

Cheltenham Borough Council

Cabinet, 11 July 2023

In partnership with Cheltenham BID - Vacant Units and Town Centre Land Use Efficiency

Accountable member:

Councillor Max Wilkinson, Economic development, culture, tourism and wellbeing

Accountable officer:

Helen Mole, Head of Place Marketing and Inward Investment

Ward(s) affected:

All wards

Key Decision: No

Executive summary:

Vibrant high streets are a vital part of any successful town. The council and business organisations recognise that town centres need to adapt and evolve to meet the opportunities and challenges facing the retail, leisure and hospitality sectors. According to the British Retail Consortium, the national vacancy rate for High Street shops is currently an average of 13.8%, which compares to Cheltenham at 10.1% [source: Cheltenham BID]. Despite the economic challenges facing retail businesses resulting from the pandemic, inflation and energy costs; Cheltenham's visitor economy has remained resilient with 1.75 million visits and almost £122million in visitor spend in 2021 [source: Cheltenham Visitor Economic Impact Assessment].

As part of the council's commitment to collaborative working and in partnership with Cheltenham BID, a review was jointly commissioned to look at ways to tackle challenges with town centre empty shops. This review was undertaken by nationally recognised retail expert Iain Nicholson of the Vacant Shops Academy, who is also a strategic development lead for the Institute of Place Management.

The Vacant Shops Academy report sets out a number of opportunities for maximising the use of space in the town centre, including a focus on promotion of vacant units, a review of the usage of upper floors, and an increase in residential opportunities. The purpose of this report is to share the findings of the

review, setting out the council's direction of travel to support the town centre and how the Vacant Shops Academy recommendations will be taken forward.

Recommendations: Cabinet notes that:

- 1. the findings of the review of vacant premises in five town centre streets: Cambray Place, The Strand, High Street, The Promenade and Montpellier.**
- 2. that the council will, in partnership with Cheltenham BID and with engagement from the Cheltenham Economic Advisory Board, develop an action plan to be presented back to Cabinet in September 2023 setting out how the recommendations will be delivered in partnership with local business organisations.**
- 3. the council will look to work proactively with other organisations and developers, as well as through its own powers and resources, to enable and support more town centre living in unused and underused spaces to provide much needed accommodation and increase footfall to the high street.**
- 4. the council, as local planning authority, will continue to apply national and local planning policies in dealing with the impact of structural changes in the high street, and can look to develop helpful future planning policies, including the promotion of conversion to residential uses to maximise brownfield development and increase efficiency in land use.**

1. Implications

1.1 Financial, Property and Asset implications

Any funding required for the action plan will come from an existing base budget for the Economic Advisory Board. There are no property implications resulting from the recommendations.

Signed off by: Gemma Bell, director of finance and assets (Deputy Section 151 Officer),
gemma.bell@cheltenham.gov.uk

1.2 Legal implications

Whilst there are no legal implications identified as a result of this report, it is likely that there will be when the council is considering how to implement the recommendations of the Vacant Shops Academy Report and officers should engage One Legal at an early stage.

Signed off by: One Legal legalservices@onelegal.org.uk

1.3 Environmental and climate change implications

The action plan will be assessed using the council's climate impact assessment tool and reviewed by the climate emergency programme officer. The purpose of this tool is to consider the wide range of possible impacts that a proposed project/policy could have on environmental and social criteria. Completing this assessment as early as possible will help shape the action plan by highlighting positive areas and areas

for improvement. Use of this tool will also help ensure projects identified as part of the action plan are meeting council commitments to climate as well as other council priorities.

Signed off by: Laura Tapping, climate emergency programme officer,
laura.tapping@cheltenham.gov.uk

1.4 Corporate Plan Priorities

This report contributes to the following Corporate Plan priorities (objectives 3 and 4):

- Increasing the number of affordable homes through our £180m housing investment plan
- Ensuring residents, communities and businesses benefit from Cheltenham's future growth and prosperity
- Carry out regeneration in the town centre to increase footfall to the high street and provide more affordable homes
- Enable development and regeneration opportunities to support more town centre living

1.5 Equality, Diversity and Inclusion Implications

An equality impact assessment will be undertaken when the action plan is created.

1.6 Performance management – monitoring and review

Following consultation and engagement with stakeholders, a SMART action plan will be created, which will set out what will be undertaken by who and when, and how success will be measured. The Vacant Shops Academy report and subsequent action plan will be subject to review by the council's overview and scrutiny committee upon request.

2 Background

- 2.1 The way in which people access town and city centres is constantly evolving. Town centres nationally have been faced with challenging numbers of vacancies for many years, with contributory factors including the proliferation of out of town shopping centres, expansion of online shopping, the viability of rents and investments, and – more recently – the Covid-19 lockdowns and the cost of living crisis. Vacant properties are cited by visitors as presenting a negative impression of a destination, they can be seen as a sign that a town centre is in decline and can encourage antisocial behaviour such as tagging or vandalism, all of which can lead to further vacancies exacerbating the problems.
- 2.2 Supporting the high street and increasing town centre living are key drivers set out in the council's Corporate Plan 2023-2027 - www.youtube.com/watch?v=zeWylGZqvFk. Delivery of the action plan identified in this report will contribute to the outcomes identified in the Corporate Plan.
- 2.3 According to the Department for Levelling Up, Homes and Communities (DLUHC), up to 172,000 commercial properties are empty across the UK and 8 in 10 of these have been vacant for more than two years. The national vacancy rate for High Street shops is currently an average of 13.8% [source: British Retail Consortium].

- 2.4 In many ways, Cheltenham bucks the trend. The town is visibly busy with footfall in January to May 2023 almost a third higher than footfall for the same period in 2022. Annually, the town benefits from hundreds of thousands of visitors to more than 30 major festivals and hundreds of smaller events, contributing to the ongoing sustainability of many high quality restaurants and retail experiences, both independent and nationally recognised. The local catchment area is broad and Cheltenham is the shopping and dining destination choice for many. Landlords and agents cite a high demand from incoming businesses for shop units in the town, particularly in key streets where the footfall is high and while there have been a small number of longer term vacancies, empty units in Cheltenham in the main experience active churn when users vacate.
- 2.5 Over the last few years Cheltenham has seen a range of names move into the town centre including Flight Club, Decathlon, Tivoli cinema, Danish retailer Søstre Grene, The Nook on Five, Little Dobbies, Mint Velvet, Jigsaw, and LK Bennett. This demonstrates the importance of helping to get the right mix of businesses which will serve to attract visitors and ensure Cheltenham continues to be the destination of choice for retail and leisure.
- 2.6 The council's continued and sustained focus on the cultural sector with annual contributions of c.£1.9million through grants and in-kind support, as well as membership and support for the Cheltenham Culture Board, contributes to the destination's appeal. The 2022 independent resident satisfaction survey found that while only 61% of residents were satisfied with the range of shops available, 88% were satisfied with the range of events in Cheltenham.
- 2.7 Through the work of the Marketing Cheltenham department within the Council, which acts as the town's destination marketing organisation and local lead for economic development and inward investment, the town is promoted regionally, nationally and internationally to potential visitors via a comprehensive programme of marketing campaigns. The team offers business support to all visitor economy businesses while providing promotional opportunities to member businesses via a commercial income generating service. In collaboration with Cheltenham BID, the Marketing Cheltenham team delivers a programme of events to support the economy of the town which in 2023 will include the Cheltenham Food + Drink Week as well as the launch of Christmas and the return of the popular Christmas Ice Rink. The team is also responsible for the management of the Growth Hub, a dedicated business support service for all businesses, developing the wider economy of the town and delivered in partnership by Workshop Cheltenham and GFirst LEP.
- 2.8 Cheltenham has many strengths, but of particular note is the culture of partnership working amongst stakeholders, many of whom share the same objective of seeking to improve and support the whole economy. Strong cultural, hospitality and leisure sectors in the town provide a solid foundation to support the town's retail sector which performs well against national averages but this must be continually monitored and measures put in place to ensure continued success.
- 2.9 It is important that the council and its partner organisations acknowledge both the opportunities and the challenges facing Cheltenham. There are a small number of commercial premises in the town centre which have been vacant for longer than one year, there are units which are more challenging to let, and some streets do not benefit from levels of footfall as high as others. As is the case across the country, a number of vacant shops in Cheltenham are also owned by out of town landlords, a number of which are offshore, and investors who prove difficult to contact or refuse to engage.
- 2.10 In response to these challenges, the council and Cheltenham BID jointly commissioned an independent agency, The Vacant Shops Academy, to conduct an audit of vacant units in Cambray

Place, The Strand, High Street, The Promenade, and Montpellier. The Vacant Shops Academy programme is separated into four phases, as follows:

1. Audit – count total and vacant ground level units in identified streets
2. Engage – work with local landlords and agents to understand the history of each vacant unit and ascertain their current status (i.e. whether there is currently any interest from prospective tenants)
3. Encourage – identify the barriers to finding tenants, seek to work with landlords to improve the look of vacant units, highlight particular challenges, make recommendations for action
4. Promote – highlight opportunities in the town centre

3 Audit Results

3.1 The initial audit in late summer 2022 identified 28 units out of a total of 200 (13.5%) as visibly vacant on the five streets surveyed. This is slightly better than the national average which stood at 13.8% and substantially better than many other places. It should be noted that this audit did not cover the entire town centre or wider district but the Cheltenham BID do collate vacancy data for their area and in the same period this was only 10.6%.

3.2 In conversations with landlords and agents between October and January, it was established that two-thirds of the units that had been identified as vacant during the audit had since been let or the landlords stated they were in the process of negotiation with prospective tenants. This highlights the resilience of the Cheltenham market.

3.3 The report in appendix 2, sets out a number of opportunities and ideas to help to address the challenge of long-term vacant units, as set out below. Full assessment of these ideas is underway and this will feed into the emerging action plan. We are clear that enabling a better mix of active uses will reinforce Cheltenham's position as a place to live, visit and invest. The recommendations in the report include:

- Identifying vacant units and opportunities for more effective town centre land use
- Undertaking audits of properties to monitor vacancy trends across the town centre
- Highlighting opportunities for alternative uses, in particular residential
- Assessing the risk rating for currently occupied retail units to identify future vacancies based on local intelligence or national news (e.g. chains entering administration)
- Identifying areas in the town centre which should be treated as unique zones in themselves and offered particular interventions, for example, the West End of the High Street which already has higher rates of residential, green space and other types of amenity
- Analysing data, trends, and assessing what businesses are missing from the town centre mix
- Creating a high street partnership working group

3.4 This activity will also enable the council to identify further opportunities for residential properties and encourage property owners to consider this as a preferable option to leaving all or part of their premises vacant (subject to location restrictions and planning requirements). This could include unused space above shops or other brownfield sites. The activity will also enable the council to carry out additional promotion of empty properties to highlight opportunities in the town to developers and incoming businesses.

3.5 Cheltenham's town centre retail offer is performing well but there are some challenges and key areas

which need additional focus. It should be noted that this report presents the situation at the time of writing, and the number of vacant units in the town centre is constantly changing. The continuing take-up of units can be seen to demonstrate that the council's activities, in line with the Corporate Plan priorities, are working and that by applying further focus we will continue to build resilience.

3.6 Following consideration of the report, it is recommended that a partnership action plan is presented to cabinet later this year, setting out the tasks, responsibilities, and a timeline for taking forward the opportunities set out by the Vacant Shops Academy audit and priorities of the council.

4 The role of planning in supporting high street regeneration

4.1 The council's Corporate Plan sets out its commitment to enabling an increase in town centre living to help increase footfall to the high street and provide much needed accommodation. This supports vibrancy, commerciality and enhanced 24/7 community living that brings many added benefits. The key for successful town centre living is to create good quality spaces that are attractive while contributing to the core functions of the town centre. An example of this, The Radley store on the Promenade, received planning permission in January 2020 for the upper floor to be converted to two apartments, with the exterior of this Grade II listed building remained unchanged as retail space on the ground level.

4.2 Successive Governments have attempted to ensure that High Streets receive support through legislation, planning policies and related actions. In 2013 the Government introduced a new Class O allowing conversion of offices in Class B1(a) to any number of dwellings. The size of building was not restricted but listed buildings excluded. The current version is within the Town and Country Planning (General Permitted Development) (England) Order 2015 and is subject to prior approval, which allows for assessments of transport and highway impacts, contamination risks, flooding risks, impact of noise and provision of adequate light.

4.3 In 2020 one major action was to revise the Use Classes Order (Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020) and create the new Class E – Commercial, Business and Service uses. This allows properties within this class to change their use without the need to apply for planning permission. For example, offices could be used as a shop, without the need to submit a planning application. Anything from a bank use to a bowling alley use lies within Class E. Some uses usually found within town centres such as pubs and bars, takeaways, cinemas, and live music venues are still controlled and require a permission. The flexibility provided by this approach was to support mixed and flexible high streets, and stimulate economic recovery.

4.4 In 2021 a change to the Town and Country Planning (General Permitted Development etc.) (England) (Amendment) Order 2021 made it possible to change the use of buildings in Class E, to residential (Class C3) subject to a prior approval process. This was to enable such premises to deliver additional new homes. As we look to review our statutory development plan we will look to strengthen the opportunities to enable regeneration and deliver an effective mix of uses across the town centre.

5 Action to date:

5.1 It is also important to recognise that the council has, and continues to take, an active role in supporting the town centre with notable examples including:

- 5.1.1 The council's planning enforcement team has started to identify specific interventions to improve the appearance of key properties (occupied and vacant) on the High Street utilising the tools available through the planning and planning enforcement process. The team are currently in the process of contacting a number of property owners to ask them to undertake specific works to improve the appearance of their properties. There are a number of options available to the council for any property owners who do not comply with this request with a final outcome potentially being prosecution.
- 5.1.2 Since the establishment of the Marketing Cheltenham team, the town has been promoted widely through brands including Visit Cheltenham, which in 2022 generated around 2 million page views of its flagship tourism website, as well as Meet in Cheltenham, which promotes Cheltenham and the Cotswolds as a destination for business events and conferences. Strong working relationships with key tourism partners including VisitEngland as well as various trade organisations has ensured that Cheltenham is included in national and international campaigns, increasing the town's profile and driving visitor numbers from a wide array of markets. This has also helped to cement Cheltenham as a destination of choice for 1,765,000 visitors in 2021, generating around £122 million in visitor spending.
- 5.1.3 The council is delivering a significant programme of regeneration to improve the town centre, support economic growth and create employment opportunities. The forthcoming Minster Exchange development, alongside recent investment in 232- 242 High Street, 254 High Street, 8 St George's Place will bring further regeneration in due course, increasing footfall to the town centre. Public realm work has already been completed on Minster Gardens and Clarence Fountain to create additional seating areas in the town centre and increase dwell time.
- 5.1.4 In partnership with the Cheltenham Trust, the newly refurbished Wilson Museum and Art Gallery helps attract visitors to the end of the high street and provides an important and popular attraction to the town centre.
- 5.1.5 Cheltenham's night-time economy continues to retain its Purple Flag accreditation. This demonstrates the local multi-agency partnership commitment to providing a safe and vibrant evening out. The council coordinates The Cheltenham Partnership, bringing together stakeholders to respond to the challenges and opportunities presented by the night-time economy. The partnership has been awarded the accolade every year since the first application in 2016, in recognition of the town's high quality and safe night-time economy. The Purple Flag accreditation scheme is a town and city centre award similar to the blue flag scheme for beaches and nationally recognised as a mark of quality.
- 5.1.6 During the pandemic, the council was one of the first, if not the first, councils in the UK to commence the payment of business grants and the planning department won the 'Planning Heroes in a Pandemic' award from the Royal Town Planning Institute for its support of the retail and hospitality sector.
- 5.1.7 In 2021 the council delivered the first Cheltenham Ice Rink, which welcomed a total of 43,563 skaters, making a significant contribution to Cheltenham's festive offering and providing a much needed boost to town centre footfall and trading after such a challenging period. Footfall exceeded even pre-pandemic levels, retailers reported record takings and council car parks were the busiest they have been for two years. We are also pleased to confirm the ice rink will be returning again later this year.

5.1.8 Officers across the council are developing or continuing to build on relationships with property professionals including landlords, agents and property owners in the town to understand challenges and future development plans. Councillor Wilkinson is speaking on this topic at the Gloucestershire Property Forum in September.

5.2 The work to support and enable long-term high street sustainability needs to continue and the recommendations from the Vacant Shops Academy Report provide the basis for more action.

6 Challenges

6.1 While the report makes a number of recommendations for actions that can be delivered locally, it is also important to highlight national and other constraints outside of local authority control, including:

6.1.1 A number of retail units in Cheltenham are owned by private equity companies or overseas landlords who don't respond to opportunities to engage with the council and other organisations. Such landlords are much less likely to be open to approaches about temporary or meanwhile use of vacant properties and are harder to reach when shopfront improvements are required.

6.1.2 National policy sets out that retail units which are listed do not incur an empty business rate charge. Councils including this one have previously contacted the Government to seek to address this imbalance as it provides no incentive for landlords to invest in such properties. Further lobbying could be carried out.

6.1.3 The Department for Levelling Up, Housing and Communities (DLUHC) is currently consulting on plans to introduce High Street Rental Auctions which, if implemented, could allow local authorities to take control of empty buildings, giving communities and local businesses the opportunity to bid for the chance to rent shops. This proposal would also see additional powers awarded to councils to fine property owners who allow their buildings to fall into disrepair. Further information will be available once the consultation period is concluded and any developments will be factored into the action plan.

6.1.4 Alongside the proposals from DLUHC referred to above, there are a number of other proposals for reforms to the planning system, including planning enforcement. The council will monitor these proposals to assess the impact on its abilities to undertake positive action to support the town centre.

7 Alternative options considered

7.1 An alternative is to not attempt intervention in the form of the measures outlined above. This is not the preferred option, because the council should be taking a more proactive approach in line with the Corporate Plan.

8 Consultation and feedback

8.1 The Vacant Shops Academy report was co-commissioned with Cheltenham BID, which will be joint lead on the delivery of the action plan. Officers will also work with the Cheltenham Economic Advisory Board and local business organisations such as the Chamber of Commerce, Federation of Small Business and other stakeholders to convert this report into an action plan.

8.2 It is recommended that a partnership action plan is presented back to Cabinet for approval in

September 2023.

9 Key risks

9.1 Highlighted in Appendix i. below.

Report author:

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Appendices:

- i. Risk Assessment
- ii. Vacant Shops Academy Report

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
	If Cabinet does not approve the recommendations, this jeopardises the proactive work programme to support the town centre and impacts the delivery of Corporate Plan priorities in this area.	Helen Mole	3	2	6	Reduce the risk.	Ensure the cabinet report provides all information required to make the decision. Respond to questions from Cabinet.	Helen Mole	Cabinet Meeting and follow up.
	Lack of engagement from partners	Helen Mole	4	1	4	Accept the risk.	Partners are already engaged and share mutual objectives. Continue relationship management and engagement.	Helen Mole	Ongoing
	Lack of engagement from developers	Helen Mole	4	3	12	Reduce the risk.	Continue engagement and ensure attendance at local property forums. Understand and highlight the opportunities.	Helen Mole. Planning department.	Ongoing.