Coventry City Council

Briefing note

To: Business, Economy and Enterprise Scrutiny Board (3)

Date: 20th February 2019

Subject: Changes to the High Street offer and the impact on City Centre South

1 Purpose of the Note

1.1 To set out for the Business, Economy and Enterprise Scrutiny Board(3) a summary of the key challenges and changes the ‘high street’ is currently experiencing and how the Council is working to ensure that the flagship ‘City Centre South’ development scheme is embracing these challenges to deliver a scheme fit for the future.

2 Recommendations

2.1 The Business, Economy and Enterprise Scrutiny Board (3) are recommended to:

1) Note the contents of the briefing note.
2) Identify any recommendations for the Cabinet Member for Jobs and Regeneration.

3 Information/Background

3.1 <u>The current state of the high street and retail sector</u>

3.2 Whilst ‘the high street’, and the town and city centres in which they operate, have always faced challenges and dynamic change, the past ten years have seen a number of factors come together to create a period of unprecedented upheaval. Beginning with the major economic downturn that started in 2008, this upheaval has resulted from the continued importance of out-of-town shopping centres and supermarkets, the rapid rise in online shopping and wider shifts in consumer spending and behaviour that has created a situation where what the customers of today and the future want often isn’t being delivered by traditional retail-led high street environments.

3.3 ONS data[1] shows that whilst overall retail spend in the UK rose in 2017 by 4.7% to approximately £366 billion, online-only retail sales rose by 15.9% in that period, when compared to a rise of only 2.3% in-store. As a recent ‘Key Cities’ report pointed out[2], whilst the majority of retail sales still take place in physical stores, the percentage of all retail sales taking place online has risen from 4.9% in 2008 to 16.3% in 2017, and this had further increased to 18.2% by August 2018. Furthermore, it is also important to note that internet retailing is more popular in the UK than any other country in the European Union.

[1] Comparing “bricks and mortar” store sales with online retail sales: August 2018, ONS, 2018
[2] The Future of our Town and City Centres, January 2019

3.4 The last three years in particular have seen a string of well-known retailers entering into insolvency or administration (BHS; Poundworld; Toys R Us; Carpetright; Maplin), providing profit warnings (John Lewis; Marks and Spencer) or entering into company voluntary arrangements (Mothercare) resulting in hundreds of store closures in high streets across the country (and these closures have disproportionately affected high street rather than out of town stores).

3.5 This challenging context has been well researched and has been met with a number of wide ranging reviews which have then influenced national policy responses. The Portas Review (published in 2011) identified the need to 're-imagine our high streets' through moving city and town centres away from being places almost solely focused on retail to becoming more universal spaces with a mix of offers. This has been followed up by two reviews from the ex-CEO of Iceland and Wickes, Bill Grimsey, (2013 and 2018) and a review by Sir John Timpson ('The High Street Report – December 2018) which have been underpinned by a focus on the future success of the British high street very much requiring a 'complete community hub solution' where uses such as public realm, housing, health, education, the arts, workspace and leisure become as much a part of a town or city centre as retail traditionally has. This is reinforced by wider demographic changes and a subsequent reshaping of the housing market which is resulting in more housing types being brought forward in city and town centres, often with a focus on young people, professionals and, increasingly, older people all of who place increasing value on the benefits of city centre living.

3.6 City Centre South

3.7 In January 2017, following an Office of the Journal of the European Union (OJEU) compliant procurement process, Cabinet and Council approved the appointment of Shearer Property Group (SPG) as the preferred bidder for the City Centre South (CCS) scheme and provided permission for the Council to enter into the necessary contractual arrangements with SPG to bring forward the delivery of the CCS scheme.

3.8 CCS is the Council's key regeneration priority for the city centre. It will transform some of the most tired and out dated areas of the city centre, including Bull Yard, Shelton Square, City Arcade and Hertford Street. The vision for the scheme approved by Cabinet in January 2017 was for a vibrant mixed use redevelopment, including new shops, car park, restaurants, leisure provision and homes, all set within a high quality environment for businesses, shoppers, visitors and residents.

3.9 The Council will be entering into a Development Agreement with SPG before the end of March 2019 and will then be working in partnership with them to develop a planning application for the scheme.

3.10 Public realm

3.11 Since 2011, the Council has invested over £57m in high quality public realm schemes within the city centre. These schemes have been focused on transforming areas with the highest footfall, the main visitor attractions, the key arrival points and likely venues for City of Culture to ensure the links between these places are seamless, high quality, greener and more accessible. Clearly, the importance of high quality public realm within the new CCS scheme cannot be overemphasised, it will act as an 'anchor' in itself creating a sense of place and attracting today's customers to an urban environment which is a catalyst and setting for other important multi-uses to thrive. Within large scale retail schemes, an 'anchor' is there to attract other occupiers and other uses and high quality new public realm, coupled with multi-uses that bring people back into the city centre to shop, relax, consume experiences and live, can help deliver this.

3.12 The Council is currently delivering a new public realm scheme in the Upper Precinct with very high quality water features, landscaping, lighting and paving materials which will set a new standard for the city centre. The standards this sets will be replicated in CCS and one of the ways the Council is ensuring this is through establishing a set of public realm design principles that will be included as part of the Development Agreement.

3.13 Getting the offer right

3.14 As set out above, increasingly town and city centre economies are moving away from a retail dominated environment to ones which have a much greater mix of uses and where customers are able to purchase “experiences”. For CCS, the fundamental change in the structure of the retail market means that a different approach to the type of offer for the scheme is required.

3.15 Key to the success of CCS will also be the quality of its “leisure” offer, including an improved evening and night-time economy. The offer will need to draw people into the city from further afield and be part of a day or half-day experience within Coventry where shopping may well be ancillary to a different purpose for visiting. The adjacency of the new ‘The Wave’ leisure facility, with its estimated 1.3m visitors per year, will provide a huge boost to CCS sitting as it does on its doorstep. There is an opportunity to create a new leisure quarter, including high quality new food and beverage occupiers, which can complement this fantastic new facility that will start to open from Spring 2019.

3.16 Delivering ‘city centre living’

3.17 As important as high quality public realm, flagship stores and a new leisure offer is the role urban living will play in creating the conditions for CCS to succeed. Currently there are no residential occupiers within the CCS boundary. Residents bring vibrancy to a city centre and with two highly successful universities within Coventry and thriving local industries, talent retention is crucial. Being able to offer homes within a city centre environment can play a key role in enhancing Coventry’s image as a natural place for people to choose to live.

3.18 The Council and SPG will work together throughout the planning application process to explore the potential for delivering the optimal amount of new homes for sale and rent for all ages. Given the fantastic, central location CCS has there is clearly the opportunity to encourage city centre living where new residents can take advantage of the fantastic new public spaces, leisure uses and shops that will be created. Another key aspect of this will be opportunities for creating modern, flexible and affordable work spaces (particularly within the context of encouraging university students to set up businesses within the city) that will add economic development outcomes for the city.

4 Conclusions

4.1 Whilst the current economic, retail and demographic context provides an enormous challenge for both the existing city centre and the future CCS scheme, there is clearly the opportunity, through working in a genuine partnership with SPG, for providing a strong focus on high quality public realm and the delivery of a mix of city centre uses to realise a scheme that sets a new standard for city centre development schemes and is both fit for now and for the future.

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