

IMPLEMENTATION EXECUTIVE

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**SALISBURY VISION: FUNDING ARRANGEMENTS AND UPDATE ON THE  
MARKET PLACE PROJECT**

**Executive Summary**

This report provides the Implementation Executive with details of the proposed funding arrangements for the Salisbury Vision. The Vision is designed to be largely self-financing and one of its fundamental principles is that income generated from development projects is reinvested to fund public sector and transport and movement projects within the city of Salisbury.

The report also provides the Implementation Executive with details of the funding arrangements agreed for the Market Place project and explains the importance of this project to the Vision overall

**Proposal**

That the Implementation Executive:

- a) Confirm that all income generated from the release of council assets linked to the Salisbury Vision programme will be ring-fenced for use solely on the delivery of Vision projects; and
- b) Include funding of £1.5 million in the 2009/10 capital programme (to match a similar provision in the Local Transport Plan budget) to enable the delivery of the Market Place project to proceed as planned.

**Reason for Proposal**

- a) To ensure that the Salisbury Vision is adequately funded and that the overall Vision programme is as self-financing as possible.
- b) To enable the Market Place project to proceed as planned in order that it acts as a catalyst for future Vision development.

Author: Graham Gould

Contact Details: T: 01722 434495 E: [ggould@salisbury.gov.uk](mailto:ggould@salisbury.gov.uk)

# **SALISBURY VISION: FUNDING ARRANGEMENTS AND UPDATE ON THE MARKET PLACE PROJECT**

## **1.0 Purpose of Report**

1.1 The purpose of this report is twofold. Firstly, to provide members of the IE with information on the Salisbury Vision funding principle, i.e. that the programme should be largely self-financing, and to seek approval from the IE to these funding arrangements. Secondly, to advise members of the IE on the progress of, and the previously agreed funding arrangements for, the Market Place project and to seek confirmation of this funding such that the project can proceed as planned.

## **2.0 Background**

2.1 The Salisbury Vision is an ambitious long-term programme of change, the aim of which is to prepare Salisbury to meet future challenges whilst doing everything possible to protect its uniqueness and character. The Salisbury Vision will provide a framework for coordinating and achieving the sustainable regeneration of the city and in particular of five priority areas:

- The Maltings and central car park
- Salisbury Guildhall
- Salisbury Market Place
- Churchfields Industrial Estate
- Southampton Road

2.2 The Vision will make a significant contribution to improving the quality of life of everyone that lives in, works in or visits the city by providing much needed additional office space, retail, leisure and other employment space together with high quality gateways, an exemplar public transportation hub, and improved cultural facilities - all linked by a high quality public realm. The economic, social and environmental benefits of the Vision will go well beyond the boundaries of the city to the wider Wiltshire community.

2.3 The development of the Vision was managed by a public/private sector steering group which included officer and councillor representatives from Salisbury District Council and Wiltshire County Council. Funding for the development stage of the Vision was provided by Salisbury District Council, the South West Regional Development Agency and Wiltshire County Council.

2.4 The Salisbury Vision was approved by the Salisbury District Council Cabinet on 28 April 2008 following two years of development and comprehensive public consultation. It was endorsed by the Joint Implementation Team (JIT) on 6 May 2008 and by the IE on 17 June 2008. The Vision was adopted by Salisbury District Council as a key strategic document on 23 June 2008. The Vision contains 24 specific projects linked to three strategic objectives; development, traffic and movement, and public realm, which together are designed to achieve the overall Vision objective:

*For Salisbury to be a clean, green, safe and friendly city; a place that is consistently acknowledged as being one of England's best places to live.*

### **3.0 Main Considerations for the Implementation Executive**

#### **FUNDING THE VISION**

- 3.1 The overall Vision programme has been designed to be largely self-financing. For example, it is intended that the 11 development projects would make a significant contribution, through planning gain, to the funding of the 13 transport and public realm projects. Further significant contributions to the funding of these projects would be provided from the government, through the Local Transport Plan, and from the local authority. It is hoped that additional funding could come from other interested parties for specific projects, for example from environmental bodies for the Harnham Water Meadows project or from the Highways Agency for improvements to the Southampton Road.
- 3.2 The majority of any funding provided by the local authority would come from capital receipts arising out of the six development projects in which the local authority was a significant land owner, i.e. the Maltings and central car park, Salt Lane and Brown Street car parks, Churchfields, Southampton Road and the Friary. It is, therefore, essential that all income arising from the release or use of council assets linked to the Vision programme is ring-fenced and used to fund the planned huge investment in the city's public realm.
- 3.3 There is, then, relatively little need for local authority funding over and above that which could be financed through the Vision itself. The major exception to this principle is with the Market Place project, which was considered so important to the success of the Vision that both WCC and Salisbury District Council committed additional capital expenditure.
- 3.4 Further work needs to be carried out before a detailed funding plan can be developed. An indicative plan, in the form of a funding matrix is provided in appendix A.

#### **MARKET PLACE**

##### **Introduction**

- 3.5 The Market Place is, arguably the city's most important public space. It hosts the twice weekly popular Charter Market and a number of other activities including the annual Christmas lights switch on event. It is not, however, a particularly attractive area, nor one that befits its setting within the historic core of a beautiful medieval city. The Market Place is a poor example of the public realm with one half of it a tarmac car park and the other half a hotchpotch of materials with very ordinary, off-the-shelf street furniture. It is for these reasons that the Market Place is one of four key projects identified in the Vision as priorities for action.

### **The Business Case**

- 3.6 The business case for the rejuvenation of the Salisbury Market Place is founded on the significant environmental, social and economic benefits that such a major public realm project will provide.
- 3.7 The environmental benefits of public realm projects are obvious – they are clearly visible in an improved and more attractive environment. The social benefits are less obvious but equally accepted. It is generally acknowledged, for example, that public realm improvements help create more inclusive and safer public spaces, and that they increase opportunities for social exchange and community involvement. A summary of the principal environmental and social benefits acknowledged to come from major public realm projects is provided in appendix B.
- 3.8 This project is, however, about much more than simply improving the appearance of the Market Place. Research shows that spending money on public realm improvements can lead to a significant and measurable impact on a local economy; it provides businesses with the confidence to invest and it provides residents with a sense of pride. This results in a number of economic benefits and impacts.
- Attracting private sector investment
  - Attracting visitors and thus increasing visitor spend
  - Increasing tourism and tourist spend
  - Increasing land and property values
  - Improving productivity of people working in an area with a high quality public realm
- 3.9 The rejuvenation of the Market Place, as part of the overall Vision regeneration programme, will undoubtedly improve the city's economic prospects and thus those of Wiltshire as a whole. An indication of the economic benefits and impacts attributed to public realm improvement work is provided in appendix C.

### **Funding**

- 3.10 As outlined earlier the original Vision document produced by Gillespies envisaged that the Vision programme would be largely, but not wholly, self-financing with capital receipts from asset disposals being ring-fenced to provide funding for public realm projects. The Market Place, however, was identified as a high priority for delivery and for this reason Gillespies proposed that funding for its rejuvenation should come partly from the district council.
- 3.11 In 2007 the importance of a rejuvenated Market Place to the success of the Vision and thus to the future well-being of Salisbury and south Wiltshire was acknowledged by both WCC and SDC. The two councils confirmed that the Market Place was critical to the success of the Vision programme and, therefore, agreed to provide funding of £1.5 million each for the project so that it could be progressed as a priority – as the first Vision project to be completed.

### **Project development process**

- 3.12 In August 2008 an international design competition was launched in conjunction with the Royal Institute of British Architects (RIBA), to which 46 expressions of interest (EOI) were received. From these EOI's six teams were shortlisted and they were asked to work up more detailed design concepts. These designs are currently being consulted on (5 - 30 January including a public exhibition in the Guildhall 8 -10 January). The designs will also be considered by a Technical Panel. The shortlisted teams will present their designs to the Judging Panel on 9 February and following this a winning team will be selected. This decision will be reported to the Salisbury District Council Cabinet and the IE on 25 and 26 February respectively. A copy of the consultation pack, which includes a summary of each of the six design proposals, will be sent to members of the IE separately. Expenditure or committed costs to date are approximately £65,000.

### **Timing**

- 3.13 The original intention was for the Market Place project to be the first Vision project completed, for the reasons outlined in this report – principally that it would send out a clear message that the local authority is serious about delivering the Vision for Salisbury, that it would deliver obvious environmental and social benefits, and that it would act as a catalyst for future private sector investment in the city thus bringing the anticipated economic benefits.
- 3.14 There is a view, however, that in light of the change in the economic climate, this may not necessarily be the right time for such a major public investment. It is argued that the focus should be on the redevelopment of the Maltings and central car park project and the Churchfields Industrial Estate. These are also identified in the Vision as priority projects and it is being suggested that because the current economic downturn is affecting land values and thus development decisions, there may be a requirement for the new Wiltshire Council to pump-prime these projects. This may not be possible if funding has been allocated to the Market Place.
- 3.15 The counter argument is that the current economic climate makes the Market Place even more of a priority; that the timescale of this project is such that completion of the Market Place rejuvenation would not be until 2010 and that this would coincide with an upturn in the economy. It would also be the time that the council would be looking for a developer partner for the Maltings redevelopment and a rejuvenated Market Place could only add to a confidence in the city. This is supported by research which shows that it can take two to three years for the economic benefits of public realm projects to be realised.

## **4.0 Environmental Impact of the Proposal**

- 4.1 An independent Sustainability Appraisal of the Salisbury Vision document produced by the consultants was carried out by White Young Green Environmental. If necessary, additional assessments will be carried out at appropriate times in the development of the Local Development Framework and through the delivery of individual projects.

## **5.0 Equality and Diversity Impact of the Proposal**

- 5.1 Equalities and diversity are an intrinsic part of the Sustainable Communities programme and as such they are fundamental to the Salisbury Vision. The Vision is designed to help improve the quality of life of anyone that lives in, works in or simply visits the city. It is, therefore, intended that the Vision has a positive impact on all groups.
- 5.2 An initial Equality Impact Assessment has been made on the overall Vision programme. This will be followed up by similar assessments on each of the Vision's individual projects as they are brought forward for delivery.

## **6.0 Risk Assessment**

- 6.1 As with any major project there are a number of risks associated with the delivery of the Salisbury Vision. These have been identified using the district council's risk procedure and are recorded in a risk register. The risk register is maintained by the Project Director and is monitored by the steering group at their monthly meetings. Details of these risks were reported to the IE on 17 June 2008. Each project within the Vision has its own particular set of risks and these are now also being monitored and reported to the steering group. Where appropriate any necessary action will be taken to reduce specific risks to acceptable levels.
- 6.2 There are, of course, some significant risks associated with failing to progress the Vision. Indeed one of the drivers in developing the Vision was the potential economic risk (and the associated social and environmental costs) to Salisbury of doing nothing. These risks are identified in the Vision document. In retail Salisbury is losing customers to Southampton, Bournemouth and Basingstoke, all of which have seen considerable investment over the past 5 -10 years. This situation will be made worse when the planned developments in Winchester, Bath and Andover are completed. These areas are also providing improved leisure and cultural opportunities. There is a lack of employment land close to the city which is having a severe impact on the ability of existing businesses to grow. This is also a major inhibitor to inward investment. Salisbury's position as major tourism destination is also similarly threatened by increasing competition from 'new' destinations and by low-cost airlines making European city-breaks more accessible and affordable. The Vision document suggests that if these issues are not tackled there is a very real risk that Salisbury will go into a spiral of decline that will be very hard to reverse.

## **7.0 Financial Implications**

- 7.1 The financial implications, in respect of the Vision, are as outlined in the report.

## **8.0 Legal Implications**

- 8.1 The Local Government Act (2000) provides local authorities with the power to promote or improve the social, environmental and economic wellbeing of their area.

## **9.0 Conclusion**

### **Vision Funding**

- 9.1 The principle of ring-fencing money generated through Vision development projects is crucial to the success of the Vision. If the income generated through Vision development projects (e.g. from the sale or use of council assets) is not ring-fenced and used to fund the Vision's public realm and transport projects the council will need to be allocate a substantial capital budget to deliver the Vision's proposals.

### **Market Place**

- 9.2 The economic, environmental and social benefits of a rejuvenated Market Place and the business case for it are well documented and widely accepted.
- 9.3 The business case is very strong but there is understandable concern over the timing. It is suggested that the Maltings and central car park and the Churchfields projects are greater priorities at this time and that if the council were to commit expenditure on the Market Place project it would not be able to provide funding for the other two projects later. The three projects are not necessarily mutually exclusive, however, and in a normal strong market both the Maltings and central car park and the Churchfields projects would be expected to return a significant capital receipt to the council; certainly more than enough to cover any contribution that the council might wish to make towards the overall cost of these two projects.
- 9.4 On balance it would, therefore, appear that the business case for the Market Place is as valid today as it was a year ago. Additionally, if for whatever reason this project was to be significantly delayed there is the distinct danger that this would send out just one message – of a council unwilling to invest in the future of Salisbury. Going ahead with the Market Place as originally planned would be seen as a clear demonstration of confidence in Salisbury and as an act of faith in its future.

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## **Background Papers**

The following documents have been relied on in the preparation of this report:

The Salisbury Vision (2008) Salisbury District Council

Vision for Salisbury: Area Development Framework (2007) Gillespies

## **Appendices**

Appendix A: Salisbury Vision funding matrix

Appendix B: Social and Environmental benefits of public realm improvement work

Appendix C: Economic benefits and impacts of public realm improvement work

## Salisbury Vision: Funding matrix

The table below shows *potential* sources of funding for the Vision's transport and public realm projects

Development Projects <sup>1</sup>	Transport projects						Public realm projects							
	12 Transport & Movement Strategy	13 Traffic management	14 Public transport	15 Station interchange	16 Southampton Road	17 Parking management	18 Public realm strategy	19 Market Place	20 Fisherton Square	21 Salisbury Chequers	22 Harnham Water Meadows	23 Green circle	24 Churchill Gardens	
1 Maltings and central car park <sup>2,3</sup>		✓	✓						✓	✓				
2 Guildhall														
3 Salt Lane <sup>2,3</sup>		✓	✓			✓				✓				
4 Brown Street <sup>2,3</sup>		✓	✓			✓				✓				
5 Bus station <sup>3</sup>		✓	✓	✓		✓								
6 Bus depot <sup>3</sup>				✓						✓				
7 Old Manor Hospital <sup>3</sup>			✓											
8 Chipper Lane / Scots Lane		✓								✓				
9 Churchfields Industrial Estate <sup>2,3</sup>		✓	✓	✓		✓					✓			
10 Eastern Gateway <sup>2,3</sup>					✓							✓		
11 The Friary <sup>2,3</sup>										✓				
<b>Other funding sources</b>														
Business Improvement District										✓				
Harnham Water Meadows Trust											✓			
Heritage and other initiatives										✓	✓			
Highways Agency					✓							✓		
Local authority <sup>4</sup>	✓			✓	✓	✓	✓	✓	✓			✓	✓	
Local Transport Plan		✓		✓				✓				✓		
South West RDA					✓									
Transport operators			✓	✓										
Wiltshire Wildlife Trust											✓			

See over for notes.



<sup>1</sup> Developer contribution provided through s106 agreements or similar.

Planning obligations payments (s106 contributions) are bound by the guidance in Circular 5/2005, which makes it clear that money should only be taken from developers when there is a need that clearly arises from the proposed development itself. It is not possible to demand an arbitrary sum of money to spend as the local authority sees fit. The relationship with the development will always have to be demonstrated, otherwise there is the risk of challenge. Developers will inevitably balance any contributions made through s106 payments against any capital sum that they may pay to the local authority, as a landowner.

<sup>2</sup> Potential capital receipt to the local authority

<sup>3</sup> These projects have the potential to contribute to the council's targets for the provision of housing

<sup>4</sup> Local authority funding for projects 12 and 19 is for the development of traffic and movement and public realm *strategies* only, i.e. implementation is achieved through other Vision projects

**Salisbury Vision: Social and Environmental benefits of public realm improvement projects**

**Social benefits**

- Creating well-connected places, increasing pedestrian use and hence increasing opportunities for social exchange
- Encouraging community-led projects
- Creating a better external environment for conducting business
- Encouraging more activity, particularly after-hours
- Supporting partnerships and bringing local communities together
- Providing better opportunities for community involvement
- Increasing access to places and making public places more inclusive
- Increasing natural surveillance and improving personal safety
- Reducing crime
- Boosting civic pride

**Environmental benefits**

- Creating beauty and delight
- Encouraging greater pedestrian and cycle use
- Improving air quality and microclimate
- Improving the old and creating a new heritage
- Strengthening of local identity and distinctiveness
- Reducing pollution and energy consumption
- 'greening' the urban environment
- Providing opportunities for art and culture

## Salisbury Vision: Economic benefits and impacts of public realm improvement projects

### Introduction

The business case for the rejuvenation of the Salisbury Market Place is founded on the significant environmental, social and economic benefits that such a major public realm project will provide.

The environmental benefits of public realm projects are obvious – they are clearly visible in an improved and more attractive environment. The social benefits are less obvious but equally accepted. It is generally acknowledged, for example, that public realm improvements help create more inclusive and safer public spaces, and that they increase opportunities for social exchange and community involvement. Although less obvious it is also overwhelmingly accepted that public realm improvements produce a number of clear economic benefits and impacts.

- Attracting private sector investment
- Attracting visitors and thus increasing visitor spend
- Increasing tourism and tourist spend
- Increasing land and property values
- Improving productivity of people working in an area with a high quality public realm

Often it is the promise of economic benefits, which may take two to three years to realise, that is the driver for public realm projects. In 2008, for example, funding of £11.2 million was provided by the South East of England Development Agency and Southampton City Council for the rejuvenation of the city's Guildhall Square and other associated public realm work. This work was seen as essential if the city was to arrest the decline in national rankings of Southampton's retail centre and if the city was to compete with increasing competition from Portsmouth. The public realm improvement work is seen as a catalyst, as a sign of confidence in the city which will result in a significant level of private sector investment. In their justification for this spending Southampton City Council stated that **successful cities invest in city centre public realm . . .** with resulting economic benefits and enhancement of the local economy.

### Examples of Economic benefits

In 2007 ECOTEC, an international provider of research, consulting and management services in economic and social development, produced a comprehensive report for the East Midlands Development Agency on the Economic Impact of the Public Realm. In the conclusion to the report they stated that “ . . . **the findings of this study clearly demonstrate and robustly evidence the nature of the positive economic benefits that can arise from investment in the public realm . . .**”. Evidence from this report and from other pieces of research is given below.

- Evesham, Worcestershire: Substantial public realm improvements have led to a reduction in the retail vacancy rate in the Port Street area from 20% to 5%

- Central London Partnership: 85% of landowners, developers and businesses consider that the quality of the streetscape is important to the ability to attract customers or tenants
- CABI: Environmental quality of public spaces is a key factor in occupier decision making
- CABI: High quality public realm can have a positive impact on property prices; examples – Netherlands 11%, Berlin 17%
- CABI: Research shows that increases of 5.2% in the value of residential property and of 4.9% in shop rents can easily be achieved as a result of investing in the public realm
- CABI: Well planned improvements to public spaces within town centres can boost retail commercial trading by up to 40% and generate significant private sector investment
- Coventry: Public realm improvements including a civic square has increased footfall by 25%
- Brindley Place (Birmingham) and Barbirolli Square (Manchester): Research shows that public realm improvements have led to an increased productivity of the workforce
- Victoria Square (Birmingham): £3.7 million scheme (as part of a wider £6.5 million pedestrian package) has increased footfall; the space is used much more by markets, workers and shoppers and it now attracts a large number of people particularly at Christmas
- Queen Square (Bristol): Increase in residential and commercial property values by up to 16% attributed to high quality public realm improvements
- Armada Way (Plymouth): Creation of a new public square has led to a regular farmers market with 120 stalls and which attracts 100,000 people over three days; this is generating a £100,000 surplus p.a. to the council
- Fakenham: A town centre enhancement programme of public realm improvement has led to the reuse of vacant shops and use of new employment space creating 24 jobs
- Nottingham: Research shows that substantial public realm improvements have made the city a more attractive proposition to investors; seen as key to attracting John Lewis to the Shires II development
- Leicester: Planned improvements in the public realm were a key factor in John Lewis deciding to open in Leicester
- Derby: £3 million investment in the public realm helped to build developer confidence, resulting in building of the Westfield Shopping Centre
- Nottingham: 71% of nearby businesses consider that public realm improvements to the Castle Wharf area have had a positive impact on their business and on increasing land and property values; 33% of businesses reported increases in turnover related to the public realm improvements
- Leicester: 64% of businesses say that public realm improvements have been good for their business; traders in Market Street report an increase in footfall and trade following public realm improvements to the area

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