



REPORT TO EXECUTIVE

PORTFOLIO AREA: ECONOMIC PROSPERITY; CORPORATE RESOURCES

Date of Meeting: 24 OCTOBER 2005

Public

Key Decision: No

Recorded in Forward Plan: No

Inside Policy Framework

Title: Willowholme: To consider the outcome of a desktop appraisal on the future options for the area

Report of: Heads of Economic and Community Development; Property; Commercial and Technical Services

Report reference: ECD 15-05

Summary:

The report sets out the results of an initial options appraisal for the Willowholme area, reports on the consultation held so far and seeks a view from the Executive on any further action to be taken. The report also reflects the implications of the emergency of the 11/12th October 2005.

Recommendations:

1. To agree to retain Willowholme in its current use under the Invest and Plan option.
2. To develop proposals for the Council's landholdings at Willowholme, based on this option, as part of the Review of Economic Development Assets.

Contact Officer: Catherine Elliot

Ext: 7502

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 The Willowholme area suffered particularly severely from the floods and storms of January 2005. Proposals for flood defence works for that part of the city are now under consideration. The City Council has been working closely with the Willowholme, Caldewgate and Shaddongate Business Group since the flood and has already started to implement its commitment of over £270,000 to the upgrading of the whole area but predominantly the infrastructure on the City Council's estate.
- 1.2 However, the issue about the long-term future of Willowholme has been debated at open meetings of the Group on more than one occasion. It seems that some businesses on the Estate are considering whether they wish to or can remain in the current location. There has been speculation in meetings and in the press about the possibility of incorporating Willowholme into the flood plain and relocating businesses and other uses out of the area. The resultant uncertainty about the future of Willowholme is having an effect on business confidence in the area. The emergency resulting from the heavy rain of 11th and 12th October has raised further concerns amongst businesses.
- 1.3 This report gives the Executive the opportunity to comment and give a formal view on the future of the area. An initial appraisal has been carried out into three broad options to help inform the decision and this is attached as Appendix One.
- 1.4 The initial options appraisal incorporates consideration of the statutory planning position and the results of discussions with the Environment Agency and United Utilities. The work was carried out prior to the events of 11th and 12 October and therefore further discussions are urgently being sought with United Utilities. Whilst the City Council has responsibility for the draining of the highway at ground level, United Utilities is responsible for the drains below ground and for the capacity of the network as a whole. Members will be given an update at the meeting.
- 1.5 The three main options considered at this outline stage are:
1. Do nothing – only doing what is necessary to maintain the Council's obligations where it is landowner.
 2. Invest and plan - to encourage re-investment by the private sector in line with planning policies including the adoption of a business plan for the Council's landholdings and work with other businesses to improve infrastructure across the whole of the Willowholme area.
 3. Relocate all occupiers, on both public and private sector owned land.

- 1.6 Should the Executive wish to pursue a higher level of detail on any or all of the options, the work could be taken to the next level of analysis. In respect of Option 3 there would be a significant cost attached to this, which would need to be quantified, as expert advice would need to be bought in. Such work would take at least three months. Should the Executive wish to take the matter further then approaches could be made to external partners such as the North-west Development Agency and Environment Agency to see if they would be prepared to cover the cost of the work. Further work will also be needed in relation to Option 2, which would be incorporated into the Review of Economic Development Assets, currently underway, and budgets to carry out this asset review already exist.

2. CONSULTATION

Consultation to Date.

- 2.1 The Options Appraisal was shared with the Willowholme, Caldewgate and Shaddongate Business Group on 28 September. Twenty business people from the area attended. The Environment Agency, Capita, Business Link and the Police were also represented. Invitations were also issued to businesses on the adjoining Stephenson Estate [the former power station site adjacent to Willowholme] and to the Showman's Guild. The meeting appeared to accept that Option 2 as the preferred option, but each business was asked to return an individual response form. Copies of the Initial Appraisal and the Response Form were e-mailed to all the businesses on the mailing lists for the Willowholme and the Stephenson Estates. Response Forms were asked to be returned by October 19th and will be reported at the meeting.
- 2.2 As part of the initial consultation took place with the Environment Agency and United Utilities and their comments are incorporated within Appendix One and in the accompanying table.
- Consultation proposed.
- 2.3 If the work is to be taken to the next stage, wider consultation will be required with businesses, other occupiers and landowners within the assessment area, as well as adjoining occupiers and landowners. Detailed discussions will be required with the Environment Agency, United Utilities and other statutory consultees.

3. RECOMMENDATIONS

- 3.1 To agree to retain Willowholme in its current use under the Invest and Plan option.
- 3.2 To develop proposals for the Council's landholdings at Willowholme, based on this option, as part of the Review of Economic Development Assets.

4. REASONS FOR RECOMMENDATIONS

- 4.1 To enable a formal view to be expressed to the Willowholme, Caldewgate and Shaddongate Business Group and other interested parties.
- 4.2 To promote business confidence in the Willowholme area.

5. IMPLICATIONS

- Staffing/Resources – Additional financial and staffing resources will be required if the work is taken to a more detailed stage under Option 3 and could be considerable, depending on the option chosen.
- Financial – Further work is needed if options 2 or 3 are pursued. A business case will need to be made to consider the impact of the level of investment and the anticipated payback. Either option needs private sector investment, external public funding and/or prudential borrowing.
- Legal – Comments included in the body of the report.
- Corporate – The Council's agreed priorities are Cleaner Greener and Safer and Learning City. Substantial investment in the Willowholme area would not make a significant additional contribution to meeting these two objectives. Neither is the area considered to be a transformational project within Carlisle Renaissance.
- Risk Management – The council needs to take a view as current speculation is creating uncertainty amongst businesses and other occupiers and landowners in Willowholme and the surrounding area. This is having an adverse effect on business confidence.
- Equality Issues – N/a
- Environmental – The Environment Agency has a crucial part to play in informing any decision the Council takes.

- Crime and Disorder – n/a
- Impact on Customers – businesses in the Willowholme area are pressing the City Council for their view on the future of the estate.

Attached

- Appendix One – Initial Options Appraisal and Summary Table as circulated to the consultation meeting on September 28th
- Response Form
- Map of Area

Appendix One to ECD 15-05

WILLOWHOLME

INITIAL APPRAISAL AND OPTIONS

1. Background and purpose of the report

- 1.0 In response to questions regarding the future of the Willowholme area, an initial appraisal has been carried out in order to guide decision making on the future for the area.
- 1.2 When the appraisal refers to 'Willowholme' it means the area shown on the attached plan excluding McVities, retail property fronting Bridge Street and all residential property, with the exception of the land occupied by the Showman's Guild.
- 1.3 This appraisal sets the scope for further work should the City Council wish to commission a full options appraisal. The initial appraisal and the views of the businesses in the area will inform the Council's Executive when it considers a report on Willowholme at its meeting on October 24th.

2. Context

- 2.1 The flooding at Willowholme was probably the worst in living memory. It is to be expected that one of the consequences would be to question whether the area has a viable future as a location for business. 'Viability' is not easy to define. For some businesses, Willowholme may have become unsustainable because of the perceived risk of future flooding. For others, the benefits of Willowholme as a location may be a deciding factor in electing to stay. For some there may not be an available alternative choice. For all businesses however, uncertainty and confidence is an issue. It affects decisions at all levels and the longer such uncertainty remains about the future of Willowholme, the more businesses will find it difficult to recover from the more obvious consequences of the flooding.
- 2.2 The Council's landholdings in Willowholme are included in the Council's Review of its 'Economic Development' assets. This review was started last year and is on-going. The Review will involve a detailed analysis of each of the Council's industrial land holdings to determine future ownership objectives and management policies. Clearly, the ownership objectives and management policies for Willowholme cannot be established until the basic options for the future of the area have been decided.
- 2.3 Willowholme fulfils a useful function as part of the City's stock of industrial land, as a secondary and town centre location. There is currently a limited choice of available alternative sites or premises to re-locate businesses from Willowholme, if this option is favoured.

- 2.4 The City Council's approach to date has been to allocate funds for initial infrastructure improvements in the area and to attempt to create some stability for businesses to return to normal after the floods and storms. The economic impact study undertaken for NWDA following the flood has indicated a negligible impact on the local economy. Whilst it is recognised that individual businesses suffered significantly in the aftermath of the flood, very few have ceased trading.

3 Current data on the 'Willowholme area'

Total site area:	97 acres
Private ownership:	77 acres
City Council ownership:	20 acres
Total number of businesses:	approx 33
Total number of Council tenants:	24
Rental income to Council:	£27,000 pa
(City Council Estate only)	

4. Land use planning issues

- 4.1 There is a number of land use designations for the Willowholme area in the adopted Local Plan reflecting the mix of existing land uses. These comments cover the area under consideration for the options appraisal plus immediately adjacent sites.
- 4.2 In the main, the industrial areas are designated as a Primary Employment Area, with the sewage treatment works remaining as white land to reflect a no change to existing use. An area of land is designated for primary leisure use in association with the Willowholme recreation ground.
- 4.3 At the fringes there are primary residential areas along Willowholme reflecting private residential, CHA, student accommodation, hostel use and the travelling show-people site. In addition there is mixed commercial designation covering the uses fronting Bridge Street where a mixture of small business exist.
- 4.4 Crossing the site is the line of Hadrian's Wall and buffer zone having archaeological implications for the site.
- 4.5 Alternative land uses would require the re-designation of the land – how extensive depends upon the potential for flood alleviation. For any employment land that is changed a substitute site will have to be found.

4.6 Minor sites may be accommodated on existing land elsewhere in the City but more likely a large area of land may have to be allocated to take all these uses. That would require consultation and Inquiry through the development plan process. Development Plan Documents can take up to three years to bring into force. In addition the future as flood plain would require some form of management whether as open space, nature reserve or other requiring appropriate designation of land.

5. Environment Agency and United Utilities issues

5.1 It has been recognised by both United Utilities and the Environment Agency that they each have a flooding problem in the Willowholme area. They are working together to identify solutions. At this stage a scoping report is being completed to issue to the Environment Agency's consultants to start investigations and model options for solutions to the flooding. It is envisaged that this will take 6 - 9 months and is being done on the basis of existing land uses and layout.

5.2 This work is at such an early stage that it is difficult to accurately assess the impact of any change in land uses. As a general principle the Environment Agency would look at any opportunity to make space for water. The capacity created by possible demolition of Willowholme and Stephenson Industrial Estates would provide an opportunity. However, in addition to potentially changing the nature of the flood defence works this could also have a significant impact on the cost/benefit analysis of the whole scheme.

5.3 Should this be progressed then United Utilities would need to defend the electricity sub-station and the Sewage Treatment Works at Willowholme or amend its operation to reflect the increased flooding risks to the plant and associated sewage systems. At this stage no detailed work has been undertaken on this option.

6. Desktop options appraisal

The three main options considered at this outline stage are:

1. Do nothing – only doing what is necessary to maintain the Council's obligations where it is landowner.
2. Invest and plan - to encourage re-investment by the private sector in line with planning policies including the adoption of a business plan for the Council's landholdings and work with other businesses to improve infrastructure across the whole of the Willowholme area.
3. Relocate all occupiers, on both public and private sector owner land.

Further details, assessed against a set of criteria, are set out in the attached table.

7. Initial conclusions

Do Nothing option

- 7.1 The 'do nothing' option is not satisfactory. Although business confidence might return in a limited way, the Council's asset will continue to decline if only the basic minimum requirements are actioned.
- 7.2 The Council has already acknowledged as part of the early discussions on the review of its 'economic development' assets that it cannot continue to manage its estates without a clear and businesslike strategy for their future. This should include a clear rationale for ownership and investment and management policies that reflect ownership objectives. 'Do nothing' would involve the Council only meeting its minimum obligations as landowner, and would be contrary to economic development objectives which are to encourage investment and business growth.

Invest and Plan option

- 7.3 The 'invest and plan' option offers the most chance of success at a realistic cost. It would fit in with the processes already under way for reviewing the whole of the Council's industrial portfolio and would be a component part of the whole strategy, enabling a balance approach to be taken. As a minimum it would enable the basic infrastructure to be upgraded, and further improvements considered, based on the assumption that resources could be attracted in partnership. This would be based on the economic and development business case for future investment made, which would, amongst other issues, consider the impact of the level of investment and the anticipated payback.
- 7.4 Under this option, the Asset Review would be the vehicle for decision making on the Council's future management and investment strategy for Willowholme. It could, for example, include the Council offering to buy back old stock, refurbish and let out to obtain income if the private sector confidence did not return. This approach would signal further confidence to those occupiers who wish to remain.

Relocation option

- 7.5 On the basis of the initial appraisal, the relocation option would seem to be a risky exercise. It is by far the most costly and raises many associated issues that would need to be dealt with to maintain business confidence in the short and the long term. It has significant implications for adjacent occupiers such as McVities and the University of Central Lancashire. An alternative site for the relocated businesses

would have to be identified, and developed, before any relocation could take place. A significant contribution to the industrial/employment land offer for the city would be lost. Some of the businesses may not want to leave.

- 7.6 The Council could not fund this work from existing resources. It would only be possible through private sector investment, external public funding and/or prudential borrowing. A robust business case would have to be proved for any of these and would have to demonstrate clear additional benefits and value for money – involving a partnership committing significant capital expenditure and requiring rental increases to support the level of investment.
- 7.7 A budget bid would be required in the short term for a more detailed assessment of the costs and implications of this option. This short term funding would have to be assessed against the Council's agreed priorities, which are Cleaner Greener & Safer and Learning City, with Carlisle Renaissance being the vehicle to achieve its aspirations for change and economic growth.
- 7.8 The Council has already made significant financial commitments to achieving its priorities and has little scope for further, major projects in the foreseeable future. Substantial investment in the Willowholme area would not make a significant additional contribution to meeting the two corporate priorities, nor could an investment of the scale required be made by the Council alone – a partnership approach would be needed. Moreover, the area is not considered to be a transformational project within Carlisle Renaissance

8. Next Steps

- 8.1 A report is due to be considered by the Council's Executive on October 24th. at which a decision will be made on the future of Willowholme. This options paper will be attached to the report but Elected Members will also wish to understand and take into account the views of the businesses in the Willowholme area.
- 8.2 The Council already understands that there will be different points of view on the future of Willowholme and that a consensus is unlikely
- 8.3 This meeting will provide part of that understanding but to ensure that all businesses have a chance to make their views known, a response form is attached where individual opinions can be expressed. This will also be circulated via e-mail, post or fax to all businesses in the area with a request to reply by October 19th.

Table to Appendix One ECD15-05			
Willowholme Options Appraisal – Options Table			
	Option 1	Option 2	Option 3
Criteria for assessment	Do nothing	Invest and plan	Relocate
Implications for businesses/ landowners	Market dictates, businesses move as and when conditions dictate. Some difficulties with insurance pending flood protection works. No rental increase.	The site would be maintained and improvements to the infrastructure would be sought.	Potential for improved quality of premises but expenses associated with alternative locations, which will have higher occupation costs. No obvious alternative site. Showmen would also need to be relocated, no obvious alternative site.
Implications for business confidence	Initial instability but improvement as the situation settles and particularly as flood protection works installed.	Likely to increase confidence, particularly as many businesses wish to remain on the estate.	Signals no confidence in the area. Improved confidence for those businesses that successfully relocate
Implications for the neighbouring areas	Allows stability to return once this is made public.	Positive knock on effects from an improvement at Willowholme.	Instability from lack of confidence in the area. Flood protection works brought closer to adjacent premises.
Implications for the Council	Continue to deal with concerns of tenants, individually and collectively, on an ad hoc basis. Deal with planning applications for alternative uses as they arise. Council's income not protected.	Detailed assessment needed for level of investment and private sector involvement. Improves the value of the asset.	Significant external funding required. Alternative estate location to be planned and developed. New land uses to be identified (open space/leisure?) to enable compulsory purchase. Ongoing maintenance costs.

			Relocation of the Council depot.
Impact on flood works	Proceed as planned	Proceed as planned	EA would need to mathematically model the inclusion of additional floodplain in order to ascertain the effects of any solution. Flood defences would still be required to protect Caldewgate, Shaddongate and the Maltings areas. EA and UU would still be required to agree a solution to the sewage issues.
Costs	Essential expenditure only	£270,000 (already allocated) Future investment dependent on business case and analysis of economic development opportunities	£45m est. plus ongoing maintenance costs for open space
Reputational risk	High in short term	Low	High

September 2005

Willowholme¹ Area Options Appraisal

Response Form

Name of Business	
Address	
Your Name	
Position in Company	

I would wish the Council to favour the following option for the future of Willowholme. [The options are explained in the accompanying report]

Please indicate 'yes or 'no'	
Do nothing	
Invest and Plan	
Relocation	

Do you see your business remaining in Willowholme for the foreseeable future?	
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<p>Please make any further comments below. Any information relating to your own business plans will be treated in total confidence.</p>

Please e-mail your response to LynneR@carlisle.gov.uk or fax to 01228 817115 by noon Friday 30th September at the latest.

¹ For Willowholme please also include Stephenson Estate



WILLOWHOLME AREA

Options/Appraisals

Scale: 1:7,080 Date: 28/09/2005

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Civic Centre
RickerGate
Carlisle
CA3 8QG