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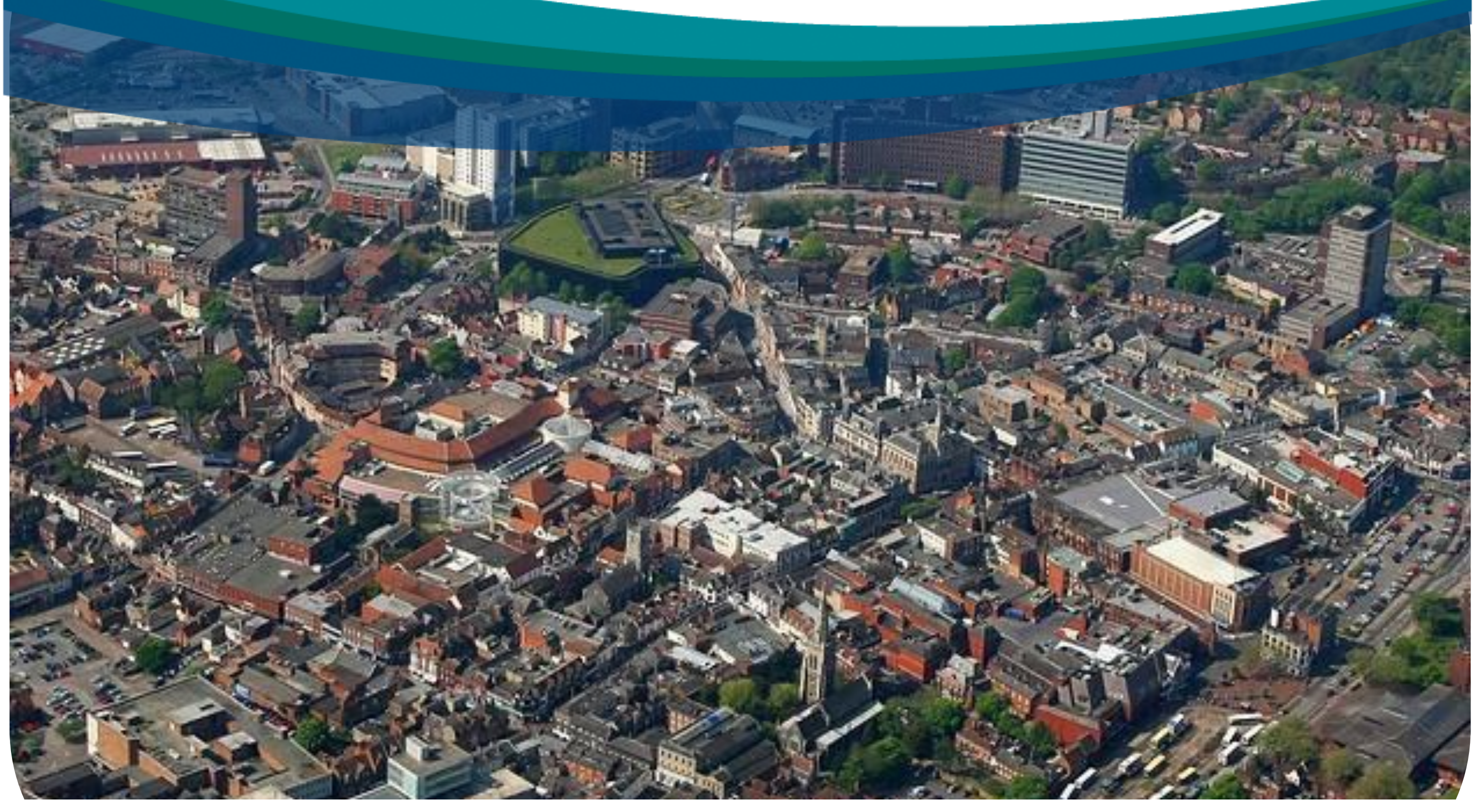

Appraisal of Ipswich Town Centre Opportunity Areas

Prepared on behalf of
Ipswich Borough Council
August 2013

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1 Introduction

1.1 PURPOSE OF REPORT

DTZ have been appointed by Ipswich Borough Council (IBC) to undertake an assessment of the opportunity areas in Ipswich town centre as identified in the Town Centre Masterplan, namely Tower Ramparts, Cox Lane, the Merchant Quarter, Westgate and in addition to consider the Waterfront area. The study is to focus on the deliverability of bringing sites forward, recommending a strategy and timescale for delivery. The study will identify opportunities suitable for each area and propose a strategy for delivery, addressing the three tests of the NPPF and Planning for Town Centres: Practice Guidance on need, impact and the sequential test (2009) – availability, suitability and viability.

1.2 REPORT STRUCTURE

The remainder of this report is set out as follows:

- Key Policy and Master Plan Objectives
- National Market Context
- Ipswich Town Centre
- Development Pipeline
- SWOT Analysis
- Opportunity Area Analysis
- Local Authority Delivery Mechanisms
- Conclusions

2 Key Policy and Master Plan Objectives

2.1 KEY DOCUMENTS

There are a number of key documents that define current planning policy, evidence base studies and show the Council's aspirations for the town centre. These comprise:

- The National Planning Policy Framework (NPPF, 2012) and PPS4 Practice Guidance on Need, Impact and the Sequential Approach (2009)
- Core Strategy and Policies Development Plan Document (DPD) (2011)
- Town Centre Master Plan (2012)
- Retail and Commercial Leisure Study (2010)
- IP-One Area Action Plan Preferred Options (2007)
- Site Allocations and Policies DPD Preferred Options (2007)
- Adopted Local Plan Proposal Map (1997)

2.2 SUMMARY OF KEY POLICY OBJECTIVES

The key implications of each of these documents are set out below.

The NPPF and Practice Guidance

In relation to town centres, the NPPF:

- Places emphasis on a "plan-led" system.
- Requires local planning authorities to allocate a range of suitable sites to meet the development needed in town centres, taking into account the need for flexibility on format and scale.
- Retains the sequential test for town centre uses.

The Practice Guidance provides further detail in relation to the sequential test to assist in demonstrating whether sites are practical alternatives in terms of their availability, viability and suitability. The implications of these terms can be summarised as follows:

Availability
- If the site is available for development or likely to become available in a reasonable time period
- Are there any key pre-conditions to bringing forward the site?

Viability
- Whether there is a reasonable prospect that development will occur on the site at a particular point in time, taking into account market, cost and delivery factors.

Suitability
- Are the sites suitable to accommodate the need or demand which the proposal is intended to meet – policy restrictions, physical problems, and potential impacts environmental conditions?

The above guidance is used later in this report as a tool to assist in the assessment of the opportunity sites in Ipswich town centre.

Core Strategy and Policies DPD:

The Core Strategy and Policies DPD was adopted in 2011 and sets out the approach to new development within Ipswich to 2027. The main objectives that relate to the town centre are to:

- Support town centre vitality and viability by promoting appropriate development in the central shopping area (CSA)
- Propose (through the IP-One AAP) the extension of the CSA to include Westgate and land south of Crown Street and Old Foundry Road
- To enable the delivery of at least additional 35,000 square metres net (sqm) retail floor space

Town Centre Master Plan:

The Town Centre Master Plan is a 15 year plan for the enhancement of the town centre. It complements the Core Strategy and Policies DPD and although not a statutory policy document is a material consideration in determining planning applications. The main overarching objectives of the Master Plan are:

- Proposes an additional 40,000 sqm of retail floor space between :
  - Waterfront and the town centre (Merchant Quarter)
  - Northwards extension of Tower Ramparts
  - Tacket Street car park, west of Cox Lane
- Residential led mixed use development on Cox Lane(former Mint Quarter site)
- Multi Storey Car Parks (MSCPs) at Tacket Street ,Merchant Quarter west end, Waterfront and Crown car park
- Aim to strengthen North South axis
- Improvements to transport and connectivity
- Westgate Centre scheme is protected as an edge of town centre site, in light of the planning commitment already given

Retail and Commercial Leisure Study:

The Retail and Commercial Leisure study for Ipswich was undertaken by Strategic Perspectives in October 2010, the key findings and recommendations of which have been outlined in the table below:

Table 1: Retail Study key recommendations:

Year	Comparison Goods	Convenience Goods	Commercial Leisure
	Floor space potential capacity (sq m) net	**Floor space potential capacity (sq m) net**	**Floor space (sq m) potential capacity (A3/A4/A5 uses only) net**
	Borough Wide	Borough Wide	Ipswich only
2016	13,320	-	2,660-4,000
2021	29,386	764-1,528	5,880-8,820
2026	47,498	3,580-7,161	9,500-14,250
2031	71,458	7,751-15,502	14,290-21,440

Source: Strategic Perspectives – Retail Capacity Study 2010

The capacity figures take into account existing commitments, including the following Grafton Way and Westgate Centre schemes:

Westgate – Resolution to grant planning permission in 2008 for circa 15,000 sqm (GIA) of retail floor space

Grafton way – Planning permission granted in 2011 for Mixed use development comprising a 12,000 sqm food store, retail/ restaurants, two hotels and 125 residential units in addition to access, parking, public realm enhancements and supporting infrastructure.

2.3 EXTENT AND DEFINITION OF TOWN CENTRE BOUNDARY

Figure 1 shows the adopted as well as the preferred options Central Shopping Area boundary. The adopted Local plan (See Figure 2 below) shows the current boundary for the proposed Central Shopping Area (CSA) and the Primary Shopping Area (PSA).

Figure 1: Adopted and proposed IP-One Area Action Plan Preferred Options Central Shopping Area Boundary

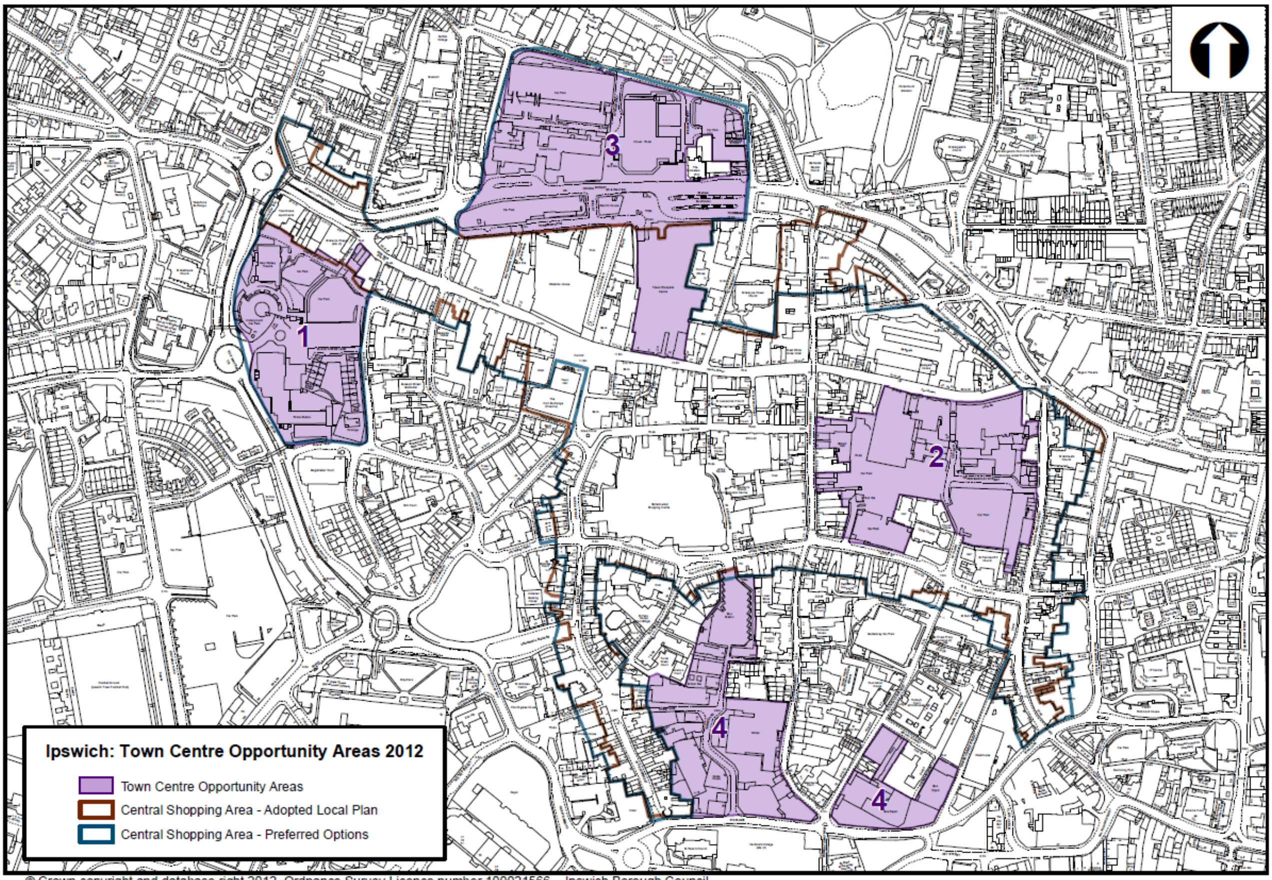
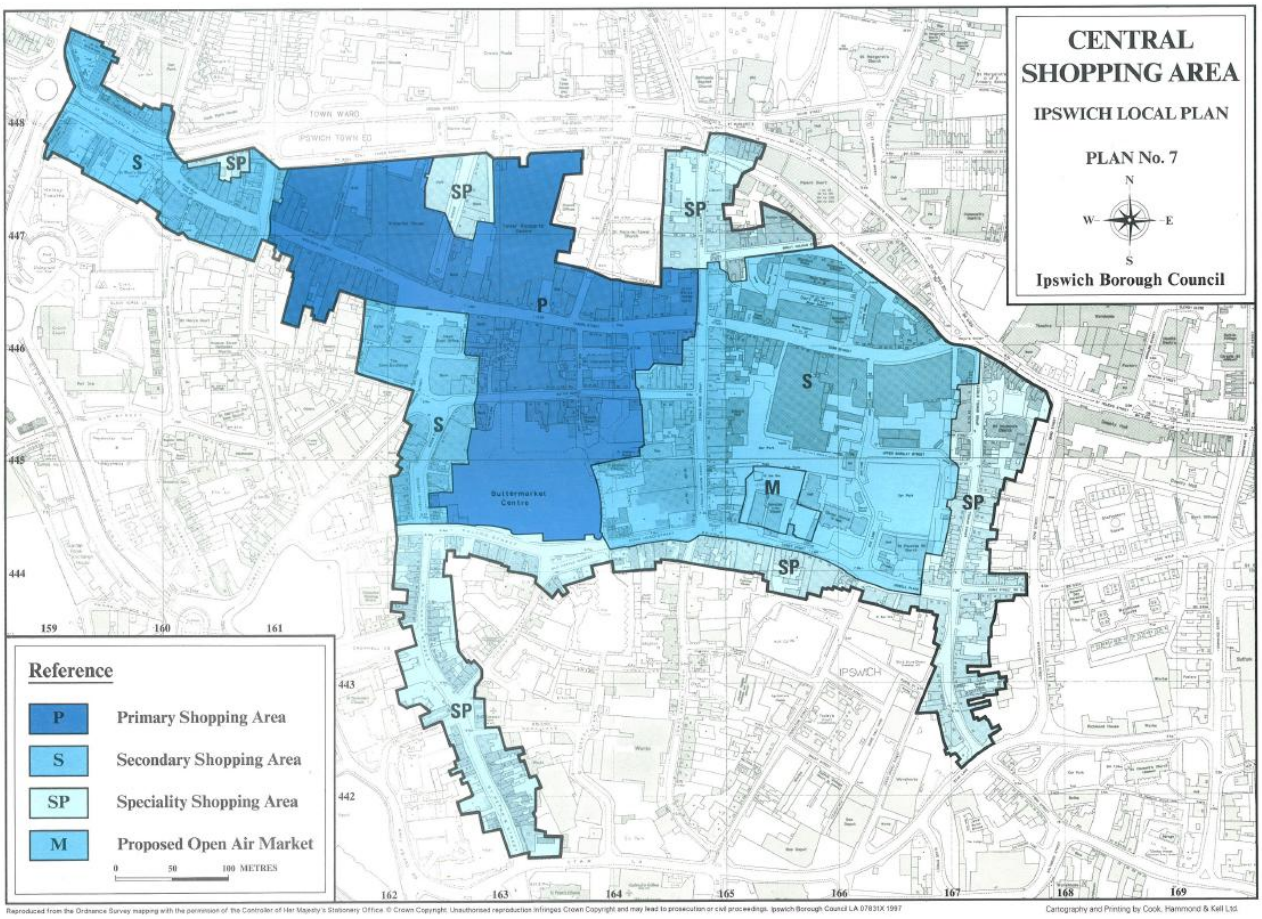


Figure 2: Adopted Local Plan Proposals Map inset 1997



References to 'Edge of Centre' in this report are as per the definition in the Core Strategy and Policies DPD and the NPPF. The definition is as below:

"Edge of centre: For retail purposes it is a location that is well connected to and within easy walking distance (up to 300 metres) of the primary shopping area. For all other town centre uses, it is likely to be within 300m of a town centre boundary."

While assessing the opportunity areas for retail development, based on the sequential tests mentioned above we have referenced 'Edge of Centre' as being 300m from the PSA (shown in Figure2 above).

3 National Market Context

In order to be able to provide a comprehensive and informed approach to future development, it is important to analyse and understand the economy, wider markets and the trends moving forward. We have looked at the national and local markets from the occupier, investor and developer perspective.

The UK and global markets have had a turbulent few years having resulted in one of the most testing economic and trading environments. The recession has had a significant impact on consumer, business, investor and developer confidence. This has been further eroded by the Euro zone crisis and the UK's hesitant recovery from recession.

UK property markets maintain their safe haven status even through the continued uncertainty. This is due to the UK market's characteristics of relative transparency and ease of transactions as well as the reduction in currency rates. Foreign investors are increasing their capital allocations to the UK, and this is showing in higher overall transaction volumes as well as a higher foreign share of activity. The focus for investors has moved to prime. Polarisation between prime and secondary properties in the UK markets outside London is increasing due to the weak economic backdrop caused by a risk aversion among investors and lenders. Creation of a 'two tier' market is developing with prime proving to be more resilient, growing in some locations and sectors whilst the secondary continues to decline.

Prime property is property that offers the best investment opportunity to an investor so is therefore found in the strongest location (e.g. the most successful shopping area of a town or city centre); has a long income stream due to it being let on a long lease to a tenant with strong covenant strength and is in good condition. A prime property is generally the top 10% of real estate stock of the area. The Prime pitch of a town centre is the area where the best retailers are located and is where the most footfall is found due to shopper being most attracted to this area. Secondary property is not as 'healthy' as the prime retail areas, possibly due to the quality and size of shop units and their suitability for and attractiveness to modern retailers

Real estate in certain sectors still continues to offer attractive returns when compared to the other asset classes although occupational and investment dynamics favour high quality assets on long leases, resulting in markets outside of London and secondary properties requiring intensive asset management.

3.1 OCCUPIER MARKET

3.1.1 Retail and Leisure

Underlying consumer caution about the economy and employment prospects are continuing to make trading conditions very challenging. There has been a spate of retailer administrations over the past year: Dwell, Republic, Jessop, Barratts, Clinton Cards, JJB Sports and Comet. The yield gap between prime and secondary retail property has been steadily increasing to reach 4.5% in Q4 2012. Prime locations continue to thrive, as occupiers continue to require space there.

Retailers are now pursuing the following strategies:

Globalising - Retailers are looking at expanding across the globe, including through global alliances and brand collaboration. For example, British chocolatier Hotel Chocolat is opening its first Asian store, attributed to demand from social media websites.

Polarising - More than ever, retail is polarising into premium and value segments, with customers happy to shop at both ends of the market. In 2012, we saw luxury retailers such as Louis Vuitton trade well, and at the same time extreme value offers such as Primark surpass expectations. Existing UK retailers are either in the process of exiting large numbers of non-prime stores or are forming business plans for this strategy, in order to concentrate on stores with better catchment sizes/affluence and e-commerce. This structural change has been driven massively by the impact of the recession, where “cost is king”. There is a large amount of secondary/tertiary quality high street retail space in the market that is no longer fit for purpose for modern multiple retailers.

Digitising - The BCSC Retail Shopping Report 2012 estimates that 25% of all UK retail sales are estimated to be online by 2020. This is influencing both the volume of trade taking place directly in town centres as well as how retail space is being used - technology is becoming key to ensuring that physical space is relevant. As an example of a landlord response to the digitising trend, Land Securities has agreed an exclusive tie-up with Google Product Search to offer the web-based service across its UK shopping centre portfolio. Land Securities’ customer insight at its centres has shown that ROPO (Research Online Purchase Offline), is a consumer behaviour trend that is driving a significant proportion of retail sales, with the introduction of Google Product Search allowing customers looking for a specific item to see results showing which retailers in that centre sell the product – driving traffic directly to retailers at the centres.

The onslaught from online shopping is also accelerating the long-term trend of divergence in consumer demand between prime, dominant centres and secondary locations. Central London, regional city centres and regional shopping malls are relatively safe, but a significant number of small and medium sized towns need to implement innovative ideas in order to grow spend and reduce trade leakage. Proactive asset management is becoming vital in retaining tenants.

3.1.2 Offices

The economic backdrop remains challenging for occupiers as the office take-up in Q4 2012 was down 12% compared to the 10 year average levels. The office sector in 2012 was driven by Central London with more marginal markets performing poorly. Secondary locations continue to be underperforming on the occupier side. Headline rents and lease incentives remain very generous. Offices are however likely to play a large role in leading the recovery supported by strength in London. Regional UK office markets continue to be highly polarised. There is a small proportion of typically undersupplied and well performing grade A assets, and a plethora of secondary offices with little demand and no financing available for refurbishment.

3.1.3 Residential

This sector exhibits a fragmented picture across the UK with hotspot areas that are doing well and other areas where the market is less resilient. There is increased demand from both ends of the market - downsizers looking for the perfect home to move into with no additional costs, and families looking to move up to the next rung of the ladder. Prime property prices in central London have bucked the trend of the wider housing market in the UK over the past few years, steadily becoming an investor market.

3.1.4 Student Housing

Demand from overseas students, particularly those from outside the EU, remains strong. China, Hong Kong, India and Nigeria account for more than 30% of all international students in the UK. High demand for purpose built student accommodation is maintaining upward rental growth. Funding issues may constrain pipeline delivery. Investor demand remains strong with yields bolstered by long leases and strong covenants. The building of new halls has not kept pace with the growth in student numbers, and most of the increase has been absorbed by the private rented sector (PRS).

3.2 INVESTOR MARKET

3.2.1 Retail and Leisure

International retailers are still entering the UK market but are becoming more selective. In terms of rental trends, the market remains highly polarised, with Central London being one of the few areas witnessing any upward pressure on rents. Elsewhere, the story remains less optimistic. Recently, there has been a notable trend towards 'right-sizing' where retailers are streamlining their portfolios. Investors are targeting the most defensive locations, while there is growing uncertainty as to the sustainability of over-supplied and secondary towns.

As per the Business, Innovation and Skills (BIS) report - Understanding High Street Performance (December 2011), town centre spending has dropped to about 40% of its total, over the last decade. This trend seems set to continue, and the impacts have been felt most by middle ranking and smaller towns. As noted in the BIS report, town centre floor space and unit numbers fell by circa 9% over the last five years. This is also due to the rise of e-tailing (internet retailing), which has caused a considerable effect on high streets.

The cinema industry, meanwhile, has had a good recession – the advent of digital and 3D movies has increased audience attendances whilst enabling operators to charge premium prices for the product. The advancement of modern technologies and the drive for increased market share has seen the 3 main operators target smaller catchments with urban areas of 50-75,000 people. Prime assets with long dated index linked leases remain in high demand with low stock availability whilst non prime assets are sought by opportunistic funds.

3.2.2 Offices

Total office investment transactions for the main UK regional markets fell 38% in 2012 to under £1bn, the lowest total since 1999. Office annual returns were the highest in February 2013; this was primarily driven by the central London market. Outside of London, office rental growth continues to be negative. Secondary offices, representing a broad spectrum of quality, are oversupplied at the lower end and still in significant difficulties. There remains strong demand for prime offices, let to good covenants with long income streams in prime locations. However, demand for secondary assets has fallen as debt remains difficult to source

3.2.3 Residential

Transaction levels are at 35% below the 20 year average as first time buyers and those further up the housing ladder struggle with tighter mortgage lending rules. House prices have been flat or modestly declining across the UK since 2010. There has been a distinct move from ownership to renting due to lack of mortgage finance. There has been an oversupply of units in some secondary locations that has caused stalling of markets. 2012 saw a large amount of investment from foreign investors, but this was focused on prime locations in large cities, especially London

3.2.4 Student Housing

The student housing sector is still very attractive to investors, due to the higher education market being heavily subscribed and reporting compelling total returns. Investment into the sector over the first three quarters of 2012 was just about £2 billion, 145% higher than across the same period in 2011. The sector is outperforming other asset classes by delivering returns of about 9.5% in 2012 as compared to the 4.5% for offices and 2% for retail. This is mainly attributed to the low risk nature of investment with regular income due to high occupancy levels and short supply.

The lending market is dominated by large scale loans against well managed portfolios. The market is dominated by investment deals namely the Nido and UPP portfolio sales, as the development market continues to suffer from funding constraints. There are a greater number of forward funding deals coming to the table by the likes of LaSalle, Scottish Widows and Standard Life. LaSalle have funded the CB1 scheme in Cambridge and the Watkin Jones scheme at Stockwell. The table below shows some of the recent deals and developments within the sector.

Table 1: Investment Deals for the Student Housing sector

Scheme	Location	Price	Yield	
Liberty Living	Newcastle	£56.4 m	6.5% NIY	850 Beds
Orient House	London	£ 20.6 m	5.6% NIY	150 beds
The Movement	Greenwich	£ 43.6 m	4.5% NIY	358 beds
Coral	Birmingham/Coventry	£ 50m		800 beds
UPP Regional Portfolio	Various	£ 840m	n/a	Barclays sold 60% stake to Dutch Fund

3.3 DEVELOPMENT MARKET

3.3.1 Retail and Leisure

There is limited new retail development in the pipeline, with only two new centres over 40,000 sq m due to open in 2013. Trinity Leeds will be the biggest new shopping centre to open in 2013 at 93,000 sq m. New Square, West Bromwich, anchored by Tesco, will be the second largest opening of 2013 at 43,900 sq m. However, a few in-town schemes are being reinvigorated, such as Westfield Bradford and Hammerson's Eastgate Quarter in Leeds.

Table 2: Development Pipeline for Shopping Centres

Scheme	Location	Size (sqm)	Date due	Developer
Trinity Leeds	Leeds	93,000	2013	Land Securities
New Square	West Bromwich	43,900	2013	Spenhill
Outdoor Pursuits Centre	Evesham	12,000	2013	Eagle One
The Old Livestock Market	Hereford	28,800	2014	Stanhope

The focus is shifting to increasing the proportion of leisure within schemes as a key to increasing dwell time and creating a better consumer experience. The Trinity Leeds development has around 20% dedicated to leisure.

Other trends that are emerging are as follows:

- Developments are smaller scale, with a different mix of use from the traditional department store-anchored model and a phased approach to ensure that the risk profile is managed and deliverability is achievable.
- Different anchor strategies are evolving, including:
    - Leisure adding an extra dynamic
    - Food stores being an important anchor
    - Clusters of Multiple Shop Units (MSUs)

- Town and city centre schemes are now being located next to existing prime areas to build on existing strengths and help unlock development and encourage further investment.
- Local authorities are increasingly working with the private sector to assist in unlocking schemes and drive forward development

3.3.2 Offices

Development finance is still very hard to come by in this sector with only pre-let, de-risked schemes in strong locations able to attract funding. Outside Central London, rates of construction are very low. The influence of ongoing economic uncertainty continues to cast its shadow across the UK office markets and this is clearly reflected in the low level of development activity currently taking place. Despite some resurgence in speculative development and a modest number of small refurbishments, the amount of space under construction is exceptionally low compared to historic levels.

The key trigger to greater levels of development will be a tangible improvement in economic conditions and with this renewed business confidence and occupier demand. Debt funding for development remains very limited. Many lenders have strict requirements, including a high proportion of space pre-let, a viable prime net effective rent and a loan to costs ratio of at least 50%.

3.3.3 Residential

While residential markets remain fragile, the appetite for good quality residential sites, particularly those with planning consent or the prospect of, is expected to remain strong. Apartment schemes which lack the desired returns to be considered for the PRS Initiative or the critical density to achieve favourable returns are likely to be re- planned for alternative use where demand exists. The key driver for the house building industry in the current market is Return on Capital Employed (ROCE). As a result, there is a desire for shorter term projects where the cash flows reduce the delay between initial capital outlays (on land and infrastructure) and revenue income.

3.3.4 Student Housing

Nationally, the student accommodation market is defined by demand outpacing supply, with a shortfall of beds in London and some key university towns in particular. There is a shortage of viable sites in these locations and competition with commercial and residential development uses remains strong. Some local markets are approaching saturation, which could have a short term impact on rental growth and occupancy levels, although, as universities adapt to reduced government funding and private residential rents increase, the supply/demand ratio is likely to become more favourable. At the same time, on-going difficulties in obtaining funding for the development of new purpose built student accommodation is likely to ensure that the delivery of future supply will remain gradual. It is at the early development stage that forward funding investment deals play a vital role in enabling projects to get started.

The table below shows some of the new developments across the country.

Table 3: Student Housing development Pipeline 2012

City	Developer	Size	Construction end date	Agreement
Southampton	Osborne Development	1104 rooms	Summer 2014	Pre-let to University of Southampton 38 year income strip lease
Finsbury Park, London	Legal and General to forward fund	475 rooms	August 2015	Pre-let to the University of Arts on a 25 year FRI Lease
Birmingham	Watkin Jones have received planning	463 rooms	2014	
Brighton	Fresh Student living	351 rooms		
Nine Elms, Vauxhall	CLS Holding	520 rooms	Begin in 2015	

3.4 SUMMARY AND IMPLICATIONS FOR IPSWICH

The economy remains in a weak position five years after the onset of the initial credit crunch and the subsequent double dip recession. One of the major representations of this economic slump and the way this has affected spending and leisure patterns is the retail market and the makeup of the UK's high streets. Key implications for future town centre development in Ipswich include:

- The reduction in multiple retailer representation across the UK, with a focus by brands on a smaller number of larger locations. As retailers look to 'right size' (essentially retailers who are downsizing or looking to down size) it makes it more challenging to increase the retail footprint within the town centre. Ipswich currently fits into the bracket of a secondary town which is at risks from such trends.
- The increase in importance of A3 and leisure uses in terms of anchoring town centres and major new shopping centres, this is an opportunity to increase dwell time within Ipswich town centre
- Active asset management with the growing importance of providing a high quality of experience (through to the quality of environment and accessibility) to shoppers in order to attract and retain their custom
- The role of town centre management by the council, active management is key to improving and preserving town centre spending
- Historically there has been a strong correlation between prime and secondary commercial property values. Since the financial crisis, however, prime and secondary market performance has diverged sharply. Falls in secondary capital values have reflected falling rents and rising yields. Secondary rents have still yet to return to growth following the initial economic downturn. Most of the stock within the town centre falls under this.
- The drop in pricing has created a richer set of opportunities for investors. With pricing at a lower level, upside and downside risks to the outlook are more evenly balanced than they were a year ago.

4 Ipswich Town Centre

Taking the above analysis of UK market trends into account this section examines the local context in more detail. Ipswich is the largest town in the predominantly rural county of Suffolk and acts as the county's main administrative centre. The town centre is highly accessible by a range of different transport modes. It has access to the motorway network (M25) via the A12; it is close to Norwich and Stansted International Airports; and it is conveniently accessible by train. The train station is a 10-15 minute walk from the town centre. The town centre also has frequent bus connections and park and ride facilities within and outside the town. The station is on the Intercity mainline to London with a journey time of approximately an hour to London's Liverpool Street. The train station also has direct links to Colchester, Stratford, Bury St Edmunds, Cambridge and Norwich.

4.1.1 Retail and Leisure

The town centre floor space in Ipswich is estimated to be 1.3 million square feet (sq ft). From a commercial property point of view the current prime retail pitch in Ipswich town centre extends eastwards from Marks & Spencer on Westgate Street, along Tavern Street to Dial Lane in the east. Notwithstanding that the town has changed since 2010, the footfall counts undertaken as part of the 2010 retail and commercial leisure capacity study supports this view with the two highest footfall counts being located within this stretch. This does however slightly contradict with the current Primary Shopping Area as set out in the IP Area One Action Plan, 2007 Preferred Options map with this stating that the Primary Shopping Area extends further east. Westgate Street accommodates some of the larger stores in Ipswich including Debenhams, Gap, Mark & Spencer and Primark, while prime Tavern Street is home to smaller units, housing national multiples.

Department store provision in Ipswich is limited to Debenhams, located on Westgate Street. TJ Hughes anchored the Buttermarket Shopping Centre, prior to the company's collapse. The Co-Op and Woolworth formed the anchors on Carr Street but are now both now closed. Ipswich also has a relatively strong representation of lower middle and mid-market fashion retailers, including Next, Gap, Primark, H&M, New Look, and JD Sports. There are also Wilkinson, Bon Marche and QD stores in the town. Along with BHS and Marks & Spencer, Ipswich has a good mass market fashion offer spread across the main retail pitches in the town centre. However, there are a limited number of quality/up-market fashion retailers in the town, which are largely confined to concessions in Debenhams department store.

Ipswich's managed retail offer (managed retail refers to enclosed, managed, purpose built groups of retail outlets, usually covered with a roof, typically offering a wide range of comparison goods such as a shopping centre) is concentrated around the two shopping centres, Tower Ramparts and The Buttermarket. The larger of the two centres is Buttermarket Shopping Centre, which opened in 1992 and is accessed via the secondary pitch of the Buttermarket. The centre suffers from high vacancy rates and is anchored by TK Maxx. With the Vue cinema now likely to be going into the Buttermarket this should substantially increase footfall. The older and smaller Tower Ramparts shopping centre has an entrance onto the prime stretch of Tavern Street. Completed in the mid-1980s, the centre underwent modest refurbishment in the early 1990s. Following the closure of the centre's original anchors - Littlewoods and Index - key occupiers now include Top Shop and the Post Office. Despite the scheme's good location, it suffers from a high number of vacancies. One of the major reasons for the vacancy rates within the centres is the configuration and size of units which do not meet modern retailer needs as well as the lack of a strong anchor store. Both the shopping centres are 'secondary' and lack retail/leisure attractions and have a poorer connectivity to the main town centre.

According to the UK Property Market Information Service (PROMIS), there are 20 reported retail requirements for Ipswich, as of January 2013; Some of the retailers who have expressed interest include fashions stores such as Store

Twenty One, ZARA, Vans and Bank, as well as A3 operators including Gourmet Burger Kitchen reportedly require space in the town.

Figure 3: Retailer Interest in Ipswich Town centre includes the likes of:

Prime rental values (for example on Westgate Street) are in the region of £115 per square feet (psf) (£1238 psm) Zone A. For non prime sections the rents achieved are about £45 psf (£485 psm) Zone A. Tower Ramparts has a 45% vacancy rate and this is reflected in the rents, as agents in the area have suggested rents in the region of £45 psf Zone A. Rents in Buttermarket are higher at approximately £65 psf (£700 psm) Zone A.

According to the Experian Goad report[1] the total retail floor space accounts for 570 outlets. The vacancy rate for the number of outlets is 17.5% which is higher than the UK average of circa 14%. The vacant floor space amounts to circa 20% as compared to the UK average of 12%. The multiples make up 37% of the floor space, which is higher than the UK average of 29%. The comparison outlets are at par with UK average at 41%. Convenience offer circa 6% is lower than the national average of circa 8.5%.

The leisure sector is under represented within Ipswich, with Leisure services accounting for only 12.7% of the total retail floor area, compared to the UK average of 15.4%, based on the Experian Goad report. The Corn Exchange is a multi use entertainment venue within the town centre and contains an independently run Cinema. The Cardinal Leisure Park is situated east of Ipswich town centre and contains an eleven screen Cineworld cinema, food outlets and a gym. Planning permission has been granted for a nine screen Vue Cinema and additional A3 units at the Buttermarket.

The centre's evening economy is focused around its 20 restaurants, 13 public houses and 16 wine bars[2]. Representation of A3 uses such as cafes and restaurants are at circa 13% below the UK average of 16%.

Arts and cultural facilities include the following:

- The New Wolsey - a 400-seat theatre in the heart of the town focussing on drama, music, comedy, poetry, dance and children's shows.
- Regent Theatre – a 1,535-seat theatre that provides entertainment to 130,000 patrons on average each year. Offers a mixed but primarily commercial programme focused around pop concerts, comedy and musicals.
- Corn Exchange - The Corn Exchange and Town Hall complex hosts live music. The Film Theatre is currently open on a voluntary basis.
- Dance East - Based in the £8.9 million Jerwood DanceHouse on the Ipswich Waterfront, it houses three dance studios, a 200-seat studio theatre, fitness and Pilates suites, a café and a boutique.

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[1] Experian Goad Centre Report 2013
[2] Retail and Commercial Leisure Study 2010

Convenience provision in Ipswich's core retail area is limited to a medium Sainsbury store on Upper Brook Street, a little Waitrose in the Corn Exchange, a Marks & Spencer food hall on Westgate Street and Iceland on St Matthew's Street.

According to the Retail and Commercial Leisure Study 2010, there is a clear qualitative need for a foodstore anchor either in, or on the edge of the town centre. A new food store that would need to be well connected to the Town Centre's primary shopping area to help maximise the potential for linked trips and spin-off benefits to other shops and businesses, resulting in uplift in footfall, expenditure and sales for the centre as a whole.

The footfall study conducted by Property Market Research Services Limited (PMRS), recorded a lower footfall within Ipswich in 2010 than in 2005. The strongest pedestrian flows were on Tavern Street, Westgate Street and Carr Street. Amongst the shopping centres the Buttermarket received higher footfall than Tower Ramparts and this was partly due to the high vacancy rates within Tower Ramparts. St Nicholas Street and Upper Orwell Street recorded the lowest footfall. However the footfall survey estimates pedestrians passing over the period 10am-5pm and therefore does not take account of footfall in the evening. The data was collected in 2010 and – since that time - the Waterfront and the University and BID measures are likely to have improved footfall in this area, this will be reinforced through funding from the Mary Portas initiative.

4.1.2 Ipswich Town Centre Ranking

Within the 2013 Venuescore national hierarchy of shopping centres, Ipswich is ranked 58th - a drop from the 2010 rank of 50th. Those centres which have risen most in the rankings have benefited from major retail development since 2010. Examples of these centres are set out in the table below.

Table 4: Venue Score Town Centre Rankings

Principal Centres	2013 Venuescore Rank	2010 Venuescore Rank	Movement (2010-2013)
Ipswich	**58**	**50**	**-8**
Bristol	15	12	**-3**
Bath	20	36	**+16**
Cardiff	9	18	**+9**
Cambridge	34	33	**-1**
Exeter	23	29	**+6**
Norwich	13	10	**-3**
Bury St Edmunds	128	132	**+4**

4.1.3 Offices

The current employment profile of Ipswich is divided between three distinct areas – Public Sector, Service Sector and Port and Freight activity. The Public Sector is by far the largest source of employment in Ipswich. Major employers include the Borough and County Councils, Ipswich Hospital NHS Trust and University Campus Suffolk, which is part of the University of East Anglia and University of Essex. Transport & Distribution is another key source of employment due to the presence of the Port of Ipswich and the town's proximity to the Port of Felixstowe, the UK's busiest container hub. The service sector accounts for a large proportion of the total employment in Ipswich. Within this sector, Financial & Business services accounts for 22%[3] of total employment. The larger Finance & Business Services employers in Ipswich include Ipswich Building Society, Suffolk Life Pensions, LV and insurers Legal & General, Churchill, Willis and AXA. Professional service providers based in the town include solicitors Ashton KCJ, Birketts and Eversheds, as well as accountants Ensors and Grant Thornton.

Figure 4: Office Occupiers within Ipswich

Ipswich has a surplus of secondary office stock, but almost no new Grade A stock, with developers unlikely to undertake speculative projects in current market. Ipswich has seen around 4,200 sqm of new development completed between 2008-2012. There is no known floor space currently under construction and 16,000 sqm of space with planning consent as per the Promis town centre report.

The short to medium term outlook for Ipswich's industrial and office market seems weak as prices for new warehouse space are around £5 to £7 per sq ft, but older stock goes as low as £1 to £1.50 per sq ft. New office space in or out of town could reach £10 to £13 per sq ft, while older stock is nearer to £5 per sq ft.

4.1.4 Residential

Since 2001, 2000 new dwellings per annum have been created in the Ipswich Housing Market Area (HMA), which consists of the districts of Ipswich, Babergh, Mid Suffolk and Suffolk Coastal, 700 of which were within the borough of Ipswich. There has been a greater than average supply of flatted developments, which has resulted in lower prices and take-up. This has been attributed as one of the reasons that have caused residential flatted developments to stall, along with poor economic climate and funding shortfall. Overall, Ipswich has seen an increase in average house prices by approximately 8% from July 2011 to July 2012, as seen on property transactions on Right move.

Alongside the substantial fall in sales, turnover within the owner-occupied sector has also fallen (existing home owners looking to upgrade). The proportion of private rented accommodation has increased in the Ipswich HMA by some 77% between 2001 and 2012.

The Ipswich HMA contains fewer people aged 20 to 40 when compared to the national average, but comparatively more people at or approaching retirement age and older people. The regional strategy has found that there is a need for smaller 1-2 bed dwellings to meet the needs of an ageing population, as well as a continued need for 2/3 bed family homes. The last few years however have seen an oversupply of flats.

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[3] Ipswich PROMIS Report 2013

The Adopted Core Strategy and Policies DPD sets an annual target of 700 homes from 2001-2027(Policy CS7). Currently, there is a shortfall of suitable and affordable homes in the Ipswich HMA, with the supply of new affordable homes and the reuse of existing stock not being sufficient to meet demand. In order to address this shortfall, 70% of all new homes in the Ipswich HMA currently being planned would need to be affordable. The greatest need is in Ipswich with at least 584 new affordable homes required[4].

4.1.5 Student Housing

As per the Ipswich HMA, there has been a 43% increase in student accommodation since 2008 within the Ipswich HMA due to the opening of the University Campus Suffolk (UCS). However with a new fee regime, as well as other reforms including immigration, there might be a change in number of student enrolments. One possible change is that the number of student accommodations may decrease with fewer young people moving to a university and, instead, staying in their parental home and studying more locally.

Plans for new student accommodation in the waterfront area were revealed in early 2011. This included 400 new flats for students at UCS. The waterfront development has created an educational hub and student housing quarter. The Waterfront Building opened first, in September 2008, followed by Athena Hall in 2010, offering students purpose built on-site accommodation. In early 2012 Bahrain investor Tadhamon Capital and joint venture partner Apache Capital Partners paid £26m for a 50% stake of Athena Hall which reflects a 7.3% net initial yield, this reflects a stable return and shows investor appetite in the student housing market.

4.2 TRANSPORT AND ACCESSIBILITY

Ipswich has a good rail, road and bus network. Ipswich is well connected with the A12 heading southbound towards London and northbound towards Lowestoft and the A14 towards Cambridge. There are plans to upgrade the A12/14 which serves as the nexus point for East Anglia's two busiest highways. In addition to road links, Ipswich is connected by rail to London, Cambridge, Peterborough, Lowestoft and Felixstowe. As per IBC's Economic Development Strategy 2012, the train station will benefit from the 'Transport Fit for the 21st Century' scheme which will also see upgrades to the bus services. Ipswich town centre currently has two bus stations which provide frequent service over much of the borough. National Express also operates a service to and from Ipswich for longer journeys.

The town is also served by several central area car parks. This is supplemented by on street parking and further car parking provision outside the town centre and park and ride facilities. According to the Council's figures the town centre, as defined in the adopted Local Plan has over 2,430 parking[5] spaces of which the majority are in managed carparks.

We do not have any quantitative evidence to comment on the level of parking within the town centre. However, the Retail and Commercial Leisure Study 2010 survey reveals a need for more/improved parking, as well as reduced parking charges in the town centre. These were ranked 2nd and 4th as the most needed improvements to the town centre. The Figure below shows the breakdown of a few of the car parking spaces in the town centre, as well as identifying the ownership, location and condition of the car parks. The Council have recently reduced parking charges to £1 per hour and free after 8pm in order to bolster usage and increase footfall within the town centre.

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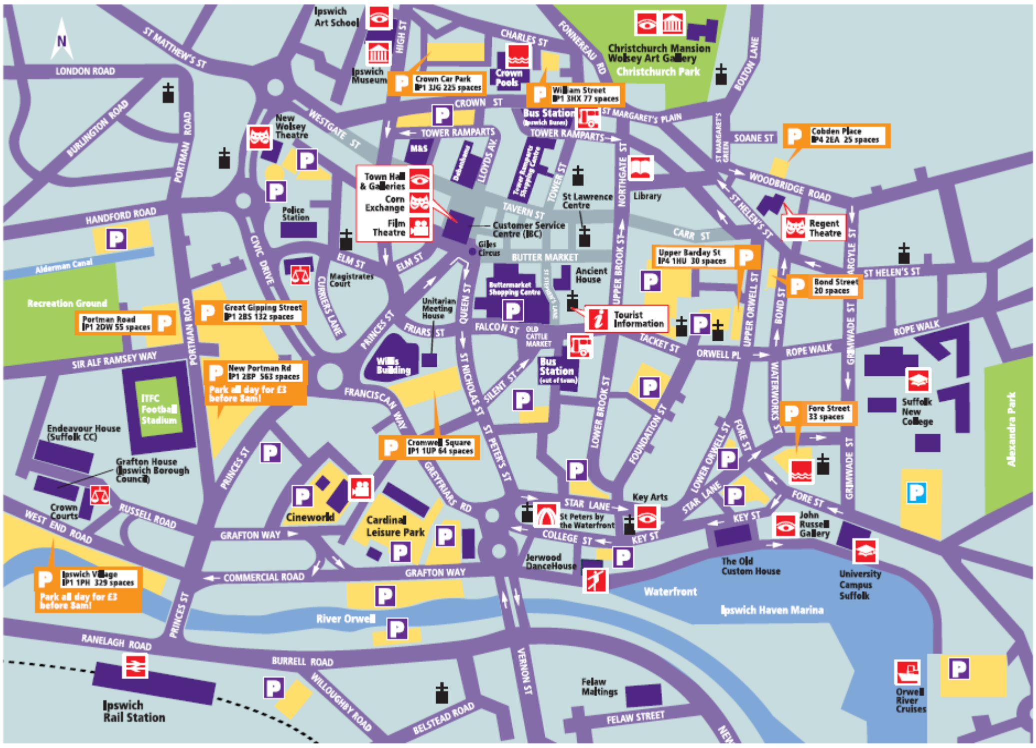
[4] Ipswich Housing Market Area Strategic Housing Market Assessment 2012
[5] Retail and Commercial Leisure Study 2010, Strategic Perspectives

Figure 5: Car parking locations



Source: Ipswich Borough Council

Ipswich Borough Council Car Parks

Other car parks

Car park open weekends only

Table 5: Indicative lists of car parks within the Central car parking core

Car park	Surface / Multi storeyed	Ownership	PSA/CSA/outside Shopping Area	Number of Car park Spaces	Distance of Stay
Bond Street Car Park	Surface pay and display	Council	CSA	20 spaces	Long stay
Cobden Place Car Park	Surface Pay and display	Council	CSA	25 spaces	Short stay
Cromwell Square car park	On street – pay and display	Council Operated	PSA	64 spaces	Short stay
Crown Car park	Surface pay and display	Council Operated	PSA	225 spaces	Short stay
William Street	Surface pay and display	Council Operated	PSA	77 spaces	Short stay
Upper Barclay Street	Surface pay and display	Council Operated	CSA	30 spaces	Short stay
Buttermarket Shopping Centre	Multi storeyed	Private	PSA	420 spaces	Short stay

Cardinal Park car park	Surface	Private	Outside CSA	612 spaces	Long Stay
Tacket Lane Carpark	Surface	Private	CSA	260 spaces	Long stay
Spiral car park		Private	Outside CSA	350 spaces	
Tower Ramparts car park	Surface	Private (NCP)	PSA	103 spaces	Short stay
Turret Lane	Surface	Private (NCP)	Outside CSA	51 spaces	Long Stay
Wolsey car park		Private	Outside CSA	120 spaces	
Cox Lane Car Park	Surface	Private (NCP)	CSA	182 spaces	Long Stay
Foundation Street Car Park	Surface	Private (NCP)	CSA	513 spaces	Long Stay
New Portman Road	Surface pay and display	Council Operated	Outside CSA	55 spaces	Long stay
Total Spaces				**3107 spaces**	

The table above although not exhaustive shows the car park spaces within the central car parking core, as identified on the Ipswich Borough Council website. In addition to the above, Ipswich also has 2 park and ride schemes, each of which has over 500 parking spaces. There are a limited number of multi-storeyed car parks within the PSA. Introduction of good quality car parking facilities in the right locations could act as a catalyst for increasing footfall.

5 Development Pipeline

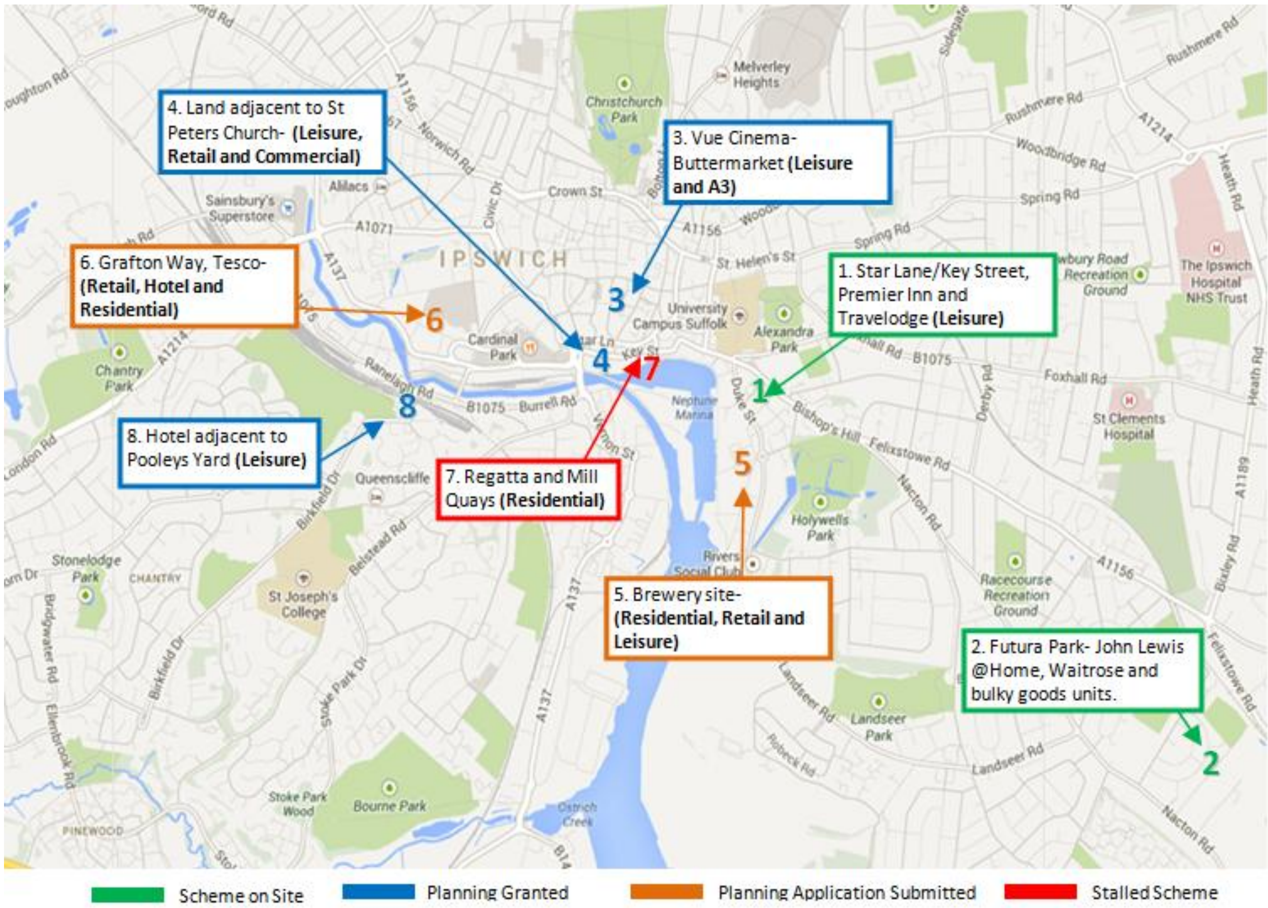
Schemes currently in the pipeline need to be taken into account when considering the development potential of the key development sites.

We have analysed the development pipeline based on:

- Projects on site (under construction)
- Projects with planning consent
- Projects that have applied for planning permission and are awaiting an outcome and
- Schemes that have stalled (started construction but not completed)

This list is not exhaustive and is primarily focusing on major projects that would affect the opportunity areas and uses within the town centre.

Figure 6 : Map showing development in the pipeline



5.1.1 Projects on site

–Premier Inn and Travelodge hotels recently completed and now open.

–Futura Park: The first phase of Futura Park is now open and includes a 100,000 sq ft John Lewis At Home and Waitrose, which have signed a 25 year lease. The second phase will see 60,000 sq ft of non-food bulky goods retail space, with DFS and Furniture Village among the first tenants.

5.1.2 Projects with Planning Permission

–Land adjacent to St Peters Church: Planning for 3 hotels, retail, restaurants and offices. This scheme has just extended the planning application; the extant application was approved in 2008.

–Land adjacent to Pooleys Yard: Planning consent for 106 bedroom hotel with parking and landscaping, planning granted in October 2012.

–Vue Cinema, Buttermarket: Planning consent for cinema and supporting restaurants. Planning granted in 2012.

–Grafton Way scheme, for which planning permission was granted in 2008, is now proposed as a smaller format scheme, which has been submitted for planning. Tesco have however, recently stated that they will not be developing the site.

- Retail store including café and mezzanine- 11,833m2 gross internal floor area and net sales area of 7,282m2
- 4 further retail/restaurant/café units (use classes A1 and/or A3) - 1708m2 gross internal. No more than 1,208m2 gross A1.
- 2 hotels – 247 bedrooms in total, and gym 321m2
- 96 private residential apartments and 33 affordable
- 706 car parking spaces for the retail, 42 allocated and 43 unallocated for the hotels, and 103 for the apartments.

5.1.3 Projects with submitted planning application

–The plans for the Brewery Site submitted to Ipswich Borough Council propose 68,000 sq ft of residential with 62 one- and two-bedroom flats developed in two phases - a 45,000 sq ft supermarket and a 87,000 sq ft hotel, plus space for a community facility such as a museum. The scheme proposes to create around 400 jobs. Pigeon Investment Management Ltd are leading the development, the firm has said that private money has been secured. The applications have a resolution to grant subject to S106 agreement.

–Grafton Way: Tesco have submitted an application for an alternative (reduced) scheme comprising of circa 8700 sqm of food store, 8,900 sqm of hotel, 16 houses and 2300 sqm of A1/A3. The extant scheme, referred to above has planning approval for a larger scheme on the site.

5.1.4 Stalled schemes

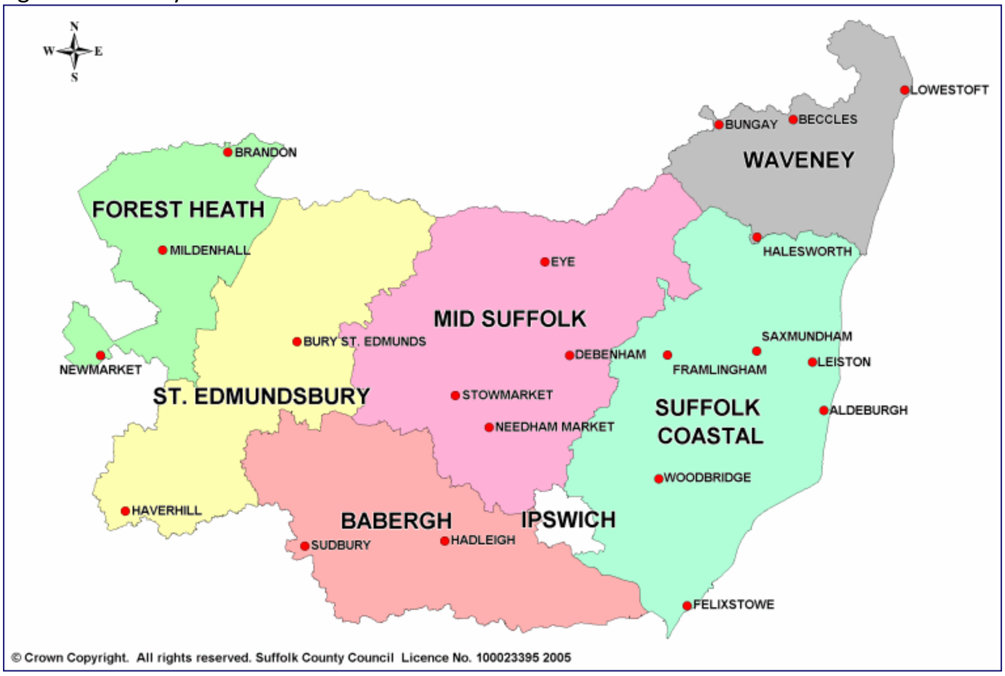
–Waterfront: The Mill and Regatta Quays are two apartment led schemes on the waterfront. The schemes have stalled mid construction due to the developers going into administration.

5.2 COMPETING AND COMPARABLE CENTRES

Overall, Ipswich town centre faces below average competition from competing retail centres and ranks 11 out of the 200 PROMIS centres on the Property Market Analysis (PMA) Competition Indicator (a rank closest to 1 reflects a low level of competition).

Ipswich serves an extensive but predominantly rural primary catchment area; which according to the Ipswich PROMIS Retail Report extends over much of Suffolk. The main competing centres are Felixstowe, Bury, Norwich, Woodbridge, Cambridge and Colchester. As per the Retail and Commercial Leisure Study (2010) the Borough's centres and stores are achieving a retention level of shopping trips for all comparison goods purchases of 80% in the Ipswich Borough. This appears to be a positive indication that the town centre is maintaining and strengthening its market share of comparison goods shopping trips and purchases within the town centre, despite the strong competition from other centres and stores both within and outside the borough. Of the shopping trips leaking out of the Ipswich Borough to other centres and shops, the main destinations are Norwich, Felixstowe, Woodbridge, Bury St Edmunds, Stowmarket, Colchester, Sudbury and Cambridge.

Figure 7: Primary catchment area



Key developments in competitor locations which could affect the above levels of retention in Ipswich include:

Colchester

Distance from Ipswich : 18 miles
Retail offer: Colchester has 2 shopping centres anchored by Debenhams and TK Maxx.
Development: A master plan is in place for town centre regeneration. The Vineyard Gate development which is set to go ahead will provide an additional 130,000 sq ft of retail provision and is under consultation at the moment. Caddick Developments will take the scheme forward.

Effect: With this new development Colchester will attempt to compete with Ipswich and Chelmsford. The development is being brought forward in partnership with the council.

Bury St Edmunds

Distance from Ipswich : 30 miles
Retail Offer: Bury underwent a major redevelopment in with the Arc opening in 2009; it is anchored by Debenhams and offers 35 high street brands.
Development: The council proactively enabled the regeneration of the old cattle market site. A development agreement was put in place to bring forward the development.
Effect: The regeneration of the cattle market greatly enhanced Bury as a retail destination. It now houses quality high street multiples as well as independent retailers.

Cambridge

Distance from Ipswich : 54 miles
Retail Offer: Houses considerable high quality and speciality retailers. Grand Arcade is anchored by John Lewis; L.K.Bennett, Phase Eight, TM Lewin and Crew Clothing are among its up-market fashion offer.
Development: Grand Arcade and Land Securities scheme, Christ’s Lane, both of which opened in 2007.
Effect: Cambridge may attract high-spending trips from the western part of Ipswich's catchment area.

Norwich

Distance from Ipswich : 45 miles
Retail Offer: Norwich has a wide range of comparison provision, including a John Lewis department store, and a considerable number of high-quality fashion and speciality retailers.
Development: Norwich has seen a spate of new retail interests including Jamie Oliver and Crew, which has helped revive the blighted Norwich high street.
Effect: While Norwich is more than an hour north of Ipswich, it may attract infrequent, high-spending trips from the north of Ipswich's catchment. The Castle Mall shopping centre was just bought by fund InfraRed for an initial yield of 7.8%.

6 SWOT Analysis

The table below summarises the strengths, weaknesses, threats and the opportunities relating to Ipswich town centre.

Strengths

- Good representation of national mid range multiples
- Good bus routes
- Historical nature of the pedestrianised city core creates a good quality environment
- Ample car parking to enable people to access the centre by car however this is of a poor quality
- Good anchor stores namely Debenhams and Marks and Spencer
- Good catchment - 80% of the spending is retained within Ipswich
- Good stake holder investors (eg La Salle at Tower Ramparts)

Weaknesses

- Retail provision is spread out meaning footfall is also diffused
- Relative lack of high end retailers
- Relative lack of leisure and A3
- Size of units not suited to modern retail needs, being small and often in inflexible layouts
- No central public transport hub
- Lack of public sector ownership of key strategic interests to help enable development
- Weak connection to the waterfront but a thriving area in its own right
- Lack of visibility and profile to both the Buttermarket and Tower Ramparts shopping centres
- Reasonably high vacancy rates in the shopping centres and periphery of the prime shopping pitch
- Quality of car parking provision

Opportunties

- Consolidation of town centre and concentration of footfall, building on existing prime
- Identification of opportunity sites
- Opportunities for proactive asset management (eg Tower Ramparts)
- Good retailers have a presence but are not in optimum accommodation
- Enhance the parking provision
- Increased importance of quality of environment and additional leisure provision for retailers (dwell time)
- Opportunity for Council to support and stimulate regeneration

Threats

- Leakage to competing centres should development in the town centre stall
- Changing face of retail space and rise of internet shopping
- Economic downturn hindering development viability and changing traditional town centre development model
- Continued scarcity of development finance
- Reduced capacity in development sector
- Possiblity of out of town competing planning applications coming forward that might compete with and undermine the town centre
- Very large quantum of retail floorspace proposed - delivery will be challenging given market conditions
- Need for clearer priorities within overall planning and development strategy

7 Opportunity Area Analysis

This section of the report examines each of the Opportunity Areas in the town centre as identified in the Town Centre Masterplan and in addition the waterfront area and considers their availability, suitability and viability in relation to the terms set out in the Practice Guidance (2009).

The 'opportunity areas' identified (Figure 8 below) are:

Area 1 – **Westgate Opportunity Area**

The site is located in part only within the existing CSA boundary, the majority lies outside the CSA as shown on the adopted plan; it is situated between the inner ring road (Civic Drive), and the prime shopping pitch of Ipswich. It totals approximately 2.45 hectares in area. The site houses a spiral car park, the crown courts and the police station which is part vacant, Hanover flats, the vicarage and the New Wolsey Theatre.

Area 2 – **Cox Lane Opportunity Area**

The site is located within the CSA boundary and is situated east of the prime retail pitch. The site also known as the Mint Quarter is approximately 2.91 hectares in area and houses a number of car parks and a Co-op building.

Area 3 – **Area in and around Tower Ramparts Opportunity Area**

The site is located in part within the CSA and the PSA; the Tower Ramparts Shopping Centre fronts the prime retail pitch. The total site area is approximately 5 hectares and houses the Crown House, the Tower Ramparts Shopping Centre, NCP car park and the IBC car park, Crown Pools and the bus station as seen in the plan overleaf.

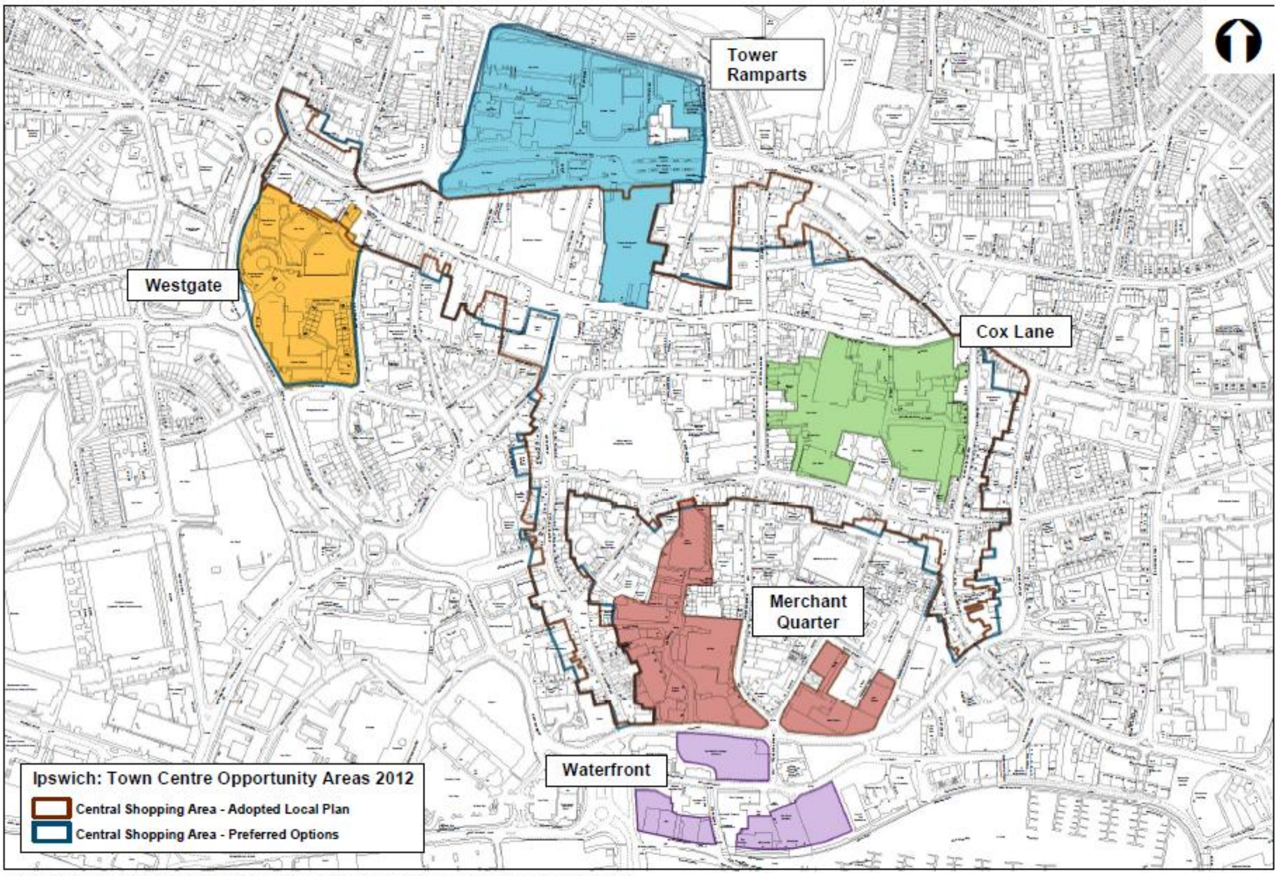
Area 4- **Merchant Quarter Opportunity Area**

The site lies outside the CSA. The total site area is approximately 3 hectares and is in numerous ownerships. It consists of a myriad of small and medium businesses as well as the bus station, bus depot and council car park.

Area 5- **Waterfront Opportunity Area**

The site lies outside the CSA, comprising land north and south of College Street. It lies in numerous ownerships. The last decade has seen a lot of development in the area with a new marina, restaurants, bars and homes. The site consists of mixed use residential development and a number of vacant buildings that include vacant warehouse buildings.

Figure 8: Opportunity Areas



7.1 TOWER RAMPARTS OPPORTUNITY AREA

7.1.1 Availability

- The opportunity area falls in a number of different ownerships
- There is a significant challenge to developing most of the parcels of land to the north of Crown Street due to recent investment in them having taken place, including a significant refurbishment of the swimming pool and Crown House. This therefore means that the majority of these properties will probably remain in situ for at least the medium term (five years plus). The bus station would also be likely to be expensive to move, suggesting it will also remain in situ for the short to medium term.
- The key areas of opportunity are around the Tower Ramparts Shopping Centre, now owned by Mars Pension fund and the Crown car park, owned by the Council.

7.1.2 Viability

- Looking to the area to the north of Crown Street, the cost of acquiring or relocating these newly refurbished properties would make the land assembly needed to deliver a new development scheme likely to be too expensive, making development unviable. The barrier that Crown Street creates from the core town centre also means that a retail-led scheme in this location would struggle to attract retailers and footfall.
- Looking to the South of Crown Street, the large number of land ownerships and the restricted nature of the area means that the cost of land acquisition to enable an expansion of the Tower Ramparts Shopping Centre creating net additional retail would be likely to be very high making a viable scheme of this scale very difficult to deliver, especially in the shorter term.
- Refurbishment of Tower Ramparts offers the most viable development opportunity in this area in the short to medium term.

7.1.3 Suitability

- Tower Ramparts Shopping Centre sits within the town’s prime pitch and the Primary Shopping Area. As such its location is ideal and should be the preferred location for retail development in planning terms.
- Development in this location will also serve to strengthen the core of the town centre.
- Notwithstanding these locational advantages, however, it would be a challenge to deliver a retail scheme of any significant scale due to the restricted nature of the site i.e. the number of buildings and associated interests currently located on the site and immediately surrounding area. However, investment to improve the existing offer should be a priority. Improvements to the Crown car park may also offer an opportunity to help reinforce footfall in the area and hence the success of nearby retail.

7.1.4 Deliverability

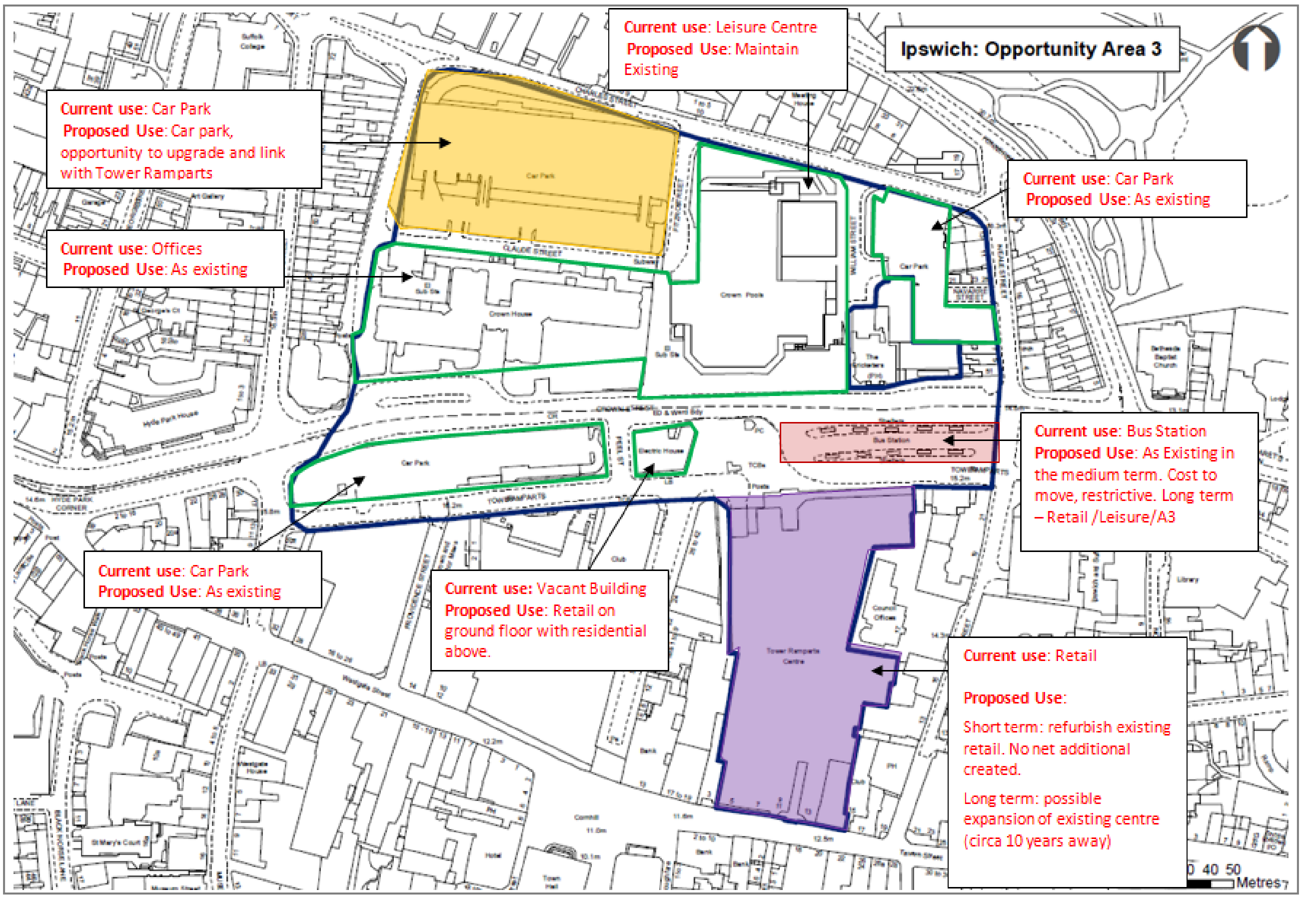
- A large scheme that encompasses properties to the north of Crown Street and would achieve a step change in retail provision in the area would be challenging to deliver in the short term for the reasons outlined above. A smaller refurbishment scheme of the Tower Ramparts Shopping Centre only is likely to be much more deliverable, especially in the short term.

7.1.5 Delivery Strategy

Suggested use allocation: Retail led with small scale supporting food and beverage and leisure. Indicative potential opportunities are shown in the plan below.

- Due to the Tower Ramparts Shopping Centre falling within the Local Plan's Primary Shopping Area it is a strategically important and the most preferential sequential opportunity area for retail development. However, due to a large majority of the site not able to be developed due to recent investment in the properties in the northern area and the restricted nature of the remainder of the site, it is not able to deliver significant net additional retail to meet the identified retail capacity. Focus, especially in the short term, should therefore be on maintaining and maximising the current uses to ensure that the prime pitch of the town is maintained and strengthened.
- Mars' investment in the acquisition of the Tower Ramparts is a welcome boost to the centre and creates a good base from which to grow and attract other investors and occupiers.

Proposed uses in the area:



7.2 WESTGATE OPPORTUNITY AREA

7.2.1 Availability

- A significant section of the area is in private single ownership (Turnstone Estates). The remainder comprises the New Wolsey Theatre, the police station site, the land in Hanover's ownership, the court and the vicarage.
- A planning application which was submitted by Turnstone Estates in 2008 is subject to a resolution to approve, with unsigned S106. Turnstone still retains the desire to bring forward development.
- The town centre masterplan is currently supportive of town centre retail led uses on the site.

7.2.2 Viability

- The challenges in attracting a foodstore anchor to bring forward the previous proposed scheme in the light of existing foodstore consents elsewhere in Ipswich has been the largest hurdle to achieving and delivering a viable scheme. If other pipeline foodstore schemes were not implemented the possibility of an A1 retail led scheme on Westgate should be considered.
- For any retail scheme, but especially an A1 non food led scheme, the dislocation from prime pitch would have to be addressed and reinforced.
- The cost of land assembly of a larger site in the opportunity area is likely to be justifiable at a point when they have mitigated key risks, due to the need to create a scheme with enough critical mass to be viable.

7.2.3 Suitability

- In sequential terms this site is sequentially less preferable than Cox Lane as it sits outside the Primary Shopping Area (as defined by the NPPF). We would however question the inclusion of Cox Lane within the secondary shopping area due to its significant distance from the prime commercial pitch of the town and we would argue that Westgate offers a commercially more viable and appealing site for retail development due to its closer location to the main anchors of the town.
- A key challenging factor of the site is that the linkage to the prime pitch would have to be reinforced.

7.2.4 Deliverability

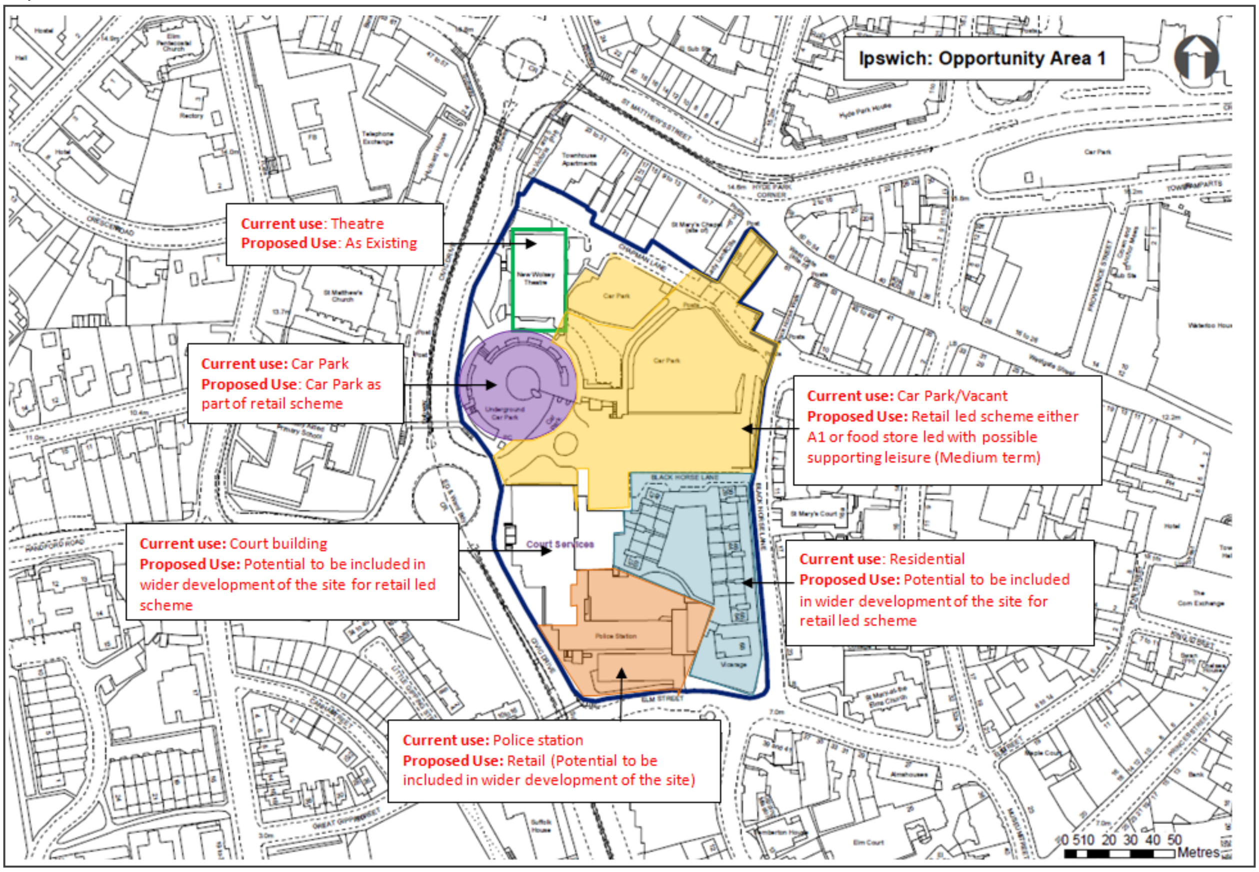
- The site has good road access and currently a significant amount of the site is vacant. However, depending on the scale of any future scheme, an element or all of the Hanover flats, the court and church ownership along with the police station are likely to be required. The theatre would remain in situ as it is successful and an asset to the area.
- Currently the biggest hurdle to deliverability is the ability to attract an anchor, as the scheme is unlikely to proceed without one being in place. A foodstore is the mostly likely use for this site due to its dislocation from the prime retail pitch but an A1 retail led scheme should also be investigated.
- Were other pipeline foodstore schemes elsewhere in town (such as Grafton Way) not to be taken forward, then the prospects for Westgate would be enhanced.

7.2.5 Delivery Strategy

Suggested use allocation: Retail (mix of comparison and convenience) and small scale leisure uses (food and beverage). Indicative potential opportunities are shown in the plan below.

- As a result of the work done in this study we have identified Westgate to be the most suitable site for a comprehensive retail led scheme for the town centre.
- Although less preferable in sequential terms than Cox Lane we question the extent of eastern boundary of the current Secondary Shopping Area which incorporates Cox Lane and the lack of the inclusion of Westgate in the Primary Shopping Areas (as defined by the NPPF). It could be argued that the distance of Westgate to the main existing anchor tenants in the town centre and hence the prime commercial retail pitch makes Westgate a preferable location for a retail led scheme.
- Turnstone, who own part of the site, represent a credible developer with a track record in delivering similar schemes which is a positive for the centre. Being a majority land owner also strengthens their position to deliver a scheme.
- Subject to demand from retailers to locate in a scheme in the location Westgate looks to provide the most viable and deliverable site in the centre for net additional retail development.
- Assembly of a larger site for development – should it be demonstrated to be required and viable – could be an area where the public sector could assist.

Proposed uses in the area:



7.3 COX LANE OPPORTUNITY AREA

7.3.1 Availability

- The majority of the site is owned by NCP (the largest land owner) and the Co-Op with the Church and the Council also owning small elements. Shearer Properties, who are currently acting as development manager for the above two land owners, have been looking to develop out the site for a number of years and renewed their agreement with both key land owners which facilitate site assembly.
- The large element of car parking does mean that the site could be cleared reasonably easily though there are a number of buildings in existence which would have to be demolished and the locally listed nature of the Co-op building makes this slightly more challenging to work around.

7.3.2 Viability

- Development aspirations have been in existence for a number of years, however nothing has been delivered due to failure to secure an anchor tenant.
- Due to its distance from the prime retail pitch (centred on Debenhams) and the previously unsuccessful attempts to deliver retail development, the site may now be more suitable for other uses than retail possibly including residential.
- The distance between the site and the prime pitch and the main anchors of the town is a significant hurdle to delivery without the ability to create a draw such as a very strong anchor/s.

7.3.3 Suitability

- In accordance with the adopted Primary Shopping Area the site currently lies in a more sequentially preferable location than Westgate. However as these boundaries are currently being reviewed through the Site Allocations DPD (incorporating IP-One Area Action Plan) we question the site's inclusion within the Primary Shopping Area (as defined by the NPPF) due to its distance from the core prime retail pitch of the town and the main anchors of the town. We would argue that commercially Westgate offers a more viable site for retail led development.
- If a retail-led scheme was to be delivered, visibility and physical linkages to the main shopping area, including pedestrian access, would have to be significantly improved.
- The Town Centre Master plan document acknowledges the inability over recent years for the site to deliver retail and therefore proposes an option of focusing retail elsewhere.

7.3.4 Deliverability

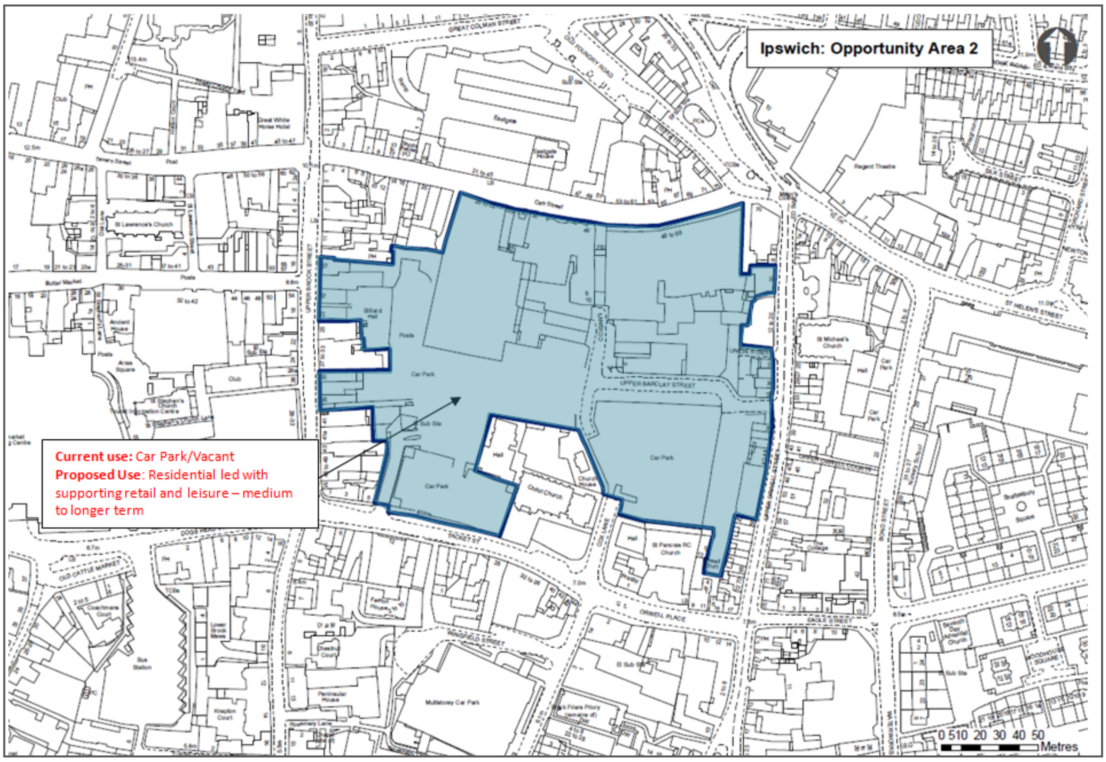
- The main hurdle to deliverability over recent years has been the inability to attract an anchor however other hurdles such as land assembly are also a significant factor with the cost of achieving site assembly difficult to achieve, making a viable scheme harder to deliver.
- The location, when considering an A1 retail scheme is also questionable due to the distance from the prime pitch.
- The site currently has a viable use as a car park.

7.3.5 Delivery Strategy

Suggested use allocation: Residential led mixed use. Indicative potential opportunities are shown in the plan below.

- Although Cox Lane is sequentially preferable in accordance with the adopted PSA boundary, as a result of Cox Lane being further from the main anchors and the prime pitch of the town we would suggest that Westgate provides a commercially more appealing and viable site for retail led development. The preferential status of Cox Lane through the inclusion of it in the Primary Shopping Area (as defined by the NPPF) is questionable, suggesting that the boundary of the secondary area should be reviewed.
- From a commercial perspective, due to the distance from the prime pitch, we believe that it would be a struggle to attract an anchor of enough scale and reputation to anchor a successful scheme. This therefore suggests that the site should be allocated for other uses than retail. A use that could be suitable is residential with supporting smaller retail. The demand for residential uses may be depressed at present however will return as the economy recovers. In the meantime that site is operating as a viable car park.
- The Borough could consider Compulsory Purchase along with other delivery mechanisms to deliver a suitable development on this site and/or not renewing any temporary planning permissions for car parks in this area. It should also consider releasing its own land here for housing as and when demand for this use improves.
- As part of any development coming forward car parking would be a key element; however the quantum required would be dependent upon the scale and use of development on the site as well as capacity and improvements in other town centre car parks. The Regent Theatre (the biggest theatre in East Anglia) is located next to the site and would benefit from greater parking provision which should be specifically remembered as and when development plans are developed.

Proposed uses in the area:



7.4 MERCHANT QUARTER OPPORTUNITY AREA

7.4.1 Availability

- The site is in a number of different ownerships but there are some significant core interests (Archant, Agran, Ortona). The developer Wrenbridge is currently working in partnership with Archant and they have worked up outline plans for a scheme known as 'The Link'.
- The main bus station for the town is located within the site
- The site lies outside the central shopping area as defined in the adopted Local Plan.

7.4.2 Viability

- A proposal has come forward from Archant/Wrenbridge to develop part of the land for a mixed use scheme (offices, retail, restaurants and a hotel).
- The overall site would be unlikely to attract significant retail multiples due to its distance from the prime pitch.
- Land assembly costs for a broader scheme are likely to be significant due to the number of land ownerships in the area.
- Attracting occupiers is the current hurdle to delivery for the 'Link' scheme.

7.4.3 Suitability

- The uses suggested in the Wrenbridge 'Link' scheme are we believe, the correct uses for this site with them likely to provide the right dynamic to the area, help improve the linkage with the Waterfront and boost the overall town centre.
- When the Link scheme comes forward it would likely act as a catalyst for further development in the area including development in the bus depot site in the eastern corner of the opportunity area. When considering the site for retail development, it is the least suitable site in sequential terms due to it being the furthest away from the Primary Shopping Area.
- The current 'Link' scheme proposals by Wrenbridge fit with DTZ's view of what the optimum mix of uses for the site would be with Wrenbridge in agreement that large scale A1 retail would not be appropriate due to the site's distance from the prime pitch. However they do believe that this is a prime town centre site with it having the ability to help boost the town centre and help create a dynamic centre with the right mix of uses. The biggest hurdle at present is market conditions with regional centres still proving to be challenging for office developments and a shortage of occupiers willing to sign up to a pre-let which are required when trying to fund developments of this nature.

7.4.4 Deliverability

- The main hurdle to delivery is the ability to attract office occupiers to occupy the scheme, due to the effects of the recession. Due to its strong location this would hopefully improve with an improvement in the property market.

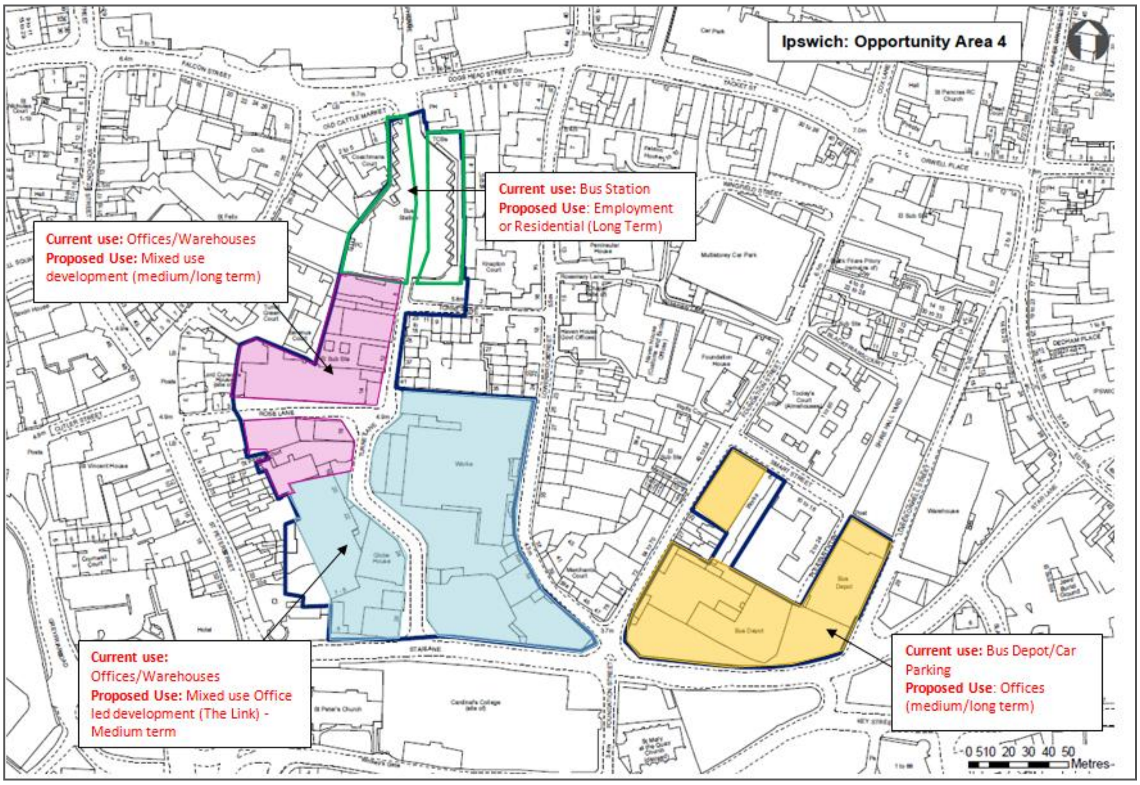
- DTZ advises that the Council maintains support for the current proposals and resists any approaches to locate retail on the site apart from small scale retail. We would also advise that other possible locations closer to the retail core are considered for a large town centre car park to serve the need of shoppers ahead of this site due to the distance from the prime pitch. Car parking to serve the waterfront and provide a useful link between the two areas could be appropriate here.
- We believe this is a medium term priority with the Council needing to maintain their support from a policy perspective

7.4.5 Delivery strategy

Suggested use allocation: office with small scale leisure (food and drink plus potential hotel) and retail and residential. Indicative potential opportunities are shown in the plan below.

- The main area of focus in this opportunity area is 'The Link' development. Wrenbridge are a credible and successful developer who have good knowledge of the town and we believe that their proposals represent the best possible uses for this site and as and when they can come forward will help to reinforce the town centre offer.
- Although currently stalled by the market it is the most deliverable and developed option in the opportunity area and one that should be supported by the Council
- Beyond this core scheme opportunities for the bus depot should focus on the same uses of employment or residential whilst opportunities to redevelop the bus station are likely to be longer term.
- We do not believe that retail of a scale and nature that would compete with the existing town centre offer should be located on this site due to the distance from the prime pitch. However ancillary retail and leisure would be a welcome addition to a development in this location.

Proposed uses in the area:



7.5 WATERFRONT OPPORTUNITY AREA

7.5.1 Availability

- The site is in multiple land ownerships.
- The site lies outside the Primary Shopping Area and the Central Shopping Area as defined in the adopted Local Plan.

7.5.2 Viability

- Due to its distance from the town centre and the retail prime pitch it is unlikely that large scale retail floorspace would be viable at the waterfront - unless a significant draw and critical mass were to be established - that multiple retailers would want to locate so far from the existing prime pitch of the town.
- Recent years have seen stalled residential schemes due to the recession and an oversupply of product. The stalled NAMA site which sits in the middle of the site has been currently put on the market.
- There is a real opportunity to build upon leisure and evening economy at Waterfront to build an area that complements the existing town centre.

7.5.3 Suitability

- Distance from prime shopping area is a hurdle to retail development as well as the busy main road which divides the CSA from the waterfront.
- Any large scale retail in this location would be likely to have a significant adverse impact on the core town centre and we believe alternate uses for this site would be preferential, such as leisure, cultural and residential.
- In sequential terms the Waterfront site is the least suitable opportunity area for large scale retail due to its distance from the PSA.

7.5.4 Deliverability

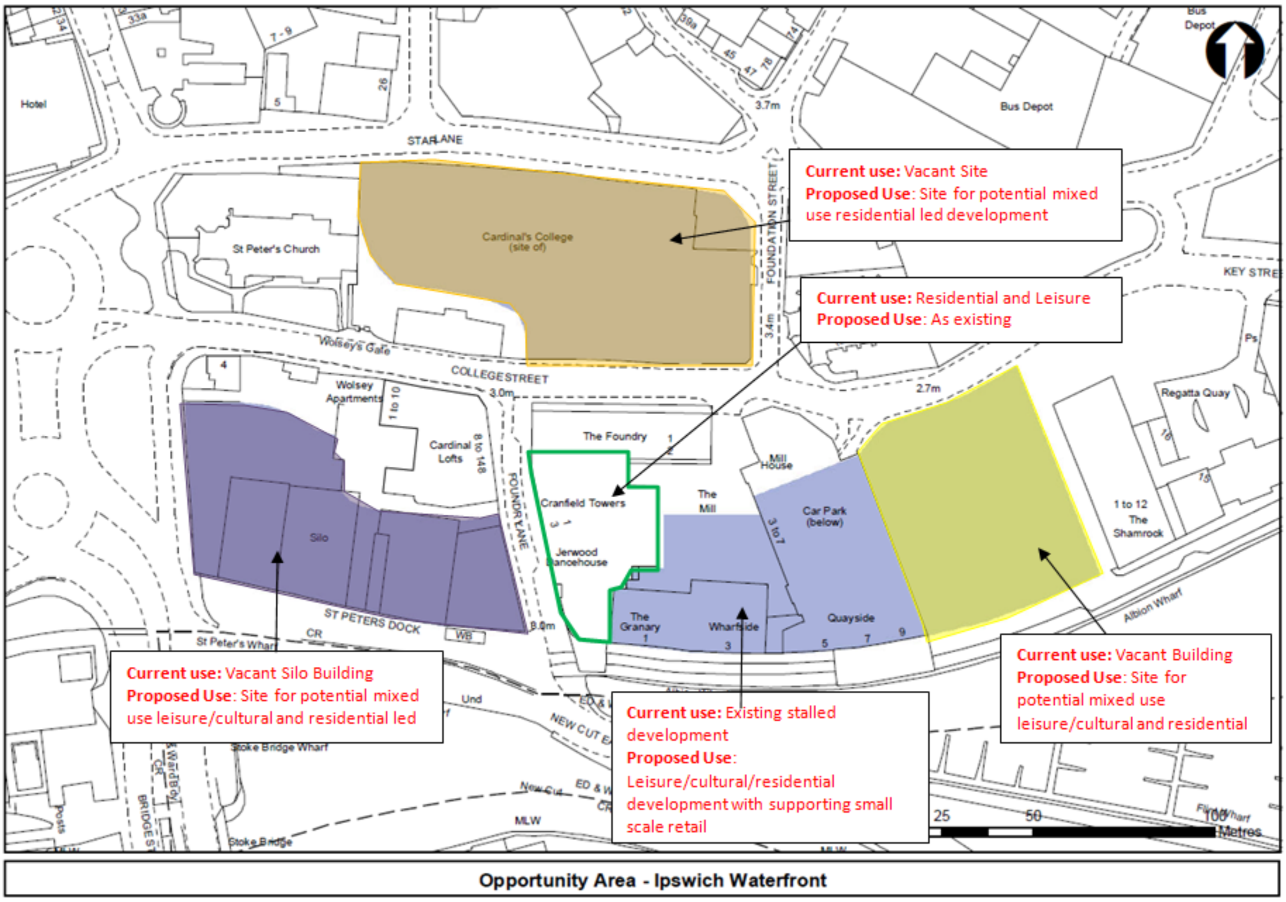
- The site is accessible by public transport and by car. Recent years have seen new hotels and university expansion in the area. There are a few sites within close proximity with planning consent for mixed use schemes.
- In terms of potential retail use, in current market conditions, we would question whether larger scale retail in the area is deliverable. Also, any significant retail development in this area would need to be assessed in terms of potential adverse impact on the PSA. Smaller scale retail supporting other uses would be seen as a positive addition to the Waterfront.
- Residential, cultural or leisure led uses would complement the town centre and would enhance the waterfront, by creating a lively water frontage and evening economy, but are dependent on market demand.

7.5.5 Delivery Strategy

Suggested use allocation: Residential, Cultural, Leisure and small scale Retail (mix of comparison and convenience) uses. Indicative potential opportunities are shown in the plan below.

- We do not believe that retail of a scale and nature that would compete with the existing town centre offer should be located on this site due to the distance from the prime pitch. However small scale retail and leisure would be a welcome addition.
- We have identified the Waterfront as an ideal location for complimentary town centre uses.
- There is scope and potential to improve and strengthen links with the PSA, through enhanced way finding and improvements to public realm.

Proposed uses in the area:



8 Local Authority Delivery Mechanisms

In the current economic climate, town centre development is proving to be very challenging with local authorities often having to provide support where possible to enable delivery. Partnership between the public and private sector is now vital to unlock development especially in the complex and sensitive areas of town centres where many different demands can be placed on land.

Many of the towns and cities that are starting to see development progress, and in some cases delivered, are places where local authorities have taken a more creative approach challenging the traditional ideas of the role of the public sector in delivering development.

With the previous section of this report having identified development potential in the opportunity areas and how to progress them to inform the updated IP One Area Action Plan document, IBC also need to consider what other role they can place in helping to deliver development where required. Due to a wide range of mechanisms at their disposal the key is to develop a bespoke approach for each of the sites with a suite of different options being possible for each of the areas.

Firstly, to provide context it is helpful to understand lessons from elsewhere and where and how town centre development has been delivered in the last property cycle. The case studies set out the approach used as well as the factors that impeded or fostered the success of the schemes and the scale and timing of the development and the effect it has had on the town centre.

8.1 CASE STUDIES

Bury St Edmunds

- Opened 2009
- Majority of the site is **council owned** and regeneration was delivered through a **joint venture** with Centros Miller
- 40,000 sqm , a value of £60m
- Master plan-led approach secured **integration with the existing town** centre and was sensitive to its historic context
- Transformation of former Cattle Market site to create a **retail destination** and improve public realm by providing **links** to existing retail pitch
- Strong **anchors** create linkage to existing fabric and improve footfall through the development
- Development has improved Bury's retail image and promoted **independent retailers**
- Even in tough retail conditions the development has fared extremely well

Cambridge

- Opened 2008
- The Grand Arcade was designed to improve **permeability** linking the neighbouring 1970s Lion Yard Shopping Centre and Petty Cury
- 50 further shops, cafés, restaurants and an improved car and cycle park and magistrates court
- The project is seen as a **positive** and **essential** requirement for the continued vitality of Cambridge city centre.
- 450,000 sq ft retail-led scheme including a new anchor for John Lewis, a new Multi Storey Car Park and a new Magistrate's Court
- Delivered through a Development Agreement between Cambridge City Council and Grosvenor/USS Grand Arcade Partnership (GAP). GAP appointed Bovis Lend Lease as main contractor (2004). Development period was three years.
- Cambridge City Council a key player as owns the reversion of the Lion Yard centre from which it receives substantial geared ground rents. It also owns and operates the Lion Yard car park and other properties in the scheme footprint. The Council had been receiving £200k pa rent from the retail and making £1m profit pa from the car park
- Land assembly – GAP agreed to transfer the freehold if its acquisition sites to the Council, and the Council agreed to CPO the remainder of the land required
- The Council granted a 175 yr lease to GAP for which it would receive a single figure geared ground rent
- GAP paid the Council a licence fee equivalent to the previous passing rent throughout the development period and for 2 years after completion or until the geared rent exceeded that amount if sooner

Bath Southgate

- Opened in 2010
- Over 35,000 sq m of **retail, leisure and restaurants**
- Southgate opened in three phases. It saw the redevelopment of the **existing shopping** centre, relocation of **bus station** and car park
- Proposed scheme was **open street design** connecting the new Central Square and train station
- Little Southgate promotes **independent** modern retailers
- New development **complements and blends** in with the existing urban fabric
- Scheme delivered at the bottom of the market – development **was focused** and within the **prime retail core** of the city

West Quay -Southampton

- The scheme will be delivered in two phases with the first phase (c.200,000 sq ft) comprising leisure, retail and restaurant
- The second phase may include a residential tower, a hotel, flexible office space, restaurants and additional public space.
- Even though there is a developer on board , the approach has been to build on prime and slowly extend out in a phased approach
- Application submitted for planning

The most important points to take from all the above case studies are :

- Strong linkage and proximity to the prime pitch has been a key feature of the schemes **– building on existing prime**
- The **right quantum** of development needs to be developed
- The **correct mix** of uses is vital
- Development takes time
- The **Councils have had key roles** in enabling and supporting development (e.g. Improving public realm, financial support, engagement with key stakeholders)
- Correct **phasing** of development is vital to achieve long term goals
- **Prioritisation and clarity of proposition is key**

8.2 PUBLIC SECTOR SUPPORT MECHANISMS

The types of public sector support can be categorised in the following way:

- **Direct development**
- **Town centre management**
- **Policy support**
- **Investor**
- **Funding options**

8.2.1 Direct Development

Key features of this approach could include:

- The Council taking on development risk, potentially acting as development manager and appointing a contractor and professional team
- Mechanisms to recoup outlay are available including disposal of interest or retention of asset to generate revenue and long term capital growth

This option represents the greatest risk position for a Council to take but with that risk comes control and potential reward. Taking on the role of developer requires time and in house skills to ensure that the project is well managed which is a significant commitment. However, it can firmly put the Council in the driving seat of development which can significantly improve the likelihood of successful development, especially in the absence of other willing development parties. A Council may choose to only take a scheme to a certain point and then look to appoint a development partner but this can still act as the important enabler, overcoming initial stumbling blocks to development and creating a strong basis from which to build.

8.2.2 Policy Support

Key features of this approach could include:

- Adoption of area wide policy documents
- Creation of site specific development briefs and other SPD documents that relate to wider initiatives including town centre improvements.

The Council can use Planning Policy to guide, ease and quicken development within the town centre. Currently, Ipswich's Core Strategy and Policies DPD is the basis for decision-making on development proposals.

Currently the Council are looking to update the IP One Area Action Plan Preferred Options 2007 providing them with the perfect opportunity to amend policy to support development where possible. This document will be an important tool in supporting and encouraging future development on the opportunity areas. We recommend that the findings of our current work on the town centre opportunity areas are taken forward and reflected in the adopted version of the AAP.

As well as these documents, for specific sites, the Council can look to create development briefs for priority sites that will create clear guidance to the development market as to the Council requirements for the site and also the role the Council wants to play in any development.

As well as for specific sites SPD can cover specific initiatives such as a parking strategy for a centre such as is recommended for Ipswich. This can then support the wider policy documents, providing more detailed guidance.

8.2.3 Town Centre Management

Responsibility for town centres has traditionally been divided between the public and private sectors with the private sector concentrating on individual properties and business interests, while local authorities look after the public realm. This relationship is now beginning to change and planning policy recommends that local authorities, in partnership with the private sector and the local community, should develop town centre management strategies to co-ordinate improvements. The guidance recognises that the effective management and promotion of individual town centres can help to enhance their vitality and viability, with both sectors and the local community working together and pooling resources to achieve sustainable development and tackle the physical, economic and social exclusion problems.

In Ipswich town centre, a Business Improvement District (BID) mechanism exists which leads town centre management. Whilst town centre management mechanisms do not typically have a lead involvement in development projects, we recommend that in order to achieve the objectives of the Council's town centre masterplan, the Council works with the BID to ensure that the development strategy for Opportunity Sites as set out in this report are taken forward in coordination with BID initiatives and that the two are mutually reinforcing. This could assist in achieving objectives such as the closer integration of the town centre and the Waterfront. For example, given that it is likely to take some years before the Merchant Quarter scheme is developed to provide a more effective physical link between the town centre and the Waterfront, the Council should work with the BID to ensure that in the meantime "softer" initiatives such as marketing, branding and events programmes effectively market the town centre and the waterfront as a single destination.

8.2.4 Investor

Key features of this approach could include:

- Council injects money into a scheme and can either take a proactive or passive role in the development. This route can have the advantage of providing the Council with a financial return and an element of control over the scheme.
- The Council can fund a specific element of a scheme e.g. public realm, infrastructure or a civic facility to help unlock the scheme
- The Council can restructure existing property interests to enable development to proceed
- Again, mechanisms to recoup outlay can be put in place including sale of interests or retention of revenue stream

8.2.5 Funding Options

Funding from different sources can be used as a standalone tool or can be used in conjunction or as part of the above options. Funding can be vital and mean the difference between the delivery and stalled schemes. It can help in a number of ways:

–Provide the funds to unlock necessary infrastructure work to enable the development
–Provide gap funding by way of a grant to plug a viability gap
–Provide cheaper funding than is otherwise available through private sector sources to aid the viability of a scheme

We set out below further information on the variety of different funding mechanisms that are available:

Prudential Borrowing

The Local Government Act 2003 introduced new freedoms and flexibilities for local authorities with one of the powers allowing local authorities to borrow to invest in capital works and assets so long as the cost of that borrowing was affordable and in line with principles set out in a professional Prudential Code, endorsed by the Chartered Institute of Public Finance and Accountancy.

The low cost debt is made available to Local authorities by the Public Works Loans Board (PWLB) and the rates are determined each night.

In considering the option of Prudential Borrowing, IBC needs to take account of their capital finance regulations and in particular the specific requirements to allow for repayment of the loan principal, known as 'minimum revenue provision' (MRP). The effect of this is to slow down the rate at which the Council's outstanding debt position increases. MRP has to be calculated based on capital expenditure (financed by borrowing) and incurred to the previous 31 March is not required to be produced from within the redline that the money is being borrowed for and can be from other sources. If available, other funding sources can be utilised to help achieve this, such as the Growing Places fund.

The key elements of the Prudential Code (which IBC would have to comply with) are **strategic focus, affordability and value for money**.

Although not an automatic answer to unlock unviable projects and is still a loan, it can provide Councils with the ability to assist with third party developments by helping both the cash flow of a project and the viability due to its lower rates. It can also help enable a Tax Increment Finance (TIF) mechanism to be utilised (please see later).

Tax Increment Financing (TIF)

The basics: How it works

The UK TIF model is based on reinvesting a proportion of future business rates from an area back into infrastructure and related development. It applies where the sources of funding available for a scheme to deliver economic growth and renewal cannot cover the cost of infrastructure required by the scheme. Often this will be a regeneration project, and although UK TIF could be used more widely, it will not be suitable for all schemes.

A lead agency – a local authority, private sector partner or some combination – raises money upfront to pay for infrastructure, on the basis that the increased business rate revenues generated by the scheme can be used to repay that initial investment. The upfront funding may be borrowed from public or private sources, or it may be provided by the developer from capital available to it.

The Treasury may enjoy the wider fiscal benefits of the scheme – higher stamp duty revenues resulting from rising property values, higher income and corporate tax revenues due to more economic activity, and lower health, security and benefits costs as the community enjoys the social benefits of regeneration.[6]

The TIF structure that has been introduced in the UK is different to that seen in other countries and in Scotland with the UK version being a watered down version and to date only being set up in very specific locations.

UK legislation framework

- Royal assent was given in November to the Local Government Finance Act 2012, which allows the creation of the tax increment financing (TIF) schemes that allow borrowing of this kind
- Although a lot of work has been done on TIFs in the UK, the actual structure and implementation of them is still currently very fluid with further guidance and a more robust framework required from the Government.
- The way that TIF powers have been devolved to Local Authorities to date is through the City Deals bids with the first round of these having been completed and agreed last year. City deals are providing greater power to Local authorities with a number of different powers being devolved.
- They may be the option of creating a TIF style structure outside of these specific frameworks now more likely with the business rate retention scheme that has just been introduced with representations to Government required to start this process.

Regional Growth Fund

The Regional Growth Fund (RGF) is a £2.6 billion fund operating across England from 2011 to 2016. It supports projects and programmes that lever private sector investment to create economic growth and sustainable employment.

The most recent round has just closed at the end of March. Another round is unlikely to come until later this year or next year.

Due to this funding being aimed at stimulating the creation of jobs with priority recipients being businesses and occupiers, it is challenging to successfully attract it towards property development and town centres in particular (given the high proportion of retail uses which are not traditionally seen as particularly beneficial to long term

[6] House of Commons Library Paper, 24 April 2012 [SN/PC/05797]

employment). In previous rounds however some development projects were successful; however these projects need to show that good progress has been made and that delivery will be in the near future. This funding stream should be monitored with it assessed whether a project fits the criteria and has been progressed enough at the time a bidding round is announced.

All projects should lever private sector investment for long term growth and private sector employment. The criteria for RGF ask bids to show that they would:

- create additional sustainable private sector growth
- rebalance the economy in those areas currently dependent on the public sector
- not otherwise go ahead without support from the Regional Growth Fund
- offer value for money
- be State Aid compliant

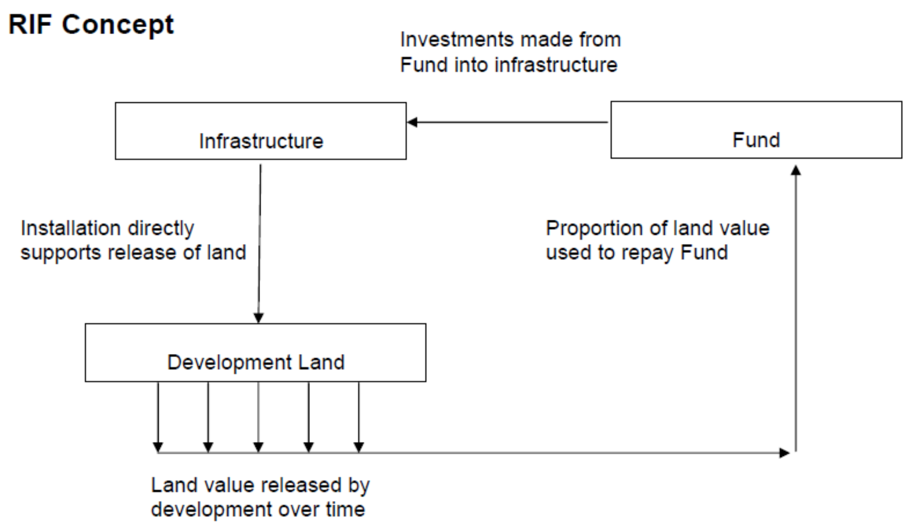
Growing Places Fund

The Growing Places Fund was set up by the Government in late 2011 as a £400million (extended by a further £270million in the March 2012 budget) fund to provide seed capital for Local Economic Partnerships (LEPs) to establish Revolving Infrastructure Funds (RIFs). The fund is to be used to pay for infrastructure projects that facilitate development, releasing land value, a portion of which can then be recycled into the fund to pay for further infrastructure projects.

The Government allocates the funds to Local Authority (LA), the fund can be used to:

- to generate economic activity in the short-term by addressing immediate infrastructure and site constraints to promote the delivery of jobs and housing;
- to allow LAs to prioritise the infrastructure they need, empowering them to deliver their economic strategies;
- to establish sustainable revolving funds so that funding can be reinvested to unlock further development and lever private investment.

The national Fund is almost entirely capital and has been allocated in response to bids submitted by LEPs/ LAs, to distribute in line with local priorities. The precise amount of the allocation has been made on a formula basis.



The basic proposition is for the RIF to provide cash to pay (in whole or in part) for the installation of key items of physical infrastructure, which in turn enables associated land to be released for development over time. Through use of RIF funding, key infrastructure can be delivered early in the development process and hence contribute to making the related development more sustainable. This is the investment phase, with money being paid out to fund infrastructure.

A proportion of the value of the development land released is used to pay back the RIF for its outlay (potentially plus a commensurate return). This is the repayment phase, with receipts coming back in to the RIF. Value is typically released either through sale of land to a third party for development or through the proceeds of development itself (e.g. sale of houses).

In order for the GPF funds to be revolving, funding needs to be returned. Hence, a RIF is a means of providing finance to projects, not grant or subsidy.

Once it has generated sufficient receipts, the RIF is then able to re-invest amounts returned to pay for infrastructure on further projects.

- Although this is a loan not a grant it may provide opportunities for IBC due to the low rates and the flexible structure.
- As per TIFs, this is related to early stage infrastructure provision. If IBC were able to identify projects which had the potential to deliver a step change in any of the major property markets, then this could be a tool to bring forward development.
- Like RGFs rounds of bidding are at specific periods of time therefore may not fit with the programme of different projects but is worth investigating at the relevant time.

Business Rates Retention

A business rates retention scheme has just been introduced at the beginning of April 2013 by the government. It will provide a direct link between business rates growth and the amount of money Councils have to spend on local people and local services. Overall, Councils will now get to keep up to 50% of business rate growth giving them a real incentive to go for growth and encourage enterprise and job creation. This will provide a strong financial incentive for Councils to promote economic growth.

At the beginning of the scheme, the government will carry out calculations to ensure that Councils with more business rates than their current spending (baseline funding level) will make a tariff payment to government. Similarly, where Councils have greater needs than their business rates income, they will receive a top-up payment from the government. The total sums of these payments will equal each other.

The levels of tariff and top-up payments will remain fixed each year, but will increase in line with the Retail Price Index. They will not change until the system is reset. The government has said that this will not occur before 2020 at the earliest.

In addition, safety net payments will be available if a Council's business rates income falls by a certain amount. This will provide support if, for example, a major local employer closes.

They will also have much greater flexibility to pool their business rates to encourage growth across their areas. The scheme also enables Councils to borrow money against future business rate growth to fund infrastructure projects in their area.

This scheme can be used to help create a TIF structure with the business rates able to pay back an upfront loan. They may be used in conjunction with such thing as Pru Borrowing which will provide the upfront loan.

Issues with the current system

The resetting of the tariffs and top-ups in relation to the baseline funding level in 2020 may be a significant hurdle for Councils where schemes are completed in the few years before 2020 putting them at risk of losing some of the increased rates. Representations to central Government may be required to agree an exemption or amended.

9 Conclusions

There is no easy solution for delivering town and city centre development and regeneration in the UK due to the many complexities it presents, especially in more challenged market conditions. Although Ipswich, along with many other towns and cities has felt the effects of the recession, a number of development opportunities currently exist in the centre with stakeholders keen to bring them forward. It is therefore an important time for the Council to ensure they have a clear understanding of the opportunities and the challenges that exist both in Ipswich and in the wider context, and to develop a clear way forward through prioritisation of the opportunities. Greater understanding as to where development can be achieved and the timescales associated with these opportunities will help to enable the Council to decide how best to structure and channel their support through the different channels available to them. As a starting point, lessons from elsewhere provide strong guidance as to what to remember when looking to enable development in these locations. Below summarises these key themes:

- The **quantum** of development being proposed needs to be **reasonable and deliverable**. This is a key lesson that can be learnt from the scale of development that has been delivered in comparable cities and towns in the last development cycle
- **Development** needs to be **focused in the right area**, to **build upon existing** well functioning areas in the city to increase likelihood of delivery and viability and to leverage investment and further improvement in these areas
- **Retail development** in particular has **fundamentally changed**, large schemes of the past are no longer deliverable unless in super prime areas. Any schemes coming forwards in regional centres need to be of a manageable size to reduce risk and meet the more measured demand of occupiers.
- **Partnership**, where possible between the public and private sector is vital to enable development
- **The role of leisure/cultural uses** in town centre retail schemes has grown in importance as it helps to increase the vibrancy and dynamism of a centre. This section of the property market has also been performing very well
- **Public sector support** is vital. This can take different forms from policy support through to financial and other creative initiatives.

Relating these to the Ipswich specific situation we believe the following:

- The overall size of the area covered by the opportunity areas is large with it being very challenging to deliver development in all of them within one development cycle; hence there is a need to prioritise certain sites and to support these where possible through both policy and other corporate means. This proactive approach for the shorter term opportunities can be complimented by a reactive policy framework to accommodate longer term opportunities as and when they come forward.

–Support further investment in Tower Ramparts
–Support retail-led development at Westgate
–Support employment-led development at Merchant Quarter
–Support leisure, cultural and residential-led development at the Waterfront
–Support mixed use development and residential at Cox Lane

- In the short to medium term IBC should undertake an update of its retail capacity study to address current and changing retail trends and assess its future retail requirements.
- To maximise the probability of delivery and its positive impact, focusing initial development on existing prime and well functioning areas is not only likely to be a more viable option but is also vital in order to help prevent future weakening of the prime commercial area of the town centre. This suggests that, for example with retail, it is

pertinent to consider what possibilities exist around or close to the current prime pitch along Tavern Street for any form of retail and leisure development as a priority.

- The acquisition of Tower Ramparts by Mars and the future arrival of the Vue cinema with associated restaurants in Buttermarket should not however be forgotten – both of these exemplify belief in Ipswich and the opportunity it holds. The new cinema and restaurants will bring a welcome investment and boost to the economy in the centre which will help to leverage and promote further investment and development. It is also highly likely that Mars will work to improve Tower Ramparts which will only help to strengthen the prime retail area and we would encourage the Council to engage with them and ensure that any work they undertake also works to boost the rest of the centre and provides maximum benefit to the town.
- With Tower Ramparts being a restricted site, efforts to deliver additional floorspace should be focused elsewhere. We would question the eastern extent of the PSA boundary which includes Cox Lane as we would argue that commercially Westgate offers a more deliverable site for a retail led scheme due to its proximity to the prime pitch and an appropriate retail scheme here would be likely to reinforce the existing prime commercial retail pitch to a greater extent.
- It is important that the Council remain engaged with the different stakeholders and explore different ways in which they can proactively support development both through focusing policy for the centre and considering corporate options open to them.
- Ensuring that private sector parties have a clear message from the Council as to what development and where is to be supported, with a partnership being stimulated and maintained where possible should be an important focus moving forwards.

In summary there are a good number of positives for Ipswich centre with opportunities in place that have the ability to help the centre grow in vitality, viability and attractiveness. Key elements to enable this are the stakeholders/developers and partnership between with the Council most likely to ensure that development and regeneration is delivered. We believe that there are a number of key work streams for the Council to pursue to work towards the creation of a more certain delivery strategy that will form the framework for delivering development in Ipswich over the short, medium and longer term.

Glossary

Prime – Prime property is property that offers the best investment opportunity to an investor so is therefore found in the strongest location (e.g. the most successful shopping area of a town or city centre); has a long income stream due to it being let on a long lease to a tenant with a strong covenant strength and is in good condition. A prime property is generally the top 10% of real estate stock of the area. The Prime pitch of a town centre is the area where the best retailers are located and is where the most footfall is found due to shopper being most attracted to this area.

Yield - The yield is a measurement of investment return indicating the relationship between income and the price of the asset. It can also be used to calculate the capital value of a property asset.

Forward Funding – The investor/institution agree to purchase the development on completion whilst providing all the finance in the interim

IY (Initial Yield) – This represents the direct relationship between the passing rent and on the date of the valuation and capital value of the interest.

ROCE- Return on Capital Employed is the ratio that indicates the efficiency and profitability of a company's capital investments.

Zone A- The defines zoning as a standard method of measuring retail premises used by both public and private sector surveyors to calculate the value of retail premises, most often to compare one retail premises with another. Zone A is the 6.1m closest to the window and is most valuable with the value decreasing with distance from the frontage: Zone B is the next 6.1 metres, then Zone C until the entire depth of the retail area is allocated to a zone - anything after Zone C is usually defined as the remainder.

Venue Score- VENUESCORE™ is an annual survey compiled by Javelin Group, which ranks the UK's top 2,000 retail venues including town centres, stand-alone malls, retail warehouse parks and factory outlet centres

Promis Town Centre Report (PMA)- UK Property Market Information Service, a service providing industry standard reports on all commercial sectors in up to 300 towns and cities.