



STROUD DISTRICT COUNCIL

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Our Ref : DJH/JMR/Dowen

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Mr D Owen
Chief Executive
GFirst LEP
The Growth Hub
Oxstalls Campus
Oxstalls Lane
Gloucester
GL2 9HW

Dear David,

Growth Deal - Capital Grant – Merrywalks, Stroud

I am writing in support of the application being made by Dransfield Properties Ltd (DPL) for a capital grant of £4m towards a £20m acquisition and development project. The £4m request is towards a redevelopment programme to be carried out within 3 years.

Policy Context

This project is consistent with the Strategic Economic Plan, the Stroud District Local Plan and our Jobs and Growth Plan 2013-18. Stroud is the only principal town centre in Stroud District and there are clear, sustainable Council policies to maintain and enhance the vitality and viability of the District's town centres. In addition, the Council is currently committing £150,000 towards town centres schemes over a three year period from its limited capital programme. The schemes will generate match funding representing an overall programme of £300,000.

The Council takes seriously its stewardship role for town centres. Recognising current trends in retailing and the changing nature of the 'high street', we commissioned a study in 2015 looking at the long term future of our town centres. We have also participated in the innovative project 'The Great Gloucestershire High Streets' commissioned by GFirst LEP and the establishment of high street digital hubs. As such, you are therefore well placed to know the issues affecting Stroud town centre and the significance of the Merrywalks centre in respect of its future prospects. Merrywalks contains important non-retail facilities such as the 6 screen cinema and the 12 lane bowling alley – both features that are not often found in a market town the size of Stroud.

Market Viability of Merrywalks Centre

The Council was approached by DPL in late April this year. At that stage, DPL had been invited by Rothschild to consider making proposals for the acquisition and redevelopment of the centre. Rothschild is one of two lenders (other being Santander) to Streetlands Ltd, the current owners of the Centre.

Dransfield Properties Ltd met you, me and senior officer colleagues on 5th May and provided a detailed prospectus of their company proposals. We understand that Rothschild and Santander subsequently decided not to sanction a disposal in June but recently asked Knight Frank to market the property again.

Again, Rothschild identified DPL as a suitable company to approach. Based on continuing interest by DPL and dialogue with ourselves, we held a further meeting with the company and its specialist team last Friday (3rd November) at which GFirst LEP was represented.

Interestingly, we have had no other approaches from developers or retail specialists over the two years that the property has been for sale. Enquiries might have been expected given our role as local planning authority and the operator of the multi-storey car park.

The Proposal

The centre has been poorly managed and marketed for many years. We have become increasingly concerned over recent years at the nature of the Merrywalks retail offer, the condition of the shopping environment and its impact on the town centre and the local economy. The lack of investment is evident and this is having an impact on its future viability and the whole town centre.

The DPL proposal provides for a transformation of the retail environment - upgrading the customer experience, improving footfall connectivity, introducing a fashionable clothing element and creating residential units. The scale of the residential component is subject to further detailed design and survey work.

We are willing to consider making a financial commitment to the purchase of the centre, based on the programme of redevelopment/refurbishment outlined in the DPL prospectus. DPL has raised with us the potential for a joint venture. We are willing to look at this. The Council is updating its valuation of the property and has previously commissioned specialist advisers.

The Need for 'Growth Deal' Finance


We consider there is clear evidence of market failure and that it is important for there to be support using public finance.

We are concerned that without this financial support there will be further attrition of the town centre with consequent detriment to our jobs and growth agenda. With support, this project will generate a range of jobs both at the centre but also in the wider economy. The findings of our town centre review support these potential outcomes as does the track record of DPL in respect of other centres throughout England e.g. Morpeth in Northumberland, Stocksbridge in Sheffield, Selby in North Yorkshire and more recently Gainsborough in West Lindsey, Lincolnshire.

The project has an ambitious yet realistic timetable. DPL is due to make an offer shortly to acquire Merrywalks subject to surveys and due diligence. However, the project cannot proceed without a capital grant of £4m towards the redevelopment.

We strongly support the proposal by Dransfield Properties Limited.

Yours sincerely,



David Hagg
Chief Executive