

**EXECUTIVE BOARD CITY CENTRE COMMITTEE – 9 JULY 2013**

<b>Subject:</b>	<b>Vacant Shops Update</b>	
<b>Corporate Director(s)/ Director(s):</b>	David Bishop Corporate Director for Development <a href="mailto:David.bishop@nottinghamcity.gov.uk">David.bishop@nottinghamcity.gov.uk</a>	
<b>Portfolio Holder(s):</b>	Nick McDonald Executive Member for Jobs & Growth <a href="mailto:Nick.mcdonald@nottinghamcity.gov.uk">Nick.mcdonald@nottinghamcity.gov.uk</a>	
<b>Report author and contact details:</b>	Nicki Jenkins Head of Economic Development <a href="mailto:Nicki.jenkins@nottinghamcity.gov.uk">Nicki.jenkins@nottinghamcity.gov.uk</a>	
<b>Key Decision</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Significant in terms of its effects on communities living or working in an area consisting of two or more wards in the City	<input type="checkbox"/> Yes    No <input type="checkbox"/>	
<b>Subject to call-in</b> Yes	<b>Total value of the decision:</b> Nil	
<b>Relevant Council Plan Strategic Priority:</b>		<b>Wards affected:</b>
World Class Nottingham	<input checked="" type="checkbox"/>	Arboretum, Bridge, Radford and Park, St Anns
Work in Nottingham	<input checked="" type="checkbox"/>	
Safer Nottingham	<input type="checkbox"/>	<b>Date of consultation with Portfolio Holder(s):</b> 7 <sup>th</sup> March 2013
Neighbourhood Nottingham	<input type="checkbox"/>	
Family Nottingham	<input type="checkbox"/>	
Healthy Nottingham	<input type="checkbox"/>	
Leading Nottingham	<input type="checkbox"/>	
<b>Summary of issues (including benefits to citizens/service users):</b> Nottingham, in common with most major UK cities, has a problem with vacant units within its city centre.  In November last year this Committee heard about plans in development aiming to reduce the numbers of vacancies. This report gives an update of the current vacancy situation and progress on action to date. In addition it provides information on the allocations of the High St Fund, awarded by Government last year to fund such activity.		
<b>Recommendations:</b>		
1. To note progress to date on activities to reduce the numbers of vacant retail units within the city centre.		
2. To note allocations of the High St Innovation fund to activities planned to reduce the numbers of vacant shops.		
3. To note progress regarding Vacant Shops Grant Scheme.		

**1 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- (i) A report to committee in November 2012 outlined the approach being taken to address the issue of vacant shops within the city centre. This report is to provide an update on the current vacancy position and to inform on progress to date.

**(a) Current Vacancy Position**

- (i) Analysis undertaken by Experian in February this year, which measured all vacant ground level properties placed the vacancy rate at 18.1%.
- (ii) Nottingham City Council undertakes a survey of vacant properties within the City Centre on a twice yearly basis. The most recent analysis carried out in Feb this year provides a comparison to Sept 2012 based on two different boundaries for the city centre.
- (iii) The larger of the boundaries (which includes Mansfield Rd, Huntingdon St, the area behind Carrington St and High Pavement) places the vacancy rate at 18.1% which remained unchanged since September, for the tighter of the boundaries the vacancy slightly reduced to 17.8%. While the change is very slight this may suggest that during that period there may have been slight improvements, particularly within the core of the city centre.
- (iv) A light survey of both Leicester and Derby was also undertaken in May which placed their vacancy rates at 21.2% and 11%. It must be noted however that these can only be used as an indication when comparing to Nottingham as the survey only considered the key retail areas of both cities therefore there may be differences in the methodology.
- (v) In Nottingham the ten streets with the highest level of vacancy areas follows -
  - 1. Upper Parliament Street
  - 2. Derby Road
  - 3. Mansfield Road
  - 4. West End Arcade
  - 5. Maid Marian Way
  - 6. Carrington Street
  - 7. Heathcoat Street
  - 8. Glasshouse Street
  - 9. Goose Gate
  - 10. Bridlesmith Walk
- (vi) The 'extremities' of the survey area to the East (Hockley), South (Carrington Street) and West (Derby Road) have long term vacancies that are likely due to different reasons. Carrington Street vacancies are due to acquisition for the Broadmarsh Redevelopment. Hockley is disconnected by Cranbrook Street from the rest of the shopping area to the West, although development of Sneinton Market is hoped to improve footfall through the area. Derby Road is a steep hill that may discourage walking trade and a one way street that limits motor trade.
- (vii) Hurts Yard and West End Arcade are areas of old retail stock and are therefore more difficult to let although it was noted that the units along Hurts yard have been refurbished and decorated.

**(b) Vacancy Data**

- (i) There is still an ongoing confusion with regards to measures of vacancy within the city centre, as different surveys use different boundaries and methodologies. Working with partners Nottingham City Council will undertake a twice yearly survey with an agreed boundary and methodology and publish a city centre vacancy report based upon the outcomes found.
- (ii) A database of all properties is now in development, which will record details such as ownership, rateable values, agents and any known issues preventing the property from being let. This will enable a more targeted approach to addressing the vacancies and real time information on vacancy rates.

**(c) Vacant Shops Action Plan – Update**

- (i) Following the establishment of a task group and further stakeholder consultation, a number of actions are now being implemented aiming to reduce the number of vacant shops within the city centre.

**(d) *Derby Rd, Wheeler Gate, Hockley***

- (i) In summer last year the City Centre Retail Steering Group identified Derby Rd as an area that appeared to be reaching a critical point with high levels of vacant units and retailers struggling to stay open. It was therefore agreed that Derby Rd would be treated as a pilot area for a holistic regeneration approach.
- (ii) A private sector lead working group was tasked with leading the pilot project, to consider the issues affecting retailers on the street and to develop interventions to return the area to its former vibrancy.
- (iii) The objectives and planned activities involved with the pilot were as follows –
- 1. To rent vacant units and provide action plan for each of the premises on Derby Rd.**
    - To undertake analysis and develop action plans for each vacant unit, working proactively to remove barriers to bringing units back into use.
  - 2. To improve all aspects of the physical environment on Derby Rd.**
    - Deep clean of street and regular cleaning thereafter.
    - To identify and access funding opportunities to improve pedestrian access.
    - Provide designs for each unit on Derby Rd
    - To carry out remedial improvements to no more than 4 shop fronts.
    - Undertake traffic survey to understand how changes may be made to road infrastructure.
  - 3. Encouraging and assisting retail businesses growth and viability on Derby Rd and raising awareness of the independent offer to businesses and customers.**
    - Advertising of offer on the street
    - PR leading up to and including Christmas, then ongoing
    - Providing business support services.
    - Reduction of car parking charges.
- (iv) The pilot project had £10,000 allocated from the High St Innovation Fund. To date 6 out of the 16 vacant units are now let, 1 is under offer, Nottingham City Council are currently in discussions with potential tenants for 2 of the units and Nottingham City Council will dispose of a further 2, whilst we continue to try and make contact with the landlords of 5 of the vacant properties.
- (v) Some of the vacancy reduction is market driven, however there are some clear examples where intervention through the unit by unit approach has produced results. Out of those listed above, 7 were a result of activity undertaken through the unit by unit approach.
- (vi) This approach was expanded to the Wheeler Gate/Friar Lane area in February, which was a further area identified as an area for concern with high vacancy levels. At the start of the project there were 9 vacancies over the 2 streets, 4 of which have now been let. The approach has also just been expanded to the Hockley area, with a review of the vacancies and ownership well underway. The

vacancy rate currently stands at 25, across 5 streets and it is presumed that the approach will require a similar approach as Derby Road in terms of raising awareness of the independent offer.

**(e) *Pop up and Temporary Use***

- (i) While long term lets of vacant units is the preferred option, increasing temporary or 'pop up' use can have a number of benefits to the city. Not only does it present a quick win in reducing vacancy rates but can also help to revitalise deteriorating areas and provide opportunities for new business to test trade.
- (ii) We have been working with a number of organisations and individuals to help identify opportunities for 'pop up' use by working with local agents, Intu and the NCC property department. As a result there are currently negotiations taking place on 4 units.

**(f) *Vacant Shops Grant Scheme***

- (i) The physical condition of a shop can often make it unattractive and act as a barrier to getting it let. Therefore the Vacant Shops Grant scheme was launched in May and will act as an incentive to encourage landlords to let vacant properties. The grant scheme provides up to £5,000 contribution to support improvements to premises/shop fronts of vacant units. The landlord will need to match fund the grant by 50% and provide evidence that the unit will be let following the improvement works.
- (ii) The grant scheme was launched in May and is being piloted using an initial £100,000 allocation, allowing landlords to apply for funding that will both enable the vacant unit to be occupied and improve the appearance of the high street. The Vacant Shops Action Plan budget will support the administration process of delivering the grants scheme and processing grant claims. Long term vacancies and units in poor condition will be targeted by the grant scheme.

**(g) *Boots Secondment***

- (i) To strengthen the capacity within the Economic Development team to deliver the activity, a 12 month secondment from Boots joined the team in May to provide support to us in the development and delivery of the High St. agenda.

**(h) Next Steps**

- (i) In March last year the Government granted 100 Councils nationally £100,000 from the High St Innovation Fund to address the issue of vacancies on the High St. It is intended that a number of actions from the vacant shops action plan will be funded from this allocation, with match funding from other sources maximised where possible.
- (ii) Full details of the actions and the allocations can be found in appendix 1 however the following gives further explanation to the key areas of activity.

**(i) *Expansion of the Unit by Unit approach Across the City Centre***

- (i) Based upon experience to date in the Derby Rd, Carrington St and Wheeler Gate areas a combined approach of developing individual action plans to each unit, alongside an area regeneration focus to improve the environment and increase footfall is the most effective way to address vacancy rates.

- (ii) A project manager has been appointed to work alongside local property agents and landlords to encourage them to remove barriers to letting vacant properties and to co-ordinate area based approach based upon vacancy hot spots within the city centre.
- (iii) Where work is already underway in areas such as Derby Rd, Carrington St and Wheeler Gate, the project manager will maintain an overview and monitor the impact on the vacancy levels.
- (iv) The project manager, appointed from April, is funded through Vacant Shops Action Plan allocation, alongside a small funding pot to be drawn upon on small repairs and environmental improvements as required.

**(j) *Business Support and Mentoring***

- (i) Existing relevant enterprise programme's being delivered in the city are funded via European Regional Development Fund (ERDF), which has specific eligibility criteria regarding retail-related business support activity. Therefore appropriate business support providers (Nottingham Business Venture, Prince's Trust, The Renewal Trust, etc) cannot support retail businesses through existing activity.
- (ii) Therefore a proposed business support programme has been developed for new and existing retail businesses with a view to enabling them to grow and occupy premises. There are two levels of support that would be provided –
  1. through the commissioning of a business mentoring programme which would support approx 30 existing and 20 start up businesses over a twelve month period.
  2. through the creation of an independent retail network, which aimed to provide learning and development opportunities, linkage to the professional services sector and a peer to peer networking opportunity.
- (iii) The business mentoring scheme is currently out to tender with a view to the full programme being launched by the end of June.

**(k) *Retail Start-up competition***

- (i) The above business support programmes will be launched through a retail start up competition lead by the private sector and supported by Nottingham City Council.
- (ii) The competition offers a prize package which involves a grant payment matched by 2 years in kind support from a range of professional services companies to enable independent businesses to start up and grow in order to take vacant city centre unit space.
- (iii) A requirement of the competition will be for the business to have a business plan in place therefore this will be aligned to the mentoring and business support programme. The competition will also generate demand for the business mentoring service.

**(l) *One Point of Contact***

- (i) Small businesses also report that setting up in new premises can often be a confusing and bureaucratic process which puts off first time tenants.

- (ii) Feedback has suggested that even the process of finding all of the relevant sections within the City Council can be a difficult process. With this in mind an officer within the Economic Development service has been designated as the Council's 'single point of contact' for retail businesses looking to set up in the city centre. This individual is providing support to individuals by navigating around all of the relevant services within the council to help work through the relevant 'red tape', alongside providing property search support by working closely with the commercial agents.

**(m) Governance and Delivery**

- (i) To ensure the ongoing review and delivery of both the vacant shops action plan and City Centre Retail Strategy a new Retail Growth Forum has been established. The group chaired by Cllr McDonald, met for the first time in May 2013, and brought together the Retail Steering Group, the Vacant Shops Task Group, and the Invest in Nottingham Retail Forum. Members of the forum include NCC, Nottingham BID, local property agents, managers from Broadmarsh and Victoria Shopping Centres and other private sector representatives.
- (ii) The group will ensure the delivery of each of the plans, that actions are co-ordinated and resourced and provide a forum where issues and barriers to retail growth can be explored and solutions identified. The outcome of the first meeting was to focus on four priority areas, vacant shops was identified as the first priority

**2 REASONS FOR RECOMMENDATIONS**

- (i) Press coverage on reported rates of vacant properties within the city centre can have a potentially negative impact on business confidence in the city. While some of the data used to calculate these rates may be flawed, Nottingham still experiences a high level of vacant property.
- (ii) In order to avoid future negative press and to improve the retail offer within the city, the new retail strategy identifies reducing the number of vacant units a priority.
- (iii) This report details progress against this action.

**3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

One option would be to do nothing and leave it to the market. However Nottingham does have higher than average vacancy rates, and addressing this as an issue will be fundamental in increasing the city's retail ranking. With this in mind this option was dismissed favouring proactively trying to address the data issues while reducing the number of vacant properties.

**4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

In March this year NCC received £100,000 from Government to address the issue of vacant shops through the High St Innovation Fund. Where actions cannot be resourced from within existing partner budgets, in kind contributions or external funding sources, then this funding will be used to fill the gap.

**5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

- (i) Should the action plan not be implemented effectively and no reduction in vacant units is achieved then there is the possibility that there will be more negative publicity on this issue in the future as data is released.
- (ii) The action plan will be monitored and performance managed tightly by a task group set up specifically to address this issue.

**6 SOCIAL VALUE CONSIDERATIONS**

Not applicable

**7 EQUALITY IMPACT ASSESSMENT (EIA)**

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)



**8 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION**

None.

**9 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

Vacant Shops Action Plan, Executive Board City Centre Committee, 20 November 2012.

**10 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

None.

## Vacant Shops Action Plan

Project	Lead Partner	Timescales	Budgets
1	NCC	Completed by July 2013	Internal NCC staffing resources.
2.	NCC	To be undertaken Feb and July annually	Internal NCC staffing resources
3.	NCC	Derby Rd Sept 2012 – Sept 2013 Wheeler Gate Jan 2013 – March 2013 Carrington St Jan 2013 -Jan 2014 Wider city centre – April 2013-March 2014	Derby Rd £10,000 Wheeler Gate – £4,000 Carrington St - ERDF City Centre project management - £20,000 Improvements fund – £16,000
4.	NCC	To be developed by June 2013	Internal NCC resources
6.	NCC	Implemented May 2013	£10,000 £100,000
7.	NCC	July 2013 – June 2014	£30,000
8.	NCC	Implemented – August/Sept 2013	£10,000
9.	NCC	Implemented – July 2013	£30,000



10.	To develop a 'one stop shop' to the council approach to supporting new business looking for premises.	NCC	Established – April 2013	Internal NCC City Centre staffing resources
11.	To develop opportunities for temporary use/pop up shops in vacant units.	TBC	Ongoing development	Internal NCC City Centre staffing resources
12.	To investigate potential for a Retail incubation centre in the city centre.	TBC	Initial feasibility complete by July 2013 Proposals for way forward by Sept 2013	Internal NCC City Centre staffing resources for scoping stages. Additional costs unknown and will be considered in feasibility work