods planning permission.

It is also worth noting the change in the wider retail market. Originally the majority of stores located at the out of centre retail parks were for bulky goods and DIY products. The minimum size of unit was required to ensure that only those users which needed to large footprints and could not be accommodated in the town centre as noted in the 1991-2001 Tamworth Local Plan:

"There have been significant changes in the retailing scene nationally with new forms of retailing becoming increasingly popular with developers and shoppers alike...edge of centre developments comprising large spacious stores...with ample free car parking...In Tamworth these trends give rise to pressures to allow major retail developments at the proposed Bitterscote Employment Area [now Ventura Park]"

"the minimum unit size of 930sq.m. or greater is intended to ensure that the Bitterscote development is limited to stores which could not readily be accommodated within the Town Centre and which will, therefore, complement rather than compete with existing and future Town Centre stores"

However, retailing has changed significantly over the last 30 years and quite rapidly in the last five. For a long time, the only fashion retailer was Next, with Marks and Spencer opening in 2005, however since 2010 four further 'high street' fashion retail stores have opened at the out of centre park (Outfit, New Look, River Island and H&M).

The following sections set out the Council's response to the Inspector's concerns regarding the Gungate Redevelopment scheme:

i) An expression of intent, and any indication of scheme deliverability

The Council has worked with WYG, representing Henry Boot, in answering this question and their statement is included in Appendix A which the Council supports.

The Council has worked closely with Henry Boot over the last six years, particularly during the times where detailed negotiations were taking place with a potential anchor tenant. Henry Boot, after assembling the land received planning permission in 2010 and quickly took steps to clear the site ready for development which demonstrates a clear investment in the site in addition to the cost of purchase. It is clear that the wider UK economic conditions and consents granted by the SoS to other sites in Tamworth have hindered the ability for the Gungate site to come forward quicker. It should be noted that it took nearly 10 years from making a planning application to bring forward the greenfield out of centre development that John Lewis finally occupied in more favourable economic conditions. It is clear from local evidence that large retail developments do take time to bring forward.

Henry Boot have provided a clear expression of intent and there is no reason to doubt that the scheme is deliverable. There are no significant infrastructure requirements to enable the scheme to progress.

The Council remains committed to working with Henry Boot to bringing development on the site forward and using any powers we have to assist this as appropriate.

ii) An assessment of the real or perceived barriers to implementation, and how these barriers will be overcome.

Again, the Council has worked with WYG, representing Henry Boot and their statement is appended in Appendix A which the Council supports.

There is no required off-site infrastructure. The S106 agreement did require a contribution to the improvement works at Sainsbury's and Jolly Sailor islands but these works have now been implemented and therefore it is likely there would no requirement to provide a contribution to these schemes.

It is worth noting that unimplemented permissions at the out of centre retail parks for additional floorspace (mezzanines at Cardinal Point 2,174sqm, Homebase 1,423sqm, John Lewis 2,405sqm and Blacks 560sqm) totalling 6,562sqm still remain.

iii) The identification of a timeline indicating the principal milestones for project delivery.

WYG have provide a timeline from Henry Boot in Appendix B

The Council has committed in the Local Plan to monitoring and reviewing the retail requirement by 2021.

Summary

The NPPF sets out a town centre first approach and the policies in the submitted Local Plan re-affirm this approach

Policy EC1 defines a hierarchy for where development involving main town centre uses (for example A1 (retail), B1(a) (office) and leisure) should be located. It presents a town centre first approach, followed by local and then neighbourhood centres. As such, all of the available capacity for retail floorspace should be met as far as possible within Tamworth town centre in order to deliver the key spatial objective of regenerating and focussing investment within the town centre.

The Gungate scheme is a committed site delivering 20,660sqm of retail floorspace. The Council considers that Policy EC2 is effective in relation to this scheme. The policy supports the town centre first approach that will give confidence to investors and retailers that will assist the delivery of the scheme. The proposals for improved connectivity, which are already in the process of being implemented will increase footfall into the town centre and support the delivery of the scheme.

The policies in the plan provide flexibility as they allow proposals for town centre uses to come forward in non town centre locations provided that following the completion of the relevant assessments it can be demonstrated that the wider economic benefits outweigh any detriment to the town centre.

Appendix A



Request for Further Statement – Gungate Retail Redevelopment Scheme

On behalf of our client, Henry Boot Developments Limited, we respond below to the Request for Further Statement issued by the Inspector in respect of the Tamworth Local Plan Examination, with specific regard to the Gungate Retail Redevelopment Scheme. We address each of the key matters raised by the Inspector in turn below.

(i) An expression of intent, and any indication of scheme deliverability

The Gungate site was bought by Henry Boot Developments Limited before the recession with the intention of developing a major new town centre scheme in Tamworth, anchored by a major department store and providing the type of big floorplate units that the existing retail provision in Tamworth town centre does not currently cater for.

Unfortunately, the 2008 recession had a significant impact on retailers' requirements (not least in Tamworth), with the major department stores becoming very circumspect in respect of their acquisition programme. In this regard, small to medium towns were hit hardest and numerous development schemes across the country 'stalled'. As a consequence of the wider economic conditions and the grant of planning permission for additional out of centre retail floorspace in Tamworth, agreement could not be reached with any department store operator to anchor the proposed Gungate development. The presence of a department store was particularly advantageous in a challenging market in order to help attract other retailers.

Despite this setback, Henry Boot managed to secure the interest of a major anchor tenant and was in detailed negotiations for almost two years. However, that retailer also decided to cease its openings programme and its inclusion in the scheme could not be secured.

At the same time, Ventura Retail Park (and other out of centre destinations), continued to expand to provide the type of 'large floorplate' accommodation that was proposed on the Gungate site and, as a result, any retailer demand that did exist was met out of town. This was very much to the detriment of the town centre, and in particular, the Gungate site.

As a result of the above combined factors, there has as yet been insufficient interest to progress a reserved matters application, and the continued expansion of Tamworth's retail parks only serves to exacerbate issues of retailer demand.

However, more recently Henry Boot has witnessed an upturn in the retail market, as is evidenced by other comparable town centre retail schemes which are currently in the process of being delivered, such as Stafford and Northwich. In accordance with the clear signs that the market is improving, with retailer demand increasing, Henry Boot is confident that the Gungate scheme can be delivered in the short-term.

Henry Boot has already invested a very substantial sum in acquiring and clearing the site for development and is committed to ensuring that development progresses at the very earliest opportunity. A high profile and sustained marketing campaign is currently being prepared to hit the market in September 2015 when the holiday season is over. A brochure and marketing strategy is currently being prepared by Henry Boot's appointed letting agents, retail specialists Cheetham & Mortimer. Henry Boot intends to progress the



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development in response to the interest generated by this exercise in order to bring forward a viable scheme in the near future. It is the intention to deliver the scheme within the next five years.

Given Henry Boot's considerable investment in the site, it is vital that a predominantly A1 retail scheme is progressed on the site in order to ensure its viability.

Assuming that the marketing campaign targeted for September is successful, and contracts can be exchanged with occupiers before the end of the year, or early in to 2016, then Henry Boot intends to make a start on site during quarter 4 of 2016 or quarter 1 of 2017.

(ii) An assessment of the real or perceived barriers to implementation and how these barriers will be overcome

The main barriers which to date have prevented the implementation of the Gungate scheme are set out below.

Insufficient occupier demand

As we have explained in relation to matter (i), Henry Boot has encountered a series of barriers with regard to occupier demand. Most notably:

- The impact of the recession in reducing retailer requirements for floorspace in Tamworth (and elsewhere nationally);
- The reduction in the acquisition programme of major department stores, and the knock-on effect in attracting other retailers;
- The withdrawal of interest of a major anchor tenant following two years of negotiations; and
- The expansion of Ventura Retail Park (and other out of centre destinations) meeting operator demands in out-of-centre locations, thus further hindering this planned investment into Tamworth town centre.

The combination of the above issues has meant that as yet there has been insufficient operator demand to implement the scheme.

Although the implementation of the Gungate scheme has not been realised as quickly as was expected when Henry Boot purchased the site prior to the 2008 recession, there are clear signs that the market has improved significantly. In response, and in order to overcome previous issues with operator demand, Henry Boot is launching a marketing campaign in September 2015 with the aim of capitalising on this improving operator demand. Henry Boot intends to progress an appropriate scheme in response to the interest generated by this exercise in order to bring forward a viable development in the near future. Whilst it is intended that the implemented scheme will continue to provide a very substantial quantum of retail floorspace (in line with the outline planning permission), in order to ensure a viable scheme is delivered at the earliest opportunity, Henry Boot will also consider any interest expressed for alternative uses, particularly where this can be provided above the planned retail development.

Growth of Ventura Retail Park

The expansion of Ventura Retail Park has served to exacerbate the issues experienced by Henry Boot in relation to operator demand. Through the expansion of Ventura Retail Park, the type of large floorplate



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accommodation which is proposed at Gungate has been delivered at this out-of-centre location. This has led to any operator demand which has existed in recent years being satisfied at Ventura Retail Park, which has subsequently hindered progress in securing tenants to deliver a viable scheme at Gungate.

Henry Boot supports Draft Policy EC1 of the Local Plan which advocates a 'town centre first approach' and seeks to ensure that any proposals for out-of-centre development consider the impact on the Gungate redevelopment scheme. Henry Boot is in agreement that priority should be given to the delivery of the Gungate scheme to ensure that the benefits which the scheme will bring to the town centre are realised and that the scheme is not prejudiced by further out-of-centre development. The Local Plan's prioritisation of the Gungate scheme will assist in overcoming this barrier to the implementation of Gungate in the future.

A firm policy stance in this regard will ensure that comparison goods retailers seeking floorspace in Tamworth are accommodated in town centre locations, which will assist the regeneration of Tamworth and will be to the very clear benefit of the town centre as a whole.

(iii) The identification of a timeline indicating the principal milestones for project delivery

Please see the attached project programme which provides the principal milestones for project delivery.

Appendix B – Timeline indicating principal milestones for delivery

Task Name	2006				2007				2008				2009				2010				2011				2012				2013				2014				2015				2016				2017				2018															
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4																				
Tamworth																																	Tamworth																															
Site acquisition	■ Site acquisition																																																															
Submission of original planning app (0557/2008)									■ Submission of original planning app (0557/2008)																																																							
Members resolution to grant planning permission													■ Members resolution to grant planning permission																																																			
S106 signed and planning granted (0557/2008)																	■ S106 signed and planning granted (0557/2008)																																															
Demolition of former gungate presinct																	■ Demolition of former gungate presinct																																															
Discussions with key anchor tenant																	■ Discussions with key anchor tenant																																															
Submission of outline planning application (0178 / 2013) to extend date for implementation																					■ Submission of outline planning application (0178 / 2013) to extend date for implementation																																											
Members resolution to grant planning permission (0178 / 2013)																									■ Members resolution to grant planning permission (0178 / 2013)																																							
S106 signed and planning permission (0178 / 2013) granted																													■ S106 signed and planning permission (0178 / 2013) granted																																			
New marketing campaign launched																													■ New marketing campaign launched																																			
Exchange of contracts with key tenants																																	■ Exchange of contracts with key tenants																															
Submission of planning application																																	■ Submission of planning application																															
Determination of planning application																																	■ Determination of planning application																															
Discharge of planning conditions																																	■ Discharge of planning conditions																															
Award contracts																																	■ Award contracts																															
Start on site																																	■ Start on site																															