

BCSC submission to the Portas Review

Introduction

BCSC represents businesses operating in the retail property sector, our mission being to promote industry best practice and advance the professional aims of the retail property industry. Our membership is a broad church of around 2,600 property professionals owning, investing in, developing, occupying and managing billions of pounds of town and city centre retail property assets. Our members have also been the major driving force behind delivering urban renaissance over the past two decades, but currently face significant challenges in delivering retail-led schemes, with 2012 likely to see the lowest level of development from our sector for 60 years.

We therefore welcome the appointment by the Prime Minister and Deputy Prime Minister of Mary Portas to undertake an independent review of the state of the high street. We believe the Review provides a valuable opportunity to explore what is required to revitalise those towns and cities that are suffering as a result of the general decline in economic output but also the structural shift in retailing that is being driven by the way consumers shop.

The speed of town centre renewal is at an extremely low ebb, and this paper attempts to find solutions that will increase investment activity, from smaller scale improvements to significant regeneration schemes, and with it deliver real social, environmental and economic benefits. Naturally the private sector will play the significant role in delivering this agenda, but critically the public sector, both centrally and locally, needs to set the right fiscal and regulatory framework that enables the private sector to do its job effectively.

The problem

Clearly ensuring the vibrancy of our towns and cities is not a new objective - they are after all the heartbeat of local communities - however the aftermath of the recession and ongoing economic difficulties have given this issue even greater pertinence. More savvy and cost conscious consumers have resulted in a large number of independent and multiple retailers struggling to stay afloat and of course a number going into administration. In addition the growing use by consumers of the virtual shopping experience continues to provide competition for physical stores as, and in response to which, retailers look to the internet to grow sales and improve margins, thus reducing their exposure to property. However despite being seen as a threat by many there is a growing school of thought that believes the internet, and specifically the evolution of multichannel and social media, provides a significant opportunity for the future success of our towns and cities.

Analysis recently produced by Experian revealed that 1 in 10 consumers use their mobile phones or 'tablets' in-store to check the price of goods elsewhere before making a decision whether to buy or not, and that almost around 31% of the UK population now falls into the multichannel shopper category - essentially a shopper that uses the internet, trips to stores, price checks on mobile devices and advice from friends and their virtual networks before they make a purchase¹.

¹ Experian Consulting *The changing face of UK retail in today's multi-channel world* (2011)

Therefore it's clearly not as simple as shoppers abandoning the high street for their computer or mobile devices. Indeed a factor identified in the same report that is driving consumers back to the high street is frustrations with online shopping. The report states that 60% of online shoppers have revealed frustration over deliveries arriving whilst they were not in, whilst 50% received products that they did not feel matched their online description. These factors are driving multichannel shoppers back to the high street and providing opportunities for retailers who get their strategy right, especially around click and collect, to thrive.

Evidently the role of supermarkets continues to evolve, with a greater diversity of goods and services being offered from a larger number of locations and range of formats, both in and out-of-town. The increased penetration of supermarket sales in both food and non-food areas has been accompanied by falls of 30% or more in the number of independent grocers, butchers, bakeries and fishmongers. Half of town centres now compete with five or more supermarkets within a two mile radius².

In addition industry experts point to the expansion of shopping centre space in the 1980s and the 25 year leases that were commonly agreed, as a factor likely to drive a 'wave' of voids in the coming years. Some of this space will of course be re-let, however some centres, particularly in poorer performing locations, are expected to struggle to replace tenants and will need to think creatively about how to position their centre to respond to consumer demand and thus continue to be a relevant proposition.

Our own research attempted to provide a greater understanding of how cyclical issues such as the combined impact of tightened bank lending, reduced household incomes and lack of market confidence but also structural influences including the evolution of internet capacity and coverage, the dominance of supermarkets, the resetting of leases, demographic movements and increased competition from out-of-town retailers will impact on the proportion of empty properties in town centres. Our conclusion was the proportion of empty units will eventually settle at around 11%, which compares to the 6-7% seen on average before 2007. In a recent report Javelin Group went even further to conclude that ecommerce will continue to grow at the expense of non food town and shopping centre store sales, which will decline by 27% by 2020. In terms of store numbers this will result in 31% fewer stores needed in town centre venues³.

In our opinion this Review will be of most use if the focus is primarily on the structural changes facing the sector, and therefore how to develop towns and cities so that they remain relevant to the consumer of the future. Attempting to reverse the fortunes of failing places or failing businesses through artificial and unsustainable means will be a wasted opportunity to think creatively about the future of our towns and cities.

Ultimately the challenge is how we as an industry continue to produce vibrant destinations in light of the above factors. Undoubtedly this will require engagement between retailers, owners, investors and local and central government and critically consumers who after all have the greatest influence over the success or failure of the UK's high streets.

² BCSC / Oxford Economics *Empty Shops: What Does the Future Hold for Town Centres?* (2011)

³ Javelin Group *How many stores will we really need? UK non-food retailing in 2020* (2011)

BCSC recommendations

We have welcomed the opportunity to participate in a number of discussions with Mary Portas and her team on this important issue. Our recommendations below cover areas where we believe BCSC can offer most value and insight to this important debate, and importantly where we might be able to support the delivery of the Review's recommendations going forward. For ease of reference a list of all recommendations is found at **Annex A**.

1. Getting investment back into retail property assets

- The UK shopping centre investment market, particularly secondary centres (c. 90% of all centres by number fall into this category) is one that has been particularly attractive to investors who use a mixture of debt and equity to buy shopping centre assets. Before the global economic crisis the supply of money available to invest in retail property was plentiful with the result that values increased significantly reaching their peak in 2007/2008.
- The fall in capital and income has meant that many secondary shopping centres, and high street shops, are in negative equity and the economic (as distinct from legal) ownership can often sit with the lender. Where debt exceeds value, many banks have left the asset with the borrower to either avoid taking the write down (they simply cannot take the full hit on all assets which has been well publicised), and hope to see a value recovery. In some cases they have put the asset into some form of receivership and then hope the receiver will improve the asset.
- Shopping Centres are essentially businesses which require constant investment. By the very nature of secondary assets, they need substantial new capital merely to maintain their appearance and retail offer. Even more is required to turn them around - through for example improving the appearance, relevance and ultimately performance of a property by investing in its fabric, tenant incentives, short term lets, marketing, reconfiguring space etc... Critically for local communities neglected or under-managed assets undermine the overall perception, health and environment of a town centre. The issue is that the ability to finance the necessary investment is made impossible where the borrower has no economic interest in the asset to improve it and the banks do not want to lend more money having already made substantial losses on the initial investment. Neither do the banks wish to be, nor claim to be, owners and managers of shopping centres. This essentially creates an economic impasse.
- We are not in favour of falsely holding up property values and believe that failure to respond quickly to a change in market conditions through the valuation process is counterproductive to town centre rejuvenation. This was one of the reasons we produced the BCSC Asset Pricing Guide⁴, which aimed to encourage a more detailed and consistent analysis of the factors affecting shopping centre pricing and valuation and the reporting of them in such a way that is of value to those companies that invest in our sector.

⁴ [BCSC Shopping Centre Asset Pricing Guide \(2011\)](#)

Our recommendations

1. Local authorities must work with private sector partners to develop ways to release failing assets onto the market, using private sector resource and expertise and local councils' legal and regulatory powers, to facilitate investment which will promote the economic, social or environmental wellbeing of an area.
2. Lenders should be encouraged to release capital to invest in improving existing assets, especially those banks owned by Government, and report publicly on how they intend to do so.

Delivering recommendation 1

- Working with BCSC, a small number of opportunities could be identified for joining together private sector resource and expertise, and local authority legal powers in the public interest, to achieve the above recommendation. One good example might be Merseyway Stockport, which is a scheme in LPA receivership and as a town was the subject to a wider development plan by the local authority. Unfortunately the town, where a council had big visions, is suffering as a result of economic conditions, and the main part of the development is in receivership with limited opportunity for investment.
- In order to build on this recommendation, not least of all to identify what powers might be used to achieve this objective and what the consequences might be, we believe the Review should recommend that Government establishes a Retail Property Taskforce, including developers, investors, local authorities, Local Enterprise Partnerships (LEPs) and central government, that could examine specific town centre 'problem cases', and how releasing property onto the market where there is an appetite to invest might address issues of physical degeneration and social decline.
- This group might also consider identifying assets and land in the ownership of publicly owned banks (although not exclusively this type of ownership) which, if put together with other publicly owned land, plus local authority legal and regulatory functions and private sector partners, could provide some attractive regeneration opportunities. Another possible issue for this group might be suggesting changes to the current Compulsory Purchase Order (CPO) regime where a CPO is promoted, but the development becomes unviable due to changed market conditions, the extent to which the proposed development could be varied within the remit of the CPO to reflect those changed conditions.

2. Local leadership and partnerships

- Towns and cities thrive where partnerships between the public, private and voluntary sectors develop and deliver effective strategies to promote their town centres as exciting retail, commercial and leisure destinations. This partnership approach is critical in setting a vision for a town or city that establishes its identity, and retail's role in achieving that vision, and then developing a strategy to deliver the vision.

- Ownership of the ‘town centre rejuvenation’ agenda is paramount. There are of course town centre management companies and Business Improvement Districts (BIDs) that deliver effective strategies for providing coordinated service provision, improvement to the public realm, crime reduction, city or town centre marketing and other similar activities. However, there is a need for a more coordinated approach to strategic issues such as planning and development, compulsory purchase, raising finance from new funding streams, financing infrastructure and strategic asset management including an understanding of the right combination of uses for a particular location and the right mix of occupiers to operate from the available space.
- All stakeholders need to be realistic about what their town or city can achieve in terms of its retail and leisure offer, as well as on the nature and extent of any new development product. Relevance is a key component along with establishing and delivering the right mix of services, including retail, leisure, housing, commercial, cultural and public amenities.
- Local authorities need to plan positively for their town centres. A key theme that has developed throughout the Review is the need to create reasons to visit a town centre rather than mechanisms to excessively restrict consumers from shopping elsewhere, whether that’s online or out of town. We welcome this positive approach to encouraging and rewarding proactivity. For example if a key anchor retailer, or other occupier such as a cinema operator, pulls out of a town, it can have negative impact resulting in a reduction in visitor trips, likelihood of other businesses following and consumers no longer having a reason to visit. What might follow is an increase in the number of vacant premises, fall in the rents attainable from existing premises, and a fall in the attractiveness of a place from an investment perspective. Local councils, working with the private and third sectors, must find ways to retain these key anchor operators through, for example, business rates discounts, contributions to shop improvements, co-ordinated marketing, ensuring the planning system makes it easy to reconfigure or change the use of certain premises and improving town centre accessibility.
- Accessibility is crucial, and an area where town centres struggle to compete with out-of-town locations. Improving traffic flows and reducing congestion, car parking and public transport all need investment and quality public realm, clear signposting, effective management, creating a clean and safe environment is key to achieving high dwell times once consumers are in a town. Improved accessibility is even more critical at a time of dwindling local authority resources to deliver this agenda, making local authorities willingness to take a leadership decision to invest in such activities of paramount importance.
- Towns and cities should strive to create safe, clean and welcoming physical environments not just during the daytime but in the evening through effective evening economy management. This has the positive effect of ensuring visitors’ experience is good from beginning to end increasing the potential for loyalty.
- Shopping centres are well positioned to support local leadership in this area given the advantages that exist through single ownership and asset management expertise that allows for an effective delivery of a quality environment and facilities, an ability to evolve quickly to meet retailer requirements and actively manage assets to provide a mix of offer which meets consumer demand.

Our recommendations

1. Local authorities should proactively plan for and manage the transition of some secondary retail into other uses, making it easier to change use without the need for planning permission.
2. Promote ways local authorities might use their role as a land and property owner to leverage investment in town centres.
3. Produce examples of Council best practice in relation to town centre renewal programmes.
4. All Councils should be required to have an up-to-date retail strategy, and the private sector should consider ways to support, through resource and expertise, the development and promotion of exemplar town centre strategies.
5. Encourage public / private sector programmes aimed at advising retail businesses on how to run a successful retail enterprise.
6. Councils should see flexible and competitive car parking charges and accessible car park design as a means of attracting customers, not as a means of generating income.
7. Better training for planning officers and elected members in development economics and an understanding of the direction of consumer trends (especially in relation to evolution of multichannel and social media trends over the next 10 years), and how this impacts on the amount and type of retail and other uses required in the towns and cities they have responsibility for.

3. Business rates and empty property

- Retailers pay around 25% of all business rates, which equates to around £6bn per year. Business rates are an increasing proportion of a retailer's occupancy costs and in many places are equivalent to, or more than, the rents being paid.
- Rates are often one of the costs that deter international retailers from investing in the UK and are totally inflexible so whilst owners can manage down costs such as rents and service charges to support ailing retailers, business rates remain a constant and increasing (every year by the previous year's September RPI) cost.
- Full business rates on empty property, with little obvious demand for space, essentially means less money to invest back into the property to make it an attractive proposition for consumers and investors. The cost of empty space also acts as a barrier to investment as it changes the risk profile of a retail property asset. It is therefore inaccurate to claim that shops are routinely kept empty unnecessarily.
- In our response to the Local Government Resource Review⁵ (LGRR) we presented an argument for business rate exemption zones in town and city centres where property owners and developers are committed to regeneration schemes or significant redevelopment. Our rationale is that property owners and developers should not be penalised for their requirement for vacant possession which frequently gives rise to protracted letting voids prior to a start on site or demolition. Local government should be encouraged to identify zones in which properties identified for development could be exempt from empty property rates prior to redevelopment. We believe this would stimulate

⁵ [BCSC Response to Local Government Resource Review \(October 2011\)](#)

the active management of properties for this purpose and encourage the redevelopment of obsolete premises into viable and attractive buildings.

- One of the perverse outcomes of the decision to apply 100% rates to empty property is that, from a business rates income perspective, Government does not need to be concerned whether shops are occupied or not as the Exchequer receives the same income, after 3 months, irrespective. In contrast, owners of high street shops are often forced by the burden of empty property rates to make short term decisions to get their shops occupied by temporary traders. Although there are plenty of examples of how ‘meanwhile uses’ are being rolled out, for example converting shops as temporary “pop-up” spaces of community, educational or charitable use, or for temporary commercial uses, this is not really a sustainable solution and indeed can, in some cases, lead to a progressive decline in the quality of tenant mix within high streets thus deterring prospective retailers and investors.

Our recommendations

1. Re-introduce empty property rate relief in line with the arrangements pre April 2008 (100% relief for the first 3 months followed by 50% relief).
2. Introduce business rates exemption zones in town and city centres where property owners and developers are committed to regeneration schemes or significant redevelopment.
3. Undertake a review of the competitiveness of property taxation in the UK compared with international competition.
4. Do not increase business rates for 2012 in line with September’s Retail Price Index (RPI) measurement of inflation, but at a lower rate.
5. Revalue commercial property more frequently than the current 5 year review period, which could be funded out of savings generated through fewer appeals.
6. Reduce the period between the date upon which rateable value is calculated and the start of a new revaluation period, so that rates paid more accurately reflect the rental value.

4. Commercial property leases

- The retail property sector has moved forward from the days of 25 year leases with upward only rent reviews and limited options to break. There are of course many who object to the way leases are structured and rents calculated. However despite imperfections the industry is becoming more flexible and modern in its approach to leasing shopping centres. The market has played a role but is by no means the only factor for this progress and responsible owners are well aware of the need to be fair in their transactions with occupiers, accepting that the better the relationship the more likely each will share in the success of the other.
- Lease lengths in the shopping centre sector are shorter than they were in the early 1990s and the incidence of break clauses far more commonplace. The latest IPD/BPF Annual Lease Review shows that the average new lease in the sector is 7.7 years, which compares to around 13 years in 1993.
- Over the 20 year period between March 1991 and March 2011, property rents payable on standard shop units have increased no more than the rate of inflation, going up by 3.1%

per year (as measured by IPD). Business rates however increased by 4.2% per year. Over 20 years, these differential annual growth rates mean that business rates have grown by 24% more than property rents. As a result business rates, as a percentage of rents payable, have increased from 23% in March 1991 to 29% in March 2011, and are therefore an area where owners and occupiers have a mutual interest in addressing further rises.

- BPF estimates that Upward Only Rent Reviews (UORR) are included in around only 5% of new leases. They can be essential for securing debt finance for large scale development on favourable terms. Ultimately this can be advantageous to the occupier who as a result is likely to pay a lower rent. Furthermore retailers will on occasion specifically choose to take a longer lease with one or two upwards only rent review clauses so that they can negotiate a larger capital contribution to fitting out a shop. This significant investment by retailers in high quality new fit outs, which is then partially funded by landlords through the longer rent free periods, is positive for the quality of the property stock in town centres.
- Turnover based rents are, where appropriate, being seen as a positive alternative to traditionally calculated rents but are not always understood by investors who consider them a less secure form of income and therefore price them accordingly. This affects the financial viability of investment in property. There are also other barriers to an increase in the proportion of leases that contain rent linked to some element of turnover, such as knowledge, understanding and trust (especially over the use of sales data) within the owner and occupier market. None of these issues are however insurmountable.
- Responsible owners take their relationship with their occupiers very seriously, regularly monitoring satisfaction and performance and supporting them where they can.
- The Service Charge and Lease Codes are attempts to improve to regulation of our sector in relation to leases, making them fairer and more transparent. The latter is particularly aimed at smaller businesses with limited expertise in lease negotiations.

Our recommendations

1. Evidence shows that the market is driving a reduction in lease lengths, greater flexibility and price adjustment, and therefore Government should resist legislation which might ultimately have a negative impact on town centre investment.
2. Encourage greater awareness of the Lease Code, particularly amongst independents and SMEs.
3. Produce evidence of owners' proactive approaches to supporting occupiers and publish best practice in this area. Alternatively establish whether there is bad practice in the market place and what kind of property owner is principally responsible.
4. Encourage the greater use of turnover based rents in leases, where appropriate, working with the industry to do so, for example Government could consider the level of Stamp Duty Land Tax (SDLT) charged on leases where some element of the rent is based on occupier turnover.

5. Planning and development

- The growth of supermarkets over the past two decades is evident, and the range of goods they sell and the formats that they sell from is constantly evolving. In many ways they are the new town centre market square. As a result their designation, location and size need to be appropriate, relevant and well considered.
- We are not in the business of criticising supermarkets for being supermarkets but we do strongly believe that the location of a large supermarket is a critical factor in the success or failure of a town centre. Whilst supermarket development continues to grow (19mn sq ft currently at varying stages of the development cycle) in-town shopping centre development has stagnated, with only c. 2.7mn sq ft delivered in 2011 (1.9mn sq ft of that being Westfield Stratford City), against c. 8mn sq ft in 2008.
- We have consistently called for a clear and strong vision for growth that recognises city and town centres as the key driver of prosperous economies that could inspire confidence from the private sector to invest in town centre development⁶.
- BCSC members have been responsible for investing tens of billions of pounds in towns and cities, and delivered numerous examples of positive retail-led regeneration. The current economic climate makes establishing viability and securing lending for development extremely difficult. Therefore now more than ever our industry requires clarity, certainty and consistency of policy to secure and encourage continued future investment. Indeed the policy consistency of the fifteen or so years has produced investment in our town centres at a significantly higher level than that seen in the preceding years, providing economic, environmental and social renaissance. Any significant relaxation in the sequential approach and impact tests to plan making and decision making could undo the positive effects of established policy and create uncertainty on long term investments and decision making.
- However, in our view, if the NPPF remains written in its current form the result will not match Government's public commitment to town and city centres. We were pleased to note the acceptance from Ministers, and indeed the Prime Minister, that constructive feedback will be welcomed and listened to and have submitted the following recommendations to Ministers, which we hope this Review will endorse.
- Town centre retail-led regeneration is time intensive (on average taking 13 years to deliver a new scheme) and expensive due to the complexity of the developments and their locations. As a result many are facing a viability gap, and cannot proceed until this gap is bridged. There is significant investor appetite for a developer-led TIF model, or Local Tax Re-Investment Programme (LTRIP) that would address this funding gap, and at the same time not require any borrowing by the local authority. Instead the expenditure on the public infrastructure that is a necessary condition of development can be financed from the developer's own resources, and paid out of the increase in business rates over time.

⁶ [BCSC response to National Planning Policy Framework \(NPPF\) \(October 2011\)](#)

Our recommendations

1. A clearer definition of sustainable development which incorporates explicit reference to town centres as sustainable locations for development.
2. Amendment of paragraph 78 of the NPPF so that the words 'should prefer' and 'where practical' are replaced or removed.
3. Retain offices (and consider other town centre uses such as hotels) in the sequential assessment given their impact as high generators of footfall and retail spend, their role in supporting a transition from a day time to a night time economy and ultimately, as an element of a mix of uses, their important function in ensuring the vitality and vibrancy of centres.
4. Provide Government endorsed supporting guidance to the NPPF, particularly on interpreting the sequential approach and assessing impact, using the accompanying Guidance to PPS4 as the starting point.
5. Include an assessment of impact for relevant developments over a short (i.e. immediate), medium (i.e. 5 years) and long (i.e. 10 years) term.
6. There should be greater emphasis in the NPPF on the strong economic, and clear social, rationale for promoting economic development in town and city centres given their role as drivers of local economies due to their critical mass, the agglomeration effects that result from a concentration of businesses in town centres, the economic synergies between uses, and critically the degree of existing physical, transport and social infrastructure that exists.
7. A developer-led Tax Increment Finance (TIF) model called Local Tax Re-Investment Programme (LTRIP) should be introduced as part of Government's Local Government Resource Review (LGRR) to enable valuable retail-led town and city centre development to proceed.

Annex A

Full list of BCSC recommendations

1. Local authorities must work with private sector partners to develop ways to release failing assets onto the market, using private sector resource and expertise and local councils' legal and regulatory powers, to facilitate investment which will promote the economic, social or environmental well being of an area.
2. Lenders should be encouraged to release capital to invest in improving existing assets, especially those banks owned by Government, and report publicly on how they intend to do so.
3. Local authorities should proactively plan for and manage the transition of some secondary retail into other uses, making it easier to change use without the need for planning permission.
4. Promote ways local authorities might use their role as a land and property owner to leverage investment in town centres.
5. Produce examples of Council best practice in relation to town centre renewal programmes.
6. All Councils should be required to have an up to date retail growth strategy and the private sector should consider ways to support, through resource and expertise, the development and promotion of exemplar town centre strategies.
7. Encourage public / private sector programmes aimed at advising retail businesses on how to run a successful retail enterprise.
8. Councils should see flexible and competitive car parking charges and accessible car park design as a means of attracting customers, not as a means of generating income.
9. Better training for planning officers and elected members in development economics and an understanding of the direction of consumer trends (especially in relation to evolution of multichannel and social media trends over the next 10 years), and how this impacts on the amount and type of retail and other uses required in the towns and cities they have responsibility for.
10. Re-introduce empty property rate relief in line with the arrangements pre April 2008 (100% relief for the first three months followed by 50% relief).
11. Introduce business rates exemption zones in town and city centres where property owners and developers are committed to regeneration schemes or significant redevelopment.
12. Undertake a review of the competitiveness of property taxation in the UK compared with international competition.
13. Do not increase business rates for 2012 in line with September's Retail Price Index (RPI) measurement of inflation, but at a lower rate.
14. Revalue commercial property more frequently than the current 5 year review period, which could be paid for out of savings made through a more efficient appeals process.
15. Reduce the period between the date upon which rateable value is calculated and the start of a new revaluation period, so that rates paid more accurately reflect the rental value.
16. Evidence shows that the market is driving a reduction in lease lengths, greater flexibility and price adjustment, and therefore Government should resist legislation which might ultimately have a negative impact on town centre investment.
17. Encourage greater awareness of the Lease Code, particularly amongst independents and SMEs.

18. Produce evidence of owners' proactive approaches to supporting occupiers and publish some form of best practice in this area. Alternatively establish whether there is bad practice in the market place and what kind of property owner is principally responsible.
19. Encourage the greater use of turnover based rents in leases, where appropriate, working with the industry to do so, for example Government could consider the level of Stamp Duty Land Tax (SDLT) charged on leases where some element of the rent is based on occupier turnover.
20. A clearer definition of sustainable development which incorporates explicit reference to town centres as sustainable locations for development.
21. Amendment of paragraph 78 of the NPPF so that the words 'should prefer' and 'where practical' are replaced or removed.
22. Retain offices (and consider other town centre uses such as hotels) in the sequential assessment given their impact as high generators of footfall and retail spend, their role in supporting a transition from a day time to a night time economy and ultimately, as an element of a mix of uses, their important function in ensuring the vitality and vibrancy of centres.
23. Provide Government endorsed supporting guidance to the NPPF, particularly on interpreting the sequential approach and assessing impact, using the accompanying Guidance to PPS4 as the starting point.
24. Include an assessment of impact for relevant developments over a short (i.e. immediate), medium (i.e. 5 years) and long (i.e. 10 years) term.
25. There should be greater emphasis in the NPPF on the strong economic, and clear social, rationale for promoting economic development in town and city centres given their role as drivers of local economies due to their critical mass, the agglomeration effects that result from a concentration of businesses in town centres, the economic synergies between uses, and critically the degree of existing physical, transport and social infrastructure that exists.
26. A developer led Tax Increment Finance (TIF) model called Local Tax Re-Investment Programme (LTRIP) should be introduced as part of Government's Local Government Resource Review (LGRR) to enable valuable retail led town and city centre development to proceed.

Annex B

Below are some examples that show how small towns have been successful in developing a distinctive offer and in doing so have achieved an attractive, convenient and special shopping experience based on design, accessibility, the environment, the local heritage and a diverse range of shops and other uses.

Dorchester

Taking advantage of the vacant historic buildings and combining sensitive development and restoration with interesting modern architecture is the approach being taken by the developer of the Brewery site in Dorchester. The county town's retail offer had been badly neglected and had slipped down market. This view was supported by a consultants' report, which identified an 89% market gap in non-food spending in the town equating to £610 million a year. The four hectare development now under construction by the private property company involves a mix of 45 shops and restaurants, a three screen cinema, 663 apartments, offices, a 48 bed hotel, theatre and arts centre.

The closure of the brewery offered an opportunity for the new development. New retail development opportunities in the town were limited in the town centre because of Georgian terrace housing on one side and a steep escarpment on the other – and the brewery itself had been a blockage. The site sits between the railway station and the existing town centre with strategic pedestrian routes going through it. The focus of the development is a square with fountains, which will be surrounded by cafés, and plans are being developed to use it for themed markets and an outside cinema screen.

The traditional Victorian brewery buildings are being re-used for a hotel and arts centre but around these there will be modern buildings. Innovative ideas are also being injected into the architecture with the scheme broken down into 30 different buildings, with each being individually designed.

The scheme comprises about 650 flats and houses so there will be more than a 1,500 people living there, which will help to give it a buzz and support some of the shops. The company is also rebuilding the railway station and hopes to make it zero carbon by installing photovoltaic panels on the roof.

Newport

When the approved 475,000 sq ft Friars Square development failed due to the then preferred developer going into administration Newport Council were left with a consented regeneration scheme in the city centre with a valid CPO but no available form of financing either the land acquisition or proposed development.

Prior to the expiry of the CPO Newport Council raised sufficient funds themselves to conclude the land purchase order and secure the development site in its entirety. During the following 12 months while the real estate market reset itself to the new economic reality the Council directly ran a reduced design team to readjust the consented scheme to a more manageable scale. Informal consultation was held with a number of retail developers during this period to obtain a consensus on scale, tenant mix and format.

On concluding this process the Council then went to market to identify a new preferred developer to deliver the revised scheme as proposed by the Council and its team of advisors.

Queensberry Real Estate was the chosen preferred bidder. A full development agreement has now been exchanged between the parties. Due to the initial returns required by Queensberry's seed funders the Council has gone one step further and has invested in the next stage of pre development looking to share with the developer a significant return on capital invested in the pre development stage in the event a funder is identified for the project once planning consent and a certain level of lettings have been achieved.

The Council's return on total investment will be calculated on completion of the construction works and paid as a ground rent. The scheme will generate several million pounds of rateable as well as creating over 1,000 new jobs. These economic benefits were also taken into account by the Council when opting to invest its own capital in this major city centre regeneration project. Friars Walk is forecast to open to the public in 2015.

North Camp

North Camp, a small suburban centre in Hampshire, has re-established itself with a wide range of independent stores. The town centre suffered as a result of major retail development in nearby Aldershot and Farnborough. Most of the banks pulled out, and the town was left with empty supermarket premises. The offer now includes one multiple and a bank alongside an arts and crafts shop, a gun and fishing tackle shop and various independent stores. As a result of an initiative by the local authority Rushmoor borough council working with local traders, new uses for the supermarket buildings have been led by local entrepreneurs. This required flexibility on the part of the local authority planners to allow a children's play centre in one of the empty shops. The council also supported the centre's regeneration by offering shop front grants, improving the public realm and managing the parking.

Northstowe

'Lifestyle stores' tailored to the needs and aspirations of the residents could offer an opportunity for Northstowe to distinguish itself, according to the retail strategy for Northstowe – a new settlement being proposed near Cambridge. The developers English Partnerships and Gallagher Estates analysed closely the likely socio-economic features of the new population. The town centre strategy suggested that the principle shoppers will be 'Established' – the more affluent and traditional group who would be more likely to support local retailers; 'Quiet peaceful Britain' – a middle Britain stable family who are price and time conscious. They will be planned shoppers who do not shop spontaneously and are brand loyal. 'Post materialists' – in Cambridge there may be a high number of educated professional or retirees who may not be driven by material things whose shopping habits are ethical and appreciate the sense of local.

The developer and the Northstowe town centre planning team intended to develop a theme for shopping which could be around sustainability or provision for young people. A key part of the strategy suggests that the developers will work with a major supermarket retailer to develop a flagship sustainable store. A green kite mark could be introduced for shops and restaurants reflecting commitment to an environmental practices charter. A sustainability facility in the town centre could be developed for education activities such as recycling drives and information exchanges. The model being put forward for Northstowe was a mix of convenient and comparison shops. A strategy was being developed to create the right environment for

independent stores and local producers. A design code was going to be prepared for the town centre with South Cambridgeshire District Council, which will seek to create an environment suitable for independent retailers as well as multiples.

Initially, the developers were planning on building the shops and local services in local centres. The town centre would follow later when there is sufficient population. Public services, public spaces, a food store and possibly some leisure uses could be provided in early phases of the town centre.

Redcar

Redcar and Cleveland Borough Council, under the leadership of its Commercial Investment Manager Pat Cabbage, has produced a clear vision and retail strategy for the coastal town of Redcar. The strategy sets out, through thorough research, the trading potential for retailers given its borough-wide catchment area of 134,000 customers. Its research shows, delivered through a well presented prospectus, pockets of well-off consumers including in Guisborough, Marske and Saltburn, evidence of inflow of workers and visitors from a wider area in particular Middlesbrough, a population set to grow by 36,000 households by 2021, a catchment population spend of estimated £410 mn / year comparison goods and strong and growing higher education role with students a significant extra consumer group.

Having established its shoppers actively want more retail brands Redcar set about improving the attractiveness of its town in order to secure them. It has planned improvements to car parking and access will significantly increase its appeal (it is not ashamed to be a car friendly town), pedestrianised areas and flat layout make it very shopper friendly, retained and enhanced the market which is an important part of the mix creating additional (and regular) reasons to visit, is embarking on a £40m Seafront Regeneration (the revitalised seafront will have three distinct zones; focus, fun and nature) and further town centre employment will be generated by the 'Creative Industries Hub', the 'Vertical Pier', the civic heart and Leisure Centre which are all currently under construction. It is also looking to achieve a Purple Flag award, as part of its regeneration strategy, which is recognition of the attractiveness of a place's night time economy.

It is the first town to create a 'Brick and Click' strategy where every business is now online, the platform being the town's own website. This also includes the 'RedcarD' loyalty card which is to assist businesses, increase footfall, secure repeat visits and widen the offer for residents and visitors.

The town's Retail Opportunity Checklist is a useful tool to market the town to investors and with a clear plan and commitment from those responsible for delivering it Redcar is already bucking a national trend with its vacancy rate having fallen from 24% to 10%.

West Bromwich

Tesco's scheme at West Bromwich involves re-routing a link road to ensure that the scheme is fully integrated into the existing town centre and an existing nearby shopping centre. The Expressway around half the town was developed in the 1970s to bypass the centre and connect the wider area into the national motorway network. In so doing it removed some through-traffic from the town centre but also created a barrier to north south pedestrian movement, leaving residential areas disconnected from the town. Tesco's scheme re-routes

the link road and helps its connections to the existing Queens Square shopping centre, currently the other side of the road. This 1970s centre is itself subject to redevelopment by its owner Stockland Halladale.

There is a link agreement which co-ordinates the retail expansion in the town so that the extra space totalling about 55,000 sqm is staggered. The scheme involves a 13,500 sqm Tesco Extra store as well as 39 smaller shops. Sandwell council has an aspiration to take West Bromwich back to the position it enjoyed in the 1980s when it was ranked the 105th retail destination in the country. It fell out of the top 200 in the 1990s with the opening of the out-of-town Merry Hill shopping centre and more recently the revival of Birmingham city centre with the Bullring redevelopment. Other proposals being developed by the local authority along with the developers seek to create better links off the main road into the town in order to access revamped multi-storey car parks.