

Ivybridge Development Proposal Update

Report to: **Executive**

Date: **14 March 2019**

Title: **Ivybridge Development Proposal Update**

Portfolio Area: **Cllr John Tucker, Leader of the Council, Assets**

Wards Affected: **All**

Relevant Scrutiny Committee: **Overview & Scrutiny Panel**

Date next steps can be taken: **n/a**

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Recommendations: That Executive:

1. NOTE the findings of the Ivybridge 'Vox Pops' Consultation
2. SUPPORT the submission of an Expression of Interest to the Government's Future High Street Fund in respect of Ivybridge
3. APPROVE the principle of a supermarket development within the Council owned Leonards Road and Glanvilles Mill car parks, subject to an acceptable detailed business case and agreement with third parties. These will need to be in place before a final decision on progressing a development.

1.0 Executive Summary

- 1.1 Full Council approved a Commercial Property Strategy (CPS) in September 2018 and at Executive in December 2018, approved seven projects under delegated authority. Members deferred approving a project to build a supermarket in Ivybridge as they required more information.
- 1.2 This report summarises the work that has been completed since that meeting, including an informal town centre 'vox pops' consultation; a car park usage analysis; work to develop a future high street fund bid, and; discussions and drawings to address concerns regarding the potential car park capacity loss and the physical location of the supermarket.
- 1.3 Executive is asked to note the findings of this work, support a bid to the Future High Street fund for Ivybridge and approve the principle of a Council supermarket development in the town centre car park.
- 1.4 Subject to agreement by Executive, the supermarket development will require a detailed business case and agreements with third parties before it can be fully considered. It is anticipated this will only be available in the new Council administration.

2 Background

- 2.1 In September 2018, the Council adopted a new Commercial Property Strategy (CPS), which delegated decisions on in-district development to Executive.
- 2.2 The CPS has a number of objectives, which would be satisfied by progressing with this proposal, specifically:

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- 2.2.1 To support regeneration and the economic activity of the District
- 2.2.2 To enhance economic benefit & business rates growth
- 2.2.3 To assist with the financial sustainability of the Council as an ancillary benefit.
- 2.2.4 To help the Council continue to deliver and/or improve frontline services in line with the Council's adopted strategy & objectives
- 2.3 The CPS delegates authority to approve development projects to Executive, where these projects fit within the borrowing limit approved by the Council.
- 2.4 Officers understand that two national supermarket operators are looking for sites in the vicinity of Ivybridge. Officers believe the town centre car parks would be an ideal central location for a new store, driving footfall into the town centre, as opposed to a new out-of-town new retail development. There are no other sites in the centre of Ivybridge which would be suitable for such development.
- 2.5 A typical store would employ between ~30 – 35 people and generate approximately 1,000 visits a day into the centre of Ivybridge. The supermarket's typical business model of only stocking ~2000 – 3000 product lines (instead of a more typical ~10,000-20,000) requires shoppers to visit other stores to complete their typical weekly shopping. It is for this reason that this style of store could assist with the sustainability of shops and high streets in close proximity.
- 2.6 In December 2018, Executive approved seven projects but deferred approving a project to build a Supermarket in Ivybridge. Members had a lengthy debate when appraising the original proposal. Local Ward Members raised concerns over the potential loss of car parking and these concerns had been echoed by the Town Council. Other Members accepted these concerns, but felt that the proposal would bring footfall into the town, which would be of benefit to the economy of the town as a whole.
- 2.7 Members supported the deferral, but in doing so noted that, if the proposal did not progress quickly, then there was a chance that the opportunity would be lost and the risk that an alternative location, away from the town centre, would be found. They felt this would have an even more detrimental effect on the economy of Ivybridge. Finally, there was discussion around revisiting the car parking strategy to ensure that it supported Ivybridge effectively.
- 2.8 This report summarises the work that has been completed since that meeting, including an informal town centre 'vox pops' exercise; a car park usage analysis; work to develop a future high street fund bid, and; discussions and drawings to address concerns regarding the potential car park capacity loss and the physical location of the supermarket.

3 Work Completed Since the December Executive

3.1 Vox Pops

Officers from Communications, Strategic Planning, Assets and Business Development spent a day in Ivybridge in January. They interviewed shoppers, visitors, workers and business owners in and around the town

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centre, car parks, medical centre, school and the leisure centre. Discussion centred around views about the town centre, car parking usage and provision, sustainability of the town centre and feelings about the proposal to bring a new supermarket to the town. Appendix A is a summary of the findings. Also shown in this appendix are a number of potential action points, which officers will investigate.

- 3.2 Some interviews were videoed, but due to data protection rules and the consent given, these are not publically available. Members can contact the author if they would like to view.
- 3.3 In summary, there was a mixed view on the attractiveness of a new supermarket. There was concern that a new supermarket could affect the sustainability of existing supermarket / grocery providers in the town and therefore the additional employment created may actually displace existing employment. Others thought a new store would be a real attractor for the town; creating much needed competition and explained it would stop them from leaving the town to find that type supermarket in other nearby towns.
- 3.4 People were concerned there would be insufficient parking as a result of a new store. It was clear there was some misunderstanding, with some people believing a multi-storey car park was proposed, whilst others thought the supermarket would just be dropped on to the car park with no replacement car parking provided. It was a useful exercise to dispel these myths, understand the sentiment and also to understand current car park usage.
- 3.5 **Car Park Usage Analysis**
Officers attempted to speak to all car park users between the hours of 06.45 – 09.00 on Friday 11th January in order to understand their movements. Analysis is shown in Appendix A. It was clear that fears that people were using the car park to “park and ride” were unfounded. However, it is true to say that town centre workers were the main users, with the car park approximately 70-80% full by 9am. This results in very little car park turnover during the day due to the prominence of long stay users, who are attracted by convenience and low cost. The use of parking permits mean the cost to park is circa. 50p per day.
- 3.6 A number of people cited they would like to see either completely free parking or free parking for a set period of time. They explained this is offered in nearby Plympton and the adjacent Watermark car park. Interestingly, many supermarket providers like to ensure that their users have access to a free car park for the first 90 minutes of their stay. Any such tariff change would be a budget pressure for the Council.
- 3.7 Other interviewees felt the current tariffs needed review – perhaps free for a period and then a flat fee per hour afterwards. Their thinking being this would stimulate turnover, attract those who wanted to use the leisure centre or the town and therefore have a positive outcome for local businesses. This would need to be balanced with the provision of long stay parking elsewhere within close proximity of the town centre.
- 3.8 **Future High Street Fund (FHSF)**
The Government announced the £675m FHSF in December 2018 and is inviting expressions of interest by 22 March 2019.

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- 3.9 The Government has recognised that today, as consumer patterns change and spending increasingly moves online, expectations of high streets are changing too. A renewed emphasis on 'experience' brings convenience, valuable services and a powerful sense of the community to the fore – that intrinsic desire for something that cannot be replicated online. Where this has been achieved successfully, it can transform a community.
- 3.10 The FHSF is an essential part of the Government's plan for the High Street, providing co-funding towards capital projects that bring transformative change. Each successful project could be awarded up to £25m to support the regeneration of town centres through innovative proposals around transport, housing delivery and other public services.
- 3.11 It has been agreed that Ivybridge would be the ideal location within the South Hams to form a project team to build a bid. The Council's Head of Place Making has met with representatives from Ivybridge Town Council, the Neighbourhood plan team, the Chamber of Commerce, local businesses & developer stakeholders along with the local MP to agree the need and scope for a bid. They are on course to submit an expression of interest, drawing on earlier work by the Prince's Foundation and the Council's Joint Local Plan.
- 3.12 The revised proposals for a new town centre supermarket (as discussed in 3.17 below) have been shared with this group. It has been agreed that these proposals should be included within the expression of interest as supporting documentation, showing the scale of the town centre improvement that is possible.
- 3.13 **Discussions and Drawings for potential way forward**
The Council's Joint Local Plan included evidence (contained within the Retail and Leisure Study 2017, 'Key Findings') of the need for a new 'discount' supermarket in the town:
"Ivybridge performs well against the majority of health check indicators and there is limited need for qualitative improvements. However, consumer choice in the convenience sector could be further improved through the provision of a discount food store within the town. Currently residents must travel to Plympton for their nearest discount food store"
- 3.14 A number of concerns were raised about the former proposal, namely:
- The presence and suitability of a decked car park
 - the location of the store being 'disconnected' from the existing town centre
 - The lack of access / visual connection to the River Erme
 - The potential impact on the newly renovated leisure centre
 - The lack of additional parking
 - The need for an element of free parking and a review of tariffs
 - Alternatives for long stay parking
- 3.15 With this in mind and after discussion with local stakeholders and landowners, the drawings have been revised to address these concerns. It is important to note that the drawings and treatments (see Appendix B) are for **indicative illustrative purposes only**.

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No agreements with third parties have yet been concluded and would need to be in place before any proposal could be progressed.

- 3.16 Appendix B, produced by our retained Property Development advisors, CCD Properties in conjunction with their architects, Corstophine & Wright, sets out the background to the Ivybridge supermarket proposal, the site context, observations and challenges, the leisure centre development and how the car park treatment has evolved from the original proposal to the two options now presented.
- 3.17 Two proposals are shown in Appendix B (pages 11 – 15). Both show a new 18,000 sqft supermarket, a new 5000 sqft hospitality unit and a relocated police station, skate park, play park and scout hut. By removing the access road and making alterations to the landscaping, these changes enable a 39% increase in car parking capacity from 209 spaces to 290 in Option 1 OR a 30% increase in car parking capacity to 272 spaces in Option 2.
- 3.18 The 18 car parking space difference between the options is due to option 2 including provision for a 1,800 sqft 'drive-thru' hospitality unit. Officers, with the help of commercial advisors are seeking confirmation from occupiers as to their interest in such a scheme and any progress will require firm commitments from those involved.
- 3.19 The designs improve the visibility of the leisure centre from the improved public realm around the river and initial discussion with Fusion (the leisure centre operator) confirmed that they agree to the principle of the development and would like to engage in the formal design process, if the proposal proceeds.
- 3.20 The principal objective of the plan is to bring the two commercial sides of the River Erme together by re-emphasising the importance of the bridge/crossing points. The result should be a far better customer flow linking the core shopping areas of Glanvilles Mill, Fore Street, the Town Council Square and Leonards Road Car Park.
- 3.21 With this in mind, the proposed car park developments could improve linkages to town by: carefully and selectively thinning tree coverage to reveal the river; improving the connection between the Glanvilles Mill side of the river to the car park side of the river (which will also form part of the FHSF bid); enhancing the leisure centre entrance by adding adjacent disabled car parking spaces and the potential for a bus / coach collection & drop-off point, and; improving signage and sight-lines across the car park to the main town centre and leisure centre. Tree lines along Marjorie Kelly Way would also be carefully 'thinned' to connect / showcase the town centre from that road – at present, the leisure centre and other facilities are almost hidden from view.
- 3.22 Any development will require a detailed business case and agreements with third parties before it can be fully considered. At this point the commercial viability of such a development has not been confirmed. It is anticipated these confirmations will only be available in the new Council administration.
- 3.23 Officers have discussed the possibility of providing additional long stay parking within walking distance of the town centre with local land holders. In addition, investigation around the possibility of providing a

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bus link to the Ivybridge Park & Ride car park at Ivybridge Railway Station is underway. The detail and commercial impact of these options, along with the potential to offer a period of free car parking within the main Council-owned car park has yet to be quantified.

- 3.24 Any development would require a change in car parking strategy at the site, as despite the increase in capacity, the new store, improved leisure centre and the town centre will require sufficient parking for their needs, which the current regime of low cost all day parking fails to deliver.
- 3.25 Discussion has been held with ward Members and representatives from Ivybridge Town Council. Support for the development has grown from the original proposal as it has been noted that the revised proposal has sought to address the main concerns. It has been agreed that this proposal can be included as part of the FHSF bid and subject to further detail around the commercials and parking options, a proposal could be met favourably.

4 Options available and consideration of risk

- 4.1 Executive is asked to note the findings of this work, support a bid to the Future High Street Fund for Ivybridge and approve the principle of a Council development in the town.
- 4.2 Subject to agreement by Executive, the supermarket development will require a detailed business case and agreements with third parties before it can be fully considered. It is anticipated this will only be available in the new Council administration.
- 4.3 Executive could opt to accept or reject all of the recommendations – or request further information. When considering the benefits of these projects, the Executive must recognise that all of these projects meet the objectives of the CPS.
- 4.4 Not proceeding with the projects would result in the status quo, that is to say, the benefits of job creation, business rates and footfall would not be felt. Secondary to this, any financial return that would accrue would not be realised. In addition, if the scheme does not proceed there is a risk that the supermarket operators may seek to source/develop their own scheme in an out-of-town location which would have a further detrimental impact on town centre activity in the longer term.
- 4.5 Proceeding with the project carries risk. All construction carries risk which the Council would have to manage through good design, project management and contractor oversight. It cannot however be eliminated and a financial contingency would be put in place to mitigate that risk.
- 4.6 Tenants or freehold occupiers have been identified to take occupation upon completion of the scheme. This is important given that the projects are funded through borrowing. Significant cost will not be incurred and planning permission will not be submitted until agreement for leases / contracts are completed with the proposed tenants and third party stakeholders.
- 4.7 The project relies on the Council borrowing from the PWLB. A successful award from the FHSF is not required to proceed with this development.

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5 Proposed Way Forward

- 5.1 Executive is asked to note the findings of this work, support a bid to the Future High Street fund for Ivybridge and approve the principle of a Council supermarket development in the town centre car park.
- 5.2 Subject to agreement by Executive, the supermarket development will require a detailed business case and agreements with third parties before it can be fully considered. It is anticipated this will only be available in the new Council administration.
- 5.3 At this point, commercial implications have not been finalised. Viability is not yet confirmed. If this report's recommendations are approved, then the next step would be to undertake a detailed financial analysis, enter into pre-let discussions with target occupiers, define a development program and agree Heads of Terms with 3rd party stakeholders before seeking approval from Executive, in line with the adopted Commercial Property Strategy.

6 Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/ Governance	Y	<p>There are no direct legal implications as a result of this report and its recommendations.</p> <p>Any future development will be subject to the normal Council planning process and any decision by Executive does not infer that planning permission for the proposed developments would be granted.</p>
Financial	Y	<p>There are no direct financial implications as a result of this report and its recommendations.</p> <p>If successful, the proposed asset development has the potential to make a significant contribution to the current predicted cumulative budget gap for the Council within the current Medium Term Financial Strategy period to 2023/24.</p> <p>A report on Council's Treasury Management Strategy will be presented to Council in March 2019. Borrowing decisions will be taken prudently in line with the Council's treasury management strategy and by officers within that function. The Council must confirm that the borrowing required is available and is proportional to the Council's financial situation.</p>
Risk	Y	<p>Members will need to be satisfied that any proposed development not only delivers best value but also meets the needs of the corporate strategy and adopted asset management strategy. This will include consideration of how:</p> <ul style="list-style-type: none"> The relevant capital and revenue costs and income resulting from the investment over the whole life of the asset.

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		<ul style="list-style-type: none"> The extent to which the investment is expected to deliver a secure ongoing income stream. The level of expected return on the investment. The payback period of the capital investment. <p>The Council already owns and operates a property estate valued at c.£70m. It therefore has experience of managing commercial property and can act as an intelligent client to fulfil the proposed developments and preparation of the business cases.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	Not Applicable
Safeguarding	N	Not Applicable
Community Safety, Crime and Disorder	N	Not Applicable
Health, Safety and Wellbeing	N	Not Applicable
Other implications	N	Not Applicable

Supporting Information

Appendices:

Appendix A - Vox Pop Summary - Jan 2019

Appendix B - Ivybridge Feasibility Study including Indicative car park layouts

Background Papers:

- Commercial Development Opportunities, presented to Executive December 2018
- Commercial Property Strategy, presented to Council September 2018
- Council Owned Asset Investment and Development, presented to Council July 2018
- Ivybridge Retail & Leisure Study, 2017 by Peter Brett Assoc. View online at: https://www.plymouth.gov.uk/sites/default/files/RetailAndLeisureStudy_0.pdf

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted	n/a

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