

Enterprise and Business Committee Inquiry into Town Centre Regeneration

Evidence from the Means

Response to the Welsh Government's invitation in respect of the regeneration of town centres

Respondee

This response is submitted from The Means – as far as we can ascertain the only dedicated urban regeneration consultancy headquartered in Wales. (www.themeans.co.uk)

Terms of Reference to be Considered by Enterprise and Business Committee

The terms of reference for the inquiry are:

- What approaches have been followed to successfully deliver and finance the regeneration of town centres in Wales? Are there lessons to be learned from elsewhere?
- How does the Welsh Government use the levers at its disposal to assist in the regeneration of town centres in Wales?
- How are the interests and activities of communities, businesses, local authorities and Welsh Ministers identified and coordinated when developing and implementing town centre regeneration projects?

The Committee would be particularly interested in hearing views on the following issues:

- The roles the Welsh Government and local authorities play in the regeneration of town centres.
- The extent to which businesses and communities are engaged with the public sector led town centre regeneration projects or initiatives, and vice versa.
- The factors affecting the mix of residential, commercial and retail premises found in town centres - for example, the impact of business rates policy; footfall patterns and issues surrounding the night-time and daytime economies within town centres.
- The impact of out-of-town retail sites on nearby town centres .
- The use of funding sources and innovative financial solutions to contribute to town centre regeneration – including the Regeneration Investment Fund for Wales; the use of Business Improvement Districts; structural funds; Welsh Government, local authority and private sector investment.

- The importance of sustainable and integrated transport in town centres– including traffic management, parking and access.
- The potential impact of marketing and image on the regeneration of town centres – such as tourism, signage, public art, street furniture, lighting and safety concerns.
- The extent to which town centre regeneration initiatives can seek to provide greater employment opportunities for local people.

The Committee would also welcome any recommendations on what measures could be used to evaluate success of initiatives undertaken to regenerate town centres.

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Introduction – the context

Analysing the performance and predicting the outlook for town and city centres in Wales is a complicated undertaking. So many forces are at play:-

- Firstly there has been an unprecedented spike in the supply of retail space – a staggering 88 million sq ft in the last twenty years.
- Secondly consumers are reigning in their spending and this is evident in other sectors such as catering where 503 restaurants closed their doors in 2008¹ - a 32% increase on the year before.
- Thirdly the pattern of retailing is changing. Twenty years ago major retailers considered that they needed 175 stores to access 50% of the population. With the preponderance of out-of-town shopping centres and the willingness of consumers to travel further to concentrations of retail activity this figure has shrunk to 75
- Fourthly purchasing from the internet has increased exponentially

Taken together these present a substantial head wind for centres to battle with. Over the last 12 months high streets on average have seen the highest drop in footfall of 2.6%.

However this fairly modest drop disguises regional differences which make worrying reading for policy makers in Wales.

The hardest hit locations in terms of footfall were Wales (-9.2%), the West Midlands (-6.6%) and the East of England (-6.2%) which recorded the sharpest decreases. Greater London (1.6%), the South West (0.4%) and Scotland (0.2%) were the only locations that saw shopper numbers rise.

A similar picture emerges in respect of town centre vacancy. The national rate in the UK was 11.2% in May 2011 (high streets and shopping centres). Wales (13.4%) Northern Ireland (17.1%), and the North and Yorkshire (13.1%) recorded significantly higher vacancy rates.

Why does Wales perform at the worse end of these statistics, and why should we care?

We would argue that retailing's role in the economy is underestimated. The British Retail Consortium presents a compelling case:-

- *UK retail sales are around £300bn, the 3rd largest in the world, after the USA and Japan.*
- *The retail sector generates 8% of the GDP of the UK, and 5.2% of GVA.*

¹ Source PWC

- *The retail industry employs around 3m people. One in ten of those in employment currently work in the retail sector – the highest proportion of UK private sector employment. Retail is the largest private sector employer in the UK with one in ten of the workforce working in retail. Despite being the third biggest casualty of the recession with over 6,000 insolvencies, the sector continues to grow. Retail encompasses a wide range of professions and is at the forefront of workplace skills development and flexible working.*
- *There are 450,000 shops in the UK owned by 300,000 enterprises, including 9% (190,000) of all VAT-registered businesses.*
- *Shops account for more than a third of consumer spending.*
- *Despite strong growth in recent years, internet sales currently account for only around 7.5% of total sales.*

UK retail is one of the world's most competitive and innovative industries. Not only are UK retailers amongst the world's top performing companies but the UK attracts many global brands setting up flagship stores to attract both domestic and overseas visitors to prime retail locations in the UK. The value of overseas shoppers in London is around £2bn p.a. Many other UK locations recognise the importance of retail as a leisure activity with many initiatives linking retail to tourism in locations such as Leamington, Torquay, Nottingham, Solihull, Medway, Glasgow, Falmouth, Skipton and Rye.

Retail also plays an important role in regeneration. Leading retailers are major constructors in the UK, investing in not just shops but houses, infrastructure, and even civic centres.

Given the scale of the industry, does it attract sufficient attention from policy makers, for example compared to manufacturing and agriculture?

There are a number of further points worth making in reinforcing the importance and potential of retailing for the Welsh economy:-

- The sector provides a range of jobs at nearly all skill levels. It can provide an accessible point of entry for young people, and others, into the job market, and subsequent opportunities for advancement
- The sector also provides flexible employment with a high incidence of part time employment
- Many of the jobs are in locations which by their nature are accessible by public transport rather than reliant on the car
- Wales does relatively badly in terms of entrepreneurialism. Retail is one of the easier routes into starting a business

- Shopping is a key component in an area's overall tourism appeal – often one retailer can be a significant draw
- Increasingly retailing is forming allegiances with local manufacture and production. This is especially true in the areas of agriculture and craft where virtuous circles can be established

Finally in terms of scene setting it is worth stressing that whilst retailing may be the most important use class in our town and city centres it is not the only one. Others include:-

- Civic functions – council offices, libraries and the like
- Entertainment – theatres, cinema, restaurants
- Transport – integrated hubs for bus, rail

In the urgent search for sustainable development paths what mistakes have been made in moving these facilities to out-of-town or edge-of-town locations? By definition their original position in the centres made them far more accessible to larger parts of the community, by foot, bike and mass transport. As we move towards a future less dependent on the car will we begin to regret the massive investments in infrastructure that have been made in creating these locations which have had the effect of hollowing out our centres.

Having acknowledged that centres are not solely commercial areas, what follows is based on the conclusion that if they are not successfully economically their ability to fulfil social and environmental roles will be greatly constrained.

The role of government in the regeneration of town centres and the engagement of other stakeholders

We have often heard the assertion that the reason that town centres are neglected by government is that *there are no votes there* – most constituents live outside the centres. Whilst this is a cynical view, it can be argued that politicians are less informed and exposed to the issues which effect town centres.

One of the interesting outputs from this review will be a better understanding of how government manages its responsibilities to centres nationally and locally. Who within government is charged with ensuring that these crucial resources for economic well being and being managed and developed in the optimum fashion? Local authorities, WDA, WAG, and Europe have invested millions of pounds into town centre regeneration but it seems to us that there are a number of ways in which this has been deficient:-

- Is there sufficient evidence of evaluation and the implementation of progressive learning?

- What evidence is there of learning transfer from Europe – which by and large has done better in retaining the vitality of smaller centres?
- In parts of Wales the pattern of historical industrial development has resulted in the agglomeration of settlements in close proximity. Has enough been done at the level of regional strategy to allocate resources and facilities, or are we forever to be in thrall to geo-political parochialism?

There is considerable local difference in the ways in which the views of town centre stakeholders are gleaned by government. There is no consistency in policy across Wales, and no research. In some places there is a functioning infrastructure built on Civic Societies, or Development Trusts, or Chambers of Commerce or Town Centre Partnerships but this is no guarantee of effective communication or liaison between the sectors. Their presence and performance varies from place to place.

We are often working at the point at which different sectors come together, or in some cases collide. The relationship is too often characterised by a poor appreciation of the others' viewpoint – and this applies across the sectors. Yet where partnership works there is a real sense of the sum of the parts far exceeding what elements could have done on their own.

But partnership development in Wales is problematic and lacks the necessary leadership and support from those in a position to influence matters. How well have the Communities First Partnerships performed with their thirds principle? We have encountered situations (text missing?) Again how well do we understand this key consideration? For example how well do Welsh schools do in attracting governors from the private sector compared to their English counterparts?

Added to this, strong leadership, allied with an inclusive approach, at a local level can be critical for achieving successful town centre renewal and perhaps we could learn something from schemes like that in Bath:-

Bath and North East Somerset Council have developed a long term strategy, following a comprehensive consultation period, to transform Bath's public realm and support its economic regeneration.

The city centre had become stuck in time in terms of identity, with a notable lack of investment in the walkable environment and the impact of the car undermining its potential as a place. But, following the consultation period, a long-term strategy has been implemented to enhance the city's streets and urban spaces, re-balance movement and reinforce "Bathness".

The Public Realm and Movement Strategy is ambitious in its aims, as its consultation documents state, "the public realm should be viewed as the canvas upon which a healthier, more vibrant and inclusive public life, a more dynamic and more successful economic life, and a more distinctive and creative brand identity for the city can be established."

The strategy has been well received by Bath's Residents Association, who felt that the high street was one of the most chaotic spaces in Bath, and initial projects linked to the strategy have shown intent to develop a more attractive city centre and improve movement.

The extent to which businesses and communities are engaged with the public sector led town centre regeneration projects or initiatives, and vice versa.

One of the keys to successful regeneration is not to adopt an ideological approach – e.g. *private sector good public sector bad or vice versa*. What's good is what works.

It seems to us though that Wales' record of engaging the private sector in town centre regeneration issues and harnessing its support is poor in comparison with other parts of the UK and beyond.

Nowhere is this more apparent than in the performance to date in establishing Business Improvement Districts. Over the past ten years we have worked with numerous BIDs and tracked their record in transforming commercial locations. The legislation to make BIDs possible was passed in England a year earlier than in Wales. The take up in England has been impressive and there are more than 120 BIDs in England - but only one in Wales – Swansea were quickly on to the advantages of BIDs. There might be many explanations for this -population etc. However what is harder to explain is that the legislation went through the Scottish parliament a year later than in Wales.

Already 11 BIDs are established in Scotland and a further 17 are under development. The Scottish government in setting up a BID support agency and has clearly indicated its intent to fully utilize this powerful mechanism. Whereas the response in Wales has not even reached lukewarm. We are working on the only other active BID campaign, in Merthyr Tydfil.

It is worth asking the question whether this is an isolated example or whether it is an illustration of a wider failure to encourage, foster and deploy partnership mechanisms which allow for greater input from other sectors?

Are we producing examples like Totnes, in Devon, which has transformed its economy and, in turn, the fortunes of its high street through taking an innovative approach to regeneration?

The town became the birthplace of the world's first Transition Town project in 2007, a concept developed by the environmentalist and Totnes native Rob Hopkins. The initiative was embraced by the town and has succeeded in engaging a wide range of people, public bodies, local businesses and community groups in the development of Totnes.

Transition Towns Totnes, a community led organisation, is co-ordinating much of the work, and t believes that by involving everyone in the town that innovative, effective and practical ideas will be created that build the town's resilience through becoming more self reliant, whilst reducing carbon emissions and dependence on fossil fuels.

Transition Town Totnes is held up as a good example of environmental action by the Homes and

Communities Agency, which highlights its links to a number of the other elements for creating great places, including:

Governance – engaging a wide range of people, public services, local businesses and community groups in a shared strategy to change the way Totnes works

Economy – promoting local business growth and helping businesses save money to using more sustainable energy sources

Transport and connectivity – promoting a shift to sustainable modes of transport and reducing travel by promoting local business exchange and the ‘Totnes Pound’

Services – helping people and households develop new skills to adapt to a changing environment

Social and cultural – developing a strong sense of Totnes as a community, working together on world-leading venture

In Totnes, an innovative and open minded approach has led to a sustainable local economy with a focus on ‘green living’, local produce and tourism. Through working together in co-ordinated way, with a shared goal, local people, businesses and public bodies have inspired an international Transition Movement and developed numerous projects aimed at transforming the town’s central area.

Of course there are similar examples in Wales, but is their incidence as high as it might be? Are the conditions right to encourage models such as Development Trusts, or at a simpler level Town Centre Partnerships? The Association of Town Centre Management has in the past been disappointed about the support it receives in Wales.

The factors affecting the mix of residential, commercial and retail premises found in town centres - for example, the impact of business rates policy; footfall patterns and issues surrounding the night-time and daytime economies within town centres.

What has traditional underpinned the strengths of town centres is the diversity of use. Retailing is but one function amongst many – including residential. Even in the states where suburbs have a bigger status than in Wales, people, especially retired people are moving into city centres and enjoying social intercourse and having facilities on their doorsteps.

The night time economy need not mean bars. The temptation to build cinemas and theatres, with their complimentary food and beverage offer, on edge-of-town sites, in order to take advantage of acres of at grade parking should be resisted. Surely we don’t need to repeat the mistakes of America and Australia before we start reflecting on their remedies?

The impact of out-of-town retail sites on nearby town centres .

A crucial issue facing every centre in Wales. Critical from the economic/social and environmental viewpoint.

There is a substantial evidence base, and Wales Bromley and Thomas have made important contributions.

The only perspective worth adding is that if it is too late to turn back the clock, it is time to take two actions:-

- Strengthen the tests for permitting further out-of-town development
- Find, and fund, sustainable means of making better linkages between edge-of-and out-of-town developments with existing centres

The use of funding sources and innovative financial solutions to contribute to town centre regeneration – including the Regeneration Investment Fund for Wales; the use of Business Improvement Districts; structural funds; Welsh Government, local authority and private sector investment.

There are countless good examples of regeneration projects funded through local, national and EU government initiatives that have done enormous amounts in protecting and developing our town centres. This needs to be stated, and due acknowledgement given to the local authorities that have led these efforts.

There is though a question mark over the success in engaging the voluntary and private sectors, and whether these two aspects are linked. People speak of public sector investment crowding the private sector. That may be the case and we're sure there are examples. But there is also a cultural question - are sufficient efforts being made to bridge sectoral divides.

Leaving aside the bias against the public sector which the Thatcherite regeneration policies were accused of, programmes such as SRB were predicated on partnership and effectively forced collaboration in ways which have been largely absent in Wales.

We have dealt above with the possible explanations for the lack of progress in BIDs – what about the implications. We expect that there will be further rationalisation of economic activity between centres. Managed centres will continue to outperform those which are not. Involving the private sector brings not only additional financial resources but can greatly boost the targeting of investment. Simply talking to a High Street trader can provide rich insights into what helps and hinders the performance of units in a given centre. How much listening is going on? Bringing decision making on town centres closer to those whose livelihood depends on their performance must make sense.

And other sectors also have a fuller role to play:-

In Folkestone a regeneration effort has been initiated by the Creative Foundation, a local arts regeneration charity, to restore the vitality of a town centre area which had become run down and neglected. By encouraging creative enterprise, the foundation has developed a thriving urban quarter that is now home to a collection of studios and creative businesses.

Established in 2002, the charity has acquired numerous buildings in the Old Town area of the city and recruited a range of creative businesses and artists as tenants. The Creative Foundation oversaw the purchase, refurbishment and management of properties, breathing new life into formerly uninhabitable buildings. As a result, the previously run down area has been transformed into a thriving creative quarter, though tenancies remains affordable to those involved in its transformation. In addition, the charity organises a range of festivals and arts events, including the Folkestone Triennial and the Folkestone Book Festival, that attract national media attention and draw visitors to the town centre.

The Creative Foundation works closely with the De Haan Charitable Trust and has received funding from the SEEDA, Kent County Council and Arts Council England. However, as the project has grown it has developed additional funding streams and is now funded by income from the properties, making it is less dependent than most arts organisations on grants from public agencies.

There is now a waiting list of individuals and business start-ups wishing to move into the area and by the end of 2012 it is predicted that 750 jobs in the creative industries and ancillary services will have been created as a direct result of the 'Creative Quarter' initiative. The project is a good example of third sector led urban regeneration and demonstrates how initial funding streams can be used to build a sustainable regeneration model that is potentially self funding.

The importance of sustainable and integrated transport in town centres– including traffic management, parking and access.

We undertook research on the retail spend patterns of consumers using different modes of transport to access the shops. We explored the expectation that the image of a typical car borne shopper with laden trolley in the supermarket car park indicated that these were the best customers for retailers. Our research challenged this, and our findings were reinforced by the outcome of broader research from Transport for London. Consumers using public transport and cycling or walking often spend more but in more visits.

An additional perspective is offered from our experience in running a BID in Bankside, London where we have managed a project on the use of sustainable transport initiatives to alleviate congestion and other negative externalities from transport in a central London commercial destination.

Established in 2005, the Travel Planning Programme of the Better Bankside Business Improvement District has combated long-standing issues of traffic congestion and accessibility through a range of sustainable transport initiatives. At the time, the prevalence of automobile use within the area was clogging the roads, inhibiting the ability of freight vehicles to make timely deliveries, buses from keeping a timely schedule, and contributing to London's persistent air quality issues.

While initial efforts focused on encouraging employees of area businesses to shift their commuting mode from car to public transport, it quickly became clear that promotion of walking and cycling to Work was equally important in easing the area's traffic burden during peak commuting hours. These

two modes produce no detrimental emissions

From over five years of coordinating the BID's travel planning programme, it is clear that the three key factors to encouraging inter-city cycle commuting are:

1. Lowering the cost burden of entry for potential cyclists
2. Improving cyclist confidence through road safety training to sustain cycling behaviour
3. Empowering new cyclists through the provision of repair training courses

We have put measures in place in respect of each of these and have seen very significant increases in the numbers who cycle to, from and during work.

The Bankside experience is not London-specific. As demonstrated by the Smarter Choices Programme of the 5-year Sustainable Travel Towns initiative, three non-London cities undertaking sustainable travel measures yielded conservative benefit-cost estimates ranging from 4.5 – 10. Likewise, a recent LSE report on the cycling economy highlights the millions of pounds which the cycling economy contributes to Britain every year.

The potential impact of marketing and image on the regeneration of town centres – such as tourism, signage, public art, street furniture, lighting and safety concerns.

Hay on Wye and to a lesser extent Blaenavon provide interesting case studies on building on place identity & image

Hay on Wye has developed an international reputation and sustainable retail environment through developing its niche offer and creating a strong place identity.

Up until the 1960's, the town was a fairly typical Welsh border town, heavily dependent on waning farming and agricultural markets for its economy. But, through the efforts of Richard Booth, an entrepreneur whose family lived in the area, the town became a centre for second hand books.

The town has since built on this niche offer and is now amongst an elite international collection of towns which specialise in books and related cultural activities. A number of bookshops have replaced some traditional shops, which suffered from a decline in trade; however those which have survived mainly did so because of the custom that the book trade brought. In addition, the town has seen a significant rise in new businesses, such as cafés, hotels and restaurants, all of which have added to Hay's town centre offer and enhanced its reputation as a tourist destination.

Through building on its distinctive assets and developing a unique identity, Hay on Wye has created a sustainable local economy – it survived the troubles that were experienced by numerous towns, especially those in rural areas, during in the 1980s and has suffered little during the current troubles faced by high streets across the UK.

For most other towns or cities in Wales there is little clarity, and especially in the south east valley's places often fuse into each other in a confused perception. Differentiating centres should be an

objective, and much harder smaller centres need to get better at sharing facilities across a region rather than attempting to replicate them unsustainably in each settlement. This will need a strong political lead.

Many Welsh towns are still reinventing themselves following the loss of their original industrial *raison d'être*. The evidence from many other places is that supporting this process and agreeing visions would help these places reach their goals.

The extent to which town centre regeneration initiatives can seek to provide greater employment opportunities for local people.

We may have reservations about the effect that Trostre has had on the hollowing out of Llanelli town centre, but what isn't in doubt is the number of jobs that are there. Whether there has been a net increase is less certain as jobs have undoubtedly been lost in the old centre. It would be useful if better information and clarity on this issue was available to inform future policy.

As we have said earlier town centres and retail are major employers. We have worked in over 60 centres nationally and in each business survey we undertake we gather information on people employed. Clients never fail to be surprised that their centres employ more people than the plants they have fought so hard to save or inward investment projects they have tried to attract.

The range of jobs is also crucial in terms of social mobility, cohesion and the fight against poverty

- The jobs are often low waged – but they are waged, and subject to less competition than those further up the ladder,
- There are opportunities at all skill levels,
- There is flexibility in hours – allowing work to be managed around other commitments such as caring,
- Centres also provide one of the more accessible routes into self-employment

General observations in conclusion

- Huge amounts have been done to and in Welsh town centres over the last two decades, by very many committed people. Welsh centres continue to underperform UK let alone European counterparts. Something needs to be done differently.
- Town and city centres do not get the political priority they require to prosper
- Centres have an enormous role to play in economic regeneration and promoting social cohesion
- The understanding of the issues and dynamics of our centres is poor – the research and

evidence base is scant. This situation needs to be radically transformed so that decisions can be better informed

- Projects to regenerate town centres must start from a fuller understanding of the social, economic and environmental imperatives. Design led approaches run the risk of simply putting lipstick on the corpse
- The contribution that the private and third sector plays needs to move far more centre stage – this will require a change in practice and culture from the public sector

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regeneration ● strategy ● organisational development ● research ● implementation

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