



Report to: Place and Economic Development Committee, 31st October 2022

Report of: Deputy Director – Economic Development

Subject: REVIEW OF THE HIGH STREET

1. Recommendation

1.1 That the committee notes the content of the report.

2. Background

2.1 This report looks at the economic impact of covid and the changing nature of the high street and how Worcester is responding to the challenges and opportunities that this represents. The report will provide a picture of the current situation and the projects and activities that are planned to secure the long-term future of the city centre.

2.2 Covid and the subsequent change in shopping habits has impacted upon the high street with vacancy rates across the UK continuing to decline according to the latest data from the Avison Young and the BRC/Local Data Company. They dropped from 14.4% in 2021 to 14.1% during the first quarter of 2022 which was the first time since 2016 that vacancy rates had fallen in consecutive quarters. Since 2020, an estimated 28 million sq. ft of UK retail space has closed, whilst some of this space, especially in prime locations, is likely to be occupied by other retail tenants, much of it will need to be repurposed

2.3 Economic uncertainty and rising costs are also impacting on the high street. The latest Barclaycard consumer spend report highlighted that there had been a 5.9% decline in eating and drinking out between April and May this year with the trend expected to continue as household budgets continue to be impacted by the significant increases in costs. The latest ONS data revealed that retail sales in May 2022 fell by 0.7% (excluding fuel) compared to the previous month and by 2.8% compared to May 2021. The biggest fall in spending was on food, where supermarket sales declined by 1.6%, suggesting that shoppers are no longer just cutting back on discretionary purchases. The percentage of online retail sales also fell to its lowest level since April 2020, at 25.9% of all retail sales. High street footfall continues to decline falling by 25% in May 2022 from the previous month, according to [RSM UK's](#) analysis of the latest data from [Datscha](#)

3. City Centre Performance

3.1 Worcester city centre saw a comparatively positive economic return, high-lighted by a recent Ipsos Retail Recovery Index that identified that footfall in the city had increased the most compared to the rest of the UK, following stores re-opening.



There have been over 8,000,000 recorded visits to the city centre in the first half of 2022, with a total of 12,358,717 recorded for the whole of 2021.

3.2 A number of activities provided the groundwork for the positive start, including Welcome Back Funding, which ended in spring 2022 and delivered a number of positive initiatives that helped to encourage visitors back to town and district centres, including:

- A 'Love your local business' campaign to encourage residents to shop in the city.
- A digital training programme for businesses in Worcester, to encourage them to engage with, understand and utilise social media to promote their businesses

Temporary public realm changes and activations were put in place in the city to encourage residents and visitors to return and spend time while they were here. The funding covered:

- Benches and planters painted bright rainbow colours
- Bunting for decoration
- Seating and tree decorations in the city centre and St Johns

3.3 The DSCVR Worcester app was launched in March 2022 and by the end of June there were 677 businesses signed up and promoting, predominantly independents, but with a number of brand names alongside. Searches started slowly, but have seen significant increases throughout the summer months, with nearly 900 regular registered users, just under 40% from outside of the area. Walks and Trails provided the most searches, with Food and Drink, Bars and Pubs and Shopping also very popular.

3.4 The museums service saw record visitor numbers following reopening post covid and continues to build upon this success providing a diverse and developing programme of activity. In comparison, major national museums reported 73% fewer visitors in 2021 than 2019. The economic impact of secondary spend from our museum visitors on the local economy increased from all previous years to £2million. Quarter 1 saw 13,379 visitors to the museum, the highest number of visitors in this quarter for the last 5 years.

The Skyscape exhibition in February/March had over 9600 visitors, and the Hokusai's Great Wave: Reflections of Japan had over 13,500 viewers in April-June, the highest ever recorded number of art gallery visits for Worcester.

- 3.5 The **Tourism Information Centre** continues to be a hub of activity in the City Centre, with a lively programme of delivery. A like for like comparison of numbers from pre and post covid suggests that although footfall is good and increasing, it is yet to reach pre-covid levels, however those people that are returning to the high street are spending more.

Results

| 2019 baseline | Sales | Spend Per Person | Footfalls |
|---------------|-------|------------------|-----------|
| 2022 | +23% | £1.00 | -23% |
| 2021 | +111% | £0.71p | +43% |

- 3.6 Purple Flag is the city equivalent of a Blue Flag beach or Green Flag park. It shows and promotes an area as displaying excellence in the Evening and Night-Time Economy. It is an international accreditation programme that aims to reward those who achieve this in their destinations after dark. The accreditation process takes towns and cities through a comprehensive set of standards, management processes and good practice examples all designed to help transform the evening and night-time economy (ENTE). Worcester has now been awarded Purple Flag Status, in partnership with the BID and West Mercia Police. The first assessment took place on 13th August, a busy night with Tom Jones playing at the Pitchcroft. The assessment went very well, and the city were given the good news on 22nd September that it had been successful.
- 3.7 Car parking income is currently below expected levels and continues a trend of recent months. This reflects changes in travelling habits, with footfall increasing and more choosing to walk, cycle or use public transport. Emissions are on a downward trajectory with a 21% reduction in 2019/20 and continued commitments to reduce the Council's overall carbon footprint for 2021-2, including emissions from buildings, transport, and facilities.
- 3.8 A Which? Report has identified Worcester as one of the Top Ten destinations to visit, appearing five places higher than Cheltenham in the poll comparing medium sized cities. Current occupancy rates across accommodation providers are high, with most either fully booked or with limited availability throughout the main summer months of July, August, and September. A full programme of event activity supports these numbers, with major projects, including the Queens Baton Relay, Tom Jones live and Worcester Show which saw over 10,000 visitors to the city event.
- 3.9 There remain a number of empty retail units across the city, with 7 vacancies in St Johns and 91 in the city centre. This equates to 14.9% of total retail space. A July Council commitment of funding for a small grants fund for individuals and community groups, has seen some impact. The Empty Retail grants provided for 'meanwhile' use of vacant property, with funding of £2,500 towards costs such as building works, equipment, fixtures and fittings, marketing, and promotion. The final spend from the re-allocated budget was £27,500 and provided positive short to medium-term outcomes. All eleven recipients are still trading from the identified premises one of whom is looking to purchase the premises as a long-term going concern.

4. **Development Plans**

- 4.1 **Future High Streets Fund (FHSF)-Property Enhancement Scheme** is delivering improvements to vacant and underused premises in the Northern Gateway area of the city, encouraging re-use and improvements to the local environment and helping to stimulate further private sector investment. £600,000 has been committed to allow private owners of business premises to apply for funding to facilitate the full use of properties, bringing them back into active use to improve economic output. The indicative maximum level of funding per application was £30,000 or 75% of the total costs of the works, with match funding provided by the business. 15 grants have been approved with works currently planned to 17 buildings.
- 4.2 **FHSF-Public Realm** is a comprehensive programme of connectivity and public realm improvements that is currently underway to better integrate the Northern Gateway area with the rest of Worcester, increasing pedestrian and cyclist accessibility, as well as enhancing the local environment. The 6-phase, £4m investment is delivering major improvement works throughout the city centre until Easter 2024, improving access and the attractiveness and usability of the city centre environment. The project is part of a wider £17.9m programme of activities to support the regeneration and refocussing of the city centre.
- 4.3 **UKSPF** funding will provide a further 3 years of funding to deliver a hybrid programme of empty retail and property enhancement grants. £200,000 will be available within the city centre and retail premises in local centres to re-purpose empty units and improve the look and feel of local economic areas.
- 4.4 The £2.9m **UKSPF** funding will also be used to deliver a feasibility study into wayfinding and signage across the city and will provide £70,000 of capital costs to support installation and upgrades following the report's recommendations. Following a report to PED committee in January 2022, officers have explored a number of options for extending the existing Christmas light coverage to other parts of the city and will be trialling a number of new installations for Christmas this year. The team will also look to launch a sponsorship package for further installations for Christmas 2023, particular in light of the continued escalation in energy costs.
- 4.5 In Towns Fund is a £19.6m investment in Worcester and includes a range of projects that were included in our Town Investment plan. One of these projects, **Shrub Hill** redevelopment will see £10m invested in the regeneration of Isaac Maddox House and the adjacent land, providing flexible commercial space, and housing, and delivering a new and direct active travel route between Shrub Hill station and through St Martin's Quarter to the City Centre. The developments will include high-quality public realm supporting a new connection between the Shrub Hill Railway Station and the Shrub Hill Regeneration area and onward to the city centre through St Martins Quarter.
- 4.6 In December 2021, it was reported that Worcester was ranked as the 23rd most congested city in the UK, according to the INRIX 2021 Global Traffic Scorecard, with a total of 48 hours lost in congestion during peak commute periods compared to free flow traffic. Since then, we have seen a positive change in travel modes, with a reduction in the number of people driving into the city. The Towns Fund £4.5m **Active Travel** project is now moving into the delivery phase and looks to reduce the impact of congestion on the city. It will improve and enhance walking and cycling infrastructure to make active travel a viable option for all Worcester's communities.

The project includes new and upgraded off -road walking and cycling routes, linking with the existing network, and providing greater local connectivity between communities, social facilities and employment opportunities. Enhancing this commitment to new modes of transport will include a bicycle hire scheme, to provide affordable alternative travel options for visitors and residents and reducing the impact of congestion around the city. The new Kepax Bridge will also provide walking and cycling links to communities and opportunities to the north of the city and will enhance the attraction of the Riverside Park for both local and external visitors.

- 4.7 Towns Fund monies have been allocated to develop the City's museums through the 'Heritage & Riverside' project, representing a new phase in the destination attraction at The Commandery, and the start of development to improve the City's facilities at the Art Gallery & Museum. A further £200k from UK Shared Prosperity funding will support disabled access improvements as part of the wider programme of development for the service capital assets

5. Conclusion

The city has shown strong resilience to bounce back from the impact of covid. There continue to be challenges, including the increasing energy prices and the cost-of-living crisis, however, officers remain positive that with the range of opportunities created by funding from CDF, FHSF and TF programmes combined with UKSPF revenue funding opportunities, Worcester remains well placed to perform well during the current economic conditions. Officers continue to proactively look for new ways to support development and have established positive relationships to ensure the City is best placed to respond to future government funding calls.

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Background Papers: None