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NORTHAMPTON BOROUGH COUNCIL

Northampton Central Area Action Plan: Delivery Strategy

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CONTENTS

1 INTRODUCTION 1
Scope & Purpose 1
2 KEY PROJECTS AND PROPOSALS 3
Introduction 3
Projects & Proposals 3
3 LAND OWNERSHIP 7
Introduction 7
Key Projects 7
Conclusions 9
4 PHYSICAL CONSTRAINTS 11
Introduction 11
Flood Risk 11
Heritage assets 11
Transport & Access 11
Contamination 12
5 DEMAND, SUPPLY & VALUES 13
Introduction 13
Retail Demand 13
Retail Supply 15
Office Demand 15
Office Supply 16
Values 17
Offices 18
6 VIABILITY OF KEY PROJECTS 19
Introduction 19
Approach 19
Key Projects 20
Sensitivity Analyses 25
7 DELIVERY PARTNERSHIPS, VEHICLES & FUNDING 29
Introduction 29

Delivery Partnerships & Funding 29
Project Funding & Delivery 32
8 PHASING & DELIVERY TIMESCALES 35
Introduction 35
Rationale 35
9 RISKS & RISK MANAGEMENT 37
Introduction 37
Risk Matrix 37
Risk Register and Mitigation 37
10 SUMMARY TABLE 41

1 INTRODUCTION

1.1 The Northampton Central Area Action Plan (AAP) sets out the Council's vision for the future of the town centre and its immediate surrounding areas. It outlines how this Vision can be implemented through the formulation of planning policies which will guide developments within the Central Area. The AAP provides a consistent strategic framework for the improvement and extension of the town centre whilst still protecting, enhancing and capitalising on its heritage assets and green spaces.

1.2 Key to the regeneration of Northampton town centre is the physical implementation of the following projects regenerating:

- Grosvenor Centre
- Fishmarket Bus Interchange
- Castle Station
- St John's and Project Angel in Angel Street
- Avon Nunn Mills, Waterside
- St Peter's Way, Waterside

1.3 This Delivery Strategy report therefore sets out how the AAP policies, particularly in relation to the above projects, are to be managed and delivered.

1.4 The Drapery and Abington Street East developments are also included as longer term projects.

Scope & Purpose

1.5 This document sets out what is to be delivered in terms of the scale and nature of development proposed at each of the key projects, and how all potential obstacles to their delivery have been considered, in establishing a 'road-map' from adoption of the AAP, to completion on site and occupation.

2 KEY PROJECTS AND PROPOSALS

Introduction

2.1 There are a number of key regeneration projects in the AAP that will be central to the delivery of its vision and strategic objectives. The delivery of these key projects presents a significant opportunity to the development and enhancement of the employment, retail, residential and wider offer within Northampton Town Centre.

Projects & Proposals

Grosvenor Centre

2.2 The Grosvenor Centre site comprises the purpose built shopping centre, the Greyfriars bus station with offices above, the Mayorhold multi-storey car park and the Upper Mounts surface level car park in addition to vacant land at the west and east of the site. The existing Grosvenor Shopping Centre was developed in the 1970s and 80s. The Centre presents an unattractive frontage, has a poor relationship with the rest of the historic environment that surrounds it, does not form an attractive pedestrian environment and is very isolated in the evenings.

2.3 Northampton Borough Council and Legal & General (the owners of the existing Grosvenor Shopping Centre) signed a Development Agreement in 2009 for the re-development and expansion of the Grosvenor Centre. The proposed development will provide up to an additional 37,000 square metres gross (24,500 sq.m. net) internal retail floor space plus ancillary uses including restaurant and leisure floor space.

2.4 The Grosvenor Centre site redevelopment provides an opportunity for a logical extension to the Primary Shopping Area, reinforcing the existing primary shopping frontages and catering for longer-term retailer demand. This redevelopment has been identified as being critical to sustaining Northampton centre's competitiveness as a retail destination and in delivering the AAP vision.

Fishmarket Bus Interchange

2.5 The former Fishmarket and adjoining buildings are currently occupied by a mix of lower order retailing and leisure uses alongside the Fishmarket Gallery and café located in the former Fishmarket hall. Units 5-7 Sheep Street are currently vacant.

2.6 The site will be used for the relocation of the existing Greyfriars Bus Station. The project will provide a new high quality Bus Interchange which acts as an improved gateway into the town centre. The site now has planning permission, and the Secretary of State has approved of the Conservation Area Consent application.

Castle Station

2.7 The 1960s Northampton railway station building at the Castle Station site currently provides a poor gateway to the town centre. Furthermore the site is relatively isolated from other areas of activity within the Central Area.

2.8 The Castle Station project will comprise the delivery of a new station building and concourse providing an attractive gateway into the town centre. This will be delivered as the first phase of the project followed by the provision of a multi storey car park and up to 26,000 square metres of office floor space, up to 100 residential dwellings and ancillary retail, cafés, restaurants and bars. An enhanced pedestrian route to the Central Area will also be provided.

St. John's and Project Angel

2.9 The St John's, Angel Street and Bridge Street sites together form a large area for development within the Central Area. This area provides an opportunity to strengthen the cultural offer of the town, create an environment that is well suited to niche retailers, business and cultural uses and enable Northampton County Council to consolidate its dispersed office based functions. Redevelopment at this site will be delivered as two separate projects, St John's and Project Angel.

2.10 The St John's project will comprise office development of up to 10,000 sq.m, a hotel, small scale retail, restaurants, cafés and residential dwellings including student accommodation. A new public square adjacent to the Royal and Derngate Theatre entrance will be fronted by restaurants, cafés and bars.

2.11 Project Angel will provide up to 27,000 sq.m of office development which may include all or a mix of small scale retailing, financial services, and eating and drinking establishments. This will enable a rationalisation of other property within the town and offer an opportunity to regenerate part of the current County Hall site.

2.12 At Bridge Street there is potential to deliver up to 8,000 sq.m of office development in addition to residential dwellings with small scale retail, financial services and restaurant uses.

Avon Nunn Mills/Ransome Road, Waterside

2.13 The vision for the Avon Nunn Mills/Ransome Road site is for a development integrated into the Central Area providing a place in which to live, work and play. On 1 April 2012 the Waterside Enterprise Zone was officially designated. The Enterprise Zone designation will assist in the delivery of the vision, strategic objectives and site-specific policies within the AAP.

2.14 The Avon Nunn Mills/Ransome Road site will potentially be redeveloped to function as a single new community providing a minimum of 16,000 sq.m of additional office floorspace, up to 2,000 dwellings (with the majority comprising family orientated housing), a hotel and ancillary retail and leisure development. The University of Northampton has expressed an interest in the site as a potential location for a new campus.

St Peter's Way, Waterside

2.15 The St Peters's Way site has the potential to provide development primarily focused on commercial office floor space of up to 43,000 sq.m. The project will also include up to 270 residential dwellings and ancillary retail and leisure uses.

Drapery

2.16 The Drapery site currently accommodates the Debenhams department store, other smaller retail, associated car parking and servicing and various eating and drinking establishments. There is a likelihood that major floorspace users at this site will relocate into the redeveloped Grosvenor Centre providing an opportunity for the area to be regenerated.

2.17 The regeneration of the Drapery site will provide an extension to the Primary Shopping Area and up to 17,000 sq.m gross (11,000 sq.m net) of comparison retail floorspace, together with associated eating establishments.

Abington Street East

2.18 The Abington Street East site comprises the Northampton Central Library and adjoining properties fronting Abington Street and St Giles Street. The site will be regenerated to retain, preserve and enhance the character of the statutorily listed Northampton Central Library building. The project will also provide up to 9000 sq.m. gross (6,000 sq.m net) of comparison retail floorspace on land between Abington Street and St Giles Street and the opportunity for the continued provision of the library and clinic services.

3 LAND OWNERSHIP

Introduction

3.1 In this section we summarise the land ownership in respect of the key regeneration projects in Northampton town centre. Where the land interests required to deliver key projects are not in the ownership of the delivery parties, it may be necessary for the Council to exercise its compulsory purchase (CPO) powers in order to unlock stifled sites and secure development for the wider economic, social and environmental well-being of the area.

3.2 The West Northampton Development Corporation (WNDC) has made CPOs at both Avon Mills, Waterside and St Peter's Way, Waterside.

Key Projects

Grosvenor Centre

3.3 The existing Grosvenor Shopping Centre is built on land largely in the freehold ownership of Northampton Borough Council[1] while Legal & General have long leasehold of the site. The Council currently retain ownership of the Grosvenor Centre car park by way of a lease back from Legal & General and also own the freehold of Greyfriars House, Mayorhold, Broad Street and Victoria Street Car Parks. Stagecoach currently hold a bus layover lease in the Greyfriars bus station. Other land within the site has been purchased by Legal & General, however there are some minor unknown ownerships. These will either require CPO, or insurance against the risk of the landowner making claim at a later date.

3.4 Under the terms of the Development Agreement between Legal and General and the Council, the Council is responsible for securing the public investment required to buyout the leasehold interest of Stagecoach. Terms have been agreed for the acquisition of the Stagecoach lease over the bus station, and the relinquishment of all rights to use it once the new facility is in place. Stagecoach has bought an alternative site for layover, has got planning permission for this use and work has commenced on making it fit for purpose.

Fishmarket Bus Interchange

3.5 The Bus Interchange has gained planning permission on land wholly within the Borough Council's ownership and the Council has secured vacant possession of all buildings that were formerly leased. The Northampton Arts Collective who formerly occupied the former Fishmarket were also successfully relocated to alternative accommodation at 9 Guildhall Road.

Castle Station

3.6 The majority of the land at the Castle Station site is owned on an operational basis by Network Rail. Network Rail owns the freehold to part of the site which is fully operational, which is leased to both the Freight Operating Company and the Train Operating Company. The freehold interests in the lorry park and the café are owned by the Council.

[1] Some small areas of land remain in third party ownership

St. John's and Project Angel

3.7 The St John's site is owned in its entirety by the Borough Council and is currently predominantly used as surface level car parking.

3.8 The Angel Street site is owned by Northamptonshire County Council, incorporating their main town centre offices and a large vacant site currently used for car parking. Northampton Borough Council also owns a number of buildings on the Fetter Street and Guildhall Road frontages. Other buildings towards the south of the Angel Street area are in private ownership.

Avon Nunn Mills, Waterside

3.9 The Avon Nunn Mills CPO was made by WNDC on 30 March 2012 and a CPO Public Inquiry will be held in November 2012. There were ten objections to the CPO, including from Avon Cosmetics, Persimmon Homes, George Wimpey, Western Power, Anglian Water, the Homes and Community Agency (HCA) and Network Rail. The major landowners Avon, Taylor Wimpey and Persimmon have rejected offers made in April 2012 to acquire their land interests and have stated their intention to sign a Collaboration Agreement that would negate the need to CPO their land. The Corporation continues to negotiate with all landowners.It is anticipated that agreement will be reached with all apart from the major landowners in advance of the Inquiry.

St Peter's Way, Waterside

3.10 The St Peter's Waterside CPO was made by WNDC on 15 May 2012. The CPO is required to acquire land at Green Street and clean up title of a number of other smaller areas of land where underlying ownership is unknown. Objections to the CPO have been received from Messlorne (Capital & Provident), Irish Bank Resolution Corporation (NAMA), National Tyres and Anglian Water. Whilst negotiations with these parties are on-going it is anticipated that a CPO Inquiry will be required and is likely to take place in November 2012.

Drapery

3.11 The Drapery site is currently under multiple separate ownerships. The assembly of this site is likely to require the Council to exercise its CPO powers. Some of the more substantial interests at the Drapery site, such as Debenhams are likely to relocate to the Grosvenor Centre extension and therefore compulsory purchase of these interests may not be necessary.

Abington Street East

3.12 The library building at Abington Street East is owned by Northamptonshire County Council and they currently operate the main library from there. It is likely that the operational service will be moved into the new development scheme with no break in operation. If the library use cannot be relocated into the scheme it will be necessary to provide compensation based on equivalent reinstatement. If the St Giles Clinic is owned by the Department of Health it will benefit from immunity from compulsory purchase as it would be designated as 'Crown Land.' In this situation, any acquisition of the site would need to be by negotiation rather than via a compulsory purchase. The Health Authority has indicated a desire to move to new purpose built premises either within the existing site or elsewhere through consolidation of health provision.

Conclusions

3.13 If Northampton Borough Council resolve to use their compulsory purchase powers to facilitate any of these potential development sites, it is likely that this will be based on s.226 Town and Country Planning Act 1990. This allows local planning authorities to use compulsory purchase powers for development or redevelopment as long as they think this will benefit the economic, social and environmental wellbeing of their area. In order to demonstrate a strong basis for using these powers the adopted planning policy for the area will need to provide for increases in both quantity and quality of retail and other developments within the town centre. This policy will need to be carefully worded to reduce future risk in making and implementing any future CPO. It is difficult at this early stage to be certain of the likely time required for the preparation, making and confirmation of a CPO, including service of notices to take possession of the land. However, our previous experience indicates that it will be necessary to allow a minimum of 18 months for the process, and it will be sensible to allow 24-30 months.

3.14 WNDC is currently using its CPO powers in respect of land assembly at the Avon Nunn Mills and St Peters Way sites. Although WNDC will cease to exist in 2014 some functions are likely to continue in a form not yet known within a successor vehicle. NCC and HCA also have statutory powers to acquire and dispose of land that could be used to progress the CAAP.

4 PHYSICAL CONSTRAINTS

Introduction

4.1 Northampton is a County town which developed on the valley slopes north of the River Nene. The Market Square became the focus of trade and commerce, with much of the historic centre contained within the inner ring road. With the emphasis on widening Northampton Central Area's role as a principal centre, in particular its economic role, there are existing physical constraints which will impact upon development opportunities and costs.

Flood Risk

4.2 Parts of the Central Area are within the historic flood plain, particularly the southern half. However, following the extensive flooding in Easter 1998, most developed areas now benefit from flood defences that protect to one of the highest standards in the country. The risk of river flooding behind the defences is small, but nevertheless there is a residual risk. However, the allocated regeneration sites have been tested through the planning process and will ensure that developments provide solutions that do not unduly put people or property at risk. In addition, there is also potential risk from surface water flooding which might occur in periods of heavy downfall. The Borough Council will work closely with the Environment Agency, Anglian Water and Northamptonshire County Council as Lead Local Flood Authority to identify sustainable solutions to maximise the capacity of the current drainage network.

Heritage assets

4.1 The Central Area retains a considerable amount of its historical character, including its medieval street pattern, 6 Conservation Areas and over 200 listed buildings, considerable archaeology, Scheduled Monuments and an historic battlefield. The challenge for the Central Area Action Plan is to ensure that the development industry does not repeat the errors made historically, which resulted in rich historic features being damaged, whilst not suppressing the identified need to accommodate growth.

Transport & Access

4.2 The Central Area is served by two key public transport facilities in the form of bus and rail. The AAP policies aim to maximise both the potential and connectivity of these provisions through the replacement of Greyfriars Bus Station (to be relocated to Fishmarket) and the regeneration and modernisation of Castle Railway Station (to ensure that it will cope with increasing passenger demand to 2026). In addition, with increased development, the AAP addresses issues associated with congestion, air pollution, parking provisions and improving walking and cycling routes. Whilst levels of congestion are relatively low in comparison with other towns, this is likely to become an increasing issue given the proposed growth of the town and adjoining area. The central area includes Air Quality Management Areas along Victoria Promenade, Campbell Square, Barrack Road and St Michael's Road.

Contamination

4.3 Some significant areas of the Central Area, particularly those within the river valley have a history of uses that have resulted in varying levels of contaminated ground. These are associated with the tanning process and leather waste, heavy industry (foundries and engineering), utilities and power generation and scrap metal processing. In addition, significant ‘blast zone’ areas around two operational gasholders and a petrol storage facility impact on the potential development opportunities of sites.

5 DEMAND, SUPPLY & VALUES

Introduction

5.1 In this section of the report we set out our assessment of demand and supply in relation to retail and office uses within Northampton town centre.

Retail Demand

West Northamptonshire Retail Study Update 2012

5.2 The West Northamptonshire Retail Study Update 2012 completed by RTP provides a key evidence base document underpinning the West Northamptonshire Joint Core Strategy (prepared jointly by Northampton Borough Council, South Northamptonshire Council and Daventry District Council), through the West Northamptonshie Joint Planning Unit).

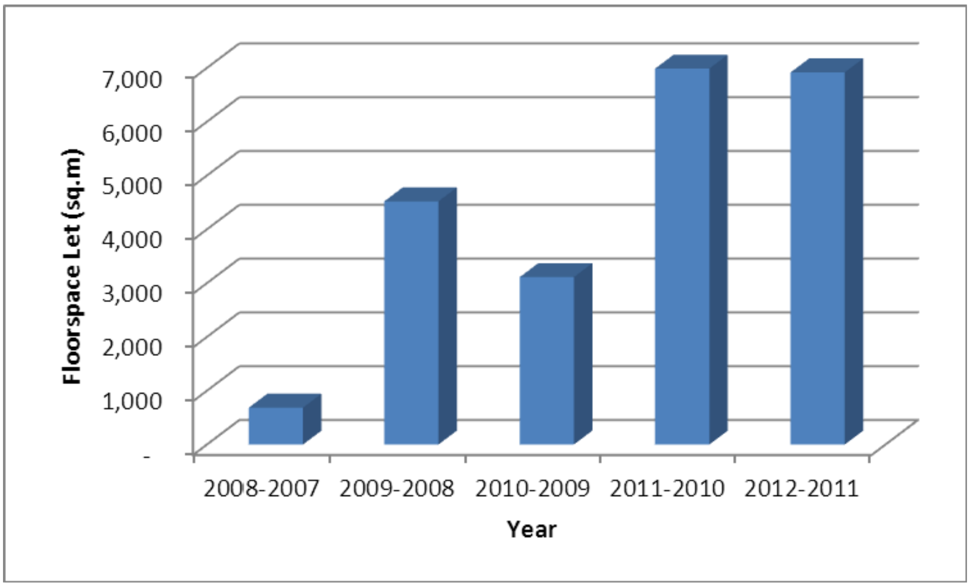
5.3 The study indicates that within Northampton there is a quantitative need for some 19,300 sq.m net of comparison goods floorspace by 2021 and a further 19,400 sq.m net by 2026, giving a total additional capacity for comparison goods floorspace in Northampton over the plan period of 37,900 sq.m (net). These figures takes account of projected changes to in expenditure and population and are based on a policy neutral assumption of constant market shares.

5.4 The study revealed that there is an under-performance of Northampton town centre comparison shopping provision vis-à-vis the surrounding retail parks, with the retail parks having greater market share than the town centre. The retail stock in Northampton town centre is generally dated and is unlikely to remain fit for purpose for the extent of the study period and therefore there is a qualitative need to upgrade the provision. The study recommended that the priority, in policy terms, should be to encourage the delivery of comparison floorspace growth to Northampton town centre in order to address the qualitative needs in the town and meet the identified quantitative need.

Retail floorspace take up

5.5 Figure 5.1 below shows the take up of retail floorspace over the last five years within Northampton town centre. This demonstrates that the amount of floorspace let within the town centre has been relatively high in the last two years when compared to five year trends. Over the period covered by Figure 5.1, average annual take-up has been 4,444 sq. m. Given that no new retail development has taken place within the town centre during this period, it can be assumed that this level of take-up has all been accommodated within the existing retail floorspace stock of the centre.

Figure 5.1 Retail Floorspace Take Up, Northampton Town Centre (2007-2012)



Source: Focus CoStar

Retail requirements

5.6 Focus Costar recorded 22 retailer requirements for Northampton in June 2012. Operators seeking floorspace include Blue Apple, Chiquito, Raw, Costa Coffee and Simply Eat. Whilst this figure is somewhat lower the levels previously seen, this reflects the current malaise in the wider UK economy and its impact on high street retailing which means that few operators are currently looking to expand. Also, it is likely that some retailers are holding off investment decisions pending the ability to take space at the redeveloped Grosvenor Centre which will undoubtedly represent the new 'prime pitch' in Northampton, once complete.

General trends

5.7 The downturn in the economy has affected consumer spending, with a greater reluctance to spend amongst consumer on non-essential goods.

5.8 A significant and long term trend is the continuing polarisation by retailers towards larger schemes in larger centres which is driven by a number of factors. Retailers recognise that greater efficiency can be achieved by having a strategic network of large stores offering a full range, rather than having a large network of smaller stores, and are therefore increasingly seeking to serve larger population catchments from larger stores. It is also driven by consumers, who are becoming more discerning and are increasingly prepared to travel further.

5.9 It will therefore be critical to ensure that Northampton bolsters and enhances its position in the sub-regional retail hierarchy through the provision of a significant volume of high quality new retail floorspace.

Retail Supply

5.10 Town centre comparison retailing nationwide is in a period of transition. The majority of comparison retail-led regeneration schemes have stalled due to a combination of weak consumer demand, constraints on investment capital and poor retail occupier performance. Developers in the sector have therefore been going through a process of redesigning existing schemes to make them deliverable in the current economic climate and more appropriate to future consumer demand. This has often involved reducing the scale of potential developments and targeting better quality, financially stable retail operators.

5.11 In Northampton, retail provision is focussed along Abington Street and in the existing Grosvenor Centre, along with some of the surrounding streets. The majority of the units along Abington Street are in historic buildings of varying quality, with many providing sub-optimal layouts and design. Whilst space within the Grosvenor Centre is more modern, the centre is beginning to look somewhat tired and a refresh and remodelling would significantly enhance its appeal to retailers. Whilst the number of vacant units within Northampton town centre is relatively high more detailed analysis of vacant floorspace suggests that the majority of vacancies are located in smaller units that are not meeting modern retailer requirements.

5.12 Within Northampton Town Centre the only significant new comparison floorspace currently in the development pipeline is the extension to the Grosvenor Centre. It is therefore likely that this will be the focus for and catalyst of significant additional demand from retailers once wider economic conditions have improved.

Office Demand

West Northamptonshire Employment Land Study

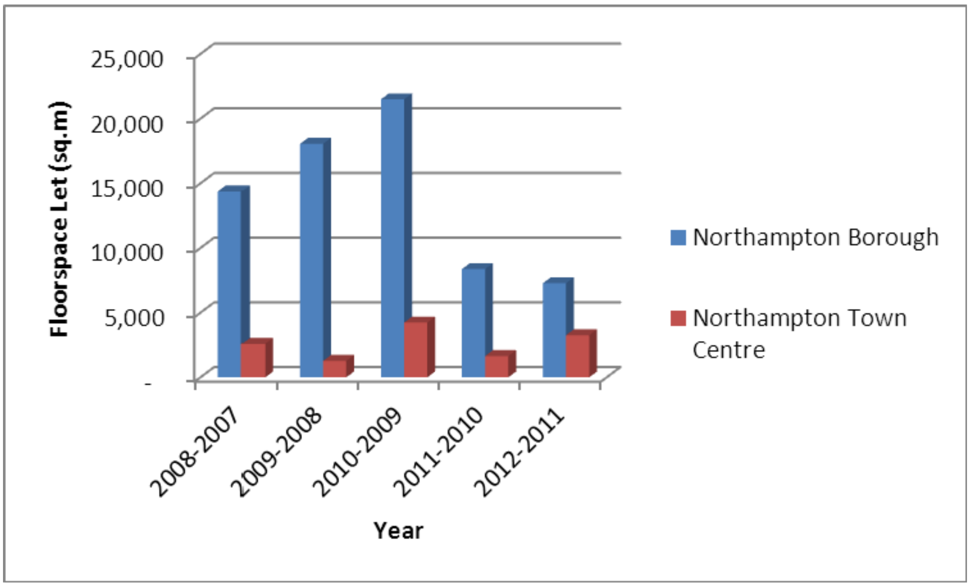
5.13 The West Northamptonshire Employment Land Study (WNELS) undertaken by RTP in 2010 has informed the development of the Northampton AAP. The WNELS assessed future land requirements for industry, warehousing and offices compared to the supply already identified, and provided recommendations on whether more, fewer or different sites were needed. The review concluded that West Northamptonshire must provide enough jobs to sustainably balance planned housing growth. The AAP will need to play a major role in creating demand for offices within the town centre.

5.14 Northampton town centre should be the catalyst of office employment growth in West Northamptonshire. The WNELS identified that to date there has been very little demand for town centre sites. The consequence of this has been limited pressure to deliver complicated town centre redevelopment schemes. This has been exacerbated by the strong demand for out of centre office sites. There is evidence that in the office market has put a premium on out of centre sites which achieve higher rents and values than those within the town centre. This has further undermined the rationale to invest in more complicated town centre redevelopment opportunities. The AAP is identified as one of the interventions that will change the image and market perception of Northampton town centre as an office location. The WNELS recommended that the redevelopment of sites for office use within Northampton town centre should be promoted wherever possible.

Office floorspace take up

5.15 Figure 5.2 below shows the take up of office floorspace over the last five years both within Northampton town centre and the borough as a whole. This demonstrates that over the last five years the majority of office floorspace take up across Northampton has been in out of centre locations. However, take up in out of centre locations has declined significantly in the last two years, which in part reflects a decrease in the amount of business park office floorpace being delivered.

Figure 5.2 Office Floorspace Take Up, Northampton (2007-2012)



5.16 The chart above shows that across Northampton a total of 69,569 sq. m of of office floorpace was taken up over the last 5 years. This represents an annual average of 13,914 sq. m. Undoubtedly, this figure will have been suppressed by the current economic condition. Nonetheless, if this average is used as the basis for projecting demand for office space forward over the period covered by the AAP to 2026, then some 333,936 sq. m of take-up will take place over this period.

5.17 The chart also shows the current imbalance between the town centre and out of centre office provision, with the vast majority of transaction taking place outside of the town centre. This is largely because of the paucity and poor quality of existing supply of office space within the centre. If new high quality office development can be delivered within the town centre at a reasonable cost, then it is evident that demand exists within the local market for it to be taken up.

Office Supply

5.18 Existing office supply in the town centre is very poor. Provision is largely limited to poor quality 1960's stock and 'above the shop' type accommodation which tend to achieve very low rental values. Office uses at Notre Dame Mews, built in the late 1980s or early 1990s are very well let and achieve the highest rental values in the town centre. That said, it only provides small floorplate suites over several floors. There is no modern provision of large floorspace offices within Northampton Town Centre, and this has driven potential occupiers to out of centre locations.

5.19 The Waterside Enterprise Zone approved in 2011 covers 120 hectares of brownfield land along the River Nene. The Enterprise Zone has the potential to provide over 420,000 sq.m of commercial floorspace and is targeted at developing into a national centre of excellence for advanced technology, low carbon technology, sustainable technologies and high performance engineering. The key regeneration projects of Avon Nunn Mills/Ransome Road, St Peter's Way and Castle Station are located within the enterprise zone.

5.20 The Enterprise Zone will offer a range of incentives to encourage development including business rate relief, a simplified planning process, infrastructure investment providing sites ready for development, superfast broadband, the support of a strong public and private sector partnership led by Northampton Borough Council and a commitment to re-invest business rates in the area over a 25 year period.

West Northamptonshire Employment Land Study

5.21 There is a limited amount of office floorspace available within Northampton town centre. The majority of existing floorspace is found in a smaller, lower quality units and there a lack of supply of modern, larger footplate, grade A offices. However, whilst there is limited availability of office floorspace in the town centre this is in part a reflection of weak demand for such space in Northampton. The AAP specifically acknowledges this historical failure to deliver office space in the town centre and aims to address this by positively identifying new sites and redevelopment areas to deliver a step change and create demand.

Northamptonshire Strategic Employment Land Assessment

5.22 The Northamptonshire Strategic Employment Land Assessment (2009) identified a shortage of good quality office floorspace of 500 sq.m to 1,000 sq.m within Northampton town centre. The majority of the office property market is located out of centre and the office floorspace that does exist within the town centre is generally of poorer quality. The redevelopment and revitalisation of Northampton town centre is identified as a strategic priority and it is desirable that this includes commercial B-use employment sites. The delivery of these sites has the potential to contribute significantly to the revitalisation of the Northampton Central Area.

Values

Retail

5.23 There are a number of recorded transactions on the Focus database for retail space in the last two years located in Northampton town centre.

5.24 Rental values in town centre comparison retail units can vary significantly on a per sq.m basis according to a number of factors, particularly the location, quality and size of the units. High profile lettings to major retailers are often made on confidential terms and as such some evidence of transactions at the top end of the rental value range may be hidden. Furthermore it is important to emphasise that rental values for new development planned through the AAP pare likely to exceed those for existing older and more secondary stock.

The Grosvenor Centre

5.25 A 60 sq.m of unit was let to Mr Simms Sweet Shop on a ten year lease for an achieved rent of £419 per sq.m on an overall basis. Foneshouse took 32 sq.m of floorspace on a five year lease for an achieved rent of £250 per sq.m on an overall basis. A 56 sq.m unit was let to an undisclosed tenant on a five year lease for an achieved rent of £323 per sq.m on an overall basis. Xplicit Clothing Ltd took 104 sq.m of floorspace on a one year lease for an achieved rent of £225 per sq.m on an overall basis.

Other locations

5.26 At 49-53 Abington Street we note the recent letting of 289 sq.m to Blue Inc on a ten year lease at an achieved rent of £242 per sq.m on an overall basis. At 24 Abington Street an 871 sq.m unit was let to Genus UK (Select) on a ten year lease for an achieved rent of £184 per sq.m on an overall basis. At 68 St Giles Street a 45 sq.m unit was let on a three year lease for an achieved rent of £214 per sq.m on an overall basis. A 56 sq.m unit at 32a St Giles Street was let to DAAP UK on a three year lease for an achieved rent of £213 per sq.m on an overall basis.

Assumptions

5.27 On the basis of our analysis, we consider that new prime town centre retail floorspace could achieve rental values on a per sq. m basis of up to £270 per sq.m on an overall basis in The Grosvenor Centre at a yield of 6.25%. We consider that new prime town centre retail floorspace in other locations could achieve rental values of £240 per sq.m on an overall basis at a yield of 7%.

Offices

5.28 As with retail uses, the rental values likely to be achieved in brand new high quality development, are likely to exceed those for the existing office stock in Northampton town centre revealed through transactional data, because much of the existing stock is outdated and of poor quality.

5.29 At 1-16 Notre Dame Mews we note the recent letting of an 82 sq.m unit to Fittleworth Medical Ltd on a three year lease for an achieved rent of £122 per sq.m. A further 82 sq.m unit at Notre Dame Mews was let to Concept Care Solutions on a two year lease for an achieved rent of £134 per sq.m. At 1-20 St Peters Walk a 50 sq.m unit was let to an undisclosed tenant on confidential terms at an achieved rent of £177 per sq.m. At Compton House, Abington Street a 335 sq.m unit was let to Nationwide Building Society on a ten year lease for an achieved rent of £206 per sq.m.

Assumptions

5.30 On the basis of our analysis, we consider that new grade A town centre office floorspace could achieve rental values on a per sq. m basis of up to £170 per sq.m on an overall basis at a yield of 7.0%.

6 VIABILITY OF KEY PROJECTS

Introduction

6.1 This section of the report considers the viability of the key projects proposed in the AAP. This draws on agreements and commitments of key delivery partners in both public and private sectors, and our research into and understanding of prevailing and likely future economic and property market conditions.

Approach

6.2 For several of the key projects, some of the detailed characteristics of the proposed developments remain to be resolved. Similarly, the scale of abnormal development costs on some sites are not yet fully known. Our approach to considering the viability of these proposals is to undertake high level, hypothetical development appraisals of the uses proposed to determine whether they generate a positive residual land value that will then motivate their disposal for development. The viability of the key projects can then be extrapolated from these assessments.

6.3 These assessments are very broad, and based on the high level information that is currently available for the sites and developments in question. They are not based on detailed designs, floorspace schedules or cost estimates. Rather, they take account of the uses and nature of development proposed and adopt rental values and yields or capital values based on our own research and understanding of market characteristics. Construction costs are based on the BCIS database and other assumptions on development costs are in line with industry standard practices. Clearly, such high level assessments do not constitute a formal valuation of any sort, but instead seek to provide a broad indication of likely viability.

6.4 Fundamentally, however, these assessments also assume that WNDC and other public sector partners will provide the investment necessary to address abnormal development costs, so that they are ready to be taken to the development market and likely to be attractive to it. As such, no site-specific abnormal development costs have been factored in to these appraisals.

6.5 Based on these hypothetical appraisals, sensitivity analyses have been undertaken to understand the impact on development viability of likely changes in market conditions.

6.6 On other sites, most notably the Grosvenor Centre, whilst detailed viability work has been undertaken and has informed the policies and proposals of the AAP, it is commercially sensitive and cannot be made public. In any case, the highly complex nature of the development means that a hypothetical development appraisal would also be of limited value. In this instance, we rely on the publically stated commitments of delivery partners and qualitative analysis of the likely viability of development. Further evidence on the deliverability of such schemes will be provided at examination by the relevant delivery partners.

Key Projects

Grosvenor Centre Redevelopment

6.7 The redevelopment of and extension to the Grosvenor Centre is being taken forward by the current owners of the centre, Legal & General (L&G), with support from NBC and WNDC. The proposals have been in development for some time and a Development Agreement between L&G and NBC is in place for the delivery of the scheme.

6.8 The long-term and on-going commitment of L&G to the redevelopment of the Grosvenor Centre, including the signing of the development agreement, reflects the fundamental financial robustness of the project and their confidence in its viability. However, in the light of current economic conditions and their impact on the retail sector in particular, L&G are in the process of undertaking a review of the scheme, which will delay its implementation. That said, they remain confident that it will be delivered.

6.9 Whilst there is a general sense that market conditions for retail development are currently somewhat depressed for the national and local reasons identified above, that some improvement is expected over the next 12-18 months. In this regard, it is notable that the proportion of vacant units is now 0.5% lower than its peak, and the proportion of vacant floorspace is now 4.3% below peak levels. Furthermore, with the recent reductions in inflation and increases in salary levels, it is likely that the squeeze on disposable income that has been a key feature of the recent recession may soon come to an end.

6.10 In addition to these early signs of improvements in market conditions in the retail sector, it is also clear that the fundamentals for this scheme remain sound. The most recent revisions to the retail capacity assessment for Northampton (July 2012) identify a capacity for comparison good retail floorspace over the plan period of and in excess of that proposed at the Grosvenor Centre.

6.11 In addition, it is clear that the location of the Grosvenor Centre and the land on to which it is proposed to expand is extremely well located within the town centre and is likely to benefit from very high levels of footfall, which is a major driver for retailers.

6.12 Furthermore, it also appears that there is a mismatch between the existing supply of retail units in Northampton Town Centre and the nature of demand, which the Grosvenor Centre redevelopment can easily and profitably remedy when market conditions improve. The latest edition of Colliers International's National Retail Barometer (Winter 20011/12) shows that whilst the proportion of vacant units currently stands at 16.3% (the fourth highest of the 15 regional centres assessed), the proportion of vacant floorspace is just 10.3% (7th highest of those assessed). The discrepancy between the two figures is the 2nd highest of the 15 centres assessed and shows very starkly that the vacant units area are generally very small. Within most centres, the smaller units tend also to be situated in secondary locations. It is known that the more stable and robust national retailers are increasingly seeking modern, larger floorplate units, which are in extremely limited supply in Northampton given the paucity of new development within the centre.

6.13 It is reasonable to conclude on this basis, that existing floorspace in Northampton is incapable of meeting demand, because the units are both too small and generally found in secondary locations. This also means that a new development of modern, well located large floorplate retail spaces as proposed through the Grosvenor Centre redevelopment would attract significant demand from retailers that previously were not able to find premises in Northampton to date.

Castle Station

6.14 The total cost of the station redevelopment, excluding the multi storey car park and commercial and residential developments, is understood to be in the region of £20 million. These works will see the redevelopment of the station building and concourse with the aim of improving both the attractiveness of the station as a gateway to the town centre and the functionality of the station through capacity enhancements and improving ancillary parking and retail provision. It will do this in a more land-efficient way that, following provision of the multi storey car park, will allow for areas currently used for surface parking to be released for development.

6.15 The costs of the station redevelopment elements of the project already benefit from identified funding, including a £10 million contribution committed through WNDC and a £5 million contribution from Network Rail. The remainder of the funding required is underwritten by NCC. Clearly, therefore, the core transport elements of the project are viable.

6.16 The re-provision of the existing car parking in a multi-storey car park does not have funding allocated. It is possible that this funding will be tied into specification of deliverables that will be addressed by bidders in the rail franchise renewal process. The existing franchise for London Midland ends in September 2015. The substantially longer term franchises will give a much bigger incentive for the operators to make significant investment in station infrastructure.

6.17 Once complete, the surplus land can be brought forward for commercial and residential development. The fact that the vast majority of this site is already in the ownership of Network Rail is extremely beneficial for the viability of any commercial or residential development that takes place subsequently on the surplus land. This land will have limited value to Network Rail as a retained asset and it is very likely that its disposal to the market will be sought. Clearly, the costs and values of development proposed for the site will be reflected in any price paid for it, and it is reasonable to assume that only those developers with a viable development proposition (that is also capable of gaining planning permission) will purchase the site.

6.18 The value of office development will be significantly enhanced by its proximity to the station. It will give businesses a significant profile and improve connectivity and accessibility to their clients and workforce. The accessibility may also drive demand for and values of residential development, particularly for those commuting to other major cities.

6.19 Furthermore, and perhaps most importantly, Castle Station is located within the Northampton Enterprise Zone. In addition to simplified planning controls that will make the site more attractive to the development industry and high quality broadband infrastructure, businesses that relocate to the site will be able to benefit from business rates relief of up to £55,000 per annum for 5 years. These benefits, allied to improvements in the wider economy, is likely to make the development a viable proposition by the time the opportunity is brought to the market.

6.20 Our hypothetical development appraisal for new office development in this location shows that the development of a phase comprising an office building of 2,000 sq.m (four storeys of 500 sq.m) generates a positive residual land value of £37,000. Making assumptions as to the likely land take of such a development, this equates to a residual land value per hectare of c£295,000, although it should be noted that it is assumed that all abnormal development costs will be addressed before the site is taken to the market. Of course, the land receipt could be used to defray some or all of these investments.

6.21 On the same basis, our hypothetical of an apartment scheme in this location suggests a residual land value of c£495,000. Again, making assumptions with respect to development density, this would equate to a per hectare residual value of £1.48m.

St. John's and Project Angel

6.22 The viability of development at the St John's site is demonstrated by the fact that construction contracts have already been let for a substantial element of the site, namely the provision of student accommodation for the University of Northampton. In addition, draft Heads of Terms for the development of a hotel have already been agreed with the preferred developer. Given this progress, it can be reasonably assumed that these developments are viable.

6.23 The remaining development at St John's is for new offices. It should be noted that NBC owns the vast majority of the site and is therefore able to facilitate the development of the remaining elements of the site by ensuring that the disposal price for the site is such that the planned development can be delivered viably. As set out above, office development can be delivered within Northampton Town Centre, as it is shown to generate a positive residual land value, on the basis that the site is 'market-ready' with any abnormal development costs addressed and realistic expectation ion terms of land receipts.

6.24 The Angel Street site will be anchored by the development of new offices for the County Council, bringing together currently disparate provision in the town centre. This will deliver significant operational efficiencies, whilst also enabling value to be generated from the disposal of sites that are vacated when staff are relocated to the new development. It is assumed that this aspect of the development and associated public realm works will be procured directly by NCC and, subject to the beneficial outcome of the business case currently being prepared, should be considered viable.

6.25 The additional footfall and activity that the NCC development generates, alongside that generated by the cultural facilities in the area will drive additional demand for and viability of existing and proposed restaurants, cafés and bars. This in turn, along with the significant proposed improvements to the public realm in the area, will make the area more attractive to both developers and occupiers of the additional commercial and residential development proposals.

Avon Nunn Mills/Ransome Road, The Waterside

6.26 This area is proposed for a residential-led mixed use development comprising c2000 residential units, along with offices and ancillary retail development and new school and public open space. The Avon Nunn Mills part of the site is being assembled though a CPO process being led by WNDC, with an inquiry currently programmed for November 2012. Heads of Terms or compromise agreements are either in place or in advanced stages of negotiation with the key parties with interests in the site. Separately, a developer procurement process is already underway, led by WNDC. It has attracted significant levels of developer interest.

6.27 Alongside this, the HCA have made significant investments in the Ransom Road portion of the site, which they own including highway improvements and other investments to improve the attractiveness of the site to the market. A planning application for residential development of the site has approval in principal, subject to negotiation of a Section 106 agreement. Furthermore, the HCA has now completed a successful developer procurement process, generating considerable interest and resulting in the HCA's appointment of a development partner for the site who will now that forward it's delivery. It is understood that a revised planning application for residential development is currently being considered.

6.28 The level of developer interest in both Avon Nunn Mills and Ransome Road demonstrate the perceived viability and deliverability of this project. In addition, there is a strong commitment from delivery/funding partners including WNDC and the HCA to addressing the abnormal site-specific development costs related to the delivery of this project. On the basis that these abnormal costs are addressed by the delivery partners, our development appraisal shows that a phase of housing development of 200 units in this location will generate a residual land value of £6,790,000. At a density of 40 dwellings per hectare, this broadly equated to a residual land value of £1.36million per hectare.

6.29 In addition to the above proposals, the University of Northampton has identified this site as the preferred site for the relocation of its campus and work to establish the feasibility of the relocation is on-going. Assuming the University can fund the relocation project – and progress to date suggests it can – then this element of the project can clearly be considered viable.

St Peter's Way, Waterside

6.30 This site is proposed for office-led mixed use development comprising up to 43,000sq. m of offices, along with potentially up to 270 residential units and ancillary retail uses. Some of the site is already in the freehold ownership of WNDC, which gives significant control over ensuring the viability and deliverability of the development proposals. A CPO process is underway to clean up titles where ownership is unclear and acquire remaining interests. Outside the WNDC ownership/CPO boundary, National Grid and Carlsberg own the remainder of the land.

6.31 Clearly, such a significant volume of office floorspace will need to be brought to the market through a co-ordinated approach in terms of both timing and differentiation of 'development products' so that it complements, rather than competes with other planned office developments. This will help to ensure that there is not a flood in the supply of new floorspace that holds down rental values. The proposed office floorspace at St Peter's Way will provide a qualitatively different offer from that elsewhere with a focus on smaller 'own front door' offices for Small and Medium-sized Enterprises (SMEs). The development will not be speculative but focused on demand led smaller schemes.

6.32 The evidence presented in the supply and demand analysis above, suggests that there is a great deal of potential demand that could be captured at this location, particularly in view of the benefits arising from as a result of the site's location with the Enterprise Zone. The part-ownership of the site by WNDC and the evidenced demand in the local market place suggests that the proposed development is likely to be deliverable, particularly if wider economic conditions improve. The recently permitted Innovation Cube, a 3,000 sq.m. office development is anticipated to also assist with enabling and encouraging demand.

6.33 On the basis that the development proposed in not speculative office development, but rather bespoke or direct development by businesses to provide premises that better fit their requirements. This rationale is quite different from that of a speculative developer, with greater business efficiency being the primary driver, rather than generating profit from the development itself. As such, a development appraisal of this type of development is not warranted.

Abington Street East

6.34 The Abington Street East site is proposed for development to provide additional comparison retail floorspace, to meet identified demand in the longer term and as such is proposed to be developed in later phases of the implementation of the AAP. It is envisaged that the site will be developed by the private sector, although public sector land assembly powers may be required.

6.35 Viability assessments of the site have been undertaken based on current market values and costs, alongside an estimation of the costs of land assembly through CPO. This assessment shows that the redevelopment of this site could generate a residual land value in the region of £5.9 million, against estimated land assembly costs of £6.4 million. On this basis, there is currently a small deficit on the project suggesting it is not viable in the current depressed market conditions.

6.36 However, an increase in rental values just back to the levels in 2010, would improve the viability of the scheme back to a position where is it likely to be viable. This matter is considered further below under the Sensitivity Analyses.

The Drapery

6.37 As with the Abington Street East site, the Drapery is proposed for development in the later stages of the AAP's implementation and has been identified to support the projected requirement for additional comparison retail floorspace following the completion of the Grosvenor Centre redevelopment.

6.38 There is a likelihood that major floorspace users at this site will relocate to the extended Grosvenor Centre when complete. This in turn creates an opportunity to assemble a site around it that would bring the potential to provide high quality new retail floorspace and increase the amenity and functionality of a part of the town centre which currently under-performs, given its location. The site is currently held back by the poor quality of environment and the unsuitability of the retail premises it provides, relative to modern retailer requirements.

6.39 Viability assessments of this site have also been undertaken, based on current development costs and values (although these are certain to change by the time the project is delivered). Our assessment suggests that a residual land value for the scheme in the region of £11.0 million in current market conditions. This is against a current land assembly cost estimate of £17.4 million. As such, the scheme could be considered to be unviable at this time. However, by far the largest land assembly cost estimate relates to Debenhams and this cost would be significantly reduced if they were to relocate.

6.40 Of course, rental values at the Drapery are likely to benefit significantly as a result of the Grosvenor Centre and Bus Interchange development, given that the extended centre will bring the 'prime pitch' retail area of Northampton very close to it. Furthermore, much of the footfall from one of the principal entrances to the centre will spill out on to the Drapery.

6.41 The combination of reduced land assembly costs, and increased values as a result of both economic/market recovery and the benefits of increased proximity to the Grosvenor Centre is likely to mean that the redevelopment of the Drapery site in the longer terms is a viable development proposition. This matter is considered further as part of the Sensitivity Analyses presented below.

Sensitivity Analyses

6.42 For the projects where development appraisals have been undertaken, we set out below a sensitivity analysis of assessments for these sites in order to test the robustness of the findings to changes in market conditions, and determine the extent of changes to market conditions that would ensure that they are viable and deliverable. Where we have information on the cost of land acquisition (in relation to The Drapery and Abington Street East), we consider the likely future residual land values against the likely acquisition costs to determine viability. Where sites are already, or are in the process of being acquired by the public sector, this comparison is not necessary.

6.43 As discussed above, other key projects in the AAP have also been subject to detailed assessments by third parties and found to be viable or otherwise deliverable in the context of known funding and delivery commitments. As such, further testing and sensitivity analysis is neither necessary in the context of the evidence set out above, nor possible whilst retain commercial confidences and is not included below.

6.44 Table 6.1 below demonstrates the sensitivity of residual land value to changes in rental values in the case of office and retail development and sales values in the case of residential development.

Table 6.1 Sensitivity Analysis

Site	Existing Residual (£)	Change	Revised Residual (£)	Surplus/Deficit (£) on Land Acquisition	Justification
Office phase of 2,000sq.m (e.g. Castle Station, Avon Nunn Mills)	£37,000	▪ 5% uplift in rental values	£160,540	N/A	▪ The increased rental rate reflects a general improvement in economic conditions. Furthermore the delivery of high quality office floorspace at this location has the potential to deliver a 'step change' in the Northampton office market and will be more attractive to potential occupiers due to its enterprise zone designation.
Apartment phase of 40 units (e.g. Castle Station)	£495,000	▪ 5% uplift in sales values	£635,507	N/A	▪ The increased sales values of 5% reflects the likely housing market trajectory over the early-mid part of the plan period as the country emerges from recession and mortgage finance availability improves and pent-up demand in the market is released
Housing phase of 200 dwellings (Avon Nunn Mills, St Peter's)	£6,790,000	▪ 5% uplift in sales value	£8,107,637	N/A	▪ The increased sales values of 5% reflects the likely housing market trajectory over the early-mid part of the plan period as the country emerges from recession and mortgage finance availability improves and pent-up demand in the market is released
The Drapery	£11,000,000	▪ Rents increased from £240 per sq.m to £295 per sq.m	£16,700,000	-£700,000	▪ The increased rental rate reflects the potential for development of new retail floorspace to deliver a step change in the performance of Northampton as a retail destination. The new units will be more suited to modern retailer requirements. The proximity of The Drapery site to the Grosvenor Centre provides the potential for higher rental values.
Abington Street East	£5,900,000	▪ Rents increased from £240 per sq.m to £270 per sq.m	£7,200,000	£800,000	▪ The increased rental rate reflects the potential for development of new retail floorspace to deliver a step change in the performance of Northampton as a retail destination. The new units will be more suited to modern retailer requirements.

Source: RTP, 2012

6.45 Table 6.1 demonstrates that whilst the residual value of the sites is currently less that that required to assemble them through CPO, with changes in market conditions that are entirely feasible over the plan period - indeed they are very likely to occur – then the residual value will rise above or to within a negligible difference of the assessed land assembly costs, demonstrating that they are likely to become viable development propositions during the plan period.

7 DELIVERY PARTNERSHIPS, VEHICLES & FUNDING

Introduction

7.1 The successful delivery of the projects discussed in this report and the policies which support them is reliant on a number of issues:

- Effective and on-going working relationship with key delivery partners in both the public and private sectors;
- Establishing robust delivery mechanisms for each of the projects;
- Capitalising on funding opportunities from a variety of sources including WNDC and the private sector;
- The preparation of Local Development Order/simplified approach to planning for the areas within the AAP which have been designated as an Enterprise Zone

7.2 The Borough Council has, and will continue to work with:

- West Northamptonshire Development Corporation and its successor
- Northamptonshire County Council
- Highways Agency
- West Northamptonshire Joint Planning Unit
- University of Northampton
- Northampton Town Centre's Business Improvement District
- Northamptonshire Enterprise Partnership (NEP) and South East Midlands Local Enterprise Partnership (SEMLEP)

7.3 The Borough Council's Regeneration, Enterprise and Planning Directorate comprises a Regeneration Team which includes Regeneration, Economic Intelligence and Asset Management Sections. These teams are responsible for supporting and delivering regeneration initiatives as well as securing funds as appropriate.

7.4 Further details are provided below.

Delivery Partnerships & Funding

Northampton Borough Council

7.5 Clearly, Northampton Borough Council (NBC) has a major role in leading the delivery of the AAP's projects, both by putting in place the statutory planning policy basis for the developments proposed and in delivering development using its powers, finance and access to funding such as prudential borrowing and recycling of New Homes Bonus receipts.

7.6 NBC is responsible for the balance of the funding required to deliver the new bus station at the Fishmarket site, for example, which now has planning permission. In addition, NBC also has significant land assets at the sites proposed for development through the AAP. In particular, it owns the remaining developable area of the St. John's site, parts of which it is already proceeding with the disposal of, to other delivery partners.

7.7 NBC is also critical to the delivery of the Grosvenor Centre redevelopment, leading discussions with Legal & General. A Development Agreement between the NBC and L&G is in place which commits both parties to working up detailed development proposals including for the relocation of the bus station that will enable the centre to be extended. Ultimately, NBC is also likely to be required to use its CPO powers to clean up any title issue(s) and acquire any land that cannot be assembled by agreement that are also critical to the delivery of the scheme.

7.8 Another aspect of NBC's role in delivering the AAP is in the preparation of the Local Development Orders (LDO) / simplifying planning across the Waterside Enterprise Zone. The LDO is a simplified planning tool that sets out a range of development types and uses, with accompanying design guidance which, if followed, relieves developers of the need to gain planning permission. Work on these documents has already commenced, with support from WNDC.

West Northamptonshire Development Corporation

7.9 West Northamptonshire Development Corporation (WNDC) was set up by the government in December 2004 with a mission to promote and deliver sustainable growth and regeneration in Northampton, Daventry and Towcester. It is funded primarily through direct grants from its sponsoring department within government (CLG), as well as through the proceeds of retained interests from its investments.

7.10 WNDC invests its monies in projects that deliver economic benefits, including the proposed new Bus Interchange, the Castle Station project and public realm schemes. It also has power to acquire, manage and sell land and is playing a significant role in land assembly and delivery of a large number of the projects discussed in this report. These include:

- St. John's/Project Angel;
- Fishmarket Bus Interchange;
- Avon/Nunn Mills/Ransome Road;
- St Peter's; Castle Station; and
- Grosvenor Centre.

7.11 For several of the key projects discussed in this report, in particular those at the Waterside, Castle Station and Fishmarket Bus Interchange, they are central to the delivery process in terms of contributing directly to the funding packages necessary to deliver them, participating in negotiation with other potential funders and co-ordinating with other bodies involved in delivering the projects. For example, in May 2012, following extensive work from WNDC and the partners, the Government agreed to allocate an additional £10m to WNDC towards funding the Castle Station project.

7.12 In addition, WNDC is using its Compulsory Purchase Order powers (CPO) to assemble sites including both the Avon Nunn Mills and St Peter's sites in the Waterside area.

7.13 Furthermore, where sites are to be disposed of to the market, WNDC can manage the process of appointing development partners to deliver schemes. In particular, a developer procurement process is already underway in respect of the Avon Nunn Mills site.

Northamptonshire County Council

7.14 Northampton Borough Council works closely with Northamptonshire County Council (NCC) on a wide variety of issues and project. In relation to the AAP projects, NCC has played a significant role in delivering the Bus Interchange and in the delivery of the Castle Station. In relation to Castle Station NCC is committed to underwriting the balance of project costs not already funded from other sources.

7.15 NCC also has a number of land assets within the town centre that are proposed to be developed as part of the delivery of the AAP, most notably within the St John's/Project Angel area. Of course, it is proposed the NCC will develop a new office as part of the proposals for this area that will bring together its current disparate office provision in the town. It is therefore a key delivery partner for this project as both landowner and developer.

Legal & General

7.16 Legal & General (L&G) are the owners of the Grosvenor Centre and are leading on the delivery of its redevelopment and extension. Whilst the current economic climate has necessitated a reappraisal of the scheme to ensure it remains well targeted to the market and some delay in delivery, L&G remain firmly committed to the project. L&G will support NBC through any Grosvenor CPO process

University of Northampton

7.17 The main campus of the University is currently located some distance outside of the town centre and there is a strong desire to relocate it to the Waterside area, closer to the town centre. Student accommodation is in the process of being developed at the St John's site and the Avon Nunn Mills/Ransome Road site has been identified as the preferred relocation site for the main University campus. If the campus relocation proceeds, clearly Northampton University will become a major delivery partner with respect to the Avon Nunn Mills/Ransome Road site, as well as for St. John's. Furthermore, there is potential for the University to procure and manage office floorspace at St Peter's Way as part of an Innovation Centre.

Network Rail

7.18 Network Rail is a major delivery partner in relation to the Castle Station redevelopment project. It has already committed £5 million of discretionary funding to the project and is working closely with WNDC to progress more detailed design work.

Homes & Communities Agency

7.19 The Homes & Communities Agency (HCA) is the national housing and regeneration agency for England, with a capital investment budget of nearly £7bn that is targeted at helping communities to deliver high-quality housing that people can afford. It provides investment for new affordable housing and for regenerating land.

7.20 In relation to the AAP, the HCA own the Ransome Road site, on which it is working closely with WNDC to bring forward development proposals. Initial remediation and site access works have been undertaken by the HCA and their interest is included with the CPO of the site that has recently been made.

Enterprise Zone

7.21 Parts of Northampton was designated an Enterprise Zone in August 2011. This national designation covers a significant part of the Waterside area, which means that the delivery of the policies for this area will be significantly strengthened through simplification of planning rules.

7.22 The Borough Council with the support of local partners, the South East Midlands Local Economic Partnership (SEMLEP) and also Northamptonshire Enterprise Limited are taking forward the Zone. In addition to the fiscal benefits and support provided by CLG/BIS, the Zone has also been allocated £7 million from the Growing Places fund by SEMLEP to bring forward development. The Borough Council with assistance from WNDC is preparing Local Development Orders for St Peter's Waterside and considering the most appropriate simplified planning solutions for other sites. The Borough Council will ensure that partnership arrangement will continue to aid the delivery of the relevant key projects, whilst at the same time ensuring that other relevant parties are continually engaged in the process.

7.23 Under the Growing Places Fund some £7m has been secured as part of a recyclable fund to support site remediation, highways and investment in small businesses. The emerging business plan for the Enterprise Zone will also enable investment to secure delivery through borrowing against future anticipated business rate growth.

Project Funding & Delivery

Grosvenor Centre

7.24 NBC will assist in assembling the site of the Grosvenor Centre ready for development, but L&G will be the principal delivery body. They will be responsible for financing the scheme and procuring its delivery, as well as letting the space once built.

Fishmarket Bus Interchange

7.25 Funding for the delivery of the Fishmarket bus interchange has been secured with WNDC providing £4m and NBC funding the remainder, currently estimated £8.5m.

Castle Station

7.26 The current estimate of the costs of the station improvements works is some £20 million (excluding the associated multi storey car park and commercial and residential development projects). Of this the Department for Transport and CLG have committed £10 million to WNDC towards the project and Network Rail a further £5 million. The balance of this is underwritten by NCC.

7.27 Residential and commercial developments are proposed on land vacated as a result of the Station redevelopment proposals, including multi storey car park. Our high level assessments of these projects suggests that subject to Network Rail's aspiration in respect of land value, the residential element at least is likely to be viable. At present, office development is of marginal viability, although it is likely that the designation of the Enterprise Zone covering this site (amongst others) will drive significant levels of demand with tenants placing a rental premium on the lower occupational costs of locating there as a result of Business Rates relief and as a result of high quality broadband infrastructure, amongst other benefits. Together, these measure are likely to ensure that office development is viable in this location.

St John's/Project Angel

7.28 As mentioned previously in this report, construction commenced in August 2012 on the student accommodation proposed at St. John's and negotiations are at an advanced stage in relation to the hotel development there too. The remainder of the site, proposed for office development will be marketed subsequently.

7.29 Work on the business case for Project Angel is on-going within NCC and with NBC. Alongside this, a scheme re-design is taking place to enable parking requirements to be met. A planning application for the development is now expected in mid 2013. Subsequently, remaining parcels of land in this location will be marketed and disposed of to private developers in accordance with the agreed masterplan for the site, which includes residential office and ancillary retail and leisure uses. No further public funding is expected or likely to be required for these developments, subject to improvements in market conditions.

7.30 Some investment in highways improvement will assist in enabling the development of these sites. The costs of these works is estimated at £2 million and the NCC has sought to fund part of this through a bid of £1 million to the Growing Places fund, with any remaining costs recovered through receipts from land disposals.

Avon Nunn Mills/Ransome Road

7.31 Assuming successful completion of the CPO for this site, WNDC will be able to advance the developer procurement process it has already begun. Indeed, a developer partner to the HCA is already in place for the Ransome Road part of the site. Depending on the outcome of this exercise, either University of Northampton or a private developer (perhaps with support from HCA) will take forward the development of the site and the sale/letting of properties. It is envisaged that further public funding may be required for infrastructure in order to deliver these projects. This is likely to be forthcoming either through WNDC (or its successor body) or through other funding solutions as part of the Enterprise Zone status from which the site benefits.

St Peter's Way

7.32 The proposals for the St Peter's site comprise an office-led mixed use development. The viability of such development is likely to be marginal and it is unlikely that it will generate a significant land receipt on disposal to the market for development delivery. That said, the full extent of the rental premium that tenants will place on the rates relief, broadband connectivity and other benefits of locating within the Enterprise Zone is not yet known and may well exceed expectations. Nonetheless, assuming the successful prosecution of the CPO, a significant proportion of the land will be in the control of WNDC who can take a flexible approach to land receipts and invest in infrastructure and site remediation costs via the emerging Enterprise Zone business plan to encourage development.

Abington Street East

7.33 It is envisaged that this project will be delivered by a private sector development partner in the later stages of the AAP's delivery. By this time, it is anticipated that the library building will have been vacated. If not and the County Council do not want to vacate the building, the development can occur on the remainder of the site NBC may need to use their CPO powers to assemble the remainder of the site, although this exercise could be financed by an appointed development partner.

7.34 The sensitivity analyses set out in Section 6 suggests that no additional public sector funding will be required to deliver this project, assuming that there has been some recovery in development values by the time of delivery.

The Drapery

7.35 It is envisaged that this project will be delivered by a private sector development partner in the later stages of the AAP's delivery. By this time, it is expected that major floorspace users at the site may have relocated to the redeveloped Grosvenor Centre and as such could be acquired relatively cheaply. It is likely that NBC will need to use their CPO powers to assemble the remainder of the site although, as with the above, this exercise could be financed by an appointed development partner.

7.36 The sensitivity analyses set out in Section 6 suggests that no additional public sector funding will be required to deliver this project, assuming that there has been some recovery in development values by the time of delivery.

8 PHASING & DELIVERY TIMESCALES

Introduction

8.1 In this section we consider how the delivery of development planned for in the AAP could be phased. It is necessary to phase large projects in order to spread development over the plan period. Figure 8.1 below shows indicative timings for the completion of retail and office floorspace.

Rationale

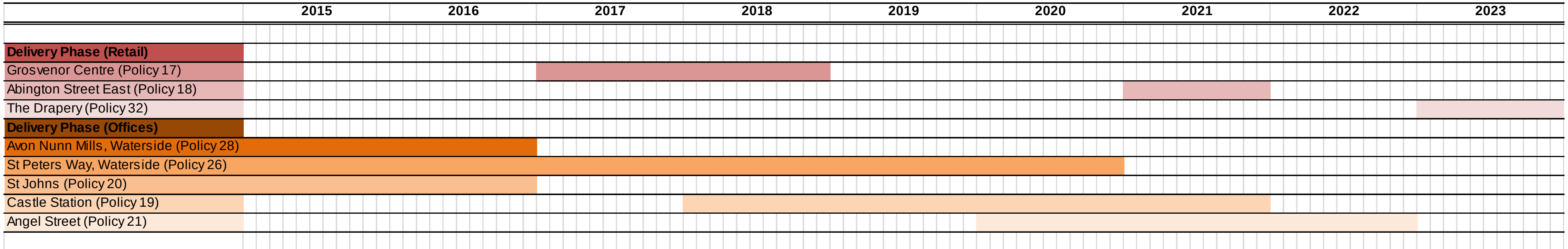
8.2 The AAP plans for the delivery of some 61,000 sq.m (gross) of comparison retail floorspace to address identified qualitative needs in the town centre. It will be important to carefully phase the delivery of retail floorspace to ensure that the market is not flooded and that disruption caused during development does not result in unnecessary loss of town centre trade and footfall.

8.3 It is anticipated that works for the Grosvenor Centre extension will commence in 2014 with the completion of Phase 1 scheduled for 2017 and Phase 2 scheduled for 2018. Following the delivery of the Grosvenor Centre we suggest that delivery of Abington Street East site is scheduled for completion in 2021 to allow the letting of floorspace at the Grosvenor Centre to progress. The completion of the Drapery site is then scheduled for 2023. It will be important to take into consideration the potential for significant vacancies at both the Abington Street East site and the Drapery site if existing occupiers relocate in advance of the development planned for the locations.

8.4 The AAP plans for a significant volume of office floorspace over the plan period. In order not to suppress values in the market, these sites will need to be released in a coordinated and phased manner. In considering how much floorspace should be delivered per annum we have had regard to past trends in the take up of office floorspace within Northampton, as discussed in Section 5. This demonstrates that the annual average take up of office floorspace over the past five years has been 13,914 sq. m. We have made provision for an annual uptake of 15,000 sq.m office floorspace within the AAP area over the plan period. This figure reflects the potential uplift in the delivery of office floorspace due to the Northampton Waterside Enterprise Zone and an increased focus on the delivery of office floorspace within the town centre.

8.5 It is anticipated that the delivery of office floorspace at the Avon Nunn Mills site will be the first parcel of the Enterprise Zone to complete alongside the first phases of the St Peters site (which already has approval for a 3,000 sq.m office development). It is understood that development at the St Johns site is already progressing and therefore the delivery of office floorspace at this site is brought forward early in the plan process. The delivery of office floorspace at Castle Station starts to complete in 2018 with office floorspace at Angel Street starting to complete in 2020. The phasing of the delivery of office floorspace at Angel Street should be considered in light of Northamptonshire County Council's plans to relocate its operations to the town centre and it may be necessary to bring some of this floorspace forward earlier in the plan period.

Figure 8.1 Phasing Plan



Notes:	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Retail			Grosvenor Centre: 18,500 sq.m	Grosvenor Centre: 18,500 sq.m			Abington Street East: 6,000 sq.m		The Drapery: 16,750 sq.m
Offices	Avon Nunn Mills: 8,000 sq.m; St Peters: 3,000 sq.m; St Johns: 4,000	Avon Nunn Mills: 8,000 sq.m; St Peters: 3,000 sq.m; St Johns: 4,000	St Peters: 15,000 sq.m	St Peters: 7,500 sq.m; Castle Station: 7,500 sq.m.	St Peters: 7,500 sq.m; Castle Station: 7,500 sq.m.	St Peters: 7,000 sq.m; Castle Station: 3,500 sq.m; Angel Street: 4,000	Castle Station: 7,500 sq.m; Angel Street: 7,500 sq.m.	Angel Street: 15,000 sq.m.	

9 RISKS & RISK MANAGEMENT

Introduction

9.1 It is necessary to assess and monitor risk in relation to the AAP in order to ensure that appropriate mitigation measures can be taken where necessary. In this section we set out our high level assessment of the main risks to the delivery of the AAP and suggest mitigation or management measures. The assessment covers:

- the uncertainties and risks associated with the delivery of the AAP and its key projects; and
- the actions either in place or planned to mitigate and manage identified risks.

Risk Matrix

9.2 Table 9.1 below sets out the risk matrix used for the assessment of risks in relation to the AAP.

Table 9.1 Risk Matrix

	Probability					
Impact		Very Low	Low	Medium	High	Very High
	Very High					
	High					
	Medium					
	Low					
	Very Low					

Source: RTP, 2012

9.3 The risk matrix provides a rating for each of the identified risks as follows:

- Severe (dark red): a severe risk to the project that would require significant intervention from the development partners to ensure successful project delivery.
- High (red): a major risk to the project that would require intervention from the development partners to ensure successful project delivery.
- Medium (orange): a moderate risk to the project that should be manageable without additional intervention from the development partners. The risk should be monitored on a regular basis.
- Low (green): a low risk with consequences that will not endanger successful project delivery. The risk should be monitored on a regular basis.

Risk Register and Mitigation

9.4 Table 1.2 below sets out the risk register for the AAP and provides a high level assessment of risks with suggestion mitigation measures.

Table 9.2 Risk Register

Risk Description	Probability	Impact	Rating	Mitigation/ Management
Decrease in rents / sales values if economic conditions worsen.	Medium	High	High	Monitor rents and values achieved in Northampton and the surrounding area. To maximise development values ensure that sites are attractive to the market and bring projects forward when the economic climate has improved. More likely to delay, rather than prevent implementation.
That funding of the required scale is not forthcoming.	Low	Very High	High	Minimise the need for public sector funding where possible through the use mix and quanta, design and layout and delivery strategy and timing. Vast majority of necessary funding is already in place.
Increases in costs due to inflation and economic climate.	Medium	High	High	Monitor costs and review regularly.
Unknown or unforeseen site problems and costs.	Medium	High	High	An advance programme of site investigation's on key sites owned by public sector should be considered / funded – could be part of a package of advance works/expenditure to help developer confidence in a difficult market. A lack of site investigation data introduces risk/cost uncertainty.
Major Development partner withdraws	Low	Very High	Medium	It is noted that L&G remain committed to the redevelopment of the Grosvenor Centre but their recent decision to review the scheme suggests some level of risk. Continued close working with L&G is required, and on-going efforts to enable the development and maximise its viability are required, given the strategic importance of the scheme to the AAP.
Lack of demand for mix of uses within the AAP projects.	Low	High	Medium	Monitor demand for commercial and residential uses within Northampton and ensure the projects brought forward takes account of the demand profile in the phasing of developments.
Poor response from developers due to current economic conditions.	Low	High	High	Monitor economic climate and bring sites to market in a phased plan, when market conditions have improved. Ensure sites are as easily developable as possible, with all potential constrains having been dealt with prior to disposal.
Third Party owners take too much time or demand too much in the way of compensation.	Medium	Medium	Medium	Ensure regular meetings with third parties to keep negotiations moving forward. CPO as necessary.

Risk Description	Probability	Impact	Rating	Mitigation/ Management
Competition for retail expenditure from other retail centres.	Medium	Medium	Medium	Ensure that the mix and quality of retail within the town centre is attractive to the population within Northampton's catchment area.
Competition for office floorspace from out of centre business parks.	Medium	Medium	Medium	Ensure that the office floorspace on offer is suitable for the needs of target occupiers and off sufficient quality to be attractive in the Northampton office market.
Disruption caused during development results in loss of town centre trade and footfall	Medium	Medium	Medium	Phase projects to spread development over the plan period. Ensure appropriate mitigation strategies during the development phases.
Inadequate spare capacity in the existing infrastructure	Low	Medium	Medium	Ensure early involvement of infrastructure providers to confirm adequacy of existing utilities.
Directly subsidising a private sector development partner and, falling foul of State Aid rules	Low	Medium	Medium	Take appropriate legal advice in relation to State Aid. Identify alternative means for public sector inputs into the scheme such as forward works.

Source: RTP, 2012

9.5 A regular review of risks should be undertaken throughout the AAP process with appropriate mitigation measures taken.

10 SUMMARY TABLE

GROSVENOR CENTRE (Policy 17)	
Phasing	**Phase 1: Construction expected in 2014**
	Phase 2: Completion expected in 2017
Reasons	To improve and increase retail capacity and upgrade facilities; improve connectivity within the Town Centre
Specific development requirements	Retail (37,000 sq.m)
Lead delivery organisations	NBC, Legal & General, WNDC, NCC
Development cost (exc. land)	
Development value	
Sources of funding	Public investment in the bus station relocation and provision of land and assets, private sector funds to deliver the redevelopment
Dependencies	Bus station relocation to enable demolition of Greyfriars Bus Station. The Borough Council is progressing this project, planning permission granted, demolition due to start October 2012 – demonstrating the commitment to delivery of a modern and accessible bus interchange which will assist in unlocking the redevelopment opportunities at Greyfriars and Grosvenor Centre
Project status	Development Agreement signed between L&G and NBC in December 2009; pre-application discussions commenced in 2012. Although L & G are reviewing the scheme options in response to on-going challenges associated with the market and viability issues, the commitment to proceeding with the delivery of significant retail redevelopment remains
FISHMARKET (Policy 7)	
Phasing	**Phase 1: Completion expected in 2013**
Reasons	To replace Greyfriars Bus Station
Specific development requirements	Modern Bus Interchange facility providing sufficient capacity to bus demand up to 2026
Lead delivery organisations	NBC, NCC, WNDC, Bus Operators
Development cost (exc. land)	
Development value	
Sources of funding	NBC, NCC, WNDC – it should be noted that WNDC's contribution to the construction of the new interchange remains at the capped level of

	£4 million. The funding agreement between WNDC and NBC for the delivery of the Bus Interchange has been signed and agreed. The Agreement requires delivery of the facility by the end of the financial year 2014
Dependencies	None
Project status	Planning approval for the Fishmarket Bus Interchange was granted at Planning Committee on the 10th July 2012, subject to the resolution of a minor technical matter. Conservation Area Consent was given by the Secretary of State on 9th August 2012. Programmed to substantially complete the scheme by October 2013, with opening occurring end of March 2014.
CASTLE STATION (Policy 19)	
Phasing	**Phase 2: GRIP 5 Detailed Design 2013** **Phase 2: GRIP 6 Construction 2015**
Reasons	To modernise station facility; increase operational capacity; maximise parking facilities; increase commercial offer and residential accommodation; assist Spring Boroughs regeneration; improve connectivity with the wider Central Area
Specific development requirements	New passenger railway station; office (26,000 sq.m); residential (100 units); ancillary retail (2,000 sq.m) and new car parking
Lead delivery organisations	NBC, NCC, WNDC, Network Rail, London Midland, Department of Transport, Northampton Enterprise Partnership
Development cost (exc. land)	
Development value	
Sources of funding	NBC, WNDC, Network Rail, Private Sector Developers, Government funding. In May 2012, the Government announced a £10 million funding contribution to the project. This adds to the £5 million already committed by Network Rail (also confirmed in May 2012). Also in May 2012, the WNDC Board approved an allocation of up to £2million from the 2012/13 capital allocation to progress this project until funding agreements (between WNDC and Network Rail; and WNDC and Northamptonshire County Council) are in place
Dependencies	Securing public funding; completion of the station redevelopment, including multi storey car park, to release land for delivery of commercial and residential schemes
Project status	• GRIP 4 (Guidance for Rail Investment Projects) Single Option Development completed, which included a significant amount of design information • "Prior Approval" (under Permitted Development Powers) granted in 2011

	• Funding agreements, highlighted above, need to be in place before Network Rail is able to authorise the project delivery phase GRIP Stage 5 to 8 • Project Board has been set up to oversee and direct the delivery of this project, represented by stakeholders including those from Northampton Borough Council, Northamptonshire County Council, WNDC, Network Rail and London Midland (Train Operating Company)
ST JOHN'S (Policy 20)	
Phasing	**Phase 1**
Reasons	To strengthen cultural offer; increase commercial and leisure offer and residential accommodation; improve connectivity within the wider Central Area
Specific development requirements	Offices (1,500 sq.m), Hotel (105 bed), A3 retail (500 sq.m), Student Accommodation (460 units)
Lead delivery organisations	NBC, NCC, Private Sector Developers, NEP / SEMLEP
Development cost (exc. land)	
Development value	
Sources of funding	NBC, NCC, Private Sector Developers, NEP / SEMLEP
Dependencies	Access from Victoria Promenade
Project status	• Planning application for student accommodation approved in April 2012; St John's surface car park formally closed. An agreed lease with the University of Northampton was put in place in June 2012. University have completed archaeological survey and a contract let for the construction of the student accommodation. The development expected to be completed by the end of 2013, in time for the new intake of students in January 2014 • Development proposals for a new 105 bed hotel on Albion Place car park are also in progress. Heads of Terms have been drafted between the Council and the preferred developer
ANGEL STREET (Policy 21)	
Phasing	**Commencement in Phase 2**
	Completes in Phase 3
Reasons	To strengthen cultural offer; increase commercial and leisure offer; improve connectivity within the wider Central Area
Specific development requirements	Office (27,000 sq.m); Retail (3,600 sq.m); public civic space; mixed use development; small scale retail, financial services; cafes; restaurants and bars

Lead delivery organisations	NCC, Private Sector Developers
Development cost (exc. land)	
Development value	
Sources of funding	Sources of funding: NBC, NCC, Private Sector Developers
Dependencies	Short term: NCC decision to relocate operation to town centre location. Medium to long term: commercial potential to redevelop site
Project status	• Full planning application expected in summer 2013; business case expected to be finalised before the end of this calendar year to assess viability of NCC relocating to town centre • A re-design of the scheme is ongoing between NCC, NBC and English Heritage • NBC and NCC working on how can parking can be accommodated to meet commercial and operational needs
AVON NUNN MILLS / RANSOME ROAD, THE WATERSIDE (Policy 28)	
Phasing	Phase 1: Commencement
	Phase 3: Completion
Reasons	Effective integration between the Waterside and Central Area; to increase residential accommodation, retail, leisure and commercial offer
Specific development requirements	Office (16,000 sq.m), Retail (2,000 sq.m), Hotel (50 – 75), Residential (2,000 units), school, new public open space
Lead delivery organisations	NBC, NCC, WNDC, Network Rail, HCA, University of Northampton
Development cost (exc. land)	
Development value	
Sources of funding	WNDC, HCA, Private Sector Developers, University of Northampton
Dependencies	Compulsory Purchase Order of transfer of road access (Nunn Mills), future of disused railway line, impact on A45 junction improvements, flood risk mitigation, land decontamination, new access corridor from Bedford Road to London Road
Project status	• NBC and HCA agreement to provide land to enable link from Bedford Road to Ransome Road • Compulsory Purchase Order for Avon Nunn Mills was made March 2012. Public inquiry expected will be held in August – September 2012 • Network Rail undertaken consultation on recommended

	decommissioning of the railway line from Cotton End to Brackmills • Process to procure a development partner to deliver the regeneration of Avon Nunn Mills is being progressed in parallel with the CPO process. Contract with a development partner is expected to be signed in May 2013. This may include the University of Northampton, should they decide to relocate the University campus to this location
ST PETER'S WAY, WATERSIDE (Policy 26)	
Phasing	**Phase 1: Commencement**
	Phase 3: Completion
Reasons	For effective integration between the Waterside and Central Area; to increase commercial and leisure offer and residential accommodation
Specific development requirements	Retail (5,200 sq.m); Office (43,000 sq.m); Residential (270 units); public civic space
Lead delivery organisations	NBC, NCC, WNDC, National Grid, Carlsberg
Development cost (exc. land)	
Development value	
Sources of funding	WNDC, Private Sector Developers, Government Funding
Dependencies	The successful removal and decontamination of the gas holders; flood risk mitigation; junction and highway related improvements to enable access and to cope with capacity issues
Project status	• Formal decision on decommissioning of gas holders expected 2012. WNDC now owns most freehold properties outside National Grid ownership. Compulsory Purchase underway for remaining freeholds / land between Castle Station and gas holder • The Compulsory Purchase Order for St Peter's Waterside was made in May 2012. If successful, WNDC will be able to acquire land at Green Street and clean up title of a number of other smaller areas of land, including areas where ownership is unknown. Public inquiry expected in October 2012
ABINGTON STREET EAST (Policy 18)	
Phasing	**Phase 2**
Reasons	To increase retail offer
Specific development	Retail (6,000 sq.m); opportunity for continued provision of library and clinic services

requirements	
Lead delivery organisations	NBC; NCC; PCT; NHS Foundation Trust
Estimated cost	£6m
Sources of funding	NBC; NCC; Private sector
Dependencies	Potential to relocate the Library
Project status	
THE DRAPERY (Policy 32)	
Phasing	**Phase 2**
Reasons	To increase retail capacity; extend the Primary Shopping Area; improve connectivity within the Town Centre
Specific development requirements	Retail (16,750 sq.m); link between Drapery and College Street
Lead delivery organisations	NBC; Private sector
Estimated cost	£20m
Sources of funding	Private sector
Dependencies	Delivery of Grosvenor Centre redevelopment
Project status	