

**STRATEGIC SITES DEVELOPMENT PROGRAMME
DARLINGTON TOWN CENTRE**

**Responsible Cabinet Member – Councillor Chris McEwan
Economy and Regeneration Portfolio**

**Responsible Director -
Ian Williams, Director of Economic Growth and Neighbourhood Services**

SUMMARY REPORT

Purpose of the Report

1. To provide an update to Members on emerging high-level thoughts and the future development of proposals that will encourage further investment on key strategic sites in Darlington Town Centre. This work compliments and supports the work and actions outlined in the Town Centre Footfall Strategy report agreed by Cabinet in July 2018.

Summary

2. Members may recall that in 2012 the Council set out its vision for Darlington Town Centre. Several objectives articulated in the vision have been or are in the process of being delivered. These successful outcomes have had a positive effect upon the vibrancy of the Town Centre and these outcomes are detailed in the main report.
3. However, the landscape of retail and commerce within town centres across the UK has changed markedly since the above report was agreed by members in 2012. Many towns and cities have seen a huge change in the make-up of their local high streets. Large scale closures of many prominent retail operators including BHS, Maplins and Toys R Us and the uncertainty surrounding high-profile retailers like House of Fraser and Debenhams has fundamentally changed many high streets. In addition, the changing business model of mainstays like Marks & Spencer and Mothercare has caused a degree of consternation across the country as the role of department stores as “anchors” for entire high streets and shopping centres is under real threat.
4. This threat to the country’s high streets has been acknowledged by Central Government which announced a £675m Future High Street Fund as part of the 2018 budget. Furthermore the Government commissioned Sir John Timpson to carry out a study and produce a report on how to support local areas in responding to the challenges the high street is facing. This report was published 20 December 2018. A link to the report is available at <https://www.gov.uk/government/publications/the-high-street-report>

5. Given these seismic changes in both the environment of the high street and changes in peoples shopping habits there is a need for all towns to develop plans that have business investment at their heart and are focused on transforming the place into a complete community hub incorporating health, housing, arts, education, entertainment, leisure, business/office space, as well as retail. Councils together with business and the communities needs to develop a compelling proposition both for residents, stakeholders and visitors, a proposition that embraces the heritage, culture and social context of the Town.
6. While Darlington Town Centre has experienced a number of shocks to its retail profile over the last few years the Town Centre continues to retain a high proportion of top national retailers and has a strong representation from independent retailers in certain parts of the Town. A recent report commissioned by the North East Chamber of Commerce - Town Centres: Planning for the Future (November 2018) and carried out by Litchfields identified Darlington as the highest ranked retail town in the Tees Valley and the 3rd highest retail centre in the North East behind Newcastle and the Metro Centre.
7. This report and proposed actions will set out geographical area where some targeted development would be beneficial and complement the holistic approach detailed in the Town Centre Footfall Strategy Report (July 2018) from which actions are being delivered in regard to improving the attractiveness of the Town Centre, increasing the variety of events and festivals and reducing the fear of crime and anti-social behaviour. An update on the impact of the Town Centre Footfall Strategy will be presented to a future Cabinet meeting.

Recommendations

8. It is recommended that:-
 - (a) That Members note the contents of the report.
 - (b) Support the ongoing position which officers are developing that will lead to further private sector development.
 - (c) Agree the key Town Centre development areas that are appropriate for consideration.
 - (i) Victorian Indoor Market
 - (ii) Skinnergate and the Yards and Wynds
 - (iii) Northgate
 - (iv) Crown Street
 - (d) Note that further reports will be brought back to future Cabinet meetings to update on progress.

Reasons

9. The recommendations are supported by the following reasons: -
 - (a) To ensure that the strategic sites detailed in the report are addressed to improve the attractiveness and vitality of the Town Centre.

- (b) Suitable alternative uses of sites are pursued to support the actions detailed in the Darlington Town Centre Footfall Strategy (2018).
- (c) To contribute to the further economic wellbeing and vitality of the Town Centre.

Ian Williams
Director of Economic Growth and Neighbourhood Services

Background Papers

No background papers were used in the preparation of this report

Mark Ladyman: Extension 6306

| | |
|--|--|
| S17 Crime and Disorder | This paper supports and complements the actions detailed in the Darlington Town Centre Footfall Strategy to reduce ASB in the Town Centre. |
| Health and Well Being | No direct impacts |
| Carbon Impact | No direct impacts |
| Diversity | No direct impacts |
| Wards Affected | All |
| Groups Affected | All |
| Budget and Policy Framework | This decision does not represent a change to the budget and policy framework. Any works highlighted in the report will be met through existing agreed budgets. |
| Key Decision | No |
| Urgent Decision | No |
| One Darlington: Perfectly Placed | The actions detailed in the report aim to improve the attractiveness of the Town Centre therefore directly impacting on Perfectly Placed. |
| Efficiency | The report aims to utilise the Councils and partner resources in a collective more efficient manner. |
| Impact on Looked After Children and Care Leavers | Does this report impact has no impact on Looked After Children or Care Leavers |

MAIN REPORT

Information and Analysis

The Development of Darlington Town Centre

10. In 2012 the Council agreed to the adoption of a Town Centre Regeneration Strategy for Darlington. The strategy aimed to achieve several key ambitions which included:
 - (a) The enhancement of the riverside environment at Feethams.

- (b) Car parking in the Feethams area to support the cinema and assist in the release of the remaining sites.
 - (c) Proposals to help improve business on Skinnergate and Duke Street.
 - (d) Attracting another department store to the Town Centre.
 - (e) Achieving office development in the Beaumont Street area.
11. Over the last six years there has been a several notable achievements relating to the above list of ambitions.
- (a) The delivery of the Feethams cinema and leisure site
 - (b) improvements to the public realm adjacent to the river Skerne
 - (c) the relocation of DfE to the Town Centre
 - (d) extensive refurbishment of The Hippodrome
 - (e) improved coach facilities
 - (f) improvements to bus stops and pedestrianisation areas of the Town
12. Other ambitions are currently in the process of being delivered which includes the delivery of office space in the Beaumont Street area and work with Market Assets Management is expected to lead to a planning application submission for improvements to the Indoor Market.
13. However, the dramatic change in fortunes for many retail operators means that the ambition to increase retail space and attract additional department stores to the Town is unlikely to be realised. It was impossible to predict that the delivery of Town Centre Regeneration Strategy would coincide with a period when so many high-profile retailers would fall into administration or undertake financial restructuring through Company Voluntary Arrangements (CVAs). Established household names are rapidly disappearing or downsizing resulting in store closures and putting thousands of jobs at risk. The dramatic structural changes to the retail industry that have occurred over the last six years, brought about by the convergence of changing consumer behaviour driven by technology, out of town shopping, unrest over the business rates system and the prevailing economic conditions together with other new and unforeseen factors like Brexit have exacerbated problems with a weaker pound and the subsequent pressure on retail prices.
14. It is important to note that this change in retail habits is not slowing but is increasing. Online shopping increased by 6-fold between 2007 and 2018. In 2000 online retailing accounted for less than 1% of retail sales while in August 2018 almost a fifth of all retail sales took place online. The Centre for Retail Research forecasts that this trend will continue and a further 27,000 shops from the 2012 levels will have closed in town centres by the end of 2018.

15. While Darlington Town Centre has experienced a number of shocks to its retail profile over the last few years notably the loss of BHS and Marks and Spencer and the uncertainty surrounding the future use of the House of Fraser store the Town Centre continues to contain a high proportion of top national retailers and has a strong representation from independent retailers in certain parts of the Town. A recent report commissioned by the North East Chamber of Commerce, - Town Centres: Planning for the Future (November 2018) and carried out by Litchfields identified Darlington as the highest ranked retail town in the Tees Valley and the 3rd highest retail centre in the North East behind Newcastle and the Metro Centre. This study re-confirms the conclusions of the Darlington Retail Study (WYG 2017):

“Our latest visit identifies some promising signs of vitality and viability within Darlington Town Centre. The proportion of comparison goods floor space remains above the national average and the Feethams scheme has significantly boosted the Town’s leisure services offer by providing an anchor cinema and high-quality restaurants. In addition, the Town Centre is subject to several emerging schemes that, if delivered, will further boost its vitality and viability.”

16. The fact that Darlington has a vibrant independent retail sector is a real positive attribute that many towns lack. The fact that the many of the independent retailers in the Imperial Quarter and other parts of the Town continue to survive and in many case thrive is a testament to their strong market position. This growing element of the retail market within the Town Centre can become a real ‘attractor’ not only for residents but for shoppers from further afield. Notwithstanding the obvious fact that a strong and vibrant independent retail sector is a valuable attribute to a town’s economy, it also enhances and promotes the social aspects of the local community and takes into consideration the local context of the community needs, their preferences and demands.
17. While Darlington Town Centre is in a comparatively healthy position the ongoing challenges to town centres cannot be denied or ignored therefore for Darlington to maintain and improve its position a number of interventions need to be adopted to enhance the durability and sustainability of the Town Centre.
18. Notable progress has been made in effectively engaging with stakeholders within the Town Centre through the establishment of the Town Centre Reference Group which is an important forum to gauge partners’ views on any forthcoming proposals for the Town Centre. It is crucial that this dialogue is maintained to ensure that any future early stage proposals can be challenged and commented upon prior to wider consultation, and commencement by the Council and any identified partners.

Making Darlington a Living and Working Town Centre

19. Darlington Town Centre is a key element of the economic, social and environmental fabric of the Town. It needs to be at the core of community and economic life, offering spaces in which to live, meet and interact, do business, and access facilities and services. The Council together with partners needs to take collective responsibility to help the Town Centre thrive sustainably, reinvent its function, and meet the needs of residents, businesses, and visitors.
20. Darlington, like many town centres, has several empty premises which do not contribute positivity to the image and vibrancy of the Town Centre. The Town

Centre needs to reinvent itself as a focal point not only for retail but for leisure, events, working and living. Putting it simply the Town Centre needs to contract its retail core and the Council together with partners needs to examine and pursue other uses for vacant land and buildings.

21. A new refreshed vision for key parts of the Town Centre needs to be established which:
 - (a) Develops and enhances Darlington's unique selling points.
 - (b) Establishes a richer understanding of the current and future demographic demands upon the Town Centre.
 - (c) Creates an accessible Town Centre for motorists, pedestrians and cyclists.
 - (d) Establishes new anchors within the Town that includes a revitalised, refurbished and reinvigorated trading environment in the Victorian Indoor Market.
 - (e) Invests in our heritage assets like the historic yards and wynds, utilising their charm, enhancing their physical attractiveness and by holding regular events and activities.
 - (f) Over time reduces the retail footprint of the Town, encouraging a more compact retail offering.
 - (g) Tackle empty shops and derelict pieces of land with appropriate, sustainable and high-quality uses including residential accommodation.
 - (h) Ensures any future developments of the Town Centre strategically fits and complements forthcoming investments into the Bank Top Train Station and the development of initiatives surrounding the Darlington 2025 programme of projects.
22. To deliver these objectives officers have commenced several high level early stage feasibility studies that looks at the improvement of the Victorian Indoor Market, changing the use of some prominent empty buildings and vacant land from previous retail into residential or mixed-use sites.

23. The key areas that are being examined include: -

Victorian Indoor Market

24. Darlington's Victorian Indoor Market is an important anchor for the Town Centre going forward. In terms of a unique proposition the market should and could act as an attractor for many people to come to the Town. However, this building is underperforming and is not fulfilling its potential. The Council has recognised the need for further investment and in 2017 entered a partnership agreement with Market Asset Management.
25. The reinvigoration of the Indoor Market is considered one of the key components of the future development of our Town Centre and should be viewed in terms of a

place of interest, distinctiveness, and diversity of a quality trading retail offer. The Indoor Market is viewed as a facility that should be a place where higher quality small independent retailers and food operators can operate. We want to create a higher quality, safer and more engaging environment that will attract workers, residents and families and be complimentary to our development of a growing evening economy.

26. A newly refurbished and refreshed Indoor Market is a key part of creating a unique and local offer which distinguishes Darlington Town Centre from other high street developments. The importance of Indoor Market to the local economy is well recognised by the Council. Despite current challenges the Indoor Market still enjoys some unique advantages. It is centrally-located and enjoys strong customer loyalty and it retains a sizeable fresh food offer but there is undoubtedly opportunity for significant improvement and growth which will add to its vitality and viability and make a more telling contribution to the Town's vibrancy.
27. The refurbishment programme will aim at providing a modern retailing space which will showcase our existing and potentially new independent businesses and create an environment to appeal to younger more affluent shoppers while retaining the varied retail choices currently used by customers. As part of the tenancy agreement Market Asset Management (MAM) are obliged to produce a redevelopment scheme for the Indoor Market. The initial proposals are currently being finalised with a planning application expected shortly and officers will work with Market Asset Management to ensure the proposals are both deliverable yet ambitious enough to really transform the facility.
28. If additional funding is required to meet these ambitions it is proposed that the redevelopment of the Indoor Market could form part of a forthcoming bid to the Government's Future High Street Fund. It is felt that such a bid would meet many of the requirements of the fund and transform a much-loved heritage building into a modern retail and leisure venue which would not only provide the retail offer to residents but act as a regional attraction for visitors.

Skinnergate

29. The Local Plan identifies the area as being within the Primary Shopping Area within the wider Town Centre Boundary. However, given that the patterns of retail use within the Town Centre are changing it is likely that the amount of retail frontage currently available will not be required for retail and this therefore provides an opportunity for other uses to be considered for several of the buildings along Skinnergate.
30. Officers are in the process of developing several proposals for the re-development of Skinnergate these include: -
 - (a) Re-use of buildings into mixed development use i.e. maintaining a degree of retail space but predominantly delivering additional residential homes which will assist in enhancing the visual attributes of Skinnergate and achieve a marked increase in vibrancy and footfall.

- (b) A review of the current accessibility to Skinnergate from Duke Street and High Row.
 - (c) General improvements to the physical appearance, public realm including the Yards and Wynds, which will include improve lighting and access together with appropriate animation which will make the areas more attractive as places to visit and participate in events.
31. If new investment is not coming into town centres from retail, then residential-led mixed-use development schemes offer one route to re-shape the Town Centre whilst at the same time providing an opportunity to accommodate more homes. Town centres, both in their core as well as in fringe areas, are accessible places suitable for accommodating residential development schemes. They are particularly suited to meeting the needs of both younger and older age groups. Consequently, increasing investment into the Town Centre will subsequently contribute to housing provision, economic growth and the evening economy.
32. However these types of developments will require a considerable amount of public intervention and in addition will need the support of willing and cooperative landowners. It is anticipated that the Governments' recently announced Future High Streets Fund together with possible funding from Tees Valley Combined Authority together with the Council's own investment will provide sources of funding to stimulate this regeneration and renewal programme.

Northgate

33. The closure of the Marks and Spencer store in 2018 was a substantial blow to the retail profile of Darlington Town Centre. The 25,000 square feet of retail space together with additional space on the higher levels of the building is in a prominent position at the North entrance of the Town Centre. While recent store openings adjacent to the building have assisted in the increasing consumer activity in this part of the Town partial derelict and empty properties opposite the empty store portray an unwelcoming vista to local shoppers and visitors when accessing the Town from this gateway.
34. Bearing in mind the overall aim of contracting the Town Centre, opportunities exist for residential use, better public realm and some mixed use such as convenience food shopping. The draft Local Plan has highlighted a lack of convenience food shopping in the Town Centre, and as the Council owns adjacent Commercial Street car park, it may be possible to identify mixed use developments that would fit that that scope.
35. It is acknowledged that these proposals represent a departure from the current land use however it is felt a sustainable and high-quality development incorporating some residential could would improve the visual amenity of the area and assist in the increase of footfall in the Town Centre particularly during the evening economy.

Crown Street

36. With the ongoing loss of traditional retail operations on the High Street the general direction is that retail needs to be replaced by other appropriate use including the commercial leisure operations such as cafes, bars, restaurants and hotels, health

and business accommodation or residential homes.

37. There is scope for the Crown Street area of the Town Centre to capitalise on this, redefining its function as a 'destination'. However, the majority of the land in the Crown Street area is in private sector ownership. Therefore, the role of the Council at this early stage is very much that of a facilitator. The Council needs to understand the long-term aspirations of the landowners and therefore officers have commenced engagement with the landowners to begin to establish a degree of clarity on what could be delivered.
38. This Council has already delivered successful leisure site at Feethams which has had wide ranging benefits to the Town. Within the Crown Street area of the Town there are several opportunities which will assist in either increasing the current leisure offer or provide an opportunity to deliver residential and mixed development sites. To facilitate this officers have commenced early examination of alternative use for various sites in the Crown Street area which could include: leisure, hospitality and residential.
39. Any future development in the Crown Street area will complement the Councils commitment to refurbish Crown Street Library which is likely to take place during 2019/20.
40. If successful the regeneration of this area would have wider positive implications on the performance of the Town Centre: residents and visitors will spend longer in the centre, undertake 'linked trips' between retail, leisure and other uses, and increase their dwell-time in the centre. The development of a strong commercial leisure offer can also help to increase footfall outside of retail hours, for example in early evenings.

Financial Considerations

41. Whilst this paper sets out thoughts on a future work programme, it is in reality a paper outlining a direction of travel. Financial interventions are not yet known and will depend on the type of scheme which is brought forward.
42. Some early stage feasibility work is being initiated and is funded through the Governments Estate Regeneration Fund and the Councils Advanced Design Fees budget. It is anticipated that additional Council funding will be required on schemes and bids to the Future High Street Fund and TVCA will follow in due course with individual cabinet reports coming forward as appropriate.

Consultation

43. Consultation and community engagement will take place as individual projects progress. The outcome of this engagement will form part of the reporting to future Cabinets and the Town Centre Reference Group.