



Report to: Place and Economic Development Sub-Committee, 30th July 2019

Report of: Corporate Director - Place

Subject: REVIEW OF FUNDING ARRANGEMENTS ALLOCATED TOWARDS THE DELIVERY OF CITY CENTRE MASTERPLAN

1. Recommendation

- 1.1 That the Place and Economic Development Sub-Committee (PED) recommend that the Policy and Resources Committee (P&R) approve the proposed spend for the implementation of the Worcester City Centre Masterplan as set out in para 2.8 of this report.**
- 1.2 That the commissioning of the works proposed at 2.8 except Public Realm works is delegated to the Corporate Director – Place in conjunction with the Chair and Vice Chair of Place and Economic Development Sub Committee.**
- 1.3 The public realm works identified at Para 2.8 and at Appendix 1 will be reported back to Place and Economic Development Sub Committee for consideration and referral to Policy and Resources for agreement.**

2. Background

- 2.1 At its February 2018 meeting Council (as recommended by Policy & Resources meeting of the same month) agreed the provision of £500,000 delivery budget for the City Centre Masterplan. So far £49,230 has been spent on the production of an Economic Impact Assessment (EIA) of the proposals within the Masterplan, which along with other masterplan work has been utilised in support of funding bids for Cultural Development Fund (CDF), One Public Estate 7 (OPE7) and Future High Street Fund (FHSF).
- 2.2 Both CDF and OPE7 have been successful in receiving funding awards. This represents £3.11m of additional resources to invest in the City with a further £1.2m received from partners.
- 2.3 The CDF project is progressing with a number of partners including Worcester University and Severn Arts and will seek to deliver a new cultural quarter for the City.
- 2.4 The awarding of the OPE7 funding is particularly relevant to the implementation of the Masterplan proposals as work will be commissioned to address abnormal constraints (flooding, archaeology, heritage and townscape/visual impact) on 3 opportunity sites (Copenhagen Street, Croft Road and King Street) identified within the masterplan.

- 2.5 It should be noted that with the OPE7 funding and a £10,000 commitment from the Environment Agency, the overall spend currently available for implementation work for the masterplan is £560,000.
- 2.6 The Future High Street Fund was announced earlier this month and the City Council was unsuccessful at this initial phase. However, feedback will be provided later in the summer which will be utilised to refine the potential bid for phase 2 of the fund.
- 2.7 The commissioning of a City hotel study will add value to the County wide hotel study commissioned by the County Council and City/District Councils. The new study will provide the City Council with detailed information to act as a market analysis platform to attract a high quality hotel to the city centre.

Proposed Spend

- 2.8 The following are proposed spends in 2019/2020:
- £215,000 towards match funding for public realm works identified with the County (see **appendix 1**);
 - £140,000 towards One Public Estate (OPE) site constraints work (to be added to the £110,000 from OPE7 funding and Environment Agency) (see **appendix 2**);
 - £60,000 towards the delivery of a City Centre Development Strategy for City Council sites (see **appendix 3**);
 - £20,000 for a City Hotel Business Case (see **appendix 4**);
 - £15,000 for a Cultural Development Strategy (**see appendix 5**).

3. Preferred Option

- 3.1 The City Centre Masterplan Implementation Fund will be committed to delivering projects within the City Centre Masterplan. The proposed public investment indicates a strong commitment by the City Council to encourage private sector investment on opportunity sites through the de-risking of abnormal constraints and demonstrating a business case to the market. It will also allow the City Council to influence decisions on the quality of any proposed schemes for development sites and the public realm. Therefore, the preferred option is for the City Council to approve the proposed spend as indicated within para.2.8 and that the commissioning of the works is delegated to the Corporate Director – Place to implement in conjunction with chair and vice chair of PED with the exception of the £215,000 towards match funding for public realm works which will be reported back to PED for consideration and referral to P&R for agreement.
- 3.2 It is anticipated that the following development opportunities and outputs could be realised from the three sites identified for feasibility work from the OPE7 funding allocation.

Site	Size	Potential development output
Croft Road/North Quay	3.96 ha	Car parking provision of circa 700 Provision of a hotel (circa 100 beds) Enabling residential development up to 250 apartments
Copenhagen Street/South Quay	2.49 ha	up to 100 apartments (If HoW college site included then up to 250 apartments) car parking provision of circa 75

Kings Street/ Bath Road	0.54 ha	up to 50 apartments car parking provision of circa 140
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3.3 The above figures were utilised within submission as part of OPE7 bid and were taken from the draft City centre masterplan (masterplan) document at that time. However it should be noted that since the submission and subsequent award the masterplan has evolved and it is now identified that development within the Riverside character area

“ should provide an appropriate mix of uses with priority given to tourism, leisure, recreation and hospitality. Residential use will only be considered in the event that it will provide enabling development for the priority uses.”

3.4 It should be noted that the adopted masterplan is a material planning consideration, when determining planning applications, and as such takes precedence over funding bids in the planning process.

3.5 As such the final outputs of the sites will need to be carefully considered once the surveys have been completed and will need to be reflected when reporting back on the project.

4. Alternative Options Considered

4.1 For the reasons set out in paragraph 3.1 above, no other options are considered appropriate.

5. Implications

5.1 Financial and Budgetary Implications

The proposed spend is within the existing allocated budget for delivery of City centre masterplan.

5.2 Legal and Governance Implications

None directly arising from this report.

5.3 Risk Implications

There is a risk that the City centre masterplan aspirations will not be delivered on identified opportunity sites if abnormal constraints are not resolved.

5.4 Corporate/Policy Implications

None directly arising from this report.

5.5 Equality Implications

None directly arising from this report.

5.6 Human Resources Implications

None directly arising from this report.

5.7 Health and Safety Implications

None directly arising from this report.

5.8 Social, Environmental and Economic Implications

Numerous opportunities will arise through the delivery of the City Centre Masterplan, including:

- ensuring that a number and range of homes can be provided;
- fostering a well-designed and safe built environment, with accessible services and open spaces;
- contribute to protecting and enhancing the natural, built and historic environment;
- making effective use of land;
- ensuring sufficient land is available in the right places to support growth, innovation and improved productivity; and
- identifying and coordinating the provision of infrastructure.

Ward(s): Arboretum, Cathedral, St Johns and Bedwardine
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Background Papers: **Appendix 1: One Public Estate 7**
Appendix 2: Public Realm Works
Appendix 3: City Centre Development Strategy for City Council sites
Appendix 4: City Centre Hotel Feasibility Study
Appendix 5: Cultural Development Strategy

Appendix 1 – Match funding for public realm works

The County Council have identified funding of £2.5m for County wide capital programme of public realm improvements. The City will explore opportunities to maximise the level of investment from this allocation for the City.

Joint priorities have been discussed between City and County Members which identified:

- Pump Street as first priority for public realm investment to level of High St / Shambles
- Enhanced maintenance / repairs Sidbury, Foregate Street
- Potential to work up design for Foregate Station Gateway project with County.

£215,000 will be offered as the City Councils contribution to this pipeline of works.

Appendix 2 – One Public Estate 7

The three sites included within the OPE7 bid are King Street, Copenhagen Street and Croft Road. The following table identifies the key constraints which will be considered:

Site	Flood risk	Archaeological risk	Heritage designation and visual considerations
Croft Road	Within the flood zone	Roman (and potentially later) floodplain and riverside including river bank features (eg revetments, quays, dumping of slag and other material) and potentially a river crossing; early 19 th C waterworks. Apart from the waterworks, archaeological remains across most of the site are expected to be deeply buried. At the extreme edge of the site is the line of the medieval city wall and ditch. Potential for wet remains close to the river.	Conservation area; viaduct is locally listed. Views of the cathedral and Hive. Part of the riverside conservation area.
Copenhagen Street	Within the flood zone	<p>The site is known or expected to include a number of assets relating to the core narrative of Worcester’s development, including:</p> <ul style="list-style-type: none"> • Roman defences and waterfront; • Anglo-Saxon enclosures and waterfront; • medieval waterfront and riverside wall, church and Jewish quarter (potentially the whole of the medieval Jewish quarter occupied c 1158-1290), standing remains of medieval merchant’s house built into the riverside wall; • the 1751 Worcester porcelain factory. <p>Potential for wet remains close to the river as well as in perched water tables elsewhere.</p>	<p>Conservation area; Worcester City Centre scheduled monument (mainly buried but including an upstanding section of a medieval building at South Quay); St Alban’s church (scheduled monument and grade II listed); St Andrew’s spire (grade II* listed). The buildings of HOW College are locally listed. Views of the cathedral and bishop's Palace. Part of the riverside conservation area.</p> <p>It is also integral that any development on Copenhagen Street car park does not prejudice future development on the college site.</p>
Kings Street	N/A	The site is expected to contain archaeological remains of all periods from Roman onwards, including a large proportion of the Anglo-Saxon suburban haga of Suthbyrig (remains of this period are likely to be elusive and particularly significant). Potential for wet remains close to the canal as well as in perched water tables or sealed deposits elsewhere (cf Sidbury medieval barrel).	Conservation area; listed buildings facing Edgar Street and Bath Road. Views of the cathedral.

Below identifies the required funding indicated within the OPE7 bid

Bid element	Scope of work	Budget figure
Flood Risk	Phase 1: Detailed Data Review Phase 2: Hydraulic Model Updates Phase 3: Identification of a long list of drainage management options to unlock development sites, increase developable areas and provide wider betterment for the city to ensure resilient Masterplan delivery	£70,000
Archaeological	Croft Road King Street & Commandery car park Copenhagen Street	£35,000 £35,000 £80,000
Heritage	1: Baseline Assessment 2: Assessment of potential development opportunities	£15,000
Townscape and Visual Impact Assessment	1: Baseline Assessment 2: Assessment of potential development opportunities	£15,000
		£250,000

The City Council were successful in achieving a £100,000 allocation from OPE7 as well as a £10,000 commitment from the Environment Agency towards work on flood risk within the City. This gives a total of £110,000.

It is therefore proposed to fund the remaining £140,000 from the City centre masterplan delivery fund.

As indicated above there are 4 work streams (flood risk, archaeological, Heritage and Townscape & Visual Impact Assessment).

Flood Risk work stream

To date initial work, in consultation with Environment Agency, County Council Lead Flood Authority and Severn Trent Water have concluded that the most appropriate course would be to consider a flood risk and integrated drainage strategy for the City.

This would develop an up to date sound scientific evidence base on flood risk and drainage for Worcester's Masterplan opportunity sites through a better understanding of:

- Movement of water across the city;
- Interactions between different sources of flooding; and
- Condition of critical drainage infrastructure.

Identify opportunities for flood risk and drainage management interventions, including:

- Quantifying the benefits to the existing built environment;
- Focussing on a package of measures which provide an overall management approach for the town; and

- Supporting the most effective delivery of the planned growth through infrastructure and design requirements without increasing flood risk within the town.

Timescales will be agreed with appointed consultants; however, it is envisaged that the outline programme will be as follows:

- Steering Group Agree Scope – end of July 2019
- Commission Consultants – end of August 2019
- Baseline modelling work – September 2019 to February 2020
- Optioneering – February to May 2020
- Production of draft strategy June 2020
- Completion of project – July 2020

Other Work streams

Limited progress has been made on the other work streams until funding is agreed.

Once OPE7 assessment work has been concluded it will allow for an informed decision to be reached on the development potential of the identified sites. If progressed there will be a requirement to consider the feasibility of re-providing car park provision in accordance with the masterplan strategy which requires preserving/enhancing the City Council revenue stream from car parking.

This work will follow on from the technical studies undertaken as part of the OPE programme to consider:

- Assessment of car park design to include outline floor plans to determine operational capacities
- Capital costs and revenue projections
- Potential values from released development sites based upon the masterplan work and heritage assessments
- Advice on the procurement of development partners

This work coupled with the OPE work and hotel business case (appendix 4) will provide the City Council with a package of information which will significantly de-risk and encourage private sector investment in the City centre. Such de-risking also offers the opportunity to increase achievable values from any disposal of sites, or income through joint ventures.

Worcestershire County Council in partnership with the City/district councils and Worcestershire LEP have commissioned a report to help attract hotel developers to the County of Worcestershire.

Whilst the above report focuses on a County approach, it is recognised that the growing number of visitors to the City's heritage attractions, festivals and sporting events, along with the increase in tourism products and services, means the City needs to build a sustainable infrastructure. Therefore further City focused work/assessment will need to be undertaken which can be utilised to attract hotel operators the City and would include:

- Complete analysis of tourism and visitor statistics for the city and projections for the next 5-10 years
- Further hotel occupancy and average rate research via STR, HotStats, etc., trying to build up an even deeper picture of overall patterns, full-service vs branded budget performance, location-based data and seasonality
- Further Site opportunities – which may have become known since the first report was completed and with further in-depth consultation with site owners, developers, agents and others
- Site development appraisals – for each site in more depth
- Who to approach – a fuller appraisal of the key companies and people who should be contacted regarding specific site opportunities
- How best to approach – if necessary, a marketing strategy for site options, including how the city could best promote its land holdings to meet its overall economic and strategic vision

The development of a 4 Star (plus) hotel in the City centre would not only help to increase the number of visitors to Worcester but also allow existing day trips to become short breaks and holidays.

Feedback from the local business community has indicated that there would be a welcome to a higher-end hotel for conferencing facilities as well as for their business visitors.

Appendix 5 - Cultural Development Strategy

Culture and art are an integral part of our lives, important for their own sake and for the contribution they makes to learning, health and wellbeing, economic and social regeneration, placemaking and community cohesion. They are an expression of ourselves, of our creativity and

our imagination, whether through exhibitions, performances or crafts, on our own or in collaboration with others.

In order to be able to guide and direct the authority it is therefore important to produce a Cultural Development Strategy (CDS) which will consider a number of points including:

- Strategic Objectives for the Authority
- Identify what Culture is, the local and national context for Worcester
- The Current Facilities, Groups and Opportunities in Worcester as part of a baseline assessment which will then identify existing gaps
- Developing the legacy of Cultural Development Fund (CDF) investment in the City focused on the railway arches from Foregate Street
- Identifying the key projects to enhance the cultural offer of the City

The CDS will then be able identify key aims and objectives.