



**The Economic and Regeneration Impact of a Cinema
Development in Preston City Centre**

Final Report

August 2014

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1 Introduction

Report Purpose

1.1 This report has been prepared to test the case for a cinema development in Preston city centre and consider the benefits it could bring to the city. It has been prepared alongside an assessment commissioned from dcinex Consulting to investigate the potential of a cinema anchored leisure development.

1.2 The assessment was required to test the overall case for intervention and then to consider the relative merits of potential sites that can accommodate a scheme of the nature and scale that can satisfy potential audience demand. The overall intention is to provide guidance on the overall scale of opportunity and which location could generate the most benefits – from both an economic and regenerative perspective – for the city.

Our Approach

1.3 As the report first needed to understand the case for intervention, the overall potential of cinema development and potential options for delivery, a mixed methodology has been required. The report has drawn on a range of information sources including:

- Evidence of the case for cinema development in Preston City Centre and the nature and scale of facility that cinema operators would wish to provide, based on a report prepared by dcinex Consulting;
- Discussions with Preston City Council staff members to identify potential development sites;
- Site visits to understand the location and character of potential sites for cinema development;
- Consistent assessment of potential sites using agreed criteria to identify a shortlist of options for further consideration;
- Calculating the economic impacts to be realised by a cinema of scale in Preston City Centre (regardless of location) and the economic potential of shortlisted options¹, based on guidance provided by dcinex Consulting regarding the scale of cinema development they believe can be accommodated on each site; and
- Assessing the potential regenerative impacts of each of the shortlisted options.

1.4 This has allowed the team to consider both overall arguments for intervention and the specific opportunities presented by individual potential development sites. This paper brings together the results of each of these components of work to help guide future development decisions.

¹ The assessment focuses on the potential scale of employment and GVA benefits to be generated. It does not provide a cost benefit analysis or viability assessment.

2 The Case for City Centre Cinema Development

Introduction

2.1 This section considers the case for developing a new cinema in Preston city centre, including consideration of:

- Baseline conditions in Preston City Centre;
- Existing cinema provision and the opportunity for new development;
- Modern cinema requirements;
- The target market for cinema; and
- Experiences from other city centres where cinemas have been reintroduced.

City Centre Trends

2.2 Like many centres, Preston has been impacted by changes in shopping patterns and the associated decline in the high street. Key trends include:

- A rise in online shopping levels with the proportion expected to continue to grow over time;
- A reduction in household disposable income, triggered by the recession and elements of core household bills, such as heating costs, accounting for a growing proportion of income;
- A growing number of retailers, including popular high street brands, entering administration; and
- Loss of trade to out of town centre locations for both food retail and large goods.

2.3 The result has been a rise in the number of vacant units in city centres, including both former shops and other uses (e.g. restaurants) that have been affected by declining town centre trade. Data collected by Lancashire County Council shows that where vacancies are recorded in Preston city centre, they have been at largely consistent levels since 2012. Over the past two years, the highest vacancy levels have consistently been recorded around Winckley Square (peaking at 49% between January and May 2013). At times, vacancies have also equated to a quarter of stock on Cheapside/Friargate.

2.4 Despite these challenges, the city centre continues to record high levels of footfall during the day (for example, average footfall of almost 60,000 was recorded on a weekday and up to in excess of 85,000 on a Saturday along Fishergate during 2013). The absence of a family oriented evening economy does however mean that footfall figures drop after 6pm, rising again from 9pm when the pub and club focused footfall increases. There is an opportunity to support increased evening footfall, subject to an appropriate leisure offer being made available, and for this to support wider development, for example the introduction of new restaurants that can cater for both strong day time footfall and a growing evening economy. A new large scale cinema development could provide the required catalyst.

2.5 The leisure economy challenge, as well as the opportunity presented by a cinema development, was recognised in the Preston Retail and Leisure Study produced by Deloitte in May 2013 which highlighted:

- The city centre doesn't have a 'leisure hub';
- There is a lack of linkage between day time and night time activities in the city centre with the evening offer focused on pubs and bars;
- The absence of a city centre cinema is seen to contribute to a poor leisure offer;
- A cinema development could create jobs, higher levels of city centre expenditure and support new business start ups.

Current Cinema Provision and Audiences

Provision and Trends in Preston

2.6 There has been no city centre cinema provision in Preston since 1992 when the Odeon on Church Street closed. The city has two out of town cinemas, Odeon Riversway (10 screens, 1,891 seats) and Vue at The Capital Centre (7 screens, 1,782 seats), both of which opened in the early 1990s. Neither cinema has been modernised since it was built.

2.7 While national cinema audience figures have increased between 1992 and 2013, figures for the Preston cinemas have declined (from an estimated peak of 1.3 million admissions in 1996 to just under 600,000 in 2013). The most recent data shows that while Preston's cinema admissions have declined, admissions increased by 6% nationally between 2007 and 2012 and average admissions per UK head increased from 2.66 to 2.73. This in part reflects the limitations of the city's cinema provision with the early 1990s design of both the Vue and Odeon cinemas providing sloped floors, poor sight lines, small screens and tight seating that do not satisfy modern requirements. Preston cinema admissions levels are forecast to continue to decline in the absence of new development at a time when national cinema attendance numbers are forecast to grow at a compound annual rate of 0.5% over the five years to 2018/19.

Competing Provision

2.8 Other multi-screen cinemas in the local area include:

- Vue Blackburn, 16.3 miles east (27 minutes drive time)
- Odeon Blackpool, 17.5 miles west (28 minutes drive time)
- Empire Wigan, 18.1 miles south (32 minutes drive time)
- Vue Southport, 18.1 miles south west (33 minutes drive time)
- Vue Bolton, 18.4 miles south east (25 minutes drive time)

2.9 While many of these cinemas were built to 21st century cinema standards, they require Preston residents (including a large student population) to travel. On-street research found that people visiting Preston city centre most commonly go to the Odeon Riversway (36% of those surveyed) but 25% say they never go to the cinema. This will in part be due to the absence of modern provision within the city, including through a city centre cinema offer.

The Demand for and Expectations of Cinema Development

2.10 On street survey work completed by dcinex suggests that a city centre cinema would help to increase audience figures. Of the 314 people surveyed in mid May 2014, 78% said they were likely to visit a cinema with associated restaurants, cafes and bars in Preston city centre and 62% said it would become their main cinema venue. Findings also suggested that city centre provision would encourage people to go to the cinema more regularly with 21% saying they would visit a city centre cinema more than once a month compared to only 13% reporting this frequency at present.

2.11 This reflects that customer expectations of cinemas have changed over time with a high quality offer required to first attract visitors and encourage them to make return visits. Important factors include:

- Accessible locations, including the ability to offer on-site parking at no or low cost;
- High audio and visual quality;
- Comfortable seating and a good overall viewing experience;
- Modern, well maintained premises;
- Having quality catering options on-site or nearby.

2.12 These requirements also mirror operators' requirements, placing a strong emphasis on:

- Access to free and easy parking (after 6pm);
- High levels of pedestrian flow on surrounding streets;
- Having appropriate neighbouring uses, including separation between a cinema development and drinking zones;
- Comfort, optimum sight lines and a strong overall viewing experience;
- Improved sound quality and seat stepping; and
- Incorporation of bars, restaurants and coffee shops within developments.

2.13 New cinema developments allow such requirements to be accommodated more effectively and easily than modifying existing facilities.

The Target Market

2.14 As cinema audience figures have grown so has the target demographic. For many years, the traditional cinema goer has been aged 15-25 and the largest cinema audience in recent years has been people aged 18-24 – accounting for 38% of the UK cinema audience but just 16% of the population.

2.15 The profile is however changing. The 35+ market is growing which includes family audiences with parents who have grown up with cinema as well as growing trade amongst older people, including retirees. In 2012, approximately 19,800 people aged 65 and over lived in Preston (accounting for 14% of the population) and this figure is projected to rise to 22,300 by 2021. Almost two thirds (63%) of cinema customers fall into the ABC1² socio-economic groups. Modern, high quality facilities are required to accommodate the needs of a growing and diverse audience base.

2.16 Preston city centre is well placed to accommodate a new, large scale cinema development. An assessment prepared by dcinex shows that it has a catchment of 691,676 people within a 20 minute drive time. Discounting people who would be likely to attend a surrounding competing cinema (excluding the dated Preston out of town provision) takes the figure to 323,068.

Learning from Comparator Areas

2.17 As noted earlier, cinema audience levels in Preston are in contrast to national trends. Experience from towns and cities across the UK shows the impact that a new cinema development can have on revitalising cinema attendances and acting as a catalyst for wider change. As examples, new, large scale (12-14 screens) modern cinema developments in Liverpool³ and Derby⁴ have supported cinema audiences to return to close to their peak level in Derby and exceed the previous peak in Liverpool. Both the high quality nature of provision and location of the cinemas has contributed to the uplift. Both of these experiences help to highlight the opportunity available to Preston to capture demand for cinema and contribute to a programme of wider change in the city centre.

² The upper middle class, middle class and lower middle class social status groups

³ The 14 screen Odeon Liverpool One development completed in 2008

⁴ The 12 screen Showcase de Lux at the Westfield site completed in 2008

2.18 Across the UK, average admissions per head (APH) are 2.7 of the population. Modern cinema developments have successfully secured APH levels significantly above the 2.7 average, for example a modern cinema in Bury St Edmonds secures an APH of 7.05 and in Yeovil of 5.63. Preston's current cinemas achieve an APH of only 1.8 based on a 20 minute drive time population of 323,068. Applying a minimum APH of 3.0 to a new cinema development in Preston would achieve close to 1 million admissions which is cautious based on comparator areas, when driven by a large scale, modern development.

3 Anticipated City Centre Benefits

Introduction

3.1 Developing a cinema of scale in Preston city centre will generate significant benefits, regardless of its location. This section considers the high level, city centre wide benefits that are anticipated prior to the assessment of site options in Section 4.

The Scale of Opportunity

3.2 The scale of audience potential has been identified by dcinex Consulting through three assessment methods which are widely used to test the case for cinema development. Consideration has been taken of:

- The scale of population within the catchment area (after making allowance for competing cinemas) and typical admissions per head;
- Existing city centre footfall levels, providing opportunities for twinned visits (e.g. cinema and shopping or cinema and meal); and
- Experience from benchmark examples elsewhere in England.

3.3 Dcinex's research suggests that there is potential to develop a regional powerhouse for cinema in Preston city centre. Based on their understanding of cinema operator requirements and experiences to date, there is potential audience demand for a cinema that:

- Provides 9-12 screens;
- Offers between 1,500 and 2,500 seats;
- Attracts between 450,000 and 1,000,000 admissions per annum;
- Is supported by up to 12 restaurants, either on site or in close proximity to a new cinema development.

3.4 This scale of development, potentially including a unique offer such as an IMAX theatre, would be a significant destination draw for Preston. The scale of development outlined above could potentially be offered on any site in a city centre location. The perceived window of opportunity for a city centre cinema development in Preston is to have a facility open within 3 years (i.e. by summer 2017).

Contribution to Regeneration Objectives

3.5 There is a strong opportunity for a new leisure and entertainment offer to revitalise the city centre at all times of day, creating an environment that is attractive to all groups but particularly increasing the leisure offer for families and older people. A cinema development would be accompanied by the introduction of new restaurants, to support the viability of the development schemes and support growth in demand generated by cinema audiences. There is also potential for retail expenditure to increase, supported by extended opening hours as a consequence of more evening visitors to the city centre.

3.6 A large scale cinema development will support delivery of the vision outlined in the Preston City Centre Plan 2013 including by 2026 to have become a *“regenerated and transformed city, and will have strengthened its position as a first class destination for retail, cultural, entertainment, business and higher education services, in Lancashire”*. One of the plan's objectives is to revitalise the leisure and cultural offer.

3.7 Both directly and indirectly the development can potentially help to address issues including vacant floorspace, limited footfall between 5pm and 7pm, a one dimensional evening economy and lack of family oriented leisure offer. The plan notes that the extent to which a new cinema development could support regeneration will be dependent on factors including:

- Fit with the aspirations of the core strategy, the local plan and city centre plan in general.

- The regeneration impact of the site and the extent of its contribution to wider city centre regeneration, including potential cumulative impacts.
- The site's deliverability, in planning terms.
- Ease of access to public transport, city centre assets and the primary shopping area.
- Contribution to enhancing the heritage assets of the city centre.
- The convenience of the location to customers.

3.8 By generating increased city centre footfall (including increased numbers of people in the city centre between 5pm and 9pm when there is currently a lull in activity) there is potential for a cinema development to also support increases in retail and restaurant trade, supporting the sustainability of existing provision and also providing a market for a larger and more diverse offering that may be supported by the cinema development. All sites considered through this assessment fall within the city centre boundary, are identified opportunity areas and can support the delivery of its objectives. The Preferred Options paper highlights the need to consider the potential of a number of sites to accommodate a cinema development.

Scale of Economic Opportunity

3.9 Based on the scale of opportunity outlined earlier in this section, there is potential for a modern city centre cinema development to bring considerable value to Preston city centre. This will encompass a mix of short term construction expenditure, on-site audience expenditure (for example ticket purchases and refreshments), value generated through linked trips (for example going to the cinema along with a meal or shopping) and creating benefits throughout the supply chain links through this range of expenditure.

3.10 The table below summarises the potential scale of gross and net benefits to be generated by a cinema development. This shows the considerable economic benefits that a major cinema development could bring to Preston, subject to schemes proving viable. Ongoing benefits are in addition to temporary benefits associated with the scheme's construction and fit out. The short term benefit includes potential to create 133-213 construction job years with an associated GVA impact of £4.5m-£7.2m for the duration of works.

Potential Gross Benefits		
Source of Benefits	Benefits Range (gross)	Benefits range (net)
<i>In Cinema Spend</i>		
Direct cinema employment	21-30 FTE posts	14-20 FTE posts
GVA contribution of the above	£0.9m-£1.4m	£0.7m-£1.0m
Employment impact of cinema supply chain expenditure	8-14 FTE posts	5-9 FTE posts
GVA contribution of the above	£0.4m-£0.7m	£0.3m-£0.5m
Direct new restaurants employment	102-153 FTE posts	51-77 FTE posts
GVA contribution of the above	£2.2m-£3.3m	£1.1m-£1.7m
<i>Off-site Spend</i>		
Employment supported by linked trip supply chains	23-51 FTE posts	12-26 FTE posts
GVA contribution of the above	£1.2m-£2.7m	£0.6m-£1.3m

4 Site Assessment

Introduction

4.1 This section considers the potential locations for a cinema development in Preston city centre along with the relative strengths and weaknesses of each. It then considers the economic and regenerative potential of the three highest scoring options identified through the assessment. All schemes have been assessed on the basis of the largest scheme they are expected to be able to accommodate, within the parameters set out in Section 3.

Potential Development Sites

4.2 Seven potential sites have been identified in consultation with Preston City Council as potential sites for a city centre cinema development. The sites include a mix of under-used sites and premises that may be available for cinema development, either as a stand alone scheme or as part of existing developments.

4.3 The properties/sites considered are:

- Amounderness House;
- Bus Station;
- Fishergate Centre;
- Guild Hall;
- Markets site;
- Queen Street;
- St Georges Centre.

4.4 All sites are located within the city centre or on the city centre fringe. A plan showing the location of each of the sites is provided as Appendix 1. The sites/premises are in a combination of City Council and private ownerships.

Site Assessment Criteria

4.5 Selecting a preferred site for the cinema development requires consideration of a wide range of factors that will impact on the ability to firstly attract a cinema operator and then to attract the scale of audience needed to sustain the facility and generate regenerative benefits for the city centre. Five assessment criteria have been used to ensure all site options are assessed on a consistent basis (see below). Weighting has also been applied to the criteria to demonstrate the relative importance of being able to respond to operator requirements and for the scheme to act as a catalyst for wider development and linked trips.

Site Assessment Criteria		
Criteria	Coverage	Weighting
Operational functionality	The ability to accommodate the scale of development and any specific operator requirements.	30%
Catalytic impact	The ability to stimulate wider investment, e.g. to bring adjacent sites and vacant buildings back into use and support city centre linked trips.	30%
Visitor functionality	Accessibility to visitors, including footfall trends, the ability to offer on-site car parking and proximity to public transport.	15%
Deliverability	The ability to deliver the development within target timescales and any known site constraints.	15%
Character fit	Development in keeping with surrounding properties with no or minimal potential conflicts.	10%

4.6 A summary of how each site performs against these criteria is provided below. The rationale for each score awarded has also been shared with the client team. Each criteria was assessed using a range of 1 to 5, where 5 is excellent and 1 is inadequate.

Summary Site Assessment (ordered by weighted score)							
	Operational	Visitor	Deliverability	Catalytic	Character	Total	Weighted Score
Markets site	5	4	3	5	3	20	17.4
Fishergate Centre	3	5	5	2	4	19	13.6
Queen Street	5	3	4	1	4	17	13.0
Bus Station	3	4	1	3	2	13	11.0
St Georges Centre	2	4	2	2	3	13	9.6
Guild Hall	2	3	1	3	3	12	9.6
Amounderness House	1	3	3	3	2	12	9.2

4.7 Based on the assessment above, the three top scoring sites have been selected for further assessment of the economic and regenerative benefits of a cinema development. They are:

- The Markets site;
- Fishergate Centre; and
- Queen Street.

4.8 These sites provided the focus for the remainder of the assessment process, the findings of which are outlined below.

4.9 The headline assessment findings for each site are shown below.

Site Assessment Headline Findings	
Site	Headline Assessment
Markets site	Site offers potential for development of a regionally significant cinema led development that can stimulate wide investment in the city centre but high cost to deliver due to adjacent buildings/road
Fishergate Centre	Potential site for a large scale cinema development, taking advantage of links to an existing popular shopping area/area of high footfall and strong transport links
Queen Street	Opportunity for large scale cinema development but scheme would in effect be an edge of city centre scheme providing limited scope for spill-over benefits
Bus Station	Alternative schemes are being developed for the site which are likely to take precedence and there a number of potential challenges to developing in this location
St Georges Centre	Potential for development in this area remains unclear although the scale of development opportunity is anticipated to be too small to support target audience numbers
Guild Hall	Cinema development does not fit with new owner's plans so not deliverable
Amounderness House	Site not suitable for large scale commercial cinema development due to limitations of the built form

The Potential of Shortlisted Sites

4.10 For each of the three shortlisted sites, consideration has been given to:

- The scale and nature of development that can be accommodated;
- The potential scale of economic benefits that could be generated by the development; and
- The wider city centre regeneration potential of proposals.

4.11 The assessment findings of each of the three options are shown below. All schemes are believed to offer the potential to accommodate a cinema and associated restaurant provision at a significant scale, as defined by dcinex. Further testing will however be required by Preston City Council and/or the potential site developers to determine the viability of each option, both during the construction and operational phases.

Markets

Proposition

4.12 The Markets site offers the potential to accommodate a large scale, new build cinema development with supporting restaurant provision to also be supported on site. All uses could be accommodated within a single development scheme that will encourage linked trips.

4.13 Delivery of this scheme would represent a major city centre development and associated investment. Market traders need to be de-canted and/or re-located (a process which is already underway) and both the market building and adjoining Lancastria House demolished to provide a cleared development site. This would take forward existing proposals for the site.

4.14 The assessment presented in this paper, drawing on insight provided by dcinex Consulting, assumes that the scheme would:

- Provide a 12 screen cinema;
- Accommodate up to 1 million attendances per annum; and
- Support the introduction of 12 new restaurants.

Economic benefits

4.15 The table below provides the headline economic benefits assessment⁵. This option has the potential to generate considerable economic benefits through high audience levels and expenditure both within the cinema itself and through linked trips. Of the three schemes assessed, it is forecast to generate the highest level of economic benefits. A larger scale construction programme would support an estimated 236 construction job years, supporting GVA of £8.0m for the build programme⁶.

Potential Scheme Benefits – Markets		
Source of Benefits	Gross Benefits	Net Benefits
<i>In Cinema Spend</i>		
Direct cinema employment	30 FTE posts	20 FTE posts
GVA contribution of the above	£1.4m	£1.0mm
Employment impact of cinema supply chain expenditure	14 FTE posts	9 FTE posts
GVA contribution of the above	£0.7m	£0.5m
Direct new restaurants employment	153 FTE posts	77 FTE posts
GVA contribution of the above	£3.3m	£1.7m

⁵ The assessment assumes that the market has relocated prior to the development taking place with no allowance made for the off-setting of economic activity.

⁶ Estimates exclude employment associated with works to clear the site ahead of development.

Off-site Spend		
Employment supported by linked trip supply chains	51 FTE posts	26 FTE posts
GVA contribution of the above	£2.7m	£1.3m

4.16 Temporary construction benefits would be higher under this scenario, given the site clearance and construction works required prior to fit out and the scheme would be expected to have a more costly design, reflecting the opportunity for this site to provide a highly visible sign of change.

Regeneration benefits

4.17 Reflecting the scores awarded through the site assessment exercise, this option presents the strongest potential for the achievement of regeneration benefits. This reflects:

- The ability to directly deliver the redevelopment of a priority city centre site;
- The number of vacant and under-used properties in close proximity to the site (e.g. shop units on Market Street and Friargate, the former post office building and Amounderness House) that may be supported to return to active use as a consequence of higher levels of footfall;
- The potential to act as a catalyst for wider development, for example to provide the context for private sector investment in the redevelopment of the post office building and investment in the St John's Centre;
- The opportunity for high numbers of visitors to this part of the city centre to also generate business opportunities for surrounding businesses, including nearby shops and restaurants (e.g. on Friargate and Market Street).

4.18 In summary, this option is believed to provide high regenerative potential. It offers the strongest opportunity to secure wide ranging regeneration benefits and potentially kickstart a wider programme of private sector led investment in the city centre. Care will however be required to ensure that a catalytic development in this part of the city centre does not displace business from existing successful areas (e.g. Fishergate).

Overarching assessment

4.19 This option presents an opportunity to deliver a major development scheme in Preston city centre that has the potential to deliver significant economic benefits. It would provide a significant outward sign of change, offer a new focal point for the city and help to rejuvenate the markets site, as well as providing the potential for roll out of investment across surrounding premises. The site is well located, providing good access for visitors and allowing cinema goers ready access to the nearby shopping area.

4.20 Consideration does however need to be given to the costs of delivering the scheme given the need to initially relocate occupiers from the site and clear it to facilitate development. The costs associated with delivering this option will be significantly higher than for the other two sites. Understanding the viability of the final scheme (as with all of the options considered) will also be an important next step to ensure that the scale of scheme proposed is deliverable from an operator perspective.

Fishergate Centre

Proposition

4.21 A cinema development at the Fishergate Shopping Centre would combine refurbishment works with new build. The cinema and associated restaurant provision would be built at the rear of the centre, focused on the large vacant unit previously occupied by TJ Hughes and extending into the car park. The building owners have already expressed their interest in delivering a scheme of this nature.

4.22 The assessment presented in this paper, drawing on research conducted by dcinex Consulting, assumes that the scheme would:

- Provide a 11 screen cinema;
- Accommodate approximately 915,000 attendances per annum; and
- Support the introduction of 11 new restaurants.

Economic benefits

4.23 Fishergate records high levels of footfall during both weekdays and at weekends and the Fishergate Shopping Centre reports low vacancy levels relative to other parts of the city centre. This location therefore offers a strong opportunity to capture cinema attendance and to support linked trips, particularly retail trips.

4.24 The table below summarises the headline economic benefits expected to be generated by a cinema development in this location. Of the three schemes assessed, it is forecast to deliver the second highest level of economic benefits. In addition to the ongoing benefits summarised below, delivery of the capital scheme would support an estimated 195 construction job years with a GVA impact of £6.6m for the duration of the works.

Potential Scheme Benefits – Fishergate Centre		
Source of Benefits	Gross Benefits	Net Benefits
<i>In Cinema Spend</i>		
Direct cinema employment	27.5 FTE posts	19 FTE posts
GVA contribution of the above	£1.3m	£0.9m
Employment impact of cinema supply chain expenditure	12 FTE posts	8 FTE posts
GVA contribution of the above	£0.6m	£0.4m
Direct new restaurants employment	141 FTE posts	70 FTE posts
GVA contribution of the above	£3.0m	£1.5m
<i>Off-site Spend</i>		
Employment supported by linked trip supply chains	54 FTE posts	27 FTE posts
GVA contribution of the above	£2.8m	£1.4m

4.25 The Council may wish to weigh the benefits forecast to be generated under this scenario against the potential of returning the vacant units to retail use (subject to demand). If the shopping centre was to reach full occupation, it is forecast that the uplift in gross employment would be 206 jobs, contributing GVA of £7.1m while the net uplift would be 103 jobs and a GVA contribution of £3.5m.

Regeneration benefits

4.26 Regeneration potential in this location is lower than under the markets option as the shopping centre already reports low vacancy rates (as does Fishergate) and there are high levels of footfall in the area. The development could however help to improve connections through to Winckley Square. This is the part of the city with the highest proportion of vacant properties (38% of stock over the last five quarters) and is a recognised under-used asset.

4.27 Heritage Lottery funds have already been secured to return vacant units to productive use, invest in the park and promote the area, recognising the importance of achieving its potential. The combination of HLF and cinema development activity leading to greater footfall could support existing service sector businesses to grow and encourage new ones to launch (e.g. restaurants to open) to cater for growing evening visitor numbers in this part of the city, subject to effective links being established.

4.28 In summary, this option is considered to offer moderate regeneration potential.

Overarching assessment

4.29 The Fishergate Centre provides a strong opportunity for private sector led cinema and associated restaurant development of a significant scale. The area already secures high numbers of visitors, has strong transport links and would be expected to support high levels of linked trips to both existing and new city centre retail units and restaurant provision. A historic permission to deliver a larger retail development on the site suggests there is a precedent for the centre to be expanded and permission is already in place to provide a multi-storey car park.

4.30 The costs of altering the existing shopping centre space and building an extension remain to be determined. As with the other schemes considered, a viability assessment would be required to ensure that the scheme is also sustainable once operational.

Queen Street

Proposition

4.31 Queen Street is a large, cleared site located on the city centre's eastern fringe. The site is identified as part of the Horrocks Quarter in the Preston City Centre Plan 2013 with potential to accommodate large scale development. A range of potential uses have been proposed for the site (including the most recent proposal to deliver a food retail led scheme) but none have come to fruition to date. A large scale, new build cinema development could be accommodated on the site along with associated restaurant provision.

4.32 The assessment presented in this paper, drawing on the experience and research of dcinex Consulting, assumes that the scheme would:

- Provide a 9 screen cinema;
- Accommodate up to 600,000 attendances per annum; and
- Support the introduction of 9 new restaurants.

Economic benefits

4.33 The table below summarises the potential scale of economic opportunity offered by cinema development on the Queen Street site. Of the three schemes assessed, it is forecast to deliver the lowest level of economic benefits, due to the edge of city centre location proving less attractive to operators (an insight provided by dcinex Consulting). The temporary benefits of delivering this scheme are estimated to be 144 construction job years, supporting a GVA uplift of £4.9m for the period of construction and fit out.

Potential Scheme Benefits – Queen Street		
Source of Benefits	Gross Benefits	Net Benefits
In Cinema Spend		
Direct cinema employment	21 FTE posts	14 FTE posts
GVA contribution of the above	£1.0m	£0.7m
Employment impact of cinema supply chain expenditure	9 FTE posts	6 FTE posts
GVA contribution of the above	£0.4m	£0.3m
Direct new restaurants employment	115 FTE posts	57 FTE posts
GVA contribution of the above	£2.5m	£1.2m
Off-site Spend		
Employment supported by linked trip supply chains	23 FTE posts	11 FTE posts
GVA contribution of the above	£1.2m	£0.6m

4.34 The overall economic potential of this option is limited by a lower expected proportion of linked trips into the city centre (although restaurant visits would be accommodated on site), reflecting the site's detachment from the core of the city centre.

Regeneration benefits

4.35 A cinema development would deliver a large scale, early use for the Queen Street site that could potentially unlock further developments on the site. Benefits spreading to the core of the city centre are however anticipated to be limited. If effective pedestrian links are created from the site through to Church Street, there is potential for spill out benefits to be achieved (for example to allow vacant units to be returned to use and to encourage owners to invest in their properties) but the potential is believed to be lower than under the other two shortlisted options. The first part of the city centre reached from this site includes the vertical drinking zone which may further reduce the potential for linked trips.

4.36 In summary, this option is considered to offer low regeneration potential for the heart of the city centre but moderate regeneration potential for delivery of activity across the wider Queen Street site.

Overarching assessment

4.37 The Queen Street site offers the potential to deliver a large scale, new build development in direct response to operator requirements with minimal site preparation which should help to support viability. The site is accessible by car, located close to the A6, A59 and motorway. Its location outside the core of the city centre does however mean that the potential scale of development and benefits that a scheme could generate for the city are more restricted. Given the strong road links, cases of cinema visitors going into the city centre either before or after a showing would be expected to be more limited than in the other locations.

Summary

4.38 The relative performance of the three schemes (based on the scheme assumptions outlined against each) is summarised in the table below.

	Economic benefits (gross)	Regeneration benefits
Markets	Temporary construction benefits: High Cinema and restaurant development benefits: 183 FTE posts £4.7m GVA uplift Employment impact of cinema and linked trip supply chain expenditure: 64 FTE posts £3.4m GVA uplift	High Potential to increase footfall figures in the area and catalyse wider investment. There are a series of investment opportunities in the immediately surrounding area, including redevelopment of the post office building, returning vacant units on Market Street to active use.
Fishergate Centre	Temporary construction benefits: High Cinema and restaurant development benefits: 168.5 FTE posts £4.3 m GVA uplift Employment impact of cinema and linked trip supply chain expenditure: 66 FTE posts £3.4m GVA uplift	Moderate Development in an already popular area of the city. Opportunity to support the regeneration of Winckley Square (where vacancy rates are at their highest) and support vacant retail units in the Fishergate area to return to use. Potential to support extended shopping hours within the Fishergate Centre.
Queen Street	Temporary construction benefits: Moderate Cinema and restaurant development benefits: 136 FTE posts £3.5m GVA uplift Employment impact of cinema and linked trip supply chain expenditure: 31 FTE posts £1.6m GVA uplift	Low Potential to unlock wider site development but scope for benefits to flow into the city centre core limited.

4.39 The markets scheme performs most strongly when assessing both economic and regeneration impacts, reflecting the larger scale of anticipated cinema development and the strong position of the site in an area of the city that benefit from higher levels of footfall and provides an opportunity to attract wider investment to return vacant properties to use.

Appendix 1: Sites Plan

