Enterprise and Business Committee
Inquiry into Town Centre Regeneration

Evidence from the Vale of Glamorgan Council

Background

The town centres in the Vale of Glamorgan (Barry, Penarth, Cowbridge and Llantwit Major) vary greatly in terms of the quality of the retail offer, customer choice and the diversity of uses. They have all been affected by the current market conditions and to varying degrees by long term changes in the retail environment, which are identified in the main part of this paper.

The Vale of Glamorgan Council recognises that successful town centre regeneration requires leadership, co-ordination and funding commitment beyond the short term.

General Summary of Evidence

The Vale of Glamorgan Council believes that the main issues affecting the regeneration of town centres that need to be addressed are as follows:

COMPETITION

There is nothing you cannot buy on the Internet that you can buy in the High Street, including banking, clothing, food, books, music and a range of electrical and household items. Indeed in 10 years time, possibly less, the only service likely to be left in unsuccessful town centres will be hairdressers, as you cannot have your hair cut online. Likewise out of town shopping centres have everything available, very conveniently with free parking. In this paper the concept of "making" out of town shopping centres "charge" for parking is raised as this would help level the playing field. Finally, the proximity to large successful retail centres such as Cardiff is a significant factor and this is a factor that is explored in detail in this submission.

TAXATION

The effect of business rates on the profitability of retail businesses cannot be understated. There is also the effect of Employers' National Insurance Contributions (NICs). These outgoings are set, irrespective of profitability and if Government is serious about regenerating our town centres there must be a more flexible approach to taxation.

THE MARKET

In view of competition, no single body, agency or approach can engineer a successful town centre. Government of all levels can work together to create the conditions for regeneration by making centres as attractive as possible and engaging with landlords and potential tenants. Key initiatives must focus on making it as easy as possible for landlords and tenants to make a living in town centres. This means being adequately resourced and having the backing to fast track planning applications, reducing "red tape", real engagement with existing businesses at all levels and only taxing businesses on profits.

The remainder of this paper addresses the specific issues raised by the Committee.

Issue 1: The roles the Welsh Government and local authorities play in the regeneration of town centres.

The Welsh Government (WG) has an important strategic role to play in the current financial climate both in terms of policy guidance and the allocation of funding. The role of the WG is to provide strategic direction and clarity in terms of regeneration and economic renewal. Increasingly, it is considered that the WG should also be taking a lead role in reducing red tape and the burden of taxation (issues which are addressed in more detail within the body of this response). WG has the ability to apply business rate relief which will enable town centres to function more effectively given current economic conditions and competition which threatens the very existence of some town centres.

Individual Local Authorities are well placed to provide area-based leadership, as well as the delivery and management of regeneration projects and schemes. Local Authorities such as the Vale of Glamorgan have traditionally brought together a range of services and expertise (transportation, business support, land use planning, housing renewal, financial support and procurement) to provide strong community leadership and guidance.

In practical terms and in the case of Barry, this role is currently being developed and delivered through the Welsh Governments Barry Regeneration Area programme, which commenced in April 2010. Here the Regeneration Area programme is being used to complement and add value to the work of the Castleland Housing Renewal Area and Castleland Communities First. This focus involves looking at the needs of the town centre and adjoining neighbourhoods in the round to maximise employment, housing, education, physical health and environmental quality opportunities.

Issue 2: The extent to which businesses and communities are engaged with the public sector led town centre regeneration projects or initiatives, and vice versa.

A forum for debate with local business and stakeholders has been established in the Vale of Glamorgan. In this regard there have been a number of initiatives that have been progressed as follows:

- Creative Rural Communities, the Council's Rural Regeneration Partnership has continued to further the work of the Council in promoting rural regeneration initiatives under the Rural Development Plan for Wales. This includes funding and supporting regeneration and public realm improvements in the Llantwit Major town centre (referenced below under issue 6)

- The Council continues to work with key partners in progressing projects relating to the Barry Regeneration Area, with governance arrangements having been put in place during 2010. A recent initiative relates to the Thompson Street public realm improvements (again referred to under issue 6)

- Stakeholder consultation has taken place at various stages of the publication of the Local Development Plan.

- A Vale of Glamorgan Retailers Forum has been established under the chairmanship of the Cabinet Member for Economic Development and Regeneration to consider issues relevant to the Vale's town centres. Set up in 2010, the forum meets on a quarterly basis with a number of representatives from the retail sector of the four principal town centres in attendance. The Forum deals with issues relating to Llantwit Major, Barry, Penarth, Cowbridge both generically and individually. In convening a forum, it was acknowledged that the Vale's towns were all different, but that the retail forum would enable all parties to identify issues whether unique or common to all. Further, it has been a guiding principle that the Council would take actions to assist town centre interests wherever it could.

- A review of the Vale's town centres is underway, the purpose of which is to produce a Town Centres Strategy. Stakeholder involvement will be a central element of producing the strategy and the views of retailers will be sought as part of the process.

- In addition, the Council has held two special scrutiny committee meetings that have sought to debate and consider issues impacting on businesses in the Vale of Glamorgan with particular emphasis on town centres. These meetings have encouraged discussion with the business community on the challenges faced by business as well as opportunities for working together for the benefit of business.

Other initiatives have been progressed on an ad hoc basis to engage with businesses and community interest groups as needs arise.

Issue 3: The factors affecting the mix of residential, commercial and retail premises found in town centres.

In response to Issue 3, a case study of Barry town centre has been used to highlight the factors which effect the composition of town centres. Barry has been selected for analysis as the factors which affect the mix of activities within this town centre, and the extent of their impacts, are more visible and dominant than in any other area within the Vale of Glamorgan.

<u>Character of Barry Town Centre</u>

In 2008 Martin Tonks of MT Town Planning was instructed by the Vale of Glamorgan Council to undertake an appraisal of the five district centres in the Vale using the Welsh Government's Technical Advice Note 4 (TAN4) monitoring indicators of vitality and viability. The purpose of the study was to provide baseline information to inform the emerging Local Development Plan (LDP). Additionally, the property consulting group CACI also published a study of the Vale of Glamorgan's wider retail economy in 2009, also to assist the preparation of the emerging LDP.

The full reports of both these studies can be found on the below links:

Martin Tonks:

http://www.valeofglamorgan.gov.uk/idoc.ashx?docid=db204858-6332-423e-ae1c-74cf460a13df&version=-1

CACI:

http://www.valeofglamorgan.gov.uk/idoc.ashx?docid=6189a23f-79ca-445d-ad48-68c6f22cd7c9&version=-1

Barry town centre is focused along Holton Road which can be split into three distinct parts as follows:

1. The central part which contains the core retail area in which there has been substantial investment by the public sector on public realm, and in which retail vacancies have been reducing and in which confidence appears to be building.

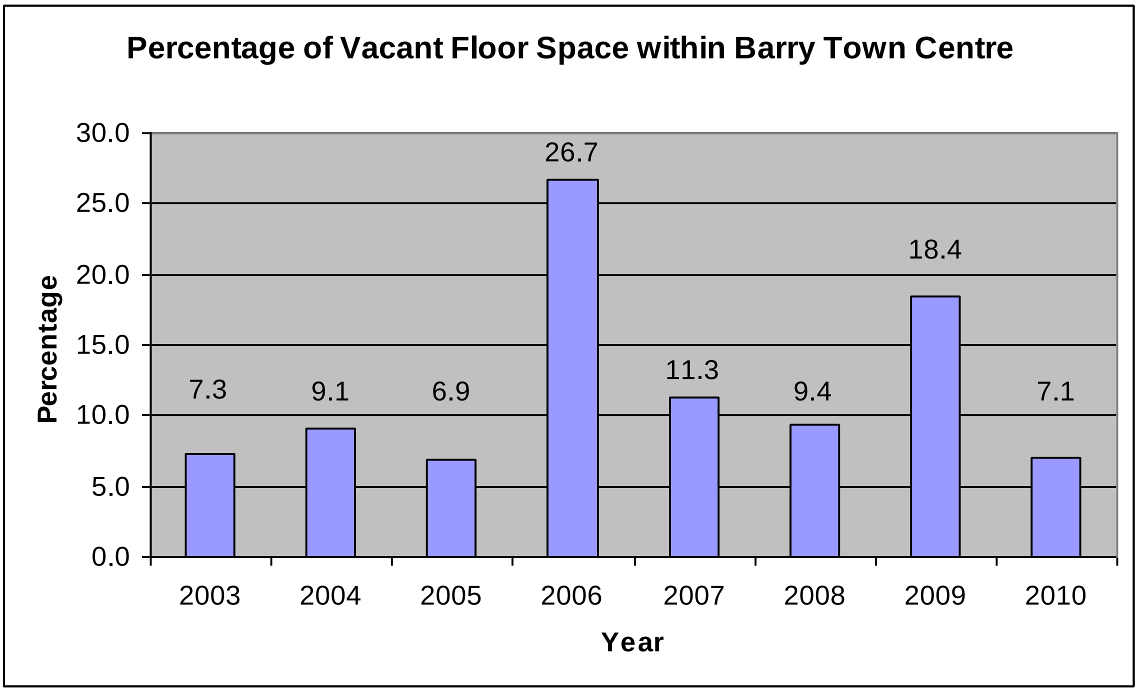
2. The lower (western) part which contains a secondary shopping frontage and in which there is a higher level of vacant units, poorer quality environment and lower levels of confidence.

3. The upper (eastern) part which contains a small, fragmented number of retail, take away food and other small service businesses within a very poor quality environment with a high vacancy rate, presence of poor quality residential accommodation and falling confidence.

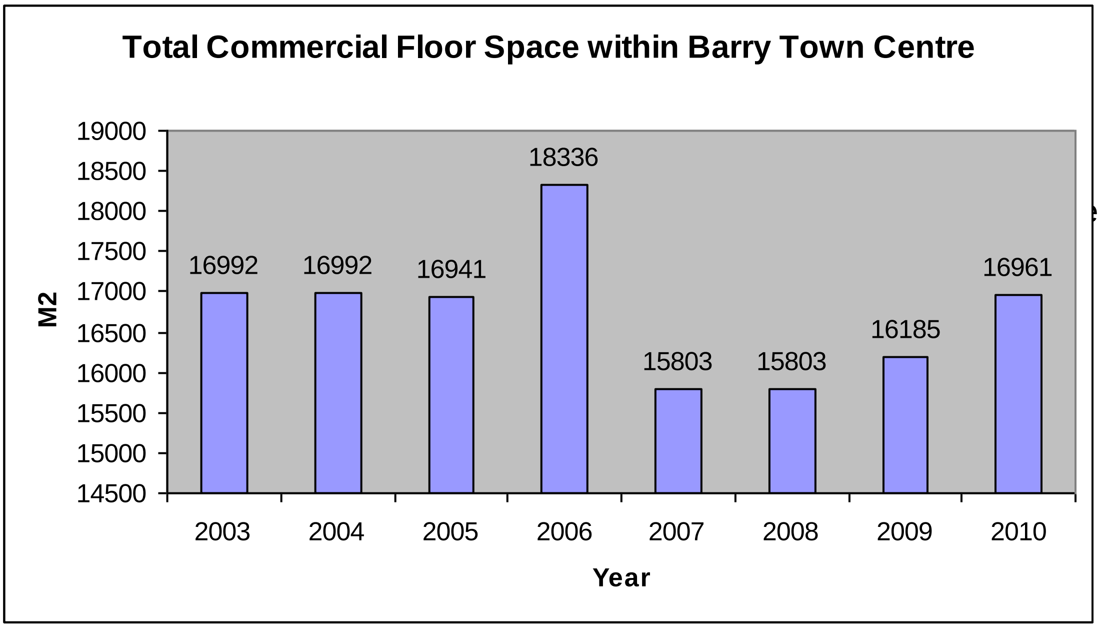
In terms of the retail element, the centre does have a variety of both multiple and small independent retailers including Boots, Holland & Barratt, Iceland, Peacocks, New Look, Subway, Tesco, WH Smith and Wilkinsons. Nevertheless, the main weakness remains the limited range of shops and lack of diversity in the town centre.

The diversity and quality of places to eat and drink within the town centre and the evening economy is very limited. Barry High Street/Broad Street District Centre provides the main focus for evening economy uses, with the presence of a number of pubs, bars, restaurants and take-away outlets. Upper Holton Road does have some evening activity, although this is highly limited and primarily consists of take-away uses, which have proliferated within the area in recent years.

Annual retail studies undertaken by the local authority have revealed that the amount of vacant floor space in the town centre has fluctuated considerably in recent years (see Graph 1 below). Most notably in 2006 with the closure of the independent retailer Dan Evans and in 2009 with the closure of Woolworths. Although considerable fluctuations have occurred, the vacancy levels which have been recorded are all deemed to be significant.



Graph 1
Source – Vale of Glamorgan Council Retail Floor Space Annual Survey



Graph 2
Source – Vale of Glamorgan Council Retail Floor Space Annual Survey

Additionally, even though there is a substantial amount of vacant floor space in the town centre, it has been recognised there is still a shortage of suitable units for national multiple retailers. This indicates that the available floor space, based on an ageing building stock is not ideally suited for modern retailing needs, a point, which is touched on below.

Based on such evidence, the main factors that affect the mix of residential, commercial and retail premises to be found in town centres are:

Competition

Competition is perhaps the most critical factor impacting upon the character and overall vitality of town centres. Town centres have to contend with a number of different competitors. For example, a variety of district centres, out-of-town centres/retail parks, other town and city centres and increasingly the internet. Increasingly the competitors seem to be more diverse, better resourced or more convenient than town centres. The subject of competition is discussed more fully under Issue 4.

Current Economic Conditions

It is acknowledge that Barry town centre has been in decline for a number of years. Nevertheless, the recent economic climate has exacerbated the overall decline of the town centre economy. For instance, a number of national chain stores in Barry town centre have closed in recent years as a result of the economic climate/reductions in consumer spending. These include Bay Trading, Birthdays Cards & Gifts, Ferraris the Bakers and the most high profile – Woolworths. Additionally, a growing number of independents have also closed in the secondary and tertiary shopping areas. The closure of the town’s only cinema in April 2009 at the western end of the centre has also greatly diminished the centre’s leisure offer and overall diversity.

Where units have returned into beneficial use, they have frequently been occupied by less sought-after retailers than the original occupier or have been converted to other non-retail uses.

Shortage of Appropriate Units Available

A shortage of appropriate units available to attract multiple retailers is another factor that is affecting the vitality and competitiveness of town centres. Barry town centre, like many town centres, consists primarily of numerous small units. The proportions and arrangement of these buildings provide a limited scope for retail layouts. Modern retailers, especially multiple retailers, typically require larger and more flexible floor spaces, which frequently are not available in many traditional town centres.

Influence of the Land Use Planning System

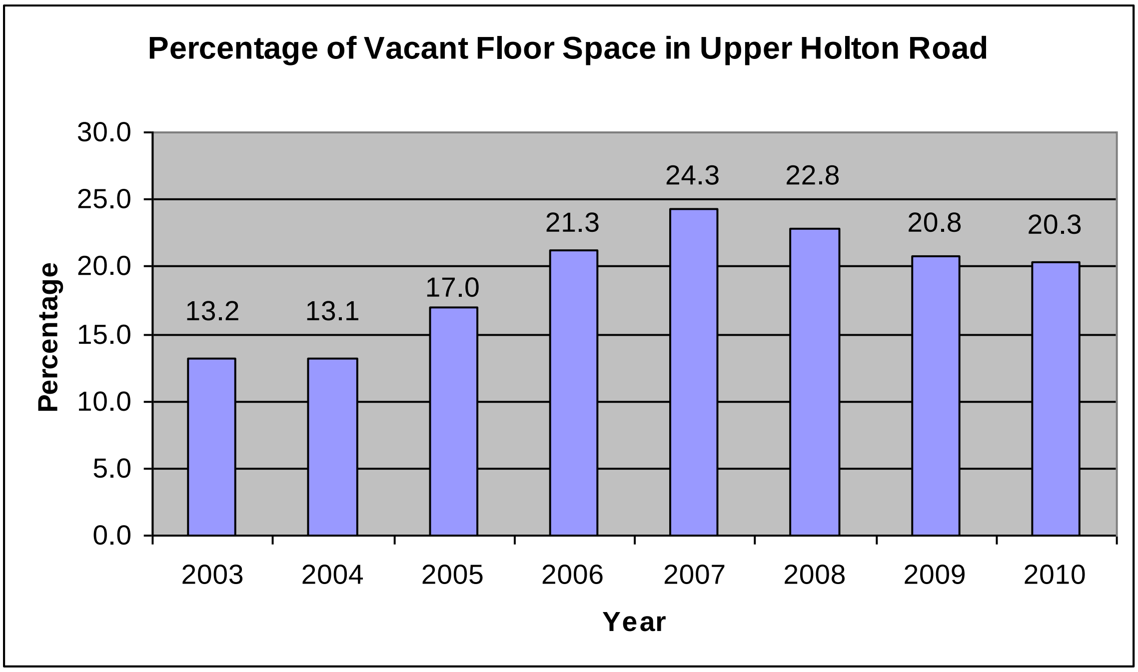
National and local planning policies which set out the approach to managing development, including the allocating of land for different uses, can have a significant impact upon the form of town centres. Notably, development plans can and indeed should contain policies directly relating to town centres and the evening economy. Likewise, the use of supplementary planning guidance or area action plans are another way in which the planning system can seek to positively influence the character of town centres.

The Town and Country Planning (Use Classes) Order 1987, is another aspect of the land use planning system that has a significant impact upon the mix of uses by both permitting some premises to change their use without the benefit of planning permission, whilst restricting others. For the most part the control and flexibility that the Use Classes Order provides is deemed to be a positive feature, however, there are concerns relating to the Use Class Order. The first concern relates to the A3 use class. This use class no longer adequately reflects or restricts the impact of the range of uses within the Use Class. As such amendments to the Town and Country Planning (Use Classes) Order 1987, in line with those that have already taken place in England are required, with Use Class A3 being divided to create A3 Restaurants and Cafes, A4 Drinking Establishments and A5 Hot Food takeaways.

In common with other areas in Wales, the Vale of Glamorgan has also experienced considerable pressure from major supermarket retailers acquiring sites such as public houses and car showrooms and converting the premises’ to ‘mini-supermarkets’ without the need for planning permission. These sites can have an adverse affect on the nearby town centre often being located in convenient areas to ‘stop and shop’, placing them at a distinct advantage over retailers within town centres. Such changes in use can only rarely be controlled through the planning system. Further reform of the permitted changes allowed under the Town & Country Planning Use Class

(Order) 1987, should therefore be considered in light of changes to retail patterns.

Finally, because of the current economic difficulties, increased competition, and general lack of commercial interest in town centre sites, we consider that there is a need for the planning system to have a flexible approach to land uses within town centres. Where it can be demonstrated that retail units are no longer a viable option for certain sites, especially on the fringes of town centres, other commercial, community or residential uses should be sought (for example Upper Holton Road, refer to Graph 3 below). However, a retail element to the town centre should continue to be consolidated around a smaller 'core shopping area'.



Graph 3
Source – Vale of Glamorgan Council Retail Floor Space Annual Survey

An approach of this nature has recently been taken, with the Vale of Glamorgan Council's Cabinet approving the following recommendations in relation to Upper Holton Road:

- The district shopping centre should be re-designated as a local centre.
- The centre should be consolidated around a retail core where further non-retail development will not be permitted.
- Outside the retail core the Council should encourage land use change so that the area becomes predominately residential in character.

For full details see the below link:

http://www.valeofglamorgan.gov.uk/our_council/council/minutes,_agendas_and_reports/reports/cabinet/2011/11-06-22/town_and_district.aspx

Issue 4: The impact of out-of-town retail sites on nearby town centres.

Without doubt the growth in out-of-town shopping has had a significant impact on the vitality of town centres, although one should also not underestimate the impact of supermarkets and other large stores located at edge of centre locations. Supermarkets now sell a range of goods and it is common place to find large supermarkets within towns and outside of towns selling food, pharmaceutical products, stationery, magazines, small electrical goods, household items, video and audio as well as clothing.

With reference to the town centres of the Vale of Glamorgan, the customer has a significant choice for their out-of-town destination, including centres such as Culverhouse Cross, Cardiff Bay retail park, the new Leckwith retail park, Waterton Cross (Bridgend) and the McArthur Glen Outlet (Sarn). All these centres include the major supermarkets, which mean that all shopping needs can be met from one linked car based trip, with free and convenient car parking. This can be contrasted to shopping visits to town centres or the high street where parking can be difficult to find and (although not currently the case in the Vale of Glamorgan) can involve parking charges.

The issue of competition is therefore considered to be one of the most critical issues that face town centres, especially those in weak positions. However, it must be recognised that competition takes a variety of forms. In addition, to out-of-town and edge of town retail sites, which can contain a variety of comparison goods stores and supermarkets, town centres also face competition from larger, more affluent town and city centres. With particular reference to the Vale of Glamorgan, town centres face competition from Cardiff City Centre which has continued to grow and be successful in recent years with new developments such as St David's 2 attracting an increasing number of national retailers. The City Centre is easily accessible by car, bus and rail and customers are therefore provided with increasing choice when considering their shopping needs.

Town centre retailers are also suffering from the increasing use of the internet for an even greater range of activities, notably online banking, comparison goods (e.g. clothes, electronics, books, music) and convenience shopping. This is a trend that will continue to increase as technology advances and people live in an ever-increasing digital society. The advent of on line providers such as Amazon and internet shopping provided by all major retailers, means that for the customer, everything that is available on the High Street is now available from the comfort of their own home.

It is acknowledged that the extent of the impacts of competition upon any given town centre will vary. Much will depend on how town centres can react and adapt to retain customers from the competition of other locations or means of shopping. It is considered that in order to minimise the impacts of competition, individual town centres need to provide a distinctive experience that is not available elsewhere (this will be discussed further under Issue 7).

Given that large scale supermarkets are now common place and that out-of-town retailing is widespread and arguably impacts to a certain extent on every town centre, it is clear that a consideration of traditional land use planning policies in an attempt to reverse such trends (e.g. sequential tests) are futile. Instead, the Welsh Government should be seeking to redress the balance by introducing differential rates between the traditional High Street and out-of-town retail centres. This is an issue that is explored further below.

Issue 5: 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.

Since early 2009 the Council has vigorously lobbied the Welsh Government for a business rates holiday for small businesses. The health of the retail sector has been of particular concern and the Council has raised this issue and the detrimental effect of business rates on profitability with the Welsh Government on numerous occasions.

The current retail climate is characterised by considerable competition, a difficult economic climate (whereby consumer spending is decreasing), as well as businesses being taxed significantly. This has resulted in a number of high profile names disappearing from High Streets across the country (e.g. Woolworth's, Zavvi, and Dixon's) as well as many independent stores also suffering.

It is considered that the level of taxation on businesses is a crucial element, which is preventing retail businesses from prospering and also resulting in weakened town centre economies. However, it is an aspect which can be addressed. Business rates and employer's National Insurance Contributions (NICs) are taxes that, with the exception of a few exemptions, business owners must often pay upfront and regardless of whether or not the business is making a profit. These taxes increase costs and importantly the level of risk for businesses, and as a result act as a significant barrier to entrepreneurialism that is desperately needed to aid the recovery of traditional town centres.

An alternative method of taxation for businesses should be considered. A more appropriate method of business taxation would be to tax the profits on both incorporated and unincorporated businesses and provide relief from business rates and employer's NICs. This approach to taxation could be used to encourage more businesses to establish in any location. However, given that it is town centres that are currently experiencing declining trade and difficult market conditions, it is suggested that it would be advisable to initially provide these favourable conditions only to businesses that locate within designated town centre locations.

A further issue concerns the application of State Aid rules in relation to the provision of grants to facilitate external improvements to commercial buildings. The rate of grant award is subject to negotiation with landlords and owner occupiers and the grant intervention rate can have a major bearing on the viability of a scheme and the ability to bring unsightly properties back into beneficial use. When a grant is classed as State Aid the current de minimus threshold (c. £175k) for public funding to a single recipient can be prohibitive especially when dealing with landlords with multiple ownership.

Issue 6: The importance of sustainable and integrated transport in town centres - including traffic management, parking and access.

One of the key issues that is seen as essential by small retailers on the High Street is the availability of short stay car parking which provides customers with the ability to 'stop and shop'. The provision of parking is crucial, particularly given the availability of ample, free and unrestricted parking at supermarkets and edge of and out of centre retail parks. Whilst the provision of integrated and sustainable means of transport to and within town centres is clearly important to attract visitors to town centres and to assist in providing a comfortable and convenient shopping experience, it is the provision of adequate and convenient car parking that is of key importance to retailers and their customers.

By way of example, Barry town centre does benefit from several free car parks and free on street parking, including facilities for disabled parking. There are no parking fees for parking within the town centre (or any town centre throughout the Vale of Glamorgan).

The railway stations in Barry are considered too remote from the town centre to generate a significant number of visitors by this mode, although the town has an excellent network of bus services serving all suburbs. Walk-in trips from surrounding residential areas are reasonably easy although the topography of the town may discourage this from further afield.

Recent improvements, including the provision of new infrastructure and public realm works also have traffic management at their core. By way of example, in Barry, the introduction of the Thompson Street footbridge and public realm works to Holton Road, King Square and Thompson Street provide for the provision of a safe walking environment as well as the provision of on street parking. The ongoing Thompson Street public realm works provide for improved pedestrian access from the recent Waterfront developments and provides another high quality gateway or approach to the town centre.

Part of Holton Road and King Square is pedestrianised and this is easily accessible for those with mobility difficulties with the provision of dropped kerbs and tactile paving.

Likewise a recent Council funded regeneration scheme in Llantwit Major town centre included the provision of free on street car parking in recognition of the need for convenient short stay parking to assist in sustaining the town centre retail offer. It is notable that this scheme has recently been shortlisted for a Royal Town Planning Institute Award. In Penarth, a recent traffic management scheme has been completed which has seen the introduction of a one way-system, on street car parking facilities, cycle lanes and stands as well as improved public realm.

All these schemes are examples of environmental enhancement schemes, which include an emphasis on improved traffic management.

In summary, and with specific reference to parking, town centre locations are often perceived as having parking problems, in terms of the lack of available parking and often costs associated with parking (although not applicable for the Vale of Glamorgan). There is a clear divide between out of town and edge of centre developments (which are blamed for the demise of town centres) in terms of the provision of convenient parking. Typically out of centre developments have very accessible, large scale, free car parks with limited restrictions. In comparison, the areas which need greater support (town centres) have more restricted parking and more often than not, parking fees. This trend needs to be addressed in some way to make town centre locations more appealing when compared to the convenient out-of-town and edge of centre retail centres. The provision of improvements to traffic management within town centres, similar to the examples given above is one way of seeking to redress the balance.

Issue 7: 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.

Marketing and image is a key challenge that requires serious consideration in a weak town centre economy which is susceptible to trade diversion to other areas.

It is accepted that place marketing and a positive brand image can help to attract investment, business, visitors and residents to an area. Such an approach is one way of seeking to improve or enhance the visitor experience and a way of reversing the decline in visitor numbers that has been apparent in town centres in recent years. Any marketing, to be successful must portray that the town centre provides an appealing experience that is somewhat distinctive from other locations

Beyond making the town centre an attractive and safe place to visit through physical regeneration works such as enhancement to public realm and provision of facilities such as car parking, alternative ways of attracting people back into town centres should also be undertaken. The provision of public art, linked to public realm improvements can create distinctive places. Market days, craft events, festivals can be combined with marketing, in order to make visiting the town centre an experience or occasion which visitors are unlikely to be able to encounter in other out-of-town retail locations.

It is considered that the success of these wider regeneration initiatives will depend largely upon the extent to which the existing businesses and communities ‘buy in’ to the branding, marketing and events that are to be associated with the town centre. In this regard, the issue of engagement (issue 2) is also key to the success of any marketing and associated initiatives.

Issue 8: The extent to which town centre regeneration initiatives can seek to provide greater employment opportunities for local people.

The Council has adopted Supplementary Planning Guidance (SPG) in relation to planning obligations in relation to proposals for new developments. The SPG seeks, where appropriate the provision of targeted recruitment and training opportunities for local residents. Details of this policy can be found through the following link. Such obligations have been applied in recent development proposals within the Vale of Glamorgan, the aim being to seek an inclusive approach to training and recruitment from new investors.

Supplementary Planning Guidance – Planning Obligations:

http://www.valeofglamorgan.gov.uk/idoc.ashx?docid=13c88ac9-9b5b-43f1-8c9a-b6134571cfd6&version=-1

In addition, and in terms of wider regeneration (not solely related to town centres) the role of tertiary education in linking training opportunities to regeneration projects is clearly important.