

COUNCIL

Lancaster Canal Quarter Masterplan 19 July 2023 Report of Chief Officer Sustainable Growth

PURPOSE OF REPORT

Following Cabinet resolution, the Lancaster Canal Quarter Masterplan is referred to Council for consideration, approval, and adoption into the council's Policy Framework. The final Masterplan version has been compiled in consideration of the wide stakeholder input and public views received on the consultation Masterplan draft issued last year. The report also summarises next steps in progressing the development phases and proposals, including delivery of the early phase housing proposals.

This report is Public

RECOMMENDATIONS

- (1) The Canal Quarter Masterplan is approved and adopted into the council's Corporate Policy Framework.**

1.0 Introduction

- 1.1 Regeneration of the Canal Quarter area is key element in enhancing Lancaster's role in the local economy and boosting its housing, commercial, cultural and leisure offer. Over the next 10 years it is envisaged that key under-utilised sites and dereliction across 6 acres will be addressed, and development progressed for a mix of uses that will complement the existing town centre and provide for balanced place-making.
- 1.2 A strong foundation and certainty around development and planning matters is needed to make the case for and justify further public and private investment in delivering productive new uses. With the approval of the Canal Quarter Strategic Regeneration Framework (CQSRF), adopted as the Canal Quarter Supplementary Planning Document (SPD) in November 2021, the city council took a major step forward.
- 1.3 Entering the post-CQSRF stage, work moved to develop a more detailed masterplan and to define a phased project investment case and strategy. The plan would integrate the two major private land/development interests in the area into a coherent area-wide scheme capable of clear, phased and/or concurrent delivery, through a mix of major private/public investment and grant aid. It was intended that the masterplan provide a definitive statement on the council's aspirations for its own land assets.
- 1.4 Urban design specialists PRP Architects were commissioned in 2022 to produce the masterplan, responding to the demands and opportunities set out in the CQSRF.

- 1.5 Following consideration by Cabinet is referred to Council for consideration, approval, and adoption into the council's Corporate Policy Framework (refer to **Legal Implications**).

2.0 Proposal Details

- 2.1 The final version of the Lancaster Canal Quarter Masterplan is attached in **Appendix 1** alongside technical supporting material. Development of the masterplan focussed on:
- Meeting the challenges of the CQSRF and setting a preferred development and land use solution.
 - Integration with the Lancaster City Centre Movement and Public Realm Strategy proposals
 - Working to join up major third-party landowner/developer aspirations and ideas to form a coherent development platform.
 - Reviewing preferred land uses with respect to viability, market demand, and deliverability.
 - Assessment of priorities and approach to retention and refurbishment of historic buildings.
 - Defining the route to progression of key infrastructure, such as the proposed area heating network.
- 2.2 Early phases have been identified which have the potential to deliver new housing and commercial activity, but challenges remain in securing viable development propositions. Construction costs are high and rising, and local asset values across the majority of appropriate housing and commercial uses are relatively low in comparison to national and regional norms. Combined with difficult site conditions and heritage interest, this means significant public intervention at various scales and degrees will be required to achieve the Masterplan ambitions.
- 2.3 However, the council has had some early successes in securing grant aid and the area has clear potential to deliver: a range of housing types; commercial activity; create a sustainable community; breathe new life into the city centre; and help meet the council and its partners' ambitions for local culture.
- 2.4 The strategic approach to issues raised through the process of developing the earlier CQSRF have been settled in the Masterplan through:
- Direction from Members in workshop/policy discussion settings,
 - Wide public and stakeholder consultation
 - Reference to settled strategic policy and study recommendations,
 - Officer and consultant Interpretation of the "direction of travel" of emerging and future public policy directions, both internal and external to the city council.
- 2.5 The Masterplan promotes certainty in land use for the city council's own assets with a more flexible market responsive strategies for private assets within a coherent area wide massing, conservation, and public realm strategy. Key matters for Members to appreciate and consider before adoption of the Masterplan as council policy are as follows:
- *Sustainability*: Aspirations to achieve net zero carbon is to be tackled through the reduction in built environment impacts via a fabric first approach. Operational energy is to be tackled through integration of sites

into the council's emerging area heat network plans. It is intended that early phase developments on council owned sites act as initial exemplar developments, generating the initial demand and capacity for the heat network energy centre and infrastructure.

- *Traffic Management, Car Parking, and Modal Shift:* Traffic modelling by county council on vehicle through movement options in the Canal Quarter has temporarily been suspended due to the recent strategic decisions taken on the South Lancaster/Bailrigg Garden Village programme and the return of Housing Infrastructure Fund (HIF) grant to Government. Members will be aware that significant HIF monies were due to be allocated to Lancaster city transport and movement improvements as well as for the strategic transport improvements. Officers' emerging view is that there would be negative impacts on neighbouring residential areas if through traffic movement was ended along the Alfred Street/Seymour Street/Edward Street axis. The preferred solution is still to be agreed and will be defined through future transport studies and assessments as detailed proposals and planning applications are submitted. However, it is proposed that through traffic in the Canal Quarter area will be calmed significantly, and private vehicle movements sub-ordinated to public transport, sustainable travel modes, and pedestrian movement. A reduction in public car parking spaces (a key generator/attractor of car movements) is proposed in line with wider strategic transport policy over the medium to long-term (3 to 10 years). The masterplan approach is therefore aligned to a future where the council's remaining car parks in the city centre are improved and better utilised/promoted, new and improved Park & Ride facilities are introduced, and modal shift is encouraged. Private parking, particularly for new proposed housing, is included - although the masterplan leans towards relatively low provision in this context.
- *Housing:* The area provides an opportunity to contribute to the council's housing targets and objectives, and the proposed housing numbers are considered an achievable and desirable target. A range of typologies are proposed, with emphasis on higher density and apartment living. Where appropriate the city council will promote its land assets to meet its own housing objectives, with a desire to promote affordable and social tenures subject to the practical concerns of delivery capacity, viability, and council's budget position. Proposals for early phase housing delivery were approved by the council earlier in the year and are moving forward as described later in this report.
- *Commercial:* Opportunities are focussed on third-party private land holdings and will be promoted flexibly within the context of the wider massing and public realm strategy. Viable solutions for commercial and leisure uses are difficult and public intervention to assist in enabling strategic and site-specific infrastructure (particularly to overcome the "heritage deficit" and other abnormal costs of resolving site issues), will be needed. The public and private sectors will work together to enable the delivery of exciting, high quality, and appropriate mixed use solutions for third party land assets.
- *Cultural:* The masterplan adopts and promotes the strategies for building and business improvements proposed by the key cultural organisations

resident in the area - specifically the Dukes Theatre, Grand Theatre, and Lancaster Music Co-op. But it is recognised that the approaches proposed by the organisations will only be achieved with significant external grant aided investment and other allied public intervention and support. Proposals are either concerned with council property – reasonably characterised as current liabilities – or have significant synergy with council property interests. Beyond the cultural and economic value these organisations bring to the area, it is in the interests of the council to enable and support investment in order to reduce its future contingent property risk.

- *Historic buildings:* A pragmatic approach to retaining or removing buildings with heritage interest has been adopted that ensures the Canal Quarter reflects the wider character of the city centre. The massing strategy ensures the maintenance of historic views, and the strategy has been agreed in consultation with the council’s heritage officers.

3.0 Details of Consultation

3.1 The Canal Quarter Strategic Regeneration Framework, and emerging masterplan proposals, have been the subject of extensive stakeholder and community consultation. The consultation undertaken for the development of the Masterplan is described in the document in **Appendix 1**. The Masterplan has been considered by Cabinet and is referred to Council for consideration approval, and adoption into the council’s Corporate Policy Framework

4.0 Options and Options Analysis (including risk assessment)

4.1 A summary of the options and analysis is presented below:

	Option 1: The final version of the Canal Quarter Masterplan is adopted into the council’s Policy Framework.	Option 2: The final version of the Canal Quarter Masterplan is not adopted into the council’s Policy Framework.
Advantages	Enables the council to progress regeneration proposals to an agreed masterplan and delivery strategy.	No advantages identified unless Members require substantive amendments to the document or seek further consultation on the final document.
Disadvantages	A delay in the adoption of the Masterplan as corporate policy will impact on negotiations with key funding partners and potential investors and deliver further uncertainty around the council’s intentions for the area.	While having some flexibility the masterplan clearly defines the council’s overarching spatial approach and delivery strategy for the future development of the area, particularly in regard to its own land and property assets.

		Ongoing discussions with funders and third parties takes place outside of an agreed masterplan and delivery strategy.
Risks/ Mitigation	<p>Risks are mainly around reputational risk to the council of approving an approach which does not meet the objectives and/or does not find favour with the wider community. However, the document is based upon and meets the requirements of the Canal Quarter SPD (itself the subject of extensive public and stakeholder participation).</p> <p>It is considered that the masterplan reflects the broad balance of stakeholder and community aspirations (as expressed through consultation) and the council's overarching and current corporate policy position as expressed by the newly elected council administration.</p>	Delivery and negotiations with funders proceeds outside of an agreed spatial planning and development framework.

5.0 Officer Preferred Option (and comments)

The preferred option is **Option 1**.

6.0 Development Phasing and Next Steps

- 6.1 Securing delivery will be an ongoing and iterative process which is dependent on the current centralised funding landscape and mainly driven by the opportunities arising under central government mandates – particularly around the “Levelling Up” agenda. However, in adopting a defined masterplan, the council is in a better position to engage with major funding partners and progress sites as funding opportunities present themselves.
- 6.2 The Canal Quarter can be broken down into 5 main phases/areas. A summary of the ongoing work, practical progress, and issues, against each phase is provided below, with further detail in **Appendix 2**

7.0 Conclusion

- 7.1 The Canal Quarter Masterplan presents a coherent and clear statement on the council's overarching development and delivery strategy for the future development of the area and promotes certainty around the preferred use of its own land and property assets. This will guide future officer resource, activity, and priorities and there can be confidence that the document reflects a balanced and considered view of the council's aspirations as informed by extensive stakeholder / community consultation, and current corporate policy.
- 7.2 It is rarely the case a viable commercial investment case can be made without substantial grant aid, and this is a familiar experience for any public or private entity dealing with complex phased regeneration strategies. However, the approval of a masterplan is a significant step in realising future capital funding opportunities and will be an important pillar in negotiating with central government, other public bodies, commercial interests, and private investors.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

There are no Health & Safety, Equality and Diversity, Human Rights, Community Safety, HR implications arising from the adoption of this document as corporate policy. In terms of the impact on potential future development proposals and outcomes officers are confident that issues have been intensively explored and tested during the preparation of the document itself, adhering to the principles of the council's Corporate Policy Framework.

LEGAL IMPLICATIONS

The masterplan is not part of the statutory Local Plan framework and therefore, its adoption sits outside of the Town and Country Planning (Local Planning) (England) Regulations 2012.

However, the council's Constitution provides as follows:

2.2 By law, the Council must have a Policy Framework. This is a list of plans and strategies which are relevant to the Council's functions and are required by law to be decided by the Full Council, usually on the recommendation of the Cabinet, supplemented by other plans and strategies that the Council wishes to add.

The decision on the Masterplan's adoption/approval should therefore be taken by Full Council rather than the Cabinet.

There are no further legal implications in adopting the document as corporate policy.

FINANCIAL IMPLICATIONS

The Canal Quarter masterplan is intended to provide policy guidance and a foundation on which the council can make internal and external cases for resources to deliver proposals which meet its corporate objectives. Depending on propositions, phases, and opportunities the council will act in various ways. It may act as a direct delivery body where appropriate, or as an enabling partner.

There are no additional financial implications arising from approving the Canal Quarter Masterplan to forward to Full Council for adoption into the council's Policy Framework.

OTHER RESOURCE IMPLICATIONS

Human Resources: The main staffing resource on the council side to support progression of the Canal Quarter masterplan will be officers from the Sustainable Growth service.

Information Services: No direct Information Service implications based on the council approving corporate policy.

Property: No implications based on the council approving corporate policy,

Open Spaces: No Open Space implications based on the council approving corporate policy.

SECTION 151 OFFICER'S COMMENTS

Adoption of the Canal Quarter masterplan represents a significant step forward for this long awaited development and provides the foundation for significant investment in the area.

However, as noted above additional council resources may be required in the future. Should additional resources be required application will need to in accordance with the council's Budget and Policy Framework and be balanced against other council priorities and investment outcomes.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has nothing to add to the legal comments above. Once adopted this Masterplan will form part of the Policy Framework of the Council.

BACKGROUND PAPERS

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