

Enterprise and Business Committee Inquiry into Town Centre Regeneration

Evidence from Newport City Council

September 2011

Introduction

Newport is the 3rd largest city in Wales after Cardiff and Swansea, and the City Council is the 7th largest Local Authority, providing all major services such as education, leisure, housing, social services, planning and highways.

Newport City Council has a good track record of securing, managing and delivering projects in the field of regeneration, and through external funding. Its Projects & Design team is taking a lead role in the regeneration of Newport through its partnership work with Newport Unlimited. The Council has made a substantial contribution to the plans promoted by Newport Unlimited working together on projects including; Newport Railway Station, Rodney Parade, Riverside Park, George Street Development Site, Flood Defence Works and the City Centre University Campus

Newport City Council welcomes this opportunity to contribute to the inquiry into the regeneration of town centres across Wales, and provides the following comments, based on the subheadings within the Committee's paper.

Section1: The Role of Local Authority and Welsh Government

In counteracting some of the above issues, Newport City Council has taken a proactive approach to delivering regeneration across the City:

1. In 2003, Newport Unlimited was created to help counter the impacts of continuing decline in heavy industry and manufacturing across the County. At the outset a Master Plan was developed forming a vision to create employment and bring activity and expenditure into the City Centre. This was updated in 2011 to reflect the changing local and global economy. Newport City Council works closely with Newport Unlimited in delivering a programme of regeneration activity across the City that supports the Master Plan. Below this, a City Centre Action Plan has been developed identifying 5 core areas for action within the City Centre - Newport Market, Railway Station, City Centre retail, Riverfront, and Arts & Heritage. Newport City Council and Newport Unlimited have allocated a budget of £3m for each financial year of 2011/12 and 2012/13 to deliver a number of actions including business support, marketing, physical improvements, car parking and street cleansing that will support the identified 5 core areas. Through working jointly on such a programme of activity it is hoped that significant improvements can be made to the City Centre, attracting further investment and employment opportunities.

2. Works to the Market Quarter are being designed to widen the appeal of the City Centre to shoppers and visitors, by improving the quality of the built environment in this area of the City Centre. The project, which is estimated at approximately £3m over the next 2 years, consists of the delivery of Physical enhancements and environmental improvement to key buildings. This includes the Market Arcade and Newport Indoor Market, via external works to entrance area and environs, along with public realm improvement to High Street to facilitate buses returning to the City Centre.

It is hoped that the works will help to ensure improved footfall in the City Centre, to encourage investment by the private sector in the city, and improve the City's image to visitors and the local community.

3. The development of key shopping areas has been fundamental to the regeneration of the City Centre. Out of town retailing has led to a decline in the number of shops within the City Centre, and a reduction in trade. The development of two centres – Cambrian Centre, and Friars Walk – was seen as a way forward to regenerating the City Centre. The global climate and UK recession hit the Friar's Walk project badly, causing significant delays, and in 2009, the developer Modus Corovest went into administration and was unable to see the project through. Newport City Council took the decision to take control of the development area, enabling it to be made ready for another developer. Newport City Council delivered the Compulsory Purchase Order and acquired the land necessary to take the development forward, thereby making this a more attractive project to potential developers. In May 2011, a preferred bidder was named to deliver the new scheme, which is now progressing well. A development agreement is expected to be in place by this autumn. The £200m shopping centre is expected to include a cinema, restaurants and shops linking the shopping area to the riverfront. The Cambrian Centre project has recently been granted planning permission for a new scheme, and the developer is currently negotiating with an end user.

The emerging Newport Local Development Plan 2011 – 2026 will consider the boundaries of the retail areas within the city centre in order to help ensure that there is a strong core, and that there are appropriate uses surrounding that will benefit from the strength of the core and in turn support it.

4. Through the extension of its Welsh Government Town Investment Grant Scheme, Newport City Council has worked with conservation officers to identify a number of key buildings within the City Centre. In doing so, the Council are able to actively target and engage with property owners within the identified area to enhance the external facades of their buildings and encourage the occupation of empty properties. This proactive approach has led to a swift interest and uptake of grant with visible results being seen more quickly on the ground.
5. Newport City Council has developed a Construction Initiative, Charter and Forum. These are explained more fully in sections 2 (Engagement) and 8 (local employment opportunities)
6. In common with most other City Centres in the UK, Newport has found itself with a number of empty shops as the economic situation has changed (and companies choose to relocate to retail parks and similar locations). A response to this has been 'Empty Shops Projects' initiated in 2010, and managed by Newport Community Arts Development, using units that had

come into the ownership of the Council. The project showed great success with 64 exhibitions taking place across the eight months, estimated 32,122 attendances by people viewing them, and 576 members of the facebook group. In its second year, the first workshop alone recorded 519 attendances over 12 days. The issue of vacant shops units is also being addressed through planning policy (section 4)

Section2: The extent to which businesses and communities are engaged with the public sector led town centre regeneration projects or initiatives, and vice versa.

Newport City Council works in a number of ways to ensure engagement with residents and businesses:

1. Many regeneration projects have derived from the Newport Unlimited Master Plan. This plan recently went through a consultation in order to review and refresh it. The consultation targeted residents, business groups and special interest groups across the city, including for example, Arts and Historic societies to ensure all views were taken into account when developing the plan. The plan identifies priority areas for investment and key projects needed to realise a step change in the city.
2. Pillgwenlly is an inner-city ward located to the south of Newport City Centre. Given its proximity it was recognised as a key link between the City Centre and the local community. In developing the £6.7m ERDF regeneration scheme for Pillgwenlly Newport City Council saw this link as key to creating a positive gateway between the start of Pillgwenlly and the City Centre, improving the perception of the area to the benefit of the local community and businesses. To ensure this, the Council has created a community coordinator post. This post is responsible for linking with the local community, engaging them in the regeneration activities happening in their area and to support the ongoing consultation with businesses and other groups.
3. The Council's Newport City Centre Manager is responsible for the efficient and smooth delivery of services to the city centre. The Manager is responsible for developing and managing effective liaison with a variety of City Centre Stakeholders, and ensuring good links with Newport Unlimited.
4. In response to the success of the Construction Initiative (Section 8), and to ensure opportunities are maximised locally for the construction industry, an Employers Forum has been set up. Led by the construction industry and supported by Newport City Council, the Forum aims to drive improvements in the sector by sharing best practice, promoting employment and training, provide opportunities for networking and the improvement of relationships throughout the industry, and jointly addressing sectoral issues.
5. Members and officers have taken a proactive approach to engaging with the City Centre. The Council Leader and Deputy Leader have held regular briefings and open meetings with City Centre traders and there is a City Centre Forum in which officers regularly meet traders.

Section 3: The factors affecting the mix of residential, commercial and retail premises found in town centres - for example, the impact of business rates

policy; footfall patterns and issues surrounding the night-time and daytime economies within town centres.

Throughout the UK the impact of out of town shopping centres is a continuing and major concern for the long term future of city and town centres. This is particularly so as many O.O.T. centres now cater for food, clothes and entertainment, often under one roof and with free parking; add to this the still growing effect of internet retailing and City Centres have an even more daunting challenge. Newport is working hard and imaginatively to attract shoppers and visitors into the City Centre; free car parking, festival attractions, improvements to the city's historic Indoor Market, and the promise of a new retail centre with added attractions of cinema and restaurants is an essential element of improving the City Centre offer.

Current statistics show City Centre vacant unit rates to be dropping in Newport. Based on 408 ground floor units in and around the City Centre, vacancies have dropped from 28% (February 2009) to 19% in February 2011. Whilst this success can be attributed to activity the Council has undertaken, this figure is still well above the Wales average of 13.4%, and recent evidence shows this figure is likely to rise in February 2012 due to the recent closure of a number of businesses in the City Centre.

A regular issue that retailers raise is business rates and how in the current economic climate they can impact on any potential profits. Whilst the Welsh Government operates business rates relief for certain business premises up to a rateable value of £12,000 there are many retailers in Newport that miss out on this due to rateable values above this level. It is suggested that the WG look at extending the time period for these reliefs and also raise the threshold.

On a related matter, empty listed buildings are exempt from paying business rates (non listed buildings are liable after 3 months being empty). In Newport this has resulted in empty shops which are listed remaining empty with agents having no real incentive to chase potential tenants. Again, this is something that WG could look at as it clearly has an effect on towns and cities with a proliferation of listed buildings. It should be noted that these buildings of character often make a significant contribution to the attractiveness of a centre.

Newport City Council, together with Newport Unlimited is therefore proceeding with the retail regeneration scheme for the City Centre as a matter of urgency, and to address many different issues, such as:

- Changes in the health of a City Centre tend to be progressive, either improving or declining, so it is important to stem any decline.
- The shift of many retail opportunities to out-of-town locations addressed in Section 4
- Out-of-town locations tend to be unsustainable for many types of retailing, generally having low levels of non-car accessibility.
- A vibrant City Centre is important to establishing a positive image of the city as a whole.

A key concern is the increase in non-food sales from supermarkets; this is impacting upon City Centres. This is sometimes achieved through inserting mezzanine floors into existing stores. This is an issue with old consents that do not specifically preclude it.

Section 4: The impact of out-of-town retail sites on nearby town centres.

The growth of out-of-town retailing has had serious consequences for Newport City Centre. Many indicators show the problems facing the City Centre, for example:

- from a position of 93rd in the UK retail rankings in 2001, Newport had slipped to 194th in 2010 ¹
- footfall in Commercial Street, Newport the main shopping street, fell from 11.3m in 2007 to 8.9m in 2010 ²
- retail parks now have about the same gross retail floorspace in total as the City Centre.

Convenience shopping is no longer restricted to your local shopping area. With the rise in car ownership (approximately 45% of households owning one car, and 24% having two cars) shopping is has become easier, and shopper mobility has increased significantly. People are prepared to travel to visit bigger centres or retail parks, which in turn has an effect upon local shops and city and town centres. ³

Competition from other areas beyond Newport's boundary has also been taking its toll, both from town and City Centre and out-of-town retailing; such that Newport as a whole now only retains 45% of its non-bulky comparison goods spend⁴. It is this type of spend that City Centres rely upon.

Internet and online shopping has also possibly impacted upon the City Centre. As a new form of retailing, trends in the growth of internet shopping, or e-tailing, are difficult to predict. The Colliers International study, drawing on research carried out by Experian, concluded as follows:

'The forecasts for e-tailing suggest that online sales will continue to increase over the next five years, although the rate of growth is expected to slow. Perhaps of more importance to retailers is the expectation that online sales are expected to capture an increasing share of all retail goods sales, rising to around 11.5% by 2016 according to Experian. Experian expects e-tailing to follow the s-curve profile of a slow start, rapid take-off and an eventual plateau. They expect the market share of e-tailing as a proportion of total retail to stabilise from 2016 onwards.'

The impact of this is not easy to gauge, however it could be argued that the growing trend for online shopping activity is certain to have an effect on economic activity within City Centres. However, this needs to take into account a number of factors:

- A number of shoppers browse online. They use this facility to search out the best prices, and locations of stores, however the final purchase – where the product can be viewed, touched and maybe tested – is done in-store.
- Other shoppers work in reverse to view products 'live' in store before making an online purchase at a better price.
- Alternatives to online shopping already exist with consumers already using outlets such as mail order, farmers markets, party plans, street markets, direct from factory, and TV shopping, all of which can replace property-based retail outlets.

Studies have shown that online activity is increasing with estimates that the percentage of adults shopping online will increase from 35% in 2006 (up from just 17% in 2002) to just under half (49%) by the year 2010 and will reach 64% by 2015.⁵

Section 5: The use of funding sources and innovative financial solutions to contribute to town centre regeneration – including the Regeneration Investment Fund for Wales; the use of Business Improvement Districts; structural funds; Welsh Government, local authority and private sector investment.

Newport is based in South East Wales, and as such does not have access to a number of funds such as Convergence and the Regeneration Investment Fund. Newport falls under the Regional Competitiveness element of the European Structural Funds which allows access to ERDF monies for regeneration work and have successfully secured a funding package of £6.7m for the regeneration of the Pillgwenlly area, of which £2.1m was ERDF, and £2.6m Targeted Match Fund. However, this funding is limited; putting it into perspective, the framework under which this activity is applied has approved £118,141,828 funds across South East Wales since the start of the programme, of which Newport's £2.1m equates to just 0.018% of the total ERDF investment in the South East.

The Council has had to be innovative in its approach to delivering a number of the schemes outlined in this paper. As with most local Authorities, Capital Programmes are reducing in line with budgets, and there is an increasing need and demand put upon external sources of funding to deliver Council priorities.

The Council is also looking at alternative solutions that have the potential to draw in sources of funding, or encourage inward investment in the region. Initiatives such as Enterprise Zones are being considered as a way forward. The development of Enterprise Zones across England - in particular those in proximity to Wales - represent a real threat to attracting new business enterprise and growth in the region. The Council is keen to pursue this, and see it as key to placing Newport alongside other key areas of regeneration across the UK, thereby allowing us to provide a number of incentives such as business rates discounts, Superfast Broadband funding support, and Simplified Planning through the use of a Local Development Order.

Section 6: The importance of sustainable and integrated transport in town centres– including traffic management, parking and access.

Newport City Council recognises the importance of a sustainable and integrated transport system in town centres. The Newport City Wide Transport Strategy is a 15 year plan to provide transport infrastructure to support the regeneration of Newport City Centre. The Council has recently commissioned a review of the existing City Wide Strategy.

The strategy highlights a number of key issues for the City Centre:

- Travel by private car is still the dominant mode of travel in Newport and South East Wales.
- Traffic levels have increased considerably, with Welsh and UK averages demonstrating a slight decline from 2007.
- Current capacity constraints of the M4 show an increased risk of traffic on the Newport local network as traffic seeks alternative routes.
- Buses are the principal mode of public transport in Newport, with Newport Bus alone carrying 7.6 million passengers per annum⁶
- Newport Railway Station is a significant transport hub, providing the principal access to the UK rail network. Footfall data from the Office of Rail Regulation

indicates approximately 2.1 million rail entries and exits were made at Newport Railway Station in 2009/10

- Newport has significant commuter flows, with a net inflow of 9200 commuters per day.
- The overall trend is for an increase in population in the city, with higher growth in those under 16 or over 65/66⁷. These sectors traditionally have a higher incidence of utilising sustainable modes (either too young to drive or eligible for free bus travel). These trends indicate the likelihood of a greater demand for alternatives to the private car.
- The decrease in footfall in City Centre is anticipated to reverse and show an increase with proposals to regenerate the retail core and the new Friars Walk scheme underway.

In addressing some of these issues, the Council hope to introduce a number of new schemes, some of which include:

- Applying for Sustainable Travel Town Status which could provide a number of significant opportunities to increase the availability and awareness of alternatives to the private car
- Upgrading key junction areas such as George Street/ Lower Dock Street junction and Cardiff Road/ Commercial Street Junction to address safety concerns, pedestrian links.
- Enhancing bus terminal facilities following the upgrade of the railway station; however this is inextricably linked to the future redevelopment of John Frost Square (Friar's Walk) and the Cambrian Centre.
- Enhance local bus services such as bus stops, raised boarding platforms, at stop passenger information and enhancements to fleet.
- Introduce a City Centre Cycle 'Hub' to support and promote cycling, which could be established in the City Centre, and offer a focal point for cycling within the city boundaries.

Section 7: The potential impact of marketing and image on the regeneration of town centres – such as tourism, signage, public art, street furniture, lighting and safety concerns.

The impact of image in the regeneration of the City Centre is crucial. Through recent consultancy work it was identified that areas of action required for economic regeneration were; creating a sense of place and identity, improving the public realm, and the legibility and image of the city. This is evident in the new NCC Economic Development strategy. As such Newport is currently progressing the visitor orientation scheme, public realm signage, tourism promotion and investing new resource into branding, messaging and communications to improve identity and image

Section 8: The extent to which town centre regeneration initiatives can seek to provide greater employment opportunities for local people

- The Newport Construction Initiative is a Local Labour in Construction project for construction workers and businesses in the City of Newport. The Initiative is twofold; firstly, it offers a free recruitment service to construction employers within Newport and surrounding districts, and also holds regular forums for construction employers operating in the city. The Initiative aims to tackle unemployment and social exclusion by promoting opportunities in construction, and to maximise the

involvement of communities where there are large area based projects. Secondly it promotes the Construction Employment Charter, a voluntary code of practice. By signing up to the Charter, companies agree to support the Initiative in delivering maximum local economic opportunities, and to do the best they can to recruit locally skilled and trained people. The Charter enables local construction companies to have a share in the regeneration of Newport. Since its creation at least 60 companies, both local and national have signed up to the Charter.

- The Council has been keen to encourage social clauses in its contracts, and are looking to do this in a number of schemes including the Market Quarter, Pillgwenlly Public Realm Works, and Old Town Dock
- The Council is working with the preferred bidder of the Friar's Walk scheme to look at maximising local labour opportunities. This is not only being done through the Construction Initiative with regards to the physical construction of the site, but Newport City Council are also looking at maximising opportunities post construction in areas such as retail, catering and the wider service sector.

¹ Source: Retail Study and Capacity Assessment prepared for Newport City Council and Newport Unlimited in 2010 by Colliers International. Summary available at <http://newport.gov.uk/stellent/groups/public/documents/report/cont519094.pdf>

² Source: Newport City Wide Transport Strategy Refresh, prepared for Newport City Council by Capita Symonds, 2011

³ Source: www.gva.co.uk/WorkArea/DownloadAsset.aspx?id=12884905193

⁴ Source: Colliers Study

⁵ Source: Verdict Consulting, in its report for the BCSC, *The Future of Retail Property: Changing Demographics and Consumer Patterns*

⁶ Source: www.newportbus.co.uk

⁷ Source: Welsh Assembly Government Population Projections (2006 and 2008)