

Report to Economic Growth Scrutiny Panel

Agenda
Item:

A.3

Meeting Date: 21st January 2021
 Portfolio: Economy, Enterprise & Housing
 Key Decision: No
 Policy and Budget Framework: No
 Public / Private: Public

Title: Carlisle Economic Strategy
 Report of: Corporate Director of Economic Development
 Report Number: ED04/21

Purpose / Summary:

The report provides an overview of the emerging economic strategy for the Carlisle District, that has been developed following the virtual workshop held with members of the Economic Growth Scrutiny Panel on 30 November 2020.

Recommendations:

It is recommended that Economic Growth Scrutiny Panel:

1. Note the framework and context of the economic strategy for the Carlisle district and the challenges, opportunities and priorities identified.
2. Provide comment and feedback on the Strategy to inform the drafting of the next iteration of the document that is to be shared with The Executive in February 2021.

Tracking

Executive:	8 February 2021
Scrutiny:	21 January 2021
Council:	

1. INTRODUCTION

- 1.1 The production of the emerging economic strategy has very much been evidence-led in order to ensure that it is developed to respond to local needs and opportunities. Up-to-date data has been used to ensure that the approach is pertinent to the current economic climate and challenges.
- 1.2 The Strategy also takes account of existing economic development strategies developed on a wider geographical scale relevant to the District including the Borderlands Inclusive Growth Deal and the Cumbria Local Industrial Strategy. The recently produced Carlisle Town Investment Plan has also informed the approach.
- 1.3 Feedback on the approach to the Strategy is welcomed. The next stage in the process is to commence the drafting of the main document, in order to share with The Executive in February 2021.

2. BACKGROUND

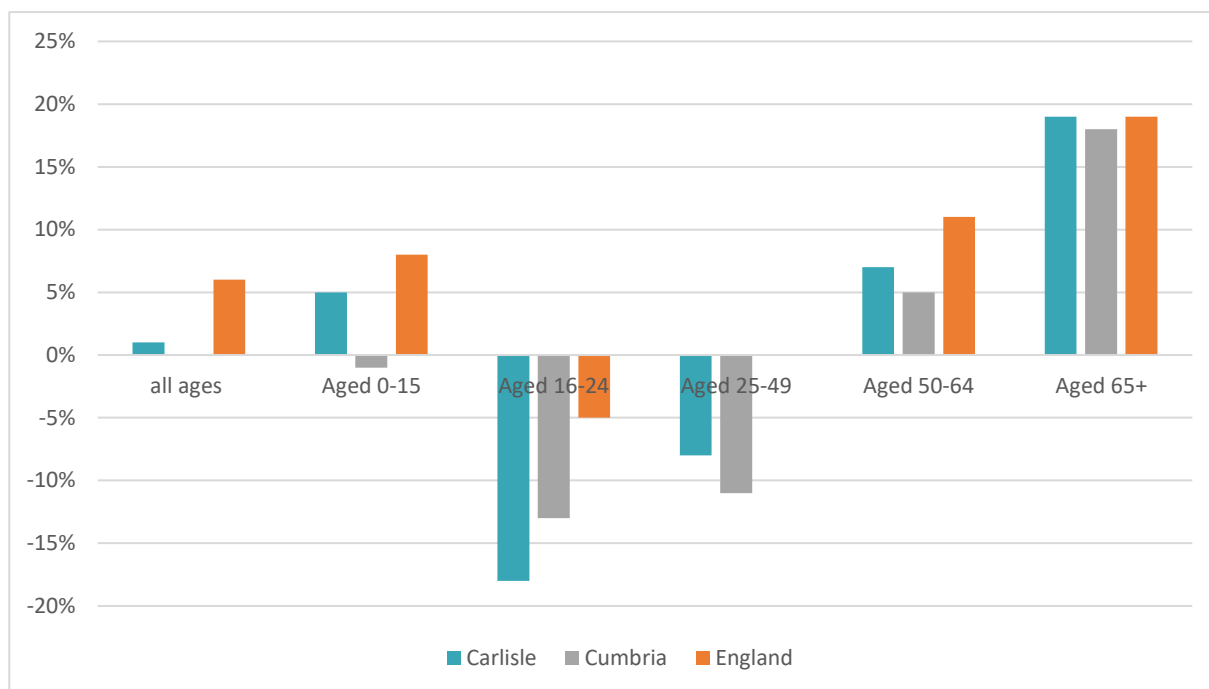
- 2.1 The first stage in the production of the Strategy involved the collation of a comprehensive evidence base document. This included data on the entire district of Carlisle (as well as, where relevant exploring differences between the rural and urban areas) under the following headings:
 - Population
 - Economy
 - Place
 - Transport
 - Digital Infrastructure and connectivity
 - Environmental sustainability and low carbon
- 2.2 Members will also be aware of the COVID-19 economic impact study that has recently been commissioned. This has had a major bearing on the development of the Strategy in terms of the emergent challenge of driving the recovery and renewal of the local economy.

3. STRATEGY – CHALLENGES FACING CARLISLE

- 3.1 Challenge 1 - Declining working age population
 - 3.1.1 Carlisle in line with Cumbria and the wider Borderlands area has a declining working age population. Figure 1 shows the 16-24 age group has seen a decline -18%, and the 25-49 group, -8% between 2011-2019. Coupled with an increasing retirement

population of 19%, Carlisle has a high old age dependency ratio of 36.35, compared to 29.5 in England¹.

Figure 1: Population change in Carlisle, Cumbria and England among age groups, 2011-2019



Source: ONS: Population estimates based by single year of age 2019

3.1.2 These statistics indicate that there is a need to improve the offer for young people in the City. Carlisle's position as a university city is key to this. University of Cumbria enrolled 6300 full-time equivalent students in 2019², however many graduates tend to move on elsewhere to continue post graduate careers. Studies suggest that Carlisle lacks strength in key sectors, such as creative and digital sectors, which account for only 2% of employment in Carlisle, to retain graduates, particularly given the strengths of the university in such sectors³.

3.1.3 If this trend continues, it will have significant impacts on the provision of services and the local economy: creating dual problems of a lack of available and skilled labour force and an increased number of people reliant on key services including health and social care.

¹ Based on ONS population estimates 2019

² Access and Participation Plan 2019-20, University of Cumbria

³ Identification of future growth opportunities: Carlisle, Regeneris Consulting 2017

3.2 Challenge 2 - Low skill low wage economy

- 3.2.1 Carlisle has a high number of people concentrated in low skilled low wage sectors, such as retail (making up nearly 1/5 of employment)

Table 1: Qualification levels by adult population (%) in Carlisle, Cumbria and England

Qualification level	Carlisle	Cumbria	England
NVQ4+	28	32.5	40
NVQ3+	51.7	55.4	58.5
NVQ2+	67.7	74.3	75.7
NVQ1+	85.2	89.4	85.8
Other Qualifications	8.4	5.2	6.7
No Qualifications	6.4	5.4	7.5

Source: APS, ONS 2019

- 3.2.1 As the table above indicates, Carlisle has a relatively low skilled population- with 12% holding NVQ4+ qualifications than the England average (4.5% less than Cumbrian average).
- 3.2.2 Alongside this, Earnings in Carlisle are below that of both Cumbria and England, with a median annual salary of £20,929, compared with £24,003 and £25,118 for Cumbria and England respectively⁴.
- 3.2.3 This influences the low productivity of the city, with the average GVA per worker in Carlisle 90% of England average, 92% of North West average⁵. Low productivity and low skills base results in difficulty attracting high value sector employers to invest in Carlisle, while local employers regularly cite difficulty in recruiting skilled workers in the city- an impediment to local economic growth for both communities and businesses.

3.3 Challenge 3 - Lack of city centre vibrancy

- 3.3.1 While the city centre has a strong sense of place, there is evidence that it lacks the vibrancy necessary to perform to its full potential as a regional hub.

⁴ ASHE, ONS: 2019

⁵ Sub regional productivity, ONS 2018

- 3.3.2 The city centre economy currently relies heavily on its retail offer and this makes Carlisle highly vulnerable to fluctuations and further contraction of the retail sector – exemplified by the closure of Debenhams. Only 8% of businesses in the city centre retail core contribute to the evening economy⁶. This means that city centre vibrancy is significantly reduced after 5pm, with local residents identifying that the isolated streets in the evening can feel threatening.
- 3.3.3 Only 4,250 people live in the city centre area. The ‘offer’ of housing in the city centre is generally perceived to be low and particularly unsuitable for young professionals, the largest market for city centre living in the country⁷. The absence of a strong city centre residential community contributes significantly to the lack of evening activity. Increasing city centre living will also help create a greater demand for the city centre evening economy.
- 3.3.4 Carlisle has a relatively weak visitor sector when compared to other small cathedral cities, such as York, Norwich and Lincoln. Between Carlisle 241,000 visitor trips, against 356,000 in Lincoln, 633,000 in Norwich and 1.24 million in York⁸. Despite its beautiful location and strong heritage offer, Carlisle is clearly underperforming as a visitor destination.
- 3.3.6 Improving vitality and viability of the city centre - through the diversification of uses and improving the residential, leisure and culture offer - is therefore a priority. Without intervention and a focussed strategy, the city centre could experience an accelerated decline in footfall and increased vacancy rates. This would have a significant impact on the Carlisle’s role as a regional economic hub, the strength of the local economy – and income to the Council via business rates.
- 3.4 Challenge 4 - Inconsistent provision of good digital and transport connectivity
- 3.4.1 Public transport provision throughout the district is generally considered (as with many rural districts) inconsistent, with infrequent bus services to the city, particularly in remote rural areas. Bus journeys are also consistently longer than comparative journeys by car, and most junctions prioritise motor vehicles above both pedestrians and cyclists. Consequently, over 60% of travel-to-work journeys to Carlisle city centre are made by car⁹. This makes Carlisle’s transport emissions high and discourages healthy and active lifestyles.

⁶ Carlisle city centre Health Check, 2019

⁷BBC (2018) ‘The UK’s rapid return to city centre living’ available at: <https://www.bbc.co.uk/news/uk-44482291> [accessed 27.02.2020]

⁸ Mott Macdonald, 2020

⁹ Mott Macdonald, Carlisle City Centre Transport and Movement Plan 2020

- 3.4.2 There is a lack of integrated walking and cycling routes into and out of the city, and particularly a lack of cycle routes into the city centre, which further entrenches vehicular dominance. Encouraging and facilitating active travel is one of the key ways in which Carlisle City Council can contribute and support the city's transition to a net-zero carbon city, through working in partnership with Cumbria County Council as the Highways Authority.
- 3.4.3 Only 46.2% of people have access to superfast broadband in Carlisle, compared to 95% nationally¹⁰. Indicating that the city has a lack of digital infrastructure.
- 3.4.4 Poor digital and transport connectivity holds our city back: The dominance of vehicles on highways impacts on the health, wellbeing of our communities and the local environment. Meanwhile the lack of good digital infrastructure and connectivity makes the businesses, residents and education centres across Carlisle less resilient to the shocks caused by the COVID 19 pandemic.

4. STRATEGY – OPPORTUNITIES FOR CARLISLE

4.1 OPPORTUNITY 1 - HIGH QUALITY OF LIFE OFFER

- 4.1.1 Carlisle is an affordable place to live- with an average house price of 136,721, significantly lower than the England average of £248,083¹¹. This makes Carlisle potentially attractive for first time buyers. Carlisle unsurprisingly has high levels of home ownership, 6% above the national average at 68%¹².
- 4.1.2 The city is set in beautiful rural surroundings and acts as a gateway to two UNESCO world heritage sites and is home to two Areas of Outstanding Natural Beauty (Solway Coast and North Pennines). Carlisle's beautiful natural heritage helps make it an attractive place to live.
- 4.1.3 Together the affordability and unrivalled natural capital give Carlisle a strong quality of life offer, which can make the city an attractive place to live in and invest in. Changes in lifestyle after COVID19 make living in Carlisle a more realistic offer for more people, as proximity to workplace becomes important, and flexible working arrangements are likely to become more commonplace.

¹⁰ Connected nations update: Spring 2019 dashboard, Ofcom 2019

¹¹ UKHPI December 2019

¹² Census 2011

4.2 OPPORTUNITY 2 – CARLISLE AS THE REGIONAL CAPITAL OF THE BORDERLANDS

- 4.2.1 As the only city and the largest settlement of both Cumbria and the wider Borderlands region, Carlisle acts as a regional capital of the Borderlands.
- 4.2.2 Carlisle is the economic driver of Cumbria and the Borderlands, generating £2.83 billion of GVA per year- making up a quarter of the total Cumbrian GVA¹³. The city is the regional centre for the Borderlands area, acting as a hub for 1.1 million (10% of the UK landmass). This context makes Carlisle both regionally and nationally strategically important.
- 4.2.3 Carlisle acts as a civic hub for the area- and hosts a number of key public services and institutions, including Cumbria County Council, NHS, and the University of Cumbria.

Table 1: Employment rate (%) for Carlisle, Cumbria and England (as of March 2020)

	Carlisle	Cumbria	England
Males aged 16-64	82.8	82.5	80.2
Females aged 16-64	79.8	75.4	72.3
All persons aged 16-64	81.3	78.9	76.2

Source: DWP, 2020

- 4.2.4 Due to its role as a sub-regional hub, Carlisle has a high level of employment and economic activity. 81% of adults in the city are in employment. Carlisle has historically had high levels of employment, and despite the impacts of coronavirus, which has led to an increase in unemployment across the UK, Carlisle's level remains below the national average¹⁴.
- 4.2.5 This role and these assets give Carlisle a weighted importance above similarly sized comparable settlements. There is an opportunity to capitalise on Carlisle's role as a strategic location for housing, employment and commercial growth – given its size and connectivity.

4.3 OPPORTUNITY 3 - EXCELLENT STRATEGIC CONNECTIVITY

¹³ Sub regional productivity, ONS 2018

¹⁴ DWP 2020

- 4.3.1 As well as being the geographical centre of the Borderlands region, Carlisle forms part of the geographical centre of the UK. This makes the city well connected to the rest of the UK.
- 4.3.2 Carlisle is situated on the West Coast Mainline and has good rail connectivity: approximately 1 hour from Glasgow and Edinburgh, 2 hours from Manchester, 3 hours from London and Birmingham by rail. Local rail links such as the Cumbrian Coastline and the Glasgow and South West Line makes the city well connected to other regional centres and act as an interchange for South West Scotland and West Cumbria.
- 4.3.3 Situated on the M6 corridor, Carlisle is equally well served by road- well connected to Scotland via the A/M74, the south of England via the M6 and Newcastle and the North East via the A69.
- 4.3.4 This makes the Carlisle easily accessible from most parts of the UK, reversing misconceptions of isolation, and instead putting the city at the heart of the UK, and a significant link between the Scottish and English economies.

4.4 OPPORTUNITY 4 - GROWTH POTENTIAL

- 4.4.1 Carlisle has significant growth potential and is already embarking on a significant growth journey. Carlisle is set to grow its population with the development of 10,000 new homes through St. Cuthbert's Garden Village. This development will help provide over 9,000 new jobs and support the reversal of the declining working age population.
- 4.4.2 Carlisle also has clear potential to support business growth. There is good availability of employment land across the district (80Has)¹⁵. The city is home to Kingmoor Park Enterprise Zone, the only Enterprise Zone in Cumbria, with over 30 Has of development land available, and new developments already underway such as the ModVillage.
- 4.4.3 Carlisle is a base for both manufacturing and transport and logistic industries, scoring highly on the index of specialisation. Manufacturing accounts for around 12% of employment. Meanwhile, transport and storage accounts for 7.9% of employment compared with Cumbrian and England averages of 4.7%¹⁶. Building on the specialisms of the University, Carlisle has the potential to grow its creative and digital sector, a growing high value sector across the country.

¹⁵ Annual Monitoring Study, 2019

¹⁶ BRES, ONS, 2018

- 4.4.4 Carlisle can grow in a way that no other area in the Borderlands region can. And as the only city, and a service centre for 1.1 million, the success of our growth agenda is critical to the growth of the wider Borderlands area.

5. IDENTIFICATION OF PRIORITIES

- 5.1 The overarching corporate economic development objective is growth – both population and employment. In order to achieve this, there are five key building blocks:

1. Housing offer – quality, mix and affordability
2. Business space – quality / flexible that caters for a broad range of sectors
3. Connectivity – excellent / reliable digital and transport infrastructure
4. Environment – high quality built / natural environment
5. City Centre – a vibrant city centre that provides range of uses / experience

- 5.2 In order to achieve our growth agenda and meet our climate change obligations, this growth (and the five key building blocks) must be delivered in a way that is clean, inclusive and sustainable. Therefore, it is proposed that this is woven into the strategy, rather than a discrete issue to be addressed isolation.

- 5.3 This would ensure our strategy provides opportunities for all our communities, increases prosperity across the board, while also ensuring we imbed sustainability at the heart of our growth agenda, to support Carlisle in becoming a net-zero carbon city. Rather than these being standalone priorities, these three key cross-cutting themes could be presented as ‘golden threads’ in the Strategy – and therefore establishing them Critical Success Factors in our future decision-making and appraisal of projects and activities.

- 5.4 Drawing on the evidence of needs, challenges assets and opportunities, the below priorities have been identified for the Economic Strategy, along with key actions for delivery.

5.5 PRIORITY 1- DRIVING HOUSING AND POPULATION GROWTH

- 5.5.1 To increase its role as the Capital of the Borderlands, and to ensure Carlisle maintains its labour force, Carlisle needs to grow its population through housing led growth.

5.5.2 Key Actions:

- St Cuthbert’s Garden Village: Delivery of 10,000 new homes and over 9,000 direct jobs south of Carlisle
- Carlisle Station Gateway: improving the station as a transport hub for the Borderlands and preparing for HS2.

- Citadels University Campus: new campus HQ for UoC in Carlisle, to attract more students to the city

5.6 PRIORITY 2 – GROW OUR TARGET EMPLOYMENT SECTORS AND LEVEL UP OUR SKILLS BASE AND PRODUCTIVITY

5.6.1 To boost the local economy, make Carlisle a more attractive place investment and ultimately, ensure more prosperous city, with greater opportunities for our residents, Carlisle, in line with the wider Borderlands region, needs to address its skills and productivity deficit.

5.6.2 Key Actions:

- Citadels University Campus: Investing in the university to attract greater student numbers and boost the number of HE learners and graduates in Carlisle.
- Citadels Business Infrastructure: Creating a new bespoke business hub for the Creative and Digital sector, supporting the growth of an emerging high value sector in the city to boost productivity
- Town Deal Digital and Community Learning Hub: investing in community learning to improve the local skills base.
- Kingmoor Park Enterprise Zone: continuing support for the Enterprise Zone as a local hub for key sectors such as manufacturing and logistics

5.7 PRIORITY 3 - INCREASING CITY CENTRE VIBRANCY

5.7.1 For Carlisle to be an attractive place to live, work and visit, the city centre needs to perform well as the local hub for cultural, leisure and economic activity.

5.7.2 Key actions:

- Future High Street Fund investment: revitalising the Market Square, pedestrianised improvements to Devonshire Street, redevelopment of Central Plaza site, Hooper's Building and 6-24 Castle Street.
- Town Deal: Investment in Tullie House, Market Hall, Southern Gateway (English Street/Botchergate/Crescent), lighting-up Carlisle project
- Caldew Riverside: Providing new city centre living opportunities to increase the city centre community and improve the residential offer for young people

5.8 PRIORITY 4 - ENHANCING DIGITAL AND TRANSPORT CONNECTIVITY

5.8.1 Carlisle needs to improve both transport and digital connectivity, ensuring its local communities are not left behind, and that we as a city achieve sustainable growth.

5.8.2 Key actions:

- Providing improved walking and cycling infrastructure through projects such as St Cuthbert's Garden Village, Southern Link Road, Future High Street Fund and Town Deal.
- Carlisle Station Gateway: improving the station as a transport hub for the Borderlands and preparing for HS2.
- Support and lobby for the improvement / increased coverage of rural public transport networks, including the reopening of Gilsland railway station.
- Improving digital infrastructure and access through the Borderlands digital voucher scheme, providing a new innovation centre for the digital sector at the Citadels and improving skills through the digital and community learning hub.

5.9 PRIORITY 5 - SUPPORTING RURAL DEVELOPMENT AND INNOVATION

5.9.1 Committed to ensuring our growth agenda is as inclusive as possible, we will ensure that our activities benefit our rural communities, making up around 30% of our population.

5.9.2 Key actions:

- Delivery of the Longtown Place Plan: Working with local communities in Longtown to develop a locally owned place plan for Longtown, to seek investment in the town from the Borderlands Inclusive Growth Deal.
- Development of a Rural Strategy: to work with rural communities and the agricultural sector to address the challenges and identify new priorities and opportunities following the UK departure from the EU.
- Destination Borderlands (Hadrian's Wall): Bring investment to the western side of the Wall to boost visitor numbers, create jobs and support rural communities.
- Digital Voucher Scheme: providing greater broadband speed for rural communities and businesses.

5.10 PRIORITY 6: PROMOTING CARLISLE AS A PLACE TO LIVE, WORK AND VISIT

5.10.1 We will continue to promote Carlisle as a place to live, work and visit. capitalise on our huge assets, including our position as the Capital of the Borderlands, our rich heritage and exceptional natural assets, to make the case for Carlisle, as a place to invest on a national and global level.

5.10.2 Key actions:

- Proactively seek investment: Encourage private and public sector investment in Carlisle to help grow and boost the city; bringing in key employers and more high value jobs, while also ensuring we have investment in our infrastructure to help build Carlisle's future. Making it clear to government and the private sector alike that Carlisle is a place to do business.

- Market our city as an attractive place to live: Capitalising on the opportunity with St Cuthbert's Garden Village to build innovative and inclusive new communities, we will work to continue to make the case for Carlisle as a fantastic place to live, to help grow our working age population.
- Grow our visitor economy: Ensuring that Carlisle's strong potential as a tourist destination is realised, through providing an enhanced visitor experience with new attractions and increased vibrancy, whilst continuing work to promote the city through the Discover Carlisle brand.

6. CONSULTATION

- 6.1 A workshop was held with the Economic Growth Scrutiny Panel on 30 November, where the evidence base document was presented and considered by Members. The session focussed on agreeing what were the key needs / challenges facing the District from an economic growth perspective, then then opportunities / strengths that should be capitalised upon and finally, the priorities upon which the Strategy should focus.
- 6.2 A summary of the workshop was presented to the Joint Management Team on 14 December, where further feedback and recommendations were provided. This has informed this report.

7. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 7.1 The production of the emerging economic strategy has very much been evidence-led in order to ensure that it is developed to respond to local needs and opportunities. Up-to-date data has been used to ensure that the approach is pertinent to the current economic climate and challenges.
- 7.2 It is recommended that Economic Growth Scrutiny Panel:
- Note the emerging strategy and the challenges, opportunities and priorities identified.
 - Provide comment and feedback on the Strategy to enable the drafting of the main document to commence and be shared with The Executive in February 2021.

8. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 8.1 The Borderlands Inclusive Growth Deal and the key projects contribute to all five of the Carlisle Plan priorities:
- P1: Supporting business growth and skills development to improve opportunities and economic prospects for the people of Carlisle.
- P2: Further develop sports, arts and cultural facilities to support the health and well-being of our residents.

- P3: Improving the quality of our local environment and green spaces so that everyone can enjoy living, working and visiting Carlisle.
- P4: Address current and future hosing needs to protect and improve residents' quality of life.
- P5: Promoting Carlisle regionally, nationally and internationally as a place with much to offer - full of opportunities and potential.

Contact Officer: Steven Robinson

Ext: 7535

**Appendices
attached to report:**

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS:

LEGAL – The Economic Strategy is a policy reserved to full Council as per Article 4 of the Constitution. Accordingly, full consultation is required so that the Executive are able to benefit from Overview & Scrutiny's input and advice. The proposed policy will subsequently be recommended to Council for approval and adoption.

PROPERTY SERVICES – The Council owns a significant property portfolio that can assist with delivery of the strategy however careful consideration will be necessary to ensure that income generation is retained/maximised.

FINANCE –

EQUALITY – The declining working age population is a challenge within the Economic Strategy.

INFORMATION GOVERNANCE – There are no information governance implications with this report