

City Deal and Growth Deal Programme Board

Business Case Approval Form

Guidance Ref: <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

1. Project title and proposing organisation(s)

Friarsgate, Lichfield – Lichfield District Council

2. Decision date

June 2016

3. Decision summary: Recommendation etc.

To award £2.66 million of funding to the Friarsgate development scheme.

4. Is the decision exempt from being publically reported by the LEP (if so please specify the reasons why)

No

5. Options appraisal

Preamble

During November 2015 Development Securities Plc and Cathedral Group merged to form U+I, a property regeneration company that transforms undervalued parts of towns and cities into neighbourhoods and communities where people and enterprise can thrive. The Friarsgate scheme will be delivered by Development Securities (Lichfield) Limited who are a wholly owned subsidiary of U+I Group Plc. Lichfield District Council is the main landowner of the site and has entered into a Development Agreement with Development Securities (Lichfield) Ltd to deliver the development.

Proposal

The application concerns the redevelopment of a 3.1 hectare site which is located on the fringe of Lichfield's city centre. Friarsgate is a major mixed-use retail and leisure led regeneration scheme. In summary it comprises:

- **Retail:** 15,031 Sq.m flexible retail space (including a link to the existing Three Spires Shopping Centre) comprising 7-10 units to be occupied by food and beverage operators and up to 25 units to be occupied by retailers.
- **Leisure:** A 5-7 screen cinema with floorspace of 2,070 sq. m and a 579 sq.m gym.
- **Housing** – 93 residential units comprising 39 one and 43 two bedroom apartments and eleven three bedroom townhouses.

- **Car Parking** – circa 500 space contained within an undercroft car park and multi-storey car park over 5 floors.
- **Public realm** – Construction of ‘The Circle’ public realm at the heart of the development
- **Replacement Bus Interchange** – creation of a replacement bus interchange comprising 9 stands and a layover bay.
- **Highways Improvements** – including creation of new turning lanes, new pedestrian crossings and new SCOOT system in the strategic roads adjacent to and near to the site.
- **Demolition:** Removal of existing buildings out of character with the Conservation Area including the 1960s Police station, Birmingham road multi-storey car park, and Tempest Ford car garage and showroom.

Proposed Costs

The total proposed costs are detailed at section 5.4. It is currently estimated that the costs for the LEP funded elements would be approximately £5.485 million. However further detailed design is required for a number of the elements. The appointment of a contractor will determine the final costs.

Precis of Benefits

Improved environment – optimising physical, cultural and environmental assets

Development of this site will provide an opportunity to create an important gateway into the historic city of Lichfield, raising visitor numbers and supporting the tourist economy as well as providing increased leisure and retail provision for local communities.

The development will help provide new housing and this, combined with the new infrastructure which will in turn help to support the rapid growth in housing in Lichfield that is planned, will help meet the needs of this area and other local authorities within the SSLEP area via the Duty to Cooperate regime. Over 10,000 new houses are planned to be built within Lichfield District up to 2026 and this may increase if the District is required to take further housing numbers.

Improved infrastructure – improving physical connectivity

It is envisaged that the improvements to the local transport infrastructure that will be created as part of this scheme will positively affect both pedestrian and vehicular movement through Lichfield and drive economic prosperity for the city. Future developments including for housing and new commercial activity in the city will benefit from the improvements to the local transport infrastructures.

Boost to the Economy – growing the number of successful businesses

New Businesses

The completed scheme will provide the following retail and leisure facilities;

- Up to 25 new retail units
- Between 7-10 new restaurants
- 7 screen cinema
- 17,500sqft gym

The vast majority of businesses within the scheme will be new to the city and District,

Employment

It is envisaged that when completed and occupied the scheme will support the creation of around 660 full-time equivalent (FTE) jobs in Lichfield which, when the mix of potential full-time and part-time roles is taken into consideration, could lead to in the order of 1,000 total jobs created through the retail, food and drink, and leisure floor space.

This estimate of employment takes into consideration the likely relocation of two existing retailers in to new units within Friarsgate (Marks and Spencer and New Look), with the gross employment impacts of the proposed scheme adjusted accordingly (i.e. the transfer of existing employment at these stores). Apart from these two retailers, the developer is only in discussions with retail, food and drink, and leisure operators who currently have no presence within Lichfield. The vision for the proposed development is therefore to provide additional, modern floorspace within the city centre which will add to and complement the existing offer, rather than displace existing operators.

Economic Benefits to the city

It is estimated that the proposed development, once operational and occupied, would contribute approximately £156m of Gross Value Added (GVA) to Lichfield over the next 10 years (discounted to current prices at 3.5%).

In addition, by providing a higher quality city centre offer, in terms of the scale and breadth of retail, leisure and food and drink operators, as well as improved infrastructure and public realm, existing Lichfield shoppers are anticipated to spend more money in the city centre, as Lichfield is able to claw-back their spend from other locations. Analysis from FSP, retail analysts, also suggests that while footfall in the city centre will increase by around 4,000 shoppers, around 10% of these new shoppers in Lichfield do not come from within the GBSLEP and SSLEP areas.

An improved city centre offer will also play an important role in enabling tourists visiting the city to stay longer and provide greater opportunities for them to spend money in Lichfield.

Rationale for Public Sector Investment.

The redevelopment of this site represents a key regeneration project which will capitalise on the opportunities available to improve the environmental character of the area and ensure that this site contributes positively to the economic prosperity of Lichfield. This will cement Lichfield's position as a key strategic centre.

As established within the Lichfield Local Plan Strategy (LPS) 2015, whilst Lichfield is a prosperous area, there are many challenges ahead in delivering the Council's ambitious growth plans and ensuring that the housing and employment opportunities are suitably supported by the required infrastructure and services that it requires. This additional growth identified within the Lichfield LPS underscores the demand for additional housing, retail and leisure development within the city centre and demonstrates the environmental and social benefits of bringing forward this scheme now, which the Council, in conjunction with other key stakeholders, has been trying to deliver for more than 10 years. In addition, it is also likely that Lichfield, under its duty to cooperate with neighbouring districts, will be required to accommodate future housing growth to meet the needs from Birmingham

Whilst the economic climate has changed in recent years and the Friarsgate scheme is supported by the developer and the Council, and underpinned by commitment from future tenants and business operators, there are still viability issues. The viability issues for the proposed scheme are as a result of the amount of infrastructure works required to facilitate not only this scheme, but also other development sites within Lichfield. In effect, the

proposed development and its infrastructure works will be an important enabler of other development to come forward in the city in the short, medium and longer term.

Over the past 10 years, various schemes have been considered for the Friarsgate site and planning applications have been submitted. To date, none of these schemes have come forward due to one main factor, which is viability.

Previous schemes have been much larger in scale and massing along with the actual quantum of uses when compared against the current proposal. The revised scheme now reflects the level of retail demand reflecting the size and scale of Lichfield as the change in retailing habits (i.e. multi-channel retailing - click and collect, internet shopping etc). Therefore it is considered that the current scheme is of a scale that is better suited to Lichfield, although as a result of this the scheme is only viable with the support of grant funding.

The budget costs for the 'public' elements of the work are indicated in the Business Case and total circa £5.485m (subject to the final scope of the works undertaken). The grant funding is hugely important to the deliverability of this scheme and will be utilised for the areas noted at section 6 of this business case, thus ensuring a high quality scheme is delivered which will provide a lasting legacy to Lichfield and the surrounding areas.

The city of Lichfield needs to retain and enhance its vibrancy and vitality for both current and future generations, given the demands that they will place upon the city centre functions and infrastructure. The boost to Lichfield's economy, improved infrastructure and optimisation of the physical environment in this historic city provides the rationale for public sector investment into the scheme.

Scheme Description

The Friarsgate scheme has been a long standing ambition of Lichfield District Council to regenerate a failing area of the city centre in order to provide the only large site for development within the constrained city centre of Lichfield. The scheme will comprise retail and leisure uses (including a cinema), a new car park, a new bus station, residential properties, improvements to the local highways and infrastructure and new areas of public realm.

The table below outlines the current proposal against the previous planning applications for the developments site;

Scheme Composition	Original Planning Approval (2006)	Last planning approved scheme (minor amendment) (2011)	Public Consultation scheme (July 2015)	Planning Application scheme (Nov 2015)
Retail / restaurant / Leisure	27,246 sqm	26,149 sqm	14,472 sqm	15,156 sqm
Cinema	1 (2,407 sqm)	1 (2,450 sqm)	1 (1,897 sqm)	1 (2,070 sqm)
Car park	687 spaces	685 spaces	505 spaces	Circa 500 spaces
Hotel	1 (83 beds)	1 (81 beds)	0	0
Shop Mobility Unit	1	1	1	1

New bus station	1	1	1	1
Offices	483 sqm	456 sqm	N/A	N/A
Residential Dwellings	56	52	95	93
Total commercial floor space	30,136 sqm	29,055 sqm	16,369 sqm	17,226 sqm
Total residential	3,869 sqm	4,898 sqm	7,681 sqm	7,564 sqm
Total overall development	34,005 sqm	33,953 sqm	24,050 sqm	24,790 sqm

The work to be undertake that requires public funding is detailed below.

Infrastructure Required	Description	Forecasted Cost
New bus interchange	A proposed new bus interchange to replace the existing aged bus station. This facility will be modern, safe, well-lit and provide an attractive environment for bus companies and customers alike	£715,000
Introduction of SCOOT	The SCOOT system will link the traffic light controlled junctions throughout the Birmingham Road artery to allow for free-flow of traffic movements resulting in fewer tailbacks at peak times	Included within the total road infrastructure cost of £1.76m
Provision of new turning lane	A new right hand turning lane to be provided on Birmingham Road to allow ease of access into the new car park	Included within the total road infrastructure cost of £1.76m
New pedestrian crossing	A new pedestrian crossing is to be introduced at the St John Street/Birmingham Road junction to allow for improved pedestrian flows into and around the site.	Included within the total road infrastructure cost of £1.76m
Public realm works – part of Friarsgate internal area	New public realm will be created within the Friarsgate scheme. Proposals for this include new tree and shrub planting, new seating and a new area of public open space located adjacent to the cinema and restaurants.	£2.01 million
Cycle routes and cycle parking	As part of the scheme the existing cycle route adjacent to the site will be upgraded	Included within the total road infrastructure cost of £1.76m

	and enhanced and provision for at least 85 secure cycle parking spaces for the scheme will be included as part of the main scheme, plus additional spaces off-site.	
Offsite coach parking	Currently the main coach parking for the city is located within the existing bus station. In order to ensure the free-flow of vehicles within the new bus station, coach parking will be provided elsewhere in the city. A site has been identified utilising part of an existing surface car park and negotiations with the landowner are positive in this respect.	A budget of £150,000 has been allocated for these works within the latest construction costs (see below)
	SUB -TOTAL	£4,635,000
Items outside of site but to be delivered as part of scheme (to be delivered by developer or council):		
Public Realm works – external to Friarsgate (Castle Dyke, Frog Lane & Railway Station forecourt)	As part of the development of Friarsgate it is proposed to include street scene improvements in the immediate surrounding area. This includes environmental enhancements to Castle Dyke and Frog Lane and enhancement to the railway station forecourt to ensure a positive approach to the scheme and to the city centre as a whole.	(Castle Dyke & Frog Lane improvements already have Council capital funding in place of £500k) – Total cost anticipated up to £1 million (specification to determine this) Note – these works are NOT included within the current scope and as such all associated costs are excluded from the construction figures shown in Section 10. (additional £500,000 allowed for)
Offsite coach parking	Currently the main coach parking for the city is located within the existing bus station. In order to ensure the free-flow of vehicles within the new bus station, coach parking will be provided elsewhere in the city. A site has been identified utilising part of an existing surface car park and negotiations with the landowner are positive in this respect.	A budget of £150,000 has been allocated in the cost plan for these works within the latest construction costs, although it is anticipated that these works may cost in the region of c £500,000 subject to the final scope being agreed (additional £350,000 allowed for)
	SUB TOTAL	850,000
	TOTAL COST	5,485,000

The new bus interchange is an integral part of the Friarsgate scheme and was a key requirement of the Council's development brief for the site. The new interchange will include additional capacity than that currently provided to cater for future public transport growth. It also benefits from significant public realm improvements, safety features such as LED lighting and CCTV and shelters etc. for passenger use.

The proposed highways improvements consist of the introduction of a SCOOT system into the local highway network. This 'linking up' of the junctions will reduce congestion on the key route A5127 Birmingham Road through Lichfield. The other changes to the highway include the provision of a new right hand turning lane into the new car park and the new provision of a pedestrian crossing on St. John Street to allow for better pedestrian flows in and out of the city.

Off-site public realm works include proposals to improve the Railway station frontage which is something that Historic England have recommended via consultation with them. In addition, this was also highlighted within the 'Lichfield City Centre Development Strategy' (2015) (draft). Discussions will now take place with Network Rail and London Midland with the view to finding a preferred option for these works by Q3 2016.

Additional off site public realm works include a scheme to provide environmental enhancements to Castle Dyke and Frog Lane, improving the scope for more safer and improved pedestrian links into the main city centre.

Off-site coach parking proposals also form part of the works to be undertaken. A site has been chosen within the city centre that serves the needs of coach travellers. The tourism economy is extremely important to Lichfield, however it is noted from the recently published 'City Centre Development Strategy' (2015) (draft) that despite receiving over 2.5 million visitors per year which supports over 2,300 jobs in the city, Lichfield falls behind most comparable cathedral cities in the number of overnight stays and is much less well known. The City Centre Development Strategy sets out that coach trips are a key target for growth and that *'the development of the coach market is particularly important in historic cities, reducing the traffic impact of the equivalent number of cars'*. Therefore, a welcoming area for coach party arrivals is required within the city centre. A site has been identified by the District Council and negotiations with the landowner are ongoing, with a view to completion of a lease in Q3 2016. The provision of this new coach park is integral to the success of the scheme, given visitors the options to stay longer, as well as the city as a whole.

New and improved cycle routes and 85 cycle spaces within the Friarsgate site are also to be provided as part of the proposed development. Additional cycle parking could also be provided as part of the off-site public realm works.

Lichfield District Council are the main landowners of the development site. However, there are some parcels of land not in the Council's ownership, these being the Police Station and a small part of the adjacent retail scheme owned by the Railway Pension Nominees. Negotiations are progressing well regarding the acquisition of these areas, with heads of terms agreed with the Police Authority. It is noted that the need for any Compulsory Purchase Order(s) is not envisaged due to the positive progress with the corresponding parties.

The Police Station are relocating to another site on the edge of Lichfield for which planning has been approved. It is envisaged that the existing 2 No. small retail units on the site will also relocate to new premises within Lichfield.

Alternative Options

The redevelopment of the site has been a long-standing commitment of Lichfield District Council as it is the only large site within the city centre capable of redevelopment of size that will have an immediate positive impact on the city, whilst providing key public infrastructure including the new bus station and highways improvements.

Careful consideration has been taken in designing the latest scheme both from an architectural and commercial perspective. The scheme is much smaller in scale, massing and quantum of retail / leisure when compared against the previous consented schemes (refer to table in Section 6A). The scale and mix of the scheme now reflects current market demand. The retail element is reduced based upon the fact that over the last decade shopping trends have changed with the increase in internet based shopping. The scheme now includes a greater proportion of leisure which is seen as a key to town centre developments as it increases the range and mix of uses as well as dwell time.

The planning application was submitted in early December 2015 and followed an extensive and well attended public consultation held in the summer of 2015. The key matters raised by residents of both Lichfield and surrounding areas have been incorporated into the revised design for Friarsgate which was presented to MADE, an independent design review panel of leading architects and industry experts. Further design improvements were made based upon the panel's comments and the final planning submission also gave full consideration to comments raised during the consultation period.

However, set out below are the alternative options that were considered and the reasons as to why they have been discounted and the preferred option has progressed.

Larger scheme

Previous proposals for this site were for a much larger scheme encompassing 26,149 sq. m of commercial floorspace (retail and restaurants), a 685 space car park, 52 residential apartments, office space, a bus station and a cinema. The total overall floorspace of this proposal was 29,055 sq. m. Planning consent for this scheme was granted in 2011, following several changes to the plans granted planning permission in 2006. Neither of these schemes became viable. The Council's commercial property advisors, Cushman & Wakefield, reported to the Council that in their experience, similar changes both to the overall scale and the balance of retail/leisure uses with an increase in residential content have occurred in a significant number of other town centre schemes. They have also advised that outside the south east, the increase in residential content is invariably more common place in historic towns and cities such as Lichfield, where heritage buildings and attractive settings help increase the appeal of town centre living.

It is therefore the case that it has been shown that a larger scheme, with planning permission in place, is still unviable due to the lack of appetite from the investment market for that type of scheme, with smaller schemes, with a higher residential content, now attracting more potential for investment.

Smaller scheme

Alternative options with less retail and leisure floorspace have also been considered, as under the Development Agreement with the Council, Development Securities (Lichfield) Limited have the ability to deliver a phased scheme with the standalone building (known as Block E) being the second phase. A separate appraisal based upon this scenario has been prepared which shows a further erosion on the percentage return, thus making that particular option less viable than the full scheme i.e. phases 1 and 2 combined. In conclusion, the current proposed

scheme (phases 1 and 2 combined) is the optimum solution for the development site from both a scale / massing and commercial perspective.

Moreover, in order to achieve a critical mass to allow for both a 'step-change' in Lichfield's commercial activity and economic needs of the city and to achieve the 'critical mass' needed to ensure the viability of the scheme, it is considered that a significantly smaller scheme could not be delivered.

No scheme

If the Council were to do nothing the site would remain as it is. This would mean a continuing poor experience of public transport facilities in the city, no improved connectivity via highways improvements and no regeneration of Lichfield city centre.

The lack of facilities in Lichfield city centre and the growth of Lichfield as a city means that new shops and leisure floorspace is required. The positive socio-economic impacts of the development is examined elsewhere in this document, by not providing this scheme and having no opportunity elsewhere in the city to deliver a scheme of this size, these positive impacts on the lives of residents and visitors will not take place.

Moreover, by not building the new public infrastructure that this scheme will provide, future developments within the city centre could be jeopardised. The Lichfield District Local Plan Strategy (2008-2029) sets out that 36,000 sq m of new retail floorspace will be provided within Lichfield city centre by 2029. This means that an additional 21,528 sq m over and above that being provided at Friarsgate is required. This vast increase of city centre retail will need to be supported through public investment in new infrastructure such as a new bus station and highways improvements and these will only come about as part of the Friarsgate development. Without the investment now in the Friarsgate scheme the whole development strategy for Lichfield city centre will be undermined.

The bus station is currently owned and managed by the Council. This will also be the case with the new bus station. If the Council were to do the minimum amount of work required there may be marginal improvements to the existing bus station but this would only involve superficial improvement which would not lead to the sustained step change in offer which the City needs. The Council is not able to generate the scale of capital funding needed for a new bus facility and so the proposed investment sits within the plan set out here to the LEP. The bus operators are not responsible for the upkeep or management of the bus station, nor will they be in future.

In addition, if the scheme was not to progress a further issue is the current structural condition of the existing multi-storey car park. Repair work was undertaken on the structure in 2010, however this only extended its life for a short period. It is considered that, long-term, a car park is required in this location and the council would need to make financial provision to fund repair works or build a new car park to ensure adequate parking for the existing and future needs of the city.

Expected benefits/Outcomes

Regeneris Consulting was appointed to assess the potential socio-economic benefits that the Friarsgate scheme could bring to **Lichfield** as part of an earlier public consultation exercise. This includes the employment associated with the construction of Friarsgate, the jobs supported through the commercial floorspace, and the GVA (gross value added) arising from the development. It also includes an assessment of the resident population that the 93 dwellings could accommodate.

Upon completion, Friarsgate will provide an additional 17,200 sqm of retail, food and drink, and leisure space with Lichfield city centre, greatly enhancing and diversifying the retail and leisure offer, within Lichfield city centre with good transport links to Lichfield City railway station and the city centre bus terminal. In addition, Friarsgate will deliver 93 new homes for the district in a well located and sustainable and well connected location in the heart of the city centre.

Based on the developer's proposed housing mix, the housing development could be home to approximately 320 new residents. Given the likely appeal of these types of properties to younger professionals, the outputs from the Regeneris housing impact model show that the new dwellings could accommodate around 170-175 new economically active residents, of whom between 65 and 70 of whom would be employed in higher managerial and professional occupations. These households in the city centre will be of particular benefit to the city centre's labour supply, as well as helping to create a more vibrant day and evening city centre as householders will use the city centre services spending their disposable income. Annually the household expenditure injection to the Lichfield economy would be in the region of £0.7m per annum. This expenditure will support employment in the city centre and across the district.

The potential economic impacts from the Friarsgate development have been calculated in both jobs and GVA terms for each elements. Note – the following impacts are presented at a Lichfield District level.

Jobs

- **Construction:** the scheme will support a significant number of temporary construction jobs over the duration of the build period. This will be a mix of jobs on site, but also in the construction supply chain locally, regionally and nationally. Based upon total construction costs estimated by Rider Levett Bucknall, Regeneris Consulting has used the latest 2015 HCA guidance (*Calculating Costs per Job: Best Practice Note*) to estimate the likely construction jobs arising from the development. The construction phase of the scheme has the potential to support approximately 860 person-years of employment. Over an estimated two year build period, the scheme could support up to 430 temporary construction jobs each year. This employment would include jobs on the site itself and in businesses supplying goods and materials to the site.
- **Retail & Leisure:** Regeneris also estimated the potential scale of employment associated with the commercial development. This is predominantly retail space, with some restaurant and leisure space, incorporating a cinema. Using the HCA's employment density guidance (*Employment Densities Guide: 2nd Edition (2010)*), Regeneris has estimated that the commercial floorspace could support around 1,000 jobs (or 660 FTE jobs) in Lichfield once fully completed and occupied.

The employment estimate takes into consideration the likely relocation of two existing retailers who have expressed an interest in new units within Friarsgate (Marks and Spencer and New Look), with the employment impacts of the proposed scheme adjusted accordingly (i.e. the transference of existing employment at these stores). Apart from these two retailers, the developer is only in discussions with retail, food and drink, and leisure operators who currently have no presence within Lichfield. The vision for the proposed development is therefore to provide additional, modern floorspace within the city centre which will add to and complement the existing offer, rather than displace existing operators' sales.

The 2015 FSP retail assessment identifies that Lichfield has a significant 'trading gap' of around £55m for a city of its size. FSP estimate that the proposed development will help to close around 80% of this gap (£46m). However, their analysis shows that there is potential for existing retailers to grow their sales further to contribute towards closing this trading gap, as well as for future new retail development to also contribute to this.

Taking these points into consideration, it is considered that there is substantial scope for the city centre to grow without leading to any significant displacement effects within the city centre. The assessment of employment and GVA impacts at the Lichfield level reflects this position.

Gross Value Added (GVA)

- **Construction:** GVA associated with the construction of Friarsgate is estimated to be £18.0m. The GVA estimate is calculated using Regeneris's input-output tables to apply a GVA co-efficient for the construction industry to the total construction cost. This GVA is temporary and will only persist over the duration of the build period.
- **Retail & Leisure:** The GVA estimate for the retail, food and drink, and leisure components of the proposed development is based upon using an appropriate GVA per FTE job multiplier for the key uses within the Friarsgate scheme. These were estimated by Regeneris using data from ONS's Annual Business Survey (ABS). For the food and drink sector £25,000 GVA per FTE job was applied, for the retail sector £32,400 GVA per FTE job was applied, and for the cinema/leisure sector £26,000 of GVA per FTE job was applied. Based upon Regeneris's estimates of total FTE employment and these GVA per FTE job benchmarks, it is estimated that the commercial development will generate around £20.5m in GVA annually. This is also a permanent effect arising from the development. However, this effect will not persist in perpetuity.

The cumulative GVA arising from the proposed development in Lichfield, from the commencement of employment on site in 2019 (developer and agents assume 80% of units will be occupied by 2019 and 100% by 2020), and applying a 10 year persistence effect from 2019 onwards (HCA, 2015 Additionality Guide, citing BIS, 2009 IEF+ guidance for 'place making' activities, 'public realm' and 'bringing land back into use'), and assuming a 3.5% discount rate, would be of the order of £156m.

Transport, Access and Environment

The Friarsgate scheme's transport components will further help visitors, tourists and local people to better navigate their way around the city centre by:

- Providing a new bus station with additional capacity which can accommodate more travellers in a more customer friendly, safe and welcoming environment. The new bus station is key to encouraging a modal shift away from the high car dependency that currently exists within Lichfield District.
- Undertaking highway improvements along Birmingham Road, the main highway between Lichfield and Birmingham to ensure traffic flows are improved and access through and around the city is enhanced. This, along with the provision of the committed Lichfield Southern bypass, will ease congestion in the city centre and allow

for more free-flowing traffic. These improvements will benefit not only the Friarsgate development but other developments within and around the city (proposed Bird Street car park redevelopment and the redevelopment of other areas of the city centre, including the Lombard Street/former Kwiksave area). The Local Plan Strategy allows for an additional 6,000 m² of new retail floorspace in addition to that being delivered at Friarsgate which the proposed highway improvements will help unlock.

- Increasing the amount of high quality parking in the city centre by replacing the existing dilapidated and unattractive multi-storey car park and bus station car park with a new 505 space car park as part of the new development. The car park will also be constructed to allow for the future installation of electric charging points.
- Improving the permeability of the city centre with particular attention to the links between Lichfield City railway station and the city centre. The new development will provide a direct link between the city centre and the railway station and also drastically improve the public realm between the two areas. This and the proposed improvements to Lichfield Trent Valley station will enhance accessibility of the cross city and west coast main lines and will therefore support existing and increased future demand. The Lichfield District Local Plan Strategy also encourages the re-opening of a passenger rail line to Burton on Trent and the delivery of a new station at Alrewas and the Black Country Core Strategy cites the re-opening of the Lichfield-Walsall railway line, all of which would directly link to Lichfield City station. By doing this it is considered that travel to the city by rail would increase significantly.
- Improving cycling links within the city. The new development will improve cycle connectivity in the city by providing for new safe and secure cycle parking within the development. There is currently no cycle parking in the vicinity of the site and very little throughout the city centre and therefore there is significant need for new cycle parking. In addition, the development will make provision for the improvement to existing cycleways in the vicinity of the site. Further design work will inform this requirement and the potential for the creation of additional cycleways within the vicinity of the site.

Note: A full WebTAG appraisal of the economic costs and benefits of the transport components of the scheme has not been undertaken by WYG. A qualitative assessment undertaken by WYG has been included below:

	<i>Tick one box for each row only</i>						
	<i>Large / High Beneficial</i>	<i>Moderate Beneficial</i>	<i>Slight Beneficial</i>	<i>Neutral</i>	<i>Slight Adverse</i>	<i>Moderate Adverse</i>	<i>Large / High Adverse</i>
Economic	<i>(Note: VfM: Low = 0 > 1.4, Medium 1.5 > 2.0, High 2.0+)</i>						
<i>Transport Economic Efficiency (VfM)</i>			✓				
<i>Reliability</i>			✓				
<i>Wider Economic Benefits</i>	✓						
Environment							
<i>Noise</i>				✓			
<i>Local Air Quality</i>					✓		
<i>Greenhouse Gasses</i>				✓			

Landscape / Townscape	✓						
Heritage			✓				
Biodiversity				✓			
Water Environment				✓			
Social							
Physical Fitness			✓				
Journey Quality		✓					
Accidents			✓				
Security			✓				
Access to Services			✓				
Affordability				✓			
Severance			✓				
Option Values				✓			

Economy	<ul style="list-style-type: none"> • Introduction of SCOOT will result in slight reductions in travel times and travel time variability • Scheme will result in significant increases in GVA and job creation
Environment	<ul style="list-style-type: none"> • The scheme incorporates significant improvements to the public realm • There will be minor reductions in local air quality due to additional traffic
Social	<ul style="list-style-type: none"> • Journey quality will be significantly improved, particularly due to the new bus station and cycling facilities • The scheme is designed to encourage pedestrian, cycling and bus transport with resulting benefits against a range of criteria

Overall Aim

The overall ambition of the Friarsgate proposals is to provide a critical boost to the retail and leisure offer of Lichfield city centre, as well as provide a step change in its attractiveness to residents, visitors and investors. The proposed development represents an integrated package designed to attract more visitors, boost local spending through attracting and 'clawing back' Lichfield's shoppers, and to improve the vitality and vibrancy of the city centre through the range of amenities on offer and through the delivery of city centre housing. The proposed development will be critical to repositioning and shaping Lichfield as an important sub-regional centre, with a modern and varied retail and leisure offer.

The proposals to improve and grow the city centre, alongside transport and public realm/environmental improvements will also be a critical platform to future proof the city centre to accommodate the forecast housing and population growth in the district. Approximately 2,775 new dwellings are proposed in and around Lichfield City up to 2028 including at strategic development allocations to the south of the city (approx. 450 dwellings) and to the east of the city (750 dwellings). It is also expected that there will be further housing growth to

accommodate in the future, given Lichfield’s duty to cooperate with Birmingham which is currently preparing its Local Plan and will require neighbouring authorities to assist it in meeting its housing growth targets.

The need for the investment to proceed is further highlighted in the FSP retail analysis. FSP estimated that the Friarsgate development will lead to an increase in customer footfall and consumer spend in Lichfield. This has been considered on the basis of an optimistic scenario, a realistic scenario and a ‘do nothing’ option. On the basis of the optimistic scenario, the shopping population will increase from 34,800 to 38,900 (12% or 4,000) and estimated turnover will rise from £52m to £98m (88%). Under the realistic scenario, the shopping population will rise by 7% to 37,400 and estimated turnover will increase to £93m (79%). However, under the ‘do nothing’ approach, estimated turnover will fall to £48m (-8%) and the shopping population will decrease to 33,400.

In short, the proposed development represents the **best opportunity** to transform Lichfield city centre and arrest a forecast decline in customer footfall and revenue within the Lichfield local area if the status quo remains.

5.1. Strategic case

This project is concerned with the regeneration of Lichfield city centre to provide a sustainable city for people to live, work and visit. The development will help to strengthen the appeal of the city and position Lichfield within the West Midlands as a major destination with excellent facilities.

The development of the Friarsgate scheme is a long-standing ambition of the District Council as it is envisaged that it will help promote Lichfield as a strategic centre by improving its range of shopping, leisure and tourist facilities. This is set out in the Lichfield District Local Plan Strategy 2015 where it is stated “*The main focus for development within the city centre, Friarsgate, will provide a retail-led mixed use scheme, including new leisure and tourism facilities. This will reinforce and build upon the city’s existing strengths, whilst providing a development of a size which will enhance Lichfield city’s status as a strategic centre*”.

In addition to this, other local policy includes the draft Lichfield City Centre Development Strategy 2016-2020 sets out that an attractive new gateway to the city should be provided at Friarsgate. This is to fit with the objective to create an attractive, multi-faceted yet coherent city centre which encourages visitors to linger and explore.

The scope of the project has widened and contracted over the 10 year period that the proposals have been developed. The existing proposal is considered to be the optimal choice for the site, giving Lichfield city centre the development and infrastructure that the growing city requires, whilst not being of a size that will have a negative impact on the rest of the city centre nor on the historic nature of the city.

Fit with Local Policy

<p>Local Transport Plan</p>	<ul style="list-style-type: none"> The Local Plan for Staffordshire has within it specific plans and policies aimed at enhancing transport infrastructure and services serving Lichfield District and its two main urban areas, providing for convenient means of travel by different modes.
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	<ul style="list-style-type: none"> • Whilst the Friarsgate scheme would result in the loss of the existing bus station in Lichfield City (as this lies within the footprint of the re-development project) a replacement bus facility is provided for in the scheme. • The plans for the bus facility also look at better integrating bus and rail services given the proximity of the Friarsgate site to Lichfield City Station. • In addition to this as a consequence of the project there will be improvements to the Birmingham Road corridor which should deliver better traffic flow and address safety concerns.
<p>SSLEP Strategic Economic Plan (SEP) (2014)</p>	<ul style="list-style-type: none"> • Lichfield is identified as a strategic centre within the SEP. Business and housing growth in these centres is cited to underpin economic success. • Lichfield is cited to have some highways congestion and the priority of the southern bypass is seen as a key upgrade to the highway network in the vicinity. • Key action areas for strategic centres such as Lichfield include enhanced transport links, including sustainable transport investments linking strategic transport routes and residents to key centres, public realm and network investment, investment into new office and retail schemes and schemes which promote and enhance the cultural and leisure offer • Further action areas are for city living accommodation and for heritage led regeneration. • In addition the SEP gives details to maximise the potential of Local Authority Assets including using land and assets for town centre development in Lichfield.
<p>UDP/Local Plan/Core Strategy</p>	<ul style="list-style-type: none"> • The Lichfield District Local Plan Strategy was formally adopted in February 2015. It sets out a long term development strategy for the district up to 2029. • The Strategy is based around growing and developing its two key urban centres and a number of key settlements which act as hubs for employment, services and facilities serving resident populations and wider hinterlands. • Lichfield City is of strategic significance and a major source of housing and jobs for local people as well as being an important destination for visitors attracted to its heritage, culture and art. An important objective is to consolidate and where possible strengthen Lichfield city's role serving southern Staffordshire and beyond as a location for a range of services, facilities and

	<p>employment opportunities. This includes continuing to invest in the city centre, improve the public realm and respond to changing customer needs in terms of accessing leisure, recreational and shopping opportunities. The Friarsgate scheme is intended to do just that by enhancing the existing offer for residents and visitors to Lichfield and further encourage new investment in a wider range of services and facilities.</p> <ul style="list-style-type: none"> • The Local Plan Strategy also sets out that between 2008 and 2029 Lichfield District will make provision for the delivery of at least 10,030 new homes. These include new homes to meet the needs of Tamworth Borough and Cannock Chase Council. Of these 3,912 will be within Lichfield city. Additional facilities and infrastructure within the city centre, to ensure these homes have the services they need locally, is therefore required and this will be provided by the Friarsgate scheme.
<p>Lichfield City Centre Development Strategy (draft)</p>	<ul style="list-style-type: none"> • The District Council has formed a City Centre Development Partnership with other organisations in the city, including the Cathedral, City Council, South Staffs College, Chamber of Trade and the BID to develop a strategy for the development of the city centre. It is considered that by working together as a group, synergies can be formed through this partnership working, allowing for improvements to the city centre to be delivered in a coherent and positive way. Whilst the strategy is yet to be published it is understood that it will place great emphasis and focus on the commercial activities in the city and works that can be done to improve the accessibility to these activities. It will recommend highways improvements, the development of key sites in Lichfield, including Friarsgate, and improvements to public transport, including for the provision of a new bus station.
<p>Lichfield BID</p>	<ul style="list-style-type: none"> • The Lichfield BID was inaugurated on 1st October 2015. The BID plan includes for over £1 million of investment in the city over 5 years. This includes initiatives such as free Wi-Fi, free parking offers, public realm improvements and additional marketing and promotion for the city. Friarsgate will fall within the BID area and will therefore contribute to the initiatives of the BID. The BID is supportive of the Friarsgate development.

5.2. Economic case

The economic case considers the value for money for both the SSSLEP and GBSLEP from investing £5m of public sector funding in to the Friarsgate development scheme to bridge the viability gap and to ensure that the proposed transformation of Lichfield city centre happens. Without this funding the scheme will not be viable.

Typically, for a project of this nature, the economic case considers the monetised costs and benefits the proposed scheme and what the public sector grant funding is being used to fund i.e. the identified transport and infrastructure costs. However, while the transport elements of the scheme will bring some economic benefits, in the case of this scheme, these are difficult to quantify (see below). A simplified assessment of the transport benefits of the proposed scheme, rather than a full WebTAG assessment, has been prepared by WYG, on behalf of Lichfield District Council.

A value for money assessment has therefore been undertaken based upon how the public sector funding will be used to enable the scheme to be delivered, and how this funding secures the regeneration and economic benefits of the scheme (i.e. the jobs and GVA benefits) for Lichfield, as well as for the LEP areas. It is important to note this distinction and the variance in the scale of the impacts at these different spatial scales. Earlier sections of the business case have focussed solely upon the importance of the scheme in shaping a new identity and image for Lichfield (i.e. the scheme's 'place making' benefits, as well as the significant economic impacts that will arise in Lichfield as a result of the investment going ahead (660 FTE jobs/1,000 total jobs; £156m GVA over 10 years).

The following sections outlines WYG's qualitative assessment of the transport and infrastructure benefits, albeit without any benefit cost ratio (BCR) being calculated. Following this, Regeneris's (a company appointed by the developer to undertake services in relation to collating the LEP business case) assessment of the BCR for the LEPs is presented, which has been based on an assessment of the net additional jobs and GVA benefits for the proposed development.

WYG's simplified assessment:

Whilst the transport elements of the scheme will bring economic benefits these are **difficult to quantify** given the nature of the transport improvements as summarised below.

- Introduction of SCOOT – this will result in a more efficient management of traffic signals thereby reducing congestion and travel times. Due to the adaptive nature SCOOT these impacts are difficult to forecast with any confidence.
- New bus station – this will make bus services more attractive and lead to increased patronage. The extent to which existing car drivers switch mode to bus, resulting on journey time savings, is difficult to estimate.
- Off-site coach parking – this will increase the attractiveness of the development, and Lichfield, resulting in greater visitor numbers. These impacts are difficult to quantify.
- Public realm/environmental enhancement – this will encourage people to access the site on foot, potentially reducing the volume of car trips. The extent to which car trips are reduced cannot be quantified with confidence.
- Cycle routes/parking – this will encourage people to access the site by cycle, potentially reducing the volume of car trips. As above, this cannot be estimated with confidence.

In theory all of the above impacts can be quantified if resources are allocated to the development of a comprehensive multi-modal transport model of the study, and wider, area. This however would be prohibitively expensive and is not considered to be appropriate given that the vast majority of benefits are due to the regeneration impacts.

Given the above a simplified WebTAG appraisal of the highway aspects of the scheme has been undertaken. This involves a quantitative analysis against WebTAG criteria together with completion of the quantitative elements of the Appraisal Summary Table (AST).

A description of the appraisal is set out below; it has been based on available data from the following sources:

- Transport Assessment, November 2015
- Design & Access Statement, November 2015
- Air Quality Assessment, November 2015
- Arboriculture Report, November 2015
- Archaeological Desk Based Survey, November 2015
- Nocturnal Emergence and Dawn Swarm Re-Entry Bat Surveys, November 2015
- Heritage Statement, November 2015
- Noise Assessment, November 2015
- Extended Phase One Habitat Survey, November 2015
- Sustainability Statement, November 2015

Business Users & Transport Providers:

Analysis presented in the Transport Assessment (TA) demonstrates that whilst a maximum of nearly 500 trips will travel to and from the development during the Saturday peak hour, only 145 of these will be new trips (the remainder will be a combination of pass-by and diverted. Capacity analysis has demonstrated that these trips will have minimal impact on congestion. Although not analysed in the TA there are a number of factors that will result in reduced congestion; introduction of SCOOT, and mode switch away from the car due to enhanced bus, cycle and pedestrian provision. Overall it is considered that the impacts of SCOOT in particular, and mode switch will result in slight reductions in travel times.

Reliability Impact on Business Users:

As discussed above, the minimal increases in congestion due to traffic generated by the development are likely to be more than outweighed by the introduction of SCOOT and likely mode switch away from the car. This will result in a slight reduction in congestion and as a result, reduced variability in peak period travel times.

Wider Impacts:

As set out at the start of this chapter, there will be significant economic impacts resulting from this scheme. These are not however impacts that result from the transport improvements directly but rather are regeneration benefits that are facilitated by the transport improvements. For this reason, an assessment of wider impacts using WebTAG methodology has not been carried out. The economic benefits of the scheme have however been assessed by Regeneris and are presented below. It is clear that from the scale of job creation and increased GVA that are forecast, the scheme will result in large beneficial wider impacts in Lichfield, as well as having more modest positive economic impacts when the scheme is considered at a LEP area level.

Noise:

A noise assessment of the proposals has been carried out. This shows that noise levels for deliveries are predicted to be within BS 8233 criteria at existing sensitive receptor locations on

the basis of worst case assumptions. The increase in traffic noise levels as a result of the scheme is predicted to be imperceptible.

With regard to proposed residential receptors it is considered that all 'adverse impacts on health and quality of life' are mitigated by the use of an appropriate glazing strategy with alternative means of ventilation.

An assessment of the existing tranquillity of the site has been undertaken and identified that the site is not highly prized for its tranquillity and recreational value in terms of noise. No businesses are located nearby the site which would be adversely affected.

Noise levels at existing and proposed receptors are predicted to fall below the Significant Observed Effect Level and as a result it is concluded that the scheme will have a neutral impact on noise.

Air Quality:

Without mitigation, the potential impact significance of dust emissions associated with the construction phase has been assessed as high risk at the worst affected receptors. With mitigation measures the risk of adverse impacts due to emissions from the construction phase will be low.

All existing residential receptors are predicted to meet the national AQOs for both NO₂ and PM₁₀. Without mitigation, average exposure to NO₂ at Residential 1 West Facade will exceed the national AQOs. This will be mitigated through provision of improved ventilation. With mitigation measures in place therefore the impacts on air quality will be negligible.

Greenhouse Gases:

The net increase in total traffic due to the development proposal will be low – maximum of 145 vehicles during the Saturday peak period. In addition, the implementation of SCOOT will help to reduce congestion and increased emissions due to stationary vehicles. The impact on greenhouse gases will therefore be neutral.

Landscape:

The scheme will impact on an urban environment and landscape has not therefore been assessed.

Townscape:

The scheme includes significant public realm measures to improve the townscape. The design aims to produce an attractive public realm setting that integrates seamlessly with Lichfield city centre, and which is legible and creates its own distinct sense of place, whilst complementing the town centre. The concept adopted focuses on the importance of connectivity between designed spaces and tying them into the existing city centre context, both to Castle Dyke and Lichfield Station. The views within the site which visually connect to Lichfield centre are also integral to the proposal.

Historic Environment:

An assessment of the impact of the scheme on the heritage of the Lichfield area has been carried out. This concluded that the overall level of harmful impacts resulting from the scheme is not considered to reach the threshold of 'less than substantial harm' in relation to NPPF policies for the Conservation of the Historic Environment. The proposed development also generally complies with associated national guidance and advice. The proposal is considered to comply with Lichfield District Local Plan Strategy (adopted 2015) Core Policy 14 and Development Management Policy BE1; draft Historic Environment Supplementary Planning Document (2015); Lichfield City Centre Conservation Area Appraisal (adopted 2009); and the Lichfield Historic Landscape Assessment (Staffordshire Extensive Urban Survey, 2011). The

proposed development is considered to preserve the settings of listed buildings, in accordance with section 66 (1) of the Planning (Listed Buildings and Conservation Areas Act) 1990, and the setting of non-designated built heritage assets. Finally, the proposal is considered to enhance the character and appearance of Birmingham Road and St John Street Character Areas and the Lichfield City Centre Conservation as a whole, in accordance with section 72(1) of the Planning (Listed Buildings and Conservation Areas) Act 1990.

Biodiversity:

Although the scheme necessitates the removal of on-site trees – 56 – these will be replaced with 95 new trees. Surveys were carried out these did not identify the presence bat roosts or foraging and community activity by bats. The site does have potential for roosting bats however and it is intended however to incorporate ecological enhancements into the design that include features suitable for bats. Habitat suitable for nesting birds will be destroyed as part of the development and as a result it is proposed to provide 6 bird boxes. In addition, planting will include native species and night-scented plants that will encourage invertebrates. The planting will be of a density that will have the potential to provide habitat for nesting birds and mammals.

Water Environment:

The scheme will have no significant impact on the water environment.

Commuting and Other Users:

See text for Business Users and Transport Providers.

Reliability Impact on Commuting and Other Users:

See text on Reliability Impact on Business Users.

Physical Activity:

The scheme has been designed to maximise the use of sustainable transport modes by visitors. The proximity of the site to the bus interchange and Lichfield station will encourage the use of public transport. A holistic approach has been taken towards the design of highways infrastructure with pedestrians and other vulnerable road users given priority. The pedestrian environment will be enhanced by a number of new pedestrian connections from the site to the train station and bus interchange and the city centre. The public realm will be significantly improved to support the pedestrian environment. A comprehensive network of crossing points will be provided between the various elements of the development and with the external pedestrian network. In addition, improvements to cycle routes will be implemented together with 85 cycle parking spaces. These will encourage walking and cycling, thereby encouraging physical activity.

Journey Quality:

The journey quality for bus users will be significantly improved through the provision of the new bus station – including better public transport information provision. The public realm improvements will also improve the journey quality for pedestrians and cyclists.

Accidents:

Analysis of the historical accident record demonstrated that there are no obvious patterns or features that would be exacerbated by the development. The scheme includes improvements to pedestrian connectivity, including provision of crossing facilities at the Birmingham Road/St John Street junction. The proposed alterations to the bus station will also reduce accident potential.

Security:

The proposed scheme incorporates a number of features that will enhance security for pedestrians and cyclist in particular. These include high quality lighting throughout the site and good visibility between designated pedestrian spaces.

Access to Services:

The proposed scheme will provide a variety of new amenities such as a cinema, casual dining and new retail space. All of these will be located within easy walking distance of an improved bus station, with significantly improved cycle and pedestrian routes. This will increase access to services for a significant number of people.

Affordability:

The scheme will have no direct impact on travel costs.

Severance:

The scheme will result in increased traffic flows but these will be insufficient to impact on any existing severance issues. Improved pedestrian crossing facilities at the Birmingham Road/St John Street junction together with enhanced pedestrian/cycle connectivity. This will reduce severance in the vicinity of the site.

Option and Non-Use Values:

The scheme will not directly result in the provision of additional public transport services and therefore will not impact on this criterion.

A completed Appraisal Summary Table is Presented in Appendix 3.

Economic Structure & Productivity (Complete table and provide brief bullet point justification for analysis below):

	Tick one box for each row only						
	Large / High Beneficial	Moderate Beneficial	Slight Beneficial	Neutral	Slight Adverse	Moderate Adverse	Large / High Adverse
Business efficiency	YES						
Business investment	YES						
Labour Market Efficiencies	YES						
Links to national transport networks & international gateways		YES					

Provide a brief bullet point justification for any areas of economic impact on which the scheme is likely to have something other than a neutral impact:

Business efficiency	<ul style="list-style-type: none"> The size and number of units proposed at Friarsgate are designed to meet the specific requirements of modern retailers and as such maximise efficiency across the scheme.
Business investment	<ul style="list-style-type: none"> Lichfield currently lacks national high street names (both retail and leisure). Friarsgate will offer these

	types of business an opportunity to invest in Lichfield which in turn will increase footfall and dwell time and will benefit the existing retail offer in Lichfield. It is anticipated that the scheme will contribute approximately £156m gross value added (GVA) to Lichfield over the next 10 years (applying a 3.5% discount rate).
Labour market efficiencies	<ul style="list-style-type: none"> It is anticipated that the completed scheme will support the creation of new jobs in Lichfield – around 660 full time equivalent (FTE) jobs or 1,000 total jobs created through the retail and leisure floor space.
Links to national transport networks and international gateways	<ul style="list-style-type: none"> A new bus terminal will replace the existing one and is to be relocated directly opposite Lichfield Railway Station. It is anticipated that this will improve pedestrian linkage through the scheme and will help form the gateway through to the rest of the city. Improvements to the highway network in the immediate vicinity of the site will also ensure that the links to national transport networks are improved.

Economic Exclusion (Tick Box and provide brief bullet point justification for analysis below):

	<i>Tick one box for each row only</i>						
	<i>Large / High Beneficial</i>	<i>Moderate Beneficial</i>	<i>Slight Beneficial</i>	<i>Neutral</i>	<i>Slight Adverse</i>	<i>Moderate Adverse</i>	<i>Large / High Adverse</i>
Benefits to areas with high Indices of Multiple Deprivation		YES					
Justification / evidence	<ul style="list-style-type: none"> Lichfield District is often considered to be a relatively prosperous area in the regional and national context, ranking as low as 252 of 326 in Local Authorities ranked for overall deprivation in 2015 (Index of Multiple Deprivation 2015). However, there are pockets of deprivation of different types and the Chadsmead ward in Lichfield city in particular suffers from deprivation. It is considered that the development will bring additional jobs and opportunities that could be taken up by people living in this area and the commercial operators will be encourage to work with local job agencies in this respect. 						

Impact if nothing is done

- No development will cause Lichfield to fall behind its nearest competitors and, as FSP's analysis has shown, is likely to resort in a decline in shopper numbers. The provision of additional jobs will not materialise and the impact of the decline in shopper numbers

could impact on the existing economic prosperity of the city, potentially leading to shop closures and job losses as spend levels fall.

Financials

Proposed sources of funding (tick box & specify approximate % if known):

Source	Contribution (tick)	Approx %
LTP		
Local Growth Fund (through SEP)	£5 MILLION (SPLIT ACROSS 2 LEPS – SSLEP committed funding of £2.66 million PLUS £2.4 million from GBSLEP)	
CIL		
Highways Agency		
Network Rail		
Regional Growth Fund		
Local Authority (e.g. Prudential Borrowing / asset release)		
Transport Operator		
Private Sector	tbc	
Other (specify if known)		

5.3. Management case

The project will be delivered by Development Securities (Lichfield) Limited (a wholly owned subsidiary of U+I Group Plc) and Lichfield District Council via a traditional development agreement route. Both parties have signed the development agreement and are committed to delivering the scheme to specified milestones in terms of time, cost and the content and design of the scheme. U+I Group Plc are a product of an amalgamation between Development Securities Plc and Cathedral Group which occurred in November 2015. U+I Group Plc are a property regeneration company that transforms undervalued parts of towns and cities into neighbourhoods and communities where people and enterprise can thrive. They have net assets of circa £343m (refer to website for further details <http://www.uandi plc.com>). In addition to the above U+I Group Plc (Co Nr 01528784 - previously Development Securities Plc) are also acting as a Guarantor under the Agreement with the Council. HDD will be project managing the development on behalf of U+I Group and Development Securities (Lichfield) Ltd and have the resource and backing to deliver this scheme. HDD were previously a wholly owned subsidiary of Development Securities Plc and demerged back in July 2015

Lichfield District Council also has recent experience of delivering major developments, including the Friary Outer scheme within the city centre and new and existing resource will be utilised in order to deliver the scheme.

Previous Delivery Performance – Local Authority

Lichfield District Council has for many years worked with developers on development schemes within the city. The current project team has worked on projects including the Friary Outer development scheme for the provision of a new MSCP, 78 new housing units and a Premier Inn hotel. Other projects delivered by the team include the HLF Parks project for the enhancement of the parks within the city centre, the City Centre paving project and the new development at Lichfield Park – which is a major employment site on the outskirts of Lichfield City, currently being delivered.

Governance

In order to achieve the project aims and objectives it is considered that effective and appropriate project management and governance structures should be put in place. From the District Council the proposals include the provision of a project director, a project manager role and a project assistant role. Both the project director and the project assistant role would be new appointments, with the project manager role having been in post for several years.

The governance structure for the project includes the provision of a Friarsgate Executive and Internal Board (both reporting to Lichfield District Council's Cabinet) and a Project Board and Steering Group (which meets on a monthly basis to consider all the aspects of the scheme ranging from planning and design matters right through to key tenants and marketing). Various workstreams and User Groups report to the Project Management team.

Moreover a reporting and communication structure has been set up between LDC and HDD and any keys matters raised are discussed on a daily / weekly basis and HDD also produce bi-monthly reports for LDC along with updated appraisals which pick up any movement on the scheme throughout the key milestones.

In addition to the above, HDD also hold monthly design team meetings which address all matters relating to the design and planning aspects of the scheme. The project managers also hold bi-weekly meetings with keys members of the team which focus in on specific elements, such as fire strategy, service yard capacities, waste disposal etc. Information from these detailed meetings are then fed back in to the design team meetings and the overall scheme. Any factors which may have cost implications are also fully considered.

HDD have an internal reporting structure with U+I Group Plc via monthly updated reports which outline key matters to date along with any movement on cost and value. These are also followed up with bi-monthly board meetings in which the scheme is discussed in full. As an aside to this, U+I Group Plc are kept fully appraised of any key matters on the scheme as and when they arise.

The draft governance structure for Lichfield District Council is attached to this application at Appendix 2.

The Risk Register is attached at [Appendix 1](#).

Resource and VFM analysis

Regeneris's assessment of net additional impacts and VFM:

The assessment of the net additional economic impacts of the proposed development at the LEP area levels (both for GBSLEP and SSLEP) is an important consideration. The earlier economic impact assessment focussed solely upon the gross additional benefits that arise in Lichfield from the proposed investment taking place. However, given the LEPs are being asked to provide £5m of grant funding support to bridge the identified viability gap, it is a necessity to consider the value for money (VFM) case.

Earlier sections of the business case outlined the alternative development options that were considered as part of the design and planning process, and why these were discounted as unviable. In addition, under a 'do nothing' option, it was judged that the development site would remain as it is, with very little prospect of any future development happening and an under-utilisation of space. Any development within the city centre, including alternative developments on this site, would still require investment in road and transport infrastructure to achieve consent by the Council. Given these costs, as well as some of the site constraints, it is considered that no economic benefit would arise from the development site in the future if the proposed scheme did not proceed. Therefore, in undertaking an assessment of the net additional economic impacts of the proposed development at the LEP levels, the reference case (or 'deadweight') is judged to be zero.

In undertaking a net additional assessment of the economic impacts of the proposed development at the LEP area levels it is also necessary to consider leakage, displacement and multiplier effects.

Leakage:

Given the nature of the jobs created at Friarsgate being retail, food and drink and leisure sector related, it is anticipated that these jobs will largely be taken by those residents within a reasonably immediate travel area in the LEP areas, or potentially some workers travelling from other parts of the LEP areas. Given these judgements, a low leakage factor of 10% has been applied in the assessment.

Displacement:

The earlier assessment of the economic impact of the proposed development in Lichfield considered a number of issues around the displacement of existing economic activity. The following considerations were made:

- the relocation of existing uses on-site (i.e. the Police Station and car showroom) are already relocating to other sites in Lichfield, so no economic activity will be displaced from existing uses on site.
- the transfer of existing retail occupiers to new units in Friarsgate. Regeneris adjusted their assessment of jobs and GVA to take in to account the potential moves of M&S and New Look, although this has been tempered by their requirements for larger floorplates than they currently occupy.
- the strategy undertaken by the developer to negotiate leases with occupiers who have no presence within Lichfield.
- the FSP analysis that Lichfield has a trading gap of approximately £55m for a city centre of its size. While Friarsgate would account for around 80% of this gap, there is scope for existing retailers (and future new retailers) to grow their sales, rather than be harmed by the proposed development.

While these displacement effects were considered as part of the assessment at the Lichfield level, and continue to be considered at the LEP level analysis, a greater consideration for displacement at the LEP levels is where the proposed Friarsgate scheme draws its additional 4,000 shoppers from.

Further research was commissioned from FSP in December 2015 to better understand this point. Their analysis, based on LEP boundaries, showed that around just 10% of additional shoppers were drawn from locations outside of the two LEP areas. By implication, the

proposed scheme drew in 90% of its additional shoppers from locations within the LEP areas. It should be also be noted that while the scheme draws in additional visitors, its future success is predicated upon existing shoppers spending more in Lichfield. Given the scheme will deliver increased and improved choices to shoppers, the scheme will also in effect claw back this expenditure that Lichfield shoppers also currently make elsewhere.

Based upon the FSP analysis, a displacement factor of 90% has been applied to the benefits in the assessment.

Multiplier effects:

Multiplier effects are an important consideration in judging the overall net additional economic impact of the proposed development. These can arise through indirect (i.e. employment supported in the LEP areas through the supply chain purchases of operators within Friarsgate) and induced (employment associated with direct and indirect employee’s expenditure in the LEP areas) means. Based upon guidance on sub-regional areas within the HCA Additionality Guide (2015) a composite indirect and induced economic multiplier of 1.3 has been used in the assessment.

Net Additional Assessment:

Based upon the above assumptions, Regeneris conclude that the net additional economic impact at the LEP area levels, including multiplier effects, is approximately 80 FTE jobs and £2.4m of GVA per annum (or 60 FTE jobs and £1.9m GVA if multiplier effects are excluded).

	Do Nothing Option (reference case)	Preferred Option: Adjusted Gross Additional Impact	Preferred Option: Net Additional Impact
Jobs (FTE Jobs)	0	665	78
GVA (£m per annum)	0	£20.5	£2.4

Benefit Cost Ratio (BCR):

The BCR arising from the net additional impact of the proposed development within the LEP areas has been assessed using the discounted present value of GVA and the discounted PV of public sector costs (3.5% HM Treasury Green Book guidance discount factor). Given the grant funding costs will be spread over two years, the costs have been discounted to 2016 prices based on the first part of the funding expected to be committed this year.

A ten-year appraisal period has been used from the first year of operation (2019), when 80% of the units are anticipated to be occupied, with 100% by 2020. The 10 year persistence range for the benefits was chosen in line with guidance in the HCA’s 2015 Additionality Guide which cites BIS’s 2009 IEF+ guidance for ‘place making’, ‘public realm’ and ‘bringing land back into use’ activities.

Based upon the net additional impact of the scheme over a ten-year appraisal period, the BCR is 3.7, or, if economic multiplier effects within the LEP areas are not considered, the BCR falls to 2.8.

	Cumulative discounted 10 year appraisal period	Cumulative discounted 10 year appraisal period (excluding multiplier effects)
PV of Net Additional GVA Benefit (£m)	£18.27	£14.06

2016 prices)		
PV Costs (£m 2016 prices)	£4.93	£4.93
BCR	3.7	2.8

6. Consultation process

A stakeholder strategy is in the process of being prepared. In advance of this key stakeholders have been identified for public consultation purposes as follows:

Local Interested Parties:

Leomansley Area Residents Association

Beacon Street Residents Association

Lichfield Civic Society

Lichfield City Council

Lichfield City forum

Business Parties:

Michael Fabricant MP

Lichfield Town Team & Lichfield BID Group

Business & Economic Partnership

Lichfield Chamber of Trade & Commerce/Townsafe Business Partnership

Lichfield District Tourism Association

Lichfield Cathedral

Greater Birmingham & Solihull LEP

Staffordshire & Stoke on Trent LEP

Interested Parties re land acquisition or nearby businesses:

Staffordshire PCC

Tempest Ford

Lichfield Garrick Theatre

Three Spires Shopping Centre (Orchard Street Investments)

Statutory Bodies & Services:

Lichfield District Council

Staffordshire County Council

Gas, Water, Electricity Suppliers

a) *Can the scheme be considered as controversial in any way? No*

b) *Have there been any external campaigns either supporting or opposing the scheme?*

YES – public consultation took place between 15th - 30th July 2015 (see below).

It was agreed that a series of public exhibitions would take place to inform local residents, business operators and the wider community about the scheme. This was in addition to the pre-application engagement that has taken place with neighbours, statutory consultees, consultees and the LPA.

The exhibitions that took place were as follows:

- 15th July 5pm - 7pm (weekday evening) for local city groups
- 16th July 4pm - 7pm (weekday evening) for local councillors
- 16th July 7pm - 9pm (weekday evening) for local businesses
- 18th July 11am - 4pm (weekend) public exhibition
- 25th July 11am - 4pm (weekend) public exhibition

As the application site was within the city centre adjacent to the popular Three Spires Shopping Centre, it was decided that the main public exhibition would take place in a shop unit in the that shopping area.

The venue provided exhibition boards (an updated version has been submitted as part of the document pack) and there were visual demonstrations through an augmented reality 3D model which utilised App technology to allow visitors to use their smart phones and devices to take a virtual tour around the scheme.

Both of the public exhibitions were exceptionally well attended which made it difficult to record exact numbers. We have estimated that around 1,600 people attended over the two weekends.

This patronage was probably due to the timings of the exhibitions which allowed maximum participation and because the events were well advertised by several means including:

- A Press Release appeared on the Council's website and in a number of local newspapers
- A front page advert on a dedicated website for the Friarsgate scheme was available to view
- There was a Press Release in the local 'In Touch' magazine posted to all local residents
- Electronic and postal invites were sent to Councillors, the local MP, businesses, city groups, consultees and residents which included a brochure
- The Exhibition Boards were erected in the shop window before the events to generate interest
- Strategic 'tweets', facebook posts and adverts on other web based platforms were also utilised.

Feedback

There were 200 consultation feedback forms received and a further 95 comments submitted online. 86.6% of respondents completing the feedback form identified themselves as residents compared to 92.6% completing the online form.

The form contained six questions on various topics and provided a section for additional comments.

The first question asked if people thought the scheme would have a positive impact on the quality of the city centre. Between 60-70% of respondents said yes, with comments focusing on the economic benefits and that from a design perspective, the scheme was an improvement on previous schemes. Negative comments focused on the level of existing vacancies and the impact on existing traders rather than raising specific design concerns.

The second question focused specifically on design and asked whether respondents thought that the design was appropriate for the city. The number of respondents stating yes was between 36-41% meaning that the majority of respondents had concern in respect of the design. Criticisms included the perceived overuse of concrete and other 'inappropriate'

materials and concern over the scale and appearance of Block E. The responses to the second question have informed the design changes which have taken place since the public exhibition which will be incorporated as part of the planning application.

The third centred on environmental impacts and the fourth question focused on public areas. Between 60-64% of respondents were 'happy' with the public spaces proposed with specific comments praising the 'plaza type space' which one respondent hoped would help to facilitate events. Public art was one particular suggestion which has been taken forward.

Question five related to the vitality and viability of Lichfield as a retail destination and question six related to social implications. The majority of feedback to these questions was positive.

Question seven invited any other further comments and attracted a mix of design comments many of which were contradictory. Nevertheless there were some common themes to those negative comments received, which concentrated on the choice of materials, articulation of the high street units, criticisms of the design approach for Block E and a desire to see further images of the residential components which had not been finalised at that stage.

The development team have made changes to the plans and designs as a reaction to this feedback. Further consultation has now taken place with the MADE design review (copy of response attached) and the Lichfield Civic Society and additional changes as a result of this further feedback is now being incorporated into the design of the scheme.

7. Location of proposal

The site is located in the southern part of the city centre adjacent to the A5127 Birmingham Road which is the main arterial road in the city that links the city with Birmingham, Burton on Trent and major highways including the A38 and the M6 Toll.

Currently the Friarsgate site is akin to a commercial and architectural no-man's land between the railway station, Birmingham Road and the rest of Lichfield city centre. It comprises the existing bus station, multi storey car park, police station and a car dealership. The area of the site is 3.3 ha

OS Grid Reference: -

Postcode: WS13 6PB (Post code for Tempest Ford Garage currently on the site)

Map - Attached at Appendix 4.

8. Risk analysis

The Risk Register is attached at [Appendix 1](#).

9. Legal analysis

Please see State Aid Advice attached at Appendix 5.

Please see Equal Opportunities Policy attached at [Appendix 6](#).

Dependencies & potential risks / barriers to delivery (provide a brief bullet point commentary in table below):

Land ownership	AREAS NOT WITHIN LDC CONTROL ARE
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	CURRENTLY BEING NEGOTIATED FOR PURCHASE – TO BE CONCLUDED BY APRIL 2016. ALL OF THE DEVELOPMENT LAND, EXCLUDING THE BUS STATION, WILL BE LET TO THE DEVELOPER ON A 250 YEAR LEASE FROM THE COUNCIL.
Requirement for CPO	LOW
Land type (e.g. all highways, requires operational rail land, requires currently occupied residential / commercial)	VACANT POSSESSION OF LAND WILL BE ACHIEVED BY START DATE
Requirement for major statutory instruments (e.g. TWA, Side Road Orders etc.)	TO BE DETERMINED
Requirement for planning consents	YES
Known environmental impacts (SSSIs, Heritage sites, Ancient Monuments, green belt / parks / allotments / playing fields etc.)	NONE
Other	

* It is confirmed that legal advice has been received in regards to amendments to the Development Agreement and the recent case of Gottlieb v Winchester City Council 2015. This was considered by the Council's Cabinet in July 2015. In order to mitigate the risk of a similar challenge a Challenge Deed is in place with the developer to ensure the Developer indemnifies the Council from and against all costs, claims, damages, losses, expenses, actions, proceedings, demands and liabilities that the Council would incur in connection with defending the challenge.

Earliest start date on site: tbc

Approximate duration of scheme (as fraction of year): 3.5 YEARS

TOTAL: 3.5 YEARS

Proposing/delivery agency:

DEVELOPMENT SECURITIES (LICHFIELD) LIMITED

Partnership Bodies

LICHFIELD DISTRICT COUNCIL, STAFFORDSHIRE COUNTY COUNCIL,

Please provide details of the partnership bodies (if any) you plan to work within the design and delivery of the proposed scheme, including any other LEP bodies

Staffordshire and Stoke on Trent LEP (awarded £2.66 million to the scheme)

10. Delivery

There are four direct effects expected to arise as a result of the Friarsgate development:

1. Construction Effects: the development will support construction employment throughout the build period of the scheme. This benefit is to be owned by the developer.
2. Retail/ Leisure Effects: employment opportunities will be created by the retail and leisure floorspace. This effect is to be owned by the retail and leisure operator.
3. Transport Effects: from improved traffic flows and enhanced public transport arrangements. This effect is to be owned by the local authority.
4. Residential Effects: a result of the residential development local spending will go up. This effect is owned by the local authority.

Each of the effects will generate a series of benefits, their respective target measures and indicators, sources of monitoring data and ownership of the benefit is detailed below.

Benefit	Indicator	Target Measure	Source	Timescale	Ownership
Temporary construction employment	Recorded construction employment on-site and in suppliers of goods and services	Construction investment generating requirement for 430 workers a year	Developer's and contractors' payroll and Possibly survey of contractors.	Annual monitoring and reporting	Developer
Increase in public transport use	Increase in the number of journeys originating from and ending in Lichfield city centre	No specific measure given	Transport operators, Lichfield District Council	Current data (baseline) and annual monitoring on completion	Lichfield District Council
New retail and leisure employment	Reported employment in retail and leisure facilities	Up to 1,000 jobs (660 FTEs)	Store and facility operators'	Yrs 1-3 post completion	Friarsgate facility manager/Lichfield District Council
Increase in city centre footfall	Number of pedestrians	Increase from 34,800 to 37,400 (realistic scenario) or 39,900 (optimistic scenario)	Scheduled monitoring programme	6 monthly on completion of development and for 3 years	Lichfield District Council
Increase in city centre turnover	Retail and leisure turnover	Increase from £52m to £93m (realistic scenario) or £98m (optimistic scenario)	Survey of city centre retailers and leisure facility operators	Annual	Lichfield District Council

Our approach to benefits capture includes:

- Agreeing target benefits at the point of finalising project details, prior to delivery commencing, including indicators to be used, how they are anticipated to arise from supported activities, responsible owners and timescales for achievement.
- Alerting all members of the delivery team to the anticipated range of benefits at the outset of activity so everyone is aware of the target indicators (including the definitions being used).
- Giving the Friarsgate Executive overall responsibility for benefits capture with owners identified against each indicator.

- Alerting works teams/contractors to the benefits they are responsible for realising and how evidence will need to be captured (e.g. frequency, definitions, form to be completed, timing and submission arrangements).
- Having clear overall monitoring and evaluation approaches (see Section B below)
- Reviewing progress against benefits indicators as part of project meetings and agreeing remedial actions in the event of performance below target.
- Completing a benefits register based on the template described in the table above.

Lichfield District Council gives a firm and clear commitment to ensuring that the outputs that the scheme proposes will be fully monitored and reported to the SSLEP as required by the funding agreement.

The following monitoring measures are proposed for each of the key benefits:

1. Construction employment targets and objectives for the scale of employment will be appropriate to the scale of the development (i.e. in line with the estimated maximum potential number of jobs). The developer will monitor the level of construction employment across the development periodically. These will be regularly reported to the Friarsgate Executive on a schedule to be agreed with the developers/contractors.
2. Lichfield District Council, working with transport service operators and Staffordshire County Council, will be responsible for monitoring public transport journeys. This will involve regularly assessing the extent to which public transport to and from Friarsgate is used to better understand demand patterns. The local authority will undertake regular surveys to assess transport methods of visitors to Friarsgate, and make these findings publicly available.
3. The Friarsgate Executive will establish with Lichfield District Council and the facility manager arrangements for monitoring footfall and turnover, together with reporting (through a business survey) on employment created in retail and leisure facilities in Friarsgate.

Provision will be made at the end of year 3 post completion for an independent evaluation report to be produced. This will capture the performance of the project against its targets, identifying any areas of under-performance and potential remedial measures.

11. Author

Helen Bielby – Property and Projects Manager – Lichfield District Council

Email: helen.bielby@lichfielddc.gov.uk

Telephone – 01543 308252

Alternative Contact- Project Director for Lichfield District Council

Email: Sarah.Woffenden@lichfielddc.gov.uk

Sarah.Woffenden@arcadis.com

Mobile – 017710 554 817

12. Decision details

Appendices

1 – Risk Register

- 2 – Governance Structure
- 3 – Financial Appraisal
- 4 – Location Plan
- 5 – State Aid advice
- 6 – Equal Opportunities policy
- 7 – Programme