

Report to Executive

Agenda
Item:

A.7

Meeting Date: 9th March 2020
Portfolio: Leader's Portfolio
Key Decision: No
Within Policy and Budget Framework Yes
Public / Private Public

Title: Future High Street Fund
Report of: Corporate Director of Economic Development
Report Number: ED13/20

Purpose / Summary:

This report provides an overview of the draft business case and proposed projects for Carlisle's Future High Street Fund outlined in report ED06/20 that was considered by the Executive at the 15 January 2020 meeting. The report seeks authorisation for the Corporate Director of Economic Development to submit the draft business case to the Ministry for Housing Communities and Local Government, following consultation with the Leader of the Council and the Portfolio Holder for Economy, Enterprise and Housing.

Recommendations:

That Members of the Executive:

- Note the proposed projects and strategic business case summary for the Council's Future High Street Fund submission included in Appendix 1.
- Authorise the submission of the draft business case to the Ministry for Housing Communities by the Corporate Director of Economic Development following consultation with the Leader of the Council and the Portfolio Holder for Economy, Enterprise and Housing.

Tracking

Executive:	9 March 2020
Scrutiny:	
Council:	

INTRODUCTION

- 1.1 The City of Carlisle was selected in August 2019 for the £1 billion Future High Street Fund (FHSF) and the City Council was invited by Ministry for Housing Communities and Local Government (MHCLG) to develop a strategy for the city centre and a business case for investment.
- 1.2 Council has received a £150,000 revenue grant from MHCLG to support the development of a detailed business case to unlock a potential of up to £25 Million of capital investment. Mott MacDonald have been commissioned to undertake movement and transport study and to develop a business case for submission to the FHSF.
- 1.3 A draft business case has been prepared which needs to be submitted to MHCLG by the 15th March 2020. The draft business case will include projects developed to a level that provides sufficient detail to give a robust cost estimate for the proposed projects. Comments will be received from MHCLG and a revised full business case will be required by the 30th June 2020.
- 1.4 At this stage, in principle support is sought from Executive members for the proposed way forward and the projects outlined, subject to further detailed work and business case development.

2. FUNDING

- 2.1 The objective of the FHSF is to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability.
- 2.2 Eligible investment under the FHSF falls under the following themes:
 - Investment in physical infrastructure;
 - Acquisition and assembly of land including to support new housing, workspaces and public realm;
 - Improvements to transport access, traffic flow and circulation in the area;
 - Supporting change of use including (where appropriate) housing delivery and densification; and
 - Supporting adaptation of the high street in response to changing technology.
- 2.3 The FHSF provides an opportunity for Carlisle to undertake substantive capital development projects that benefit the city centre. The programme of work supported through the FHSF will add value to the work underway through the Borderlands Growth Deal and the investment planning to secure a Town Deal.

3. PROJECT DEVELOPMENT

- 3.1 Carlisle city centre along with other towns and cities is having to rise to the challenge of the changing use and the diminishing of the retail comparative sector. The strategic narrative, identification of the development areas and specific projects to be included in the Business Case were identified through focus group meetings with city centre stakeholders and key officers from the City Council and Cumbria County Council including Highways. Mott MacDonald have worked with partners to develop a robust business case that is compliant the HM Treasury Green Book.
- 3.2 A summary of the strategic case and summary of the projects has been appended to this report, refer to Appendix 1.
- 3.3 The proposed projects include the following:
- a. Re-use for Hooper's Department Store
 - b. Repurposing 6-24 Castle Street
 - c. Preparing Central Plaza site for redevelopment
 - d. Reimagining Green Market/ Market Square as Carlisle's events space
 - e. Reconfiguring Lowther Street and gyratory
 - f. Feature and event lighting in Carlisle city centre
 - g. Improving pedestrianisation of Devonshire Street
- 3.4 The business case requests a rough order of magnitude funding request from the FHSF of £18.5 million. This funding request is under refinement as more detailed projects are developed that will form the final business case, as such this figure will be updated. Although co-funding is not required by the FHSF, it is expected that the Fund will lever in public sector funding and it is expected that authorities will make some form of contribution. Potential co-funding from the City Council may include:
- Value of Castle Street Properties circa £440k
 - Public Realm budget £380k
 - Central Plaza £2 million (expenditure since 2015 can be included in co-funding)

4. WORK PROGRAMME

- 4.1 The key milestones for the FHSF programme are:

Activity	Date
Submission of draft business case	15 March 2020

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 5.1 The timescales set by MHCLG for the submission of FHSF business cases are challenging. Consultancy support from Mott MacDonald has enabled a draft business case to be developed to RIBA Stage 2 designs, providing enough detail to determine robust financial certainty to the cost of the projects going forward. There remains scope to influence the project detail in further phases of the project development phase.
- 5.2 It is expected that MHCLG will review the draft business case and highlight any projects that should be reconsidered or excluded that are considered weak against their aims and objectives of the FHSF.
- 5.3 On this basis it is recommended that Members of the Executive:
- Note the proposed projects and strategic business case summary for the Council's Future High Street Fund submission and provide feedback; Authorise the submission of the draft business case to the Ministry for Housing Communities by the Corporate Director of Economic Development following consultation with the Leader of the Council and the Portfolio Holder for Economy, Enterprise and Housing.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 6.1 A successful FHSF bid, underpinned by a robust business case, has the potential to deliver projects that will transform the City Centre and achieve a number of the Carlisle Plan priorities, including:
- Supporting business growth
 - Developing cultural facilities
 - Improving the quality of the local environment
 - Addressing current and future housing needs
 - Enabling Carlisle City Centre to become a place to live, work and visit.

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 Council has the power to make the application the subject of the Report (s1, Localism Act 2011). Any grant funding will be subject to terms and conditions and the said funding must be spent in accordance therewith. The Executive has already considered Governance Arrangements but further reports will be required should the bid be successful and further work flow therefrom.

FINANCE –. The Council has received £150,000 to support the development of a business case to access a potential £25million capital pot for investment on the High Street with Mott MacDonald appointed to undertake this piece of work. Although co-funding is not required from the Council, some public sector funding/contribution is expected. Any contribution the Council may make is set out within the report, with the use of the existing capital programme provision being subject to approval, but which needs to be considered against other capital priorities.

EQUALITY – None

INFORMATION GOVERNANCE – None

Appendix 1: Carlisle Future High Street Fund Proposals

Strategic Case

Carlisle is a small compact city with a population of 73,698 and is the principal urban area for the Carlisle District. However, as the sole city, Carlisle serves a very wide geographical hinterland and is the economic, administrative and cultural centre for Cumbria and for a substantial portion of the North East and southern Scotland. As the capital of the Borderlands sub-region, which covers a geography as large as Wales, Carlisle has an estimated catchment of 500,000 people.

Whilst Carlisle's strategic location as a border city has contributed to its establishment as a sub-regional economic hub and a gateway to markets in southern Scotland, this has been reinforced by its excellent access to the strategic transport network. Consequently, it has a substantial one-hour drive catchment and Travel-To-Work-Area.

In terms of economic structure, Carlisle's key sectors are manufacturing, logistics and storage, construction and agriculture. Carlisle also has a number of enabling sectors such health care and professional and business services, which are not high value in terms of Gross Value Added but are tied to the City's role as a sub-regional centre. The City is home to several successful national and international companies including Nestle, Pirelli, McVities, Eddie Stobart, Story Homes and Edinburgh Woollen Mill.

Although there are a mix of uses within the primary shopping area (PSA), reflecting Carlisle's sub-regional status, retail uses are predominant. The comparison retail offer is reasonably strong, with national multiples including retailers such as Next, H&M, River Island, Schuh, Joules, White Stuff and Top Shop. There are also a number of main department store anchors including Primark, House of Fraser, Marks & Spencer and Debenhams.

Relative to the retail offer, the extent of leisure, cultural, employment and residential uses are moderate. These uses are distributed around the periphery of the Primary Shopping Area and therefore do not make any meaningful contribution to its vibrancy and vitality. This is especially apparent after 5pm when the retail activity has ended.

Given the significant number of people that look to Carlisle as their Principal Service Centre and depend on it for retail, leisure, health and professional and business services it is vital that the City Centre remains resilient and fit-for-purpose. At present its over-reliance on retail uses makes it highly vulnerable to fluctuations and further contraction of this sector.

Challenges

As the economic and administrative capital of a large catchment of 500,000 Carlisle has protected its retail function to date and it has performed reasonably well since the 2008 recession. However, it is very reliant on comparison retail and is therefore highly vulnerable to further contraction in that sector, which would have an immediate and profound adverse effect.

The City Centre, whose key asset is its historic environment, by its nature is made up of older buildings that require investment and remodelling to provide space that meets modern businesses requirements. Consequently, the City Centre has not demonstrated any indication of market-led diversification. The lack of urban resident and business communities is also certainly a factor in this, with a perception of a lack of vibrancy that has undermined the process.

In order to address these challenges and for Carlisle to properly fulfil its role as sub-regional centre it is important that the underlying strategic economic issues that are compounding the effects of change in the retail sector are recognised.

A high proportion (62%) of Carlisle residents are financially stretched or in urban adversity and are employed in precarious forms of employment with below average level of pay. This means that there is less disposable income within the area, which impacts on the levels of spend on the leisure, entertainment and cultural activities and subsequently, has suppressed the growth of these sectors.

An increasingly ageing labour pool means that employers who are increasingly struggling to acquire the skills they need. Carlisle's working age population is shrinking and is exacerbated by an increase in people aged +65 years and a declining working-age population. This demographic trend continues to have an effect on the City Centre by suppressing a market-led modernisation and diversification process.

There is a failure in the city centre development market, with a noticeable retraction from companies across the sector from speculative development in the City. This is due to a combination of lower interest levels from retailers (in part driven by the ever-growing online trends) and also increased pressure on net income within Real Estate Investment Trusts.

Carlisle key employment sectors are manufacturing, storage and logistics. The relatively small service sector does not generate substantial demand for office space within the City Centre. The limited demand for office space is currently being fulfilled by modern developments on the periphery of the City.

These strategic economic issues have manifested on the City Centre with a perceptible effect on vibrancy and vitality. Evidence from the recent Health Check suggests that footfall count is in decline in most areas of Carlisle from 2012 compared to 2018. Carlisle needs to be creative in its approach to restore that vitality and viability. The High Street Fund will enable the realisation of opportunities that will help address these challenges:

Concentrations of empty and unused properties: The current vacancy level in the City Centre is 12%, but these are concentrated in discrete locations that enhance visual impact. Lowther Street, Castle Street and Fisher Street are locations where this issue is prevalent. In the case of Lowther Street, a higher vacancy rate is attributed to the traffic management within the area. It is part of the one-way system with dedicated bus lanes totalling 4 lanes of traffic and as such suffers from access issues and severance. In the Historic Quarter on Castle Street there are several long-term empty buildings, including the former Hooper's department store consisting of 43,000 ft².

Lack of vibrancy and underperforming night time economy: The evidence points to a very significant under provision in the city centre leisure sector. Food outlets are under-

represented within PSA which local people describe as 'deserted' after 5pm. Activity is concentrated around the periphery of the PSA with bars and restaurants clustering around the intersection of Lowther Street, Devonshire Street and Warwick Road. This area has become a focal point for this formative element of the evening economy. However, these leisure uses are on periphery of the PSA and therefore, do not contribute to its vibrancy. This is exacerbated by a small city centre resident community of approximately 500 people.

Variable environmental quality: A public realm audit carried out in 2018 identified several key issues such as a lack of a focal point for events in the PSA, dated public realm and abundant street clutter, such as pedestrian guard railings and bollards. The current public realm installed in the pedestrianised PSA was installed in 1989 and requires both repair and updating. There is also the issue of pedestrian severance and connectivity and a need to further develop pedestrian priority of key streets such as Lowther Street, Devonshire Street and Bank Street by traffic flow management improvements, enhanced public realm and re-siting of bus stops.

The presence of employment uses within the City Centre is relatively low, with the public sector, civil service and financial institutions being the key office occupiers. Demand for office space is low due to the fact the service sector is not a key sector or major employer but also, anecdotally, because of an identified shortage of modern office space. There has been no speculative office development in the City Centre to address this shortage. However, recent signals indicate that this is beginning to reverse with the recent construction of purpose-built office building within the Historic Quarter to accommodate the Edinburgh Woollen Mill Group HQ.

A residential market within the City Centre has yet to be established, with very little housing delivery occurring in the area. Due to the availability of land and low land values, low density suburban residential development remains affordable and the preferred housing product of developers in the area. The low presence of leisure and employment uses in the City Centre and the underdeveloped night-time economy have cumulatively served to depress demand for housing, as presently it does not have the requisite 'offer'. This is reflected by the small city centre resident community of approximately 500 people.

Over the period 2015-30, Carlisle is projected to see significantly below average growth in population plus an above average ageing population. This is an area of concern for the future vitality of the city centre but one that underlines the importance of delivering a new step-change in terms of the diversification of uses and activity.

Recent viability concerns for national retail chains highlight the vulnerability of the PSA and the sense of urgency to catalyse diversification to make it more resilient. A creative approach to repurposing empty properties which attracts businesses, explores the market for urban living and creates activity and improved experience within the retail sector.

The City Centre challenges are the product of not only the structural changes occurring on the high street but also strategic economic issues. These cumulatively have served to suppress the expansion and diversification of the City Centre resulting in it being over-reliant on retail uses, with a weak office and residential market and significant under-provision in the leisure sector.

Vision and ambition

We have identified four key operational challenges:

1. An increase in the concentration of empty and underused buildings in prominent locations particularly the Historic Quarter;
2. A lack of evening vibrancy and a weak night-time economy;
3. Variable environmental quality attributable to outdated public realm and localised congestion;
4. Connectivity issues associated with traffic flows and pedestrian severance.

Therefore, our vision for Carlisle has been developed with the aim of addressing both strategic and operational challenges.

Our vision is “to create a vibrant and resilient City Centre that is a desirable place to both live and work and an attractive destination that provides a great visitor experience.”

Ambitions



**Renewing Carlisle City
Centre as a place to live
and work**



**Reactivating Carlisle's
historic Quarter**



**Catalysing Carlisle's
night time economy**

Initial Project Proposal included in the FHSF Draft business case

This document represents the first thoughts for the Draft Submission to the Ministry of Housing, Communities and Local Government (MHCLG) for the Future High Streets Fund (FHSF). It is a work in progress and will almost certainly change as we move through the proposal development process.

The FHSF has been created to support towns, like Carlisle, in making their town centres and high streets fit for the future despite declining economic trends. The initiative will co-fund transformative, structural changes that will address the changes in the way communities use their high streets and town centres, and support wider economic growth.

This document sets out the proposals for which FHSF funding is sought. The broad approach under which the schemes within this submission are captured is summarised by three themes. Collectively, these themes will create a holistic set of structural measures which will uplift the economic and social performance of Carlisle.

1. Adaptive Reuse of empty properties in the Historic Quarter

There are a number of architecturally striking buildings within Carlisle's Historic Quarter which have outlived their original purposes and are currently vacant. If left unmaintained, these buildings run the risk of falling into disrepair, eventually requiring demolition.

Adaptive re-use refers to the repurposing of historic assets to provide a new use or function more befitting of the demands of the area. Applied in Carlisle, this approach would ensure that the contribution of these buildings to the architectural character of the City Centre can be retained, while simultaneously diversifying the city centre offering.

Using this approach can prolong a buildings life and reduce the consumption of materials and resources. It therefore presents a sustainable alternative to the construction of new buildings.

The focus will be on Castle Street in the Historic Quarter and the properties selected to provide a regeneration catalyst to the revitalisation of the Historic Quarter whilst providing live work opportunities. The properties will include the following:

- the former Hoopers Building to assist developer in meeting the conservation deficit and viability gap in repurposing this property that has remained empty for several year.
- the buildings of 2-24 Castle Street, once refurbished, would be home to a number of new ventures.

2. Preparing Central Plaza site for redevelopment

The derelict Central Plaza Hotel has been demolished due to structural instability. The site has been levelled to the ground floor allowing for it to become a plot of land which can either be privately or publicly developed.

The Future High Street Fund will contribute towards preparing a viable development site. Any future development of the land, regardless of major use, should have active ground floor usage which will allow it to interact with the street and provide a sense of place.

3. Reimagining Green Market/ Market Square as Carlisle's events space

The market square is a large underutilised space. Currently the square is filled with bollards – cluttering the space, scattered amenities, and tired materials. The buildings fronting on to have very limited interaction with the square. The sightlines for the square fragments the space, drawing the majority of pedestrians east of the Tourist Information Centre, away

from the Green Market and Castle Street. There is potential to make a more cohesive space which is utilised in its entirety.

As part of the main retail core of Carlisle there is potential for it to become a dynamic public place, which not only supports the retail footfall but draws people into it. At approximately 6,000 m² there is potential to provide a variety of amenities in the market square, such as seating, landscaping, and play features, while also allowing shops to interact with the space.

A revised market square design opens opportunities to minimise the dominance of transport infrastructure, prioritising pedestrian movement and providing an outdoor community space. Various concepts for how the space can be reimagined are being considered, demonstrating the different ways the space can function for the community. By considering the square as having three distinct areas, a diversity of uses can be provided in the one space and design a square that is flexible in its function and provides for all users.

4. Feature / Event lighting in Carlisle city centre

The historic assets around Carlisle form a key part of its identity and cultural offering. Feature lighting for important sites such as the Castle, Citadel and Cathedral can enhance their presence and further strengthen this historic core. Evening lighting is already installed in some locations, however there is scope to enhance and diversify this.

Themed or coloured lighting throughout the year reflecting different cultural events can be used to further highlight the identity of Carlisle. Variations in style and colour can work together to highlight areas of architectural interest or illuminate pathways.

Feature lighting along streets and alleyways can brighten them up, add interest and improve safety and legibility. St. Cuthbert's Lane and the Ginnel Lanes connect the Market Square to areas west of the town centre, however, they are currently unlit and poorly serviced, making them feel unsafe to residents. Introducing feature lighting improves the character, legibility and overall appearance of the area

5. Reconfiguring Lowther Street

Lowther St is on average is approximately 21m in width. It is currently part of the one-way gyratory Victoria Place, Spencer Street and Warwick Road.

Lowther St's current layout of three north-bound lanes (including one bus lane), one south-bound bus lane and medians with guard railing restrict crossing opportunities and pedestrian desire lines. Vehicle dominance and hard landscaping make it an uninviting place for pedestrians. Despite the street's prominent location, adjacent to the town's primary shopping area, it is a space to quickly move through rather than dwell in. By reconfiguring the street, there is an opportunity to transform the street into a successful urban corridor which caters to pedestrians without impacting vehicular flow.

This scheme's ability going forward is dependent on the results of the Transport and Movement Study that is currently underway as part of the project development work.

6. Improving pedestrianisation of Devonshire Street

Devonshire Street is home to several good quality food and beverage outlets but these assets are not fully utilised due to the vehicle dominance of the space. Vehicle movement is one-way with two lanes (one bus only). The carriageway is excessively wide, with kerb to kerb widths of in excess of 9m at some points. The excess carriageway space provides an opportunity to increase the dedicated pedestrian areas and potential areas for businesses to spill into. Additionally, stronger connections could be created with the pedestrian zone. Any proposals must be co-ordinated with bus movements.

This schemes ability going forward is dependent on the results of the Transport and Movement Study that is currently underway as part of the project development work.

7. Regenerating the Northern Quarter – Area between Hardwick Circus and West Tower Street

With the changing market and the decline of bricks and mortar retail, there is potential to create a new scheme which is residential and business led. Providing housing and varied flexible spaces for businesses within the town centre would benefit the town economically and socially. More people living and working in the town centre would also provide critical mass to support economy.

The Northern Quarter provides a great opportunity for redevelopment. Six sites have been identified, four of which are government owned and are considered soft sites, such as non-historic buildings and surface parking lots. Developing these four sites in conjunction with two privately owned soft sites (5, 6) opens up a significant amount of developable land.

Developing new sites allows for the creation of a city grid in the north and buildings with both active ground floor frontage and buildings which front onto the street. This will create more active and attractive streets thereby enhancing connectivity and legibility through the city centre.