OFFICIAL REPORT
AITHISG OIFIGEIL

Economy and Fair Work Committee

Wednesday 30 March 2022

Session 6

The Scottish Parliament
Pàrlamaid na h-Alba

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ECONOMY AND FAIR WORK COMMITTEE
9th Meeting 2022, Session 6

CONVENER

*Claire Baker (Mid Scotland and Fife) (Lab)

DEPUTY CONVENER

*Colin Beattie (Midlothian North and Musselburgh) (SNP)

COMMITTEE MEMBERS

*Alexander Burnett (Aberdeenshire West) (Con)
*Maggie Chapman (North East Scotland) (Green)
*Jamie Halcro Johnston (Highlands and Islands) (Con)
*Fiona Hyslop (Linlithgow) (SNP)
*Gordon MacDonald (Edinburgh Pentlands) (SNP)
*Colin Smyth (South Scotland) (Lab)
*Michelle Thomson (Falkirk East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Professor Leigh Sparks (University of Stirling)

CLERK TO THE COMMITTEE

Anne Peat

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Economy and Fair Work Committee

Wednesday 30 March 2022

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Claire Baker): Good morning and welcome to the ninth meeting in 2022 of the Economy and Fair Work Committee. Our first item of business is to decide whether to take agenda item 3 and consideration of the evidence that is heard in our town centres and retail inquiry at future meetings in private. Do members agree to do so?

Members *indicated agreement.*

Town Centres and Retail

09:30

The Convener: Our next item of business is the first formal session in our inquiry into Scotland's town centres and retail. This is the committee's second inquiry. We will consider the current condition of Scotland's town centres, particularly following Covid-19. We are interested in looking at new realities for Scottish retail, and we will focus on e-commerce activity and innovative ways to keep town centres alive. We are interested in looking at what is driving that change and how we can support communities to regenerate their town centres.

Last week, the committee had an informal engagement event in which we engaged with stakeholders from across Scotland to hear their views and set the scene for the inquiry.

I welcome Professor Leigh Sparks, who is deputy principal and professor of retail studies at the University of Stirling. As always, members and witnesses should keep questions and answers as concise as possible. I invite Professor Sparks to make a short opening statement.

Professor Leigh Sparks (University of Stirling): Good morning. As you said, I am professor of retail studies and deputy principal at the University of Stirling. I am also chair of Scotland's Towns Partnership. In 2012-13, I was a member of the group that did the national review of town centres—the Fraser review—which led to the town centre action plan, town centre first and then the place principle. More recently, I chaired the review of the town centre action plan. The ensuing report, "A New Future for Scotland's Town Centres", was published in February 2021. In 2020-21, I was also a member of the social renewal advisory board and the ministerial steering group that produced the recently published retail strategy for Scotland.

I asked to make a short opening statement to cover a few elements that I believe are important for context and to point to where written and other contributions are available on some of the points that I will make. I have eight points, and what I am about to say will be posted on my blog in the next few minutes.

First, I do not want to inflict academic writing on members, so the best way to get a sense of my research and thoughts is via my blog—stirlingretail.com—and "A New Future for Scotland's Town Centres". I encourage searching the former for discussions and presentations about town centres and changing retail patterns. The latter is a relatively succinct summary of the issues and possible policy directions. I make one

fundamental distinction for the committee: town centres and high streets are not interchangeable terms. The latter are the commercial/retail subset of the former. Focusing on town centres and retail alone runs risks in that direction.

Secondly, the outcomes that we see in town centres are the interactions of complex changes over decades. We have spent at least 50 years damaging our town centres. The pandemic accelerated and exacerbated some trends, but those trends themselves are long standing. They will not be reversed without concerted effort over a number of years, and that effort needs to start with all of us agreeing to stop doing harm to our town centres. That is a big ask that covers both new and existing decentralised development. The recent discussion on my blog about issues in Stirling is a good example of what some of the topics are.

Thirdly, over that extended period, we have seen a capital flight from many town centres not only in retailing, as developments on greenfield sites that are focused on a car-based economy have been privileged. Such developments are inherently simpler, easier and cheaper to build and operate, as they are less complex than working in existing multi-use built locations, and produce a higher return on investment. Houses, schools, cinemas, football grounds, offices and retail, for example, have left towns as we have built a disaggregated, decentralised and car-focused economy and increased disparities in society.

Fourthly, retail itself has altered over the period, most recently through the twin tracks of rapid and sustained increased penetration of online shopping and the rediscovery of convenience in its many guises. We now have too many shops in the wrong locations that are often run and owned by those without local interests at heart.

Fifthly, the development of the town centre action plan in Scotland, followed by town centre first, the place principle and the place-based investment programme, often amplified and encouraged by Scotland's Towns Partnership and its partners and members, has positioned Scotland ahead of many countries that are tackling those long-standing issues. The changing context—the climate emergency, community empowerment and community wealth building, along with Brexit and the pandemic and their impacts on supply chains—have shown the need to go further and faster. The issues concerning towns and town centres are complex, deep and long standing, and they require substantive policy development and concerted action by all.

Sixthly, "A New Future for Scotland's Town Centres", contains the vision:

> "Towns and town centres are for the wellbeing of people, planet and the economy. Towns are for everyone and everyone has a role to play in making their own town and town centre successful."

The report proposed strengthening Scotland's approach in three areas. The first of those is policy strengthening in the planning area, including a moratorium on out-of-town and decentralised development, combined with stronger statutory support for town centre first enforcement, and not only related to retail. That is being proposed to a considerable extent in the draft national planning framework 4. The second area is the use of fiscal levers—where possible, as some are currently reserved—to ensure that the privileging of decentralised development and operations is ended. The third area is focused development or policy on getting people to live, work and play in town centres, which includes housing, climate and green space—that is, quality of environment and life—entrepreneurial and economic development and digital competency, among others.

Seventhly, those three areas provide a focus for activity to allow towns to flourish. We should be resistant to the siren voices asking simplistically for town centres to mimic out-of-town development, with free car parking and lower charges. Businesses and others in town centres need help, but that has to be achieved by balancing the costs across the changed economic landscape, and not just in retail. Non-domestic rates require reform. Simply cutting them in town centres will not work, nor will that provide councils with the finances that they require. Governments must recognise the changed fiscal base that the internet and online activities have produced and their impacts on the property tax base. The need to respond to the climate emergency requires joined-up and sophisticated actions across a range of sectors and activities, and it means tackling existing developments and behaviours that are harming town centres and the planet.

Eighthly, and finally, there is a lack of alignment among national Government, local government and the wider public sector. Scotland's public sector economy is massive and has the potential to drive town centre change harder and faster, but it needs to get its own house in order before it can do so. If all public investment and money followed the town centre first principle and the place principle, private capital would soon shift direction—and, through levers, it can be moved in that direction at the same time. There are a lot of emerging policies, including planning, housing, economy, retail and climate, and they are in danger of tripping each other up, because we are not aligning and harnessing their combined power. This is a real opportunity to make a sustained and major impact at the local level and for local communities.

In summary, towns are socially, culturally and economically inclusive; environmentally, they are the most sustainable development form and place. The Scottish town is a distinctive feature of our country, adapted for our needs. Towns are unique places, each with their own assets and opportunities. We need leadership and direction to harness their local potential. However, we have neglected them for too long, and we now need to refocus our energy, policy and development on them. We have a sound base, but we need to do more to meet the challenges that we face. Towns are the potential solution to many of our issues, but we need to get more people, more economic and social diversity, more local ownership and more pride back into them. That requires us to be bold and rigorous in our approach to development of all forms. Our towns say much about who we are as individuals and as a country; they need to reflect our aspirations and ambitions more clearly. There is no reason why, with collective will, we cannot achieve their renaissance.

The Convener: Thank you very much, Professor Sparks. You have identified lots of issues that the committee is interested in, and I am sure that our questions will pick up on aspects of what you have said.

Although this is a town centre and retail inquiry, the committee is aware of the difference between the two. We are reaching out to get views from a wide range across society and among everyone who is interested in the future of their town centres, to ensure that we produce a rounded report.

You have outlined some of the work that you have been involved in—I think that the most recent piece of work was the publication of "A New Future for Scotland's Town Centres", which was about a year ago and, as you said, was a review of the town centre action plan. The report makes three big recommendations. I acknowledge that the past year has been a difficult one because of the pandemic and everything else that has been happening, but can you update the committee on what progress there has been on those recommendations and what status the document has?

You have talked about the complexities of the issues, but are there areas where you think action could be taken immediately or quickly to ease some of the difficulties and make some progress in town centres?

Professor Sparks: After that report came out in February 2021, the Convention of Scottish Local Authorities and the Scottish Government issued responses welcoming it. Since then, there has been a series of consultations and roadshow events, primarily run by Scotland's Towns Partnership. I have not been particularly involved in the detail of those. My understanding is that there is now an agreed position from COSLA and the Scottish Government on a town centre action plan 2—that is my shorthand for its title—and I believe that they are conducting final discussions on the plan just now, with the aim of producing it relatively quickly. Clearly, local elections might play a role in the timescale, so I am unsure of the exact timings around the elements that we have.

On the second part of your question, it is a little difficult to think in terms of quick wins, because of the long-standing and complex issues around town centres and the fact that we have been damaging them for a long time. The solution requires fighting on all fronts rather than thinking about a quick win. Getting money back into town centres, giving people confidence in town centres and getting local authorities to take pride in the management of their town centres are key elements of what must be done.

Those areas are probably where things can happen at the local end, and we see that in some of the business improvement districts, where great things are happening locally. We need to get more of those things happening in the immediate town centre areas, but we also have to tackle the big things: getting planning right; stopping doing harm by taking bad, damaging decisions; and looking at the behaviours and patterns of existing developments. Those are the things that will really make the necessary change.

The Convener: You have outlined all the workstreams that are going on and the plans that are in place. What do you think the committee's inquiry should focus on that would bring additional knowledge and proposals to the table? What are the areas of the discussion that we could bring value to?

Professor Sparks: The final part of what I was saying, about aligning the various elements, is important. For example, the retail strategy that was published last week must be read across into a range of other Scottish Government policies and other things that are going on. It is important to align all those elements and ensure that they do not fall over each other. We must clear the landscape so that we can see what the direction is.

The retail strategy and the industry leadership group that comes out of it will be tasked with considering just work, community wealth and so on. We need to think about what that means in terms of how we think about aspects of transport, out-of-town developments and other things of that nature around our town centres. I worry that there are so many moving parts at the moment that they will conflict with each other. Mapping that landscape and clearing out that vision would be helpful.

The Convener: Thank you. Colin Beattie will ask the next questions.

Colin Beattie (Midlothian North and Musselburgh) (SNP): In our preparation for this evidence session, the committee struggled to identify a successful town centre regeneration that we can use as an example. Some towns have been mentioned in that regard, such as North Berwick and Peebles. However, I see them less as examples of successful regeneration and more as examples of towns in slightly wealthier areas that can sustain the sort of mixed town centre that is more attractive. Can you point us to any examples of successful town centre regeneration?

09:45

Professor Sparks: I will start on a slightly different point. Every town is different. All towns are unique, and have their own assets and populations. As such, I often worry about an approach that says, "That is a great place. Copy that," which is sort of where we get to with some of the regeneration elements. Therefore, we have to think about what local communities require and what assets—physical and people—they can build on, and how we can work out what that means in particular areas.

As you rightly identified, all our examples tend to be of places where we might say, "That's a nice place and it's a more affluent place." I do not think that looking at those examples helps us too much, because there is no great learning to be had from them. Lessons have to come from the position, the place and the people in that place. I always try to resist saying, "Go and look at X" or, "This is a good example", because all places are different and they need to build their own different dimensions to their development.

I also worry slightly about the term "regeneration". In many cases, that is about us doing something to the community, as opposed to the community and the place building from the ground up and saying, "What have actually we got here? What do we need here? What is our place like? What are our assets in our place?" If we could get that right—if we see that across a range of different terms—that would be much more helpful and lead to a range of different outcomes as a consequence. I worry that regeneration is a bit too top down.

Colin Beattie: To my mind, regeneration is not top down, insofar as you cannot have a successful regeneration project without the community being fully engaged and all the different elements being brought together. However, we are talking about identifying what we should be doing to regenerate town centres. If there are examples that we can look at, that is really helpful. Each community is different, but there must be places where regeneration has taken place and has been relatively successful. It has been extremely difficult to identify those places.

The Convener: For Professor Sparks's information, the committee has commissioned, and is awaiting, a piece of work to look at international—possibly European—examples of successful regeneration of town centres.

Colin Beattie: My second question was whether you could point to any successful examples elsewhere, particularly south of the border or in Europe.

Professor Sparks: I understand the dilemma, and I am aware of the work that is being carried out. We have to be very careful about the international dimension, because of some of the context. It is interesting that we focus on what we can do to regenerate the place.

In "A New Future for Scotland's Town Centres", we argue that you have to look at the wider context, because that sets the context for what happens. If it is cheaper and easier to build and develop out of town and for people to get to out-of-town developments, they will carry on doing that. We need to balance all the elements.

It does not help us to look at town centres on their own as examples. When we look to Europe, we need to look at the way in which they have protected their town centres, the way that out-of-town development has been more constrained—they do not build housing in the way that we build it on greenfield sites—and at how they put more into developing different types of housing in town centres. The way in which other places structure the entire ecosystem, not just the retail components or the regeneration bit of it, is the lesson that we should start to take from international comparisons, because those aspects sit in the wider context. We need to think of both those elements together.

Colin Beattie: Correct me if I am wrong, but are you saying that we must almost reinvent regeneration for each community and town, and that there is no template that we can use or example that we can look at that would help us to develop a policy?

Professor Sparks: I suspect that this is the point at which I will try to argue against myself. I suggest that it might be better to use the word "exemplar" rather than "example". As far as international comparisons are concerned, I would say that how the Netherlands and Scandinavian countries do active travel to where people live and how all that fits together are exemplars of the types of things that we might want to aspire to. Looking at such comparisons is a useful exercise, because it allows us to talk about those contexts.

As for what should happen in each individual place, I would absolutely state that each of our towns is a different—unique—place, and we have to ensure that communities understand what the assets are, what they can do and what they require. If we were to put in place a model that works elsewhere, that would simply be imposing regeneration, which is what I think we have been doing in some places for some time now.

The Convener: I want to make some progress, Mr Beattie. If there is time at the end, I will bring you back in.

I call Gordon MacDonald, to be followed by Colin Smyth.

Gordon MacDonald (Edinburgh Pentlands) (SNP): Good morning, Professor Sparks. I want to ask you about empty properties. In your opening remarks, you said that there are too many shops in the wrong locations. Given the whole range of empty properties that we have in our towns and cities, from small independent units to large department stores, how can we tackle the blight of vacant and derelict buildings in our towns and villages?

Professor Sparks: We have a large number of vacant properties and we need to understand what state they are in, where they are and so on. That will require having a better information base, which can be collected only at the local level.

As for what we can do with them, we have too many properties that, given how things have changed, are now in the wrong locations, and we therefore need to look at how we reuse them. I do not think that it helps to say, "In X, this type of property will do Y." The local council and the local community need to have an understanding of the situation. High streets have shrunk, and we have an opportunity to bring properties that are now on the periphery of town centres back into different uses, whether those uses be residential or whatever.

However, we also need to concentrate on the big units in town centres. Perhaps local authorities or others can make asset purchases and turn those units into spaces with much more of a community or social interest element. We also need business incubators for a variety of reasons. We need to think about what life we can bring back into those properties. There is no easy answer to this particular problem, but it has to happen at the local level, and we are certainly talking about multiple uses.

The fact is that we look too much at retail vacancy rates, because it is very easy to calculate them, although they are somewhat misleading in some parts. Indeed, you can alter them in a number of ways, partly by putting businesses into those properties but also by taking businesses out of that sector.

We need to think through how we want to shape our towns and places. You might, for example, want to take some buildings out and put in pocket parks or other types of green space. It all depends on the vision for a particular town centre and how those empty properties fit into it, and that will require some asset transfer. We have to recognise that the shape and function of consumers and, indeed, the shape of how we live our lives have changed, and that requires the built infrastructure to change. However, that is not to say that we cannot put in assets that will drive people into those places. The more different types of use that we can get into a town centre, the better.

Gordon MacDonald: You mentioned start-ups. Last week, we heard evidence about start-up street in Renfrewshire. How much demand for commercial units is there among new, emerging and specialist retailers?

Professor Sparks: I do not have a good data source to give you a number from, but, anecdotally speaking, I can say that, when I look around, I see quite a lot of independent retailers opening businesses. I find that really interesting, given what we have lived through over the past couple of years. With multiple retailers pulling out of many of our city and town centres and reducing their property portfolio, independent retailers in a variety of trades have an opportunity to step in. Visually, I am sensing that there is a demand for those businesses. Whether there is also a demand for smaller-scale start-up test units or whether a different sort of space is needed to bring individuals in a pipeline to a fixed unit at some point is an interesting question. We do not really have good evidence for that.

There are some national figures from the Local Data Company for the United Kingdom as a whole that show that independent start-ups are at their highest level for a number of years. I think that we are seeing them coming through. That reflects not only the withdrawal of some large retailers from some sectors but a consumer shift towards more local, convenient and authentic options, which I think has come about partly through the pandemic.

Also, I would not talk just about retail start-ups, because there are other types of start-up. In Stirling, we are looking for a second site for CodeBase, as the demand has grown. That will have a spin-off effect through more people being in the town centre. That will add footfall, with retail, cafes and others coming in on the back of that. We need to look at the whole ecosystem, not just retail.

Gordon MacDonald: You touched on the fact that we need to look at the state that some of

these vacant buildings are in. What are the barriers to their being brought back into use? Are they part of an investment portfolio that is not high on people's horizons, or are there taxation problems such as VAT being payable on renovations but not on new builds? What should we be looking at in order to encourage property owners to bring buildings back into use?

Professor Sparks: On the macro level that you started with, "A New Future for Scotland's Town Centres" points out that it is harder and more expensive to do work in town centres than it is to do work in out-of-town developments—many others have pointed out the same thing. The point that you made about VAT is part of that.

If we want to value town centres, we need to think about what fiscal levers will get the behaviours that we want. That point really needs to be emphasised. It is about focusing on who the building owners are. In some cases, that is quite difficult to find out—local authorities struggle to get that information—so how do you get those property owners engaged? How do you get them to have some sense of ownership within the local community? Then, it is about asking what the value of a building is as an asset for a particular place or town, what we can do with it and how we can help.

In most cases, property owners want to have buildings that are functioning and becoming more profitable. The more that we can get the whole town centre working together, the more that becomes as much a benefit to them as it is to the town centre as a whole. That is not true in every case, but it is true generally.

There is also an issue about how we use some of the historical buildings. I am forever walking around town centres, looking upwards at all the vacant space and wondering why we cannot use that. I am not a housing expert in that way, but I wonder how we can get more of that space back into use. There will be a variety of ways. That is a really big question. If you could crack that, it would help us enormously.

Gordon MacDonald: On the point about getting property owners engaged, I am conscious that, if a home is left empty for more than 12 months, the council can charge double the rate of council tax. Would it force property owners to engage with empty properties if something similar was brought in for non-domestic rates?

Professor Sparks: If a property owner was threatened, in this climate or in any other, with a rather higher cost base, it would probably help to concentrate the mind.

Gordon MacDonald: Okay. Thank you.

Colin Smyth (South Scotland) (Lab): I will look at two threats that town centres face. The first is the challenge of online shopping. How can we support town centres that have to face the fact that somebody can sit on their settee at 10 o'clock at night, click their phone a couple of times and have whatever they want delivered to their house the next morning? Why would they need to go into the town centre? How do we deliver more of a level playing field for businesses in our town centres when they are faced with that onslaught from online shopping?

I will leave it at that and come to the second threat in a moment.

10:00

Professor Sparks: The first thing to say is that we are not going to uninvent the internet, so we have to live with and adjust to online retailing and online business—it is not about just retail. The penetration of online retailing has been growing since the late 1990s; the graph has been relentless and steady. There is a great graph from the UK Government that shows that. Online retail accelerated dramatically during the pandemic and is now above pre-pandemic trends. People find it convenient and beneficial, therefore I do not see it reversing in the short term and I do not think that people want it to reverse in the short term.

That raises a couple of questions. First, is it a fair playing field? Should we see physical properties and online retailing in the same way? One answer to that question is that we do not. We can see that through non-domestic rates and some taxation elements, particularly in relation to larger companies. Amazon is a reasonable example of that.

We need to recognise that the business model has changed and therefore ask how we should react, because, if we continue down the path of doing nothing, the property tax will end up being higher and higher and people will move away from physical properties and more online. If that process continues, it will destroy the property tax base, which is the point that I made earlier. We need to think about how that fits together.

Secondly, how do we harness what consumers like? There are two elements to what consumers like: they like convenience and the ability to be in control in many ways. How can we provide that in a town centre? It is about making sure that independent and smaller businesses are online and can deliver. Some of that might be local delivery and possibly hyperlocal delivery. We can build that together into place-based systems; virtual high streets would be shorthand for that. How do we make place the focus and build up a brand for a place around what is on offer?

The reason I ask that relates to the second question. Over the pandemic, consumers began to explore local areas, and they realised that they had not appreciated the offer from many local businesses and the local area. Our convenience stores, for example, did a fabulous job through the pandemic, as did other local businesses. There is a real sense of people valuing the local, valuing something different and valuing that experience, and we are seeing that grow.

It is about that combination of taking the bits of the internet that we can use and that people really like, taking the experience of place as the element that people value and focusing on trying to mix those two together as best we can in all those places. That is something that we can reasonably do, but I do not want to leave aside the bigger issue of the macro taxation of the multinational companies.

Colin Smyth: Is it therefore about the type of retail that we support? You suggest that town centres will never be able to compete with online retailers on some products, so is it about changing the retail offer or enhancing what online companies cannot compete with in town centres?

Professor Sparks: What do most people value about internet retailing? They value the convenience and functionality. A lot of the shopping that we get from internet retailing is functional shopping, so, if we get town centres right, what can town centres offer as a consequence? Town centres and the businesses in town centres can offer something distinctive, different and unique and can offer much more of an experience. People identify with places; they do not necessarily identify with individual retailers in the same way. We can build a place up, but how many of the businesses in that place will have good internet offers? How many are doing that right and selling the right things to meet the distinctive needs of a local area?

Running a small shop is a tough job—such shops are competing in all sorts of ways with very big companies that really know what they are doing. How do they find a point of distinction? How do we get them to use the skills and technologies that we now have to collaborate and build a better offer, as well as a sense of distinctiveness and place? That is what the internet, in its functionality, does not quite offer.

Colin Smyth: I suppose that the other big threat is out-of-town developments. In a previous life, I was a councillor in Dumfries, covering the town centre, and I still have the scars from trying to pursue a town centre first approach. I will give an example. A big retailer in the town centre wanted a development in an out-of-town area. The council dug in its heels and said no, and the retailer pulled out of the town. There was capacity in the town centre, but it was cheaper for the retailer to build a square box in an out-of-town development, so they pulled out. If I am being honest about it, the council got a kicking from residents when the retailer left because the council had tried to protect the town centre.

It seems that the town centre first approach is a good idea, but it is simply not delivering. I know that there is an element of closing the stable door after the horse has bolted, given that there are so many out-of-town developments, but how do we strengthen the town centre first approach? The public quite like out-of-town developments. In addition, what do we do where the issue is not so much that a retailer is developing out of town as that people can get from a great big 24-hour supermarket the products that they used to get on their high street? You cannot build that big supermarket in the town centre—there are options there, but not as many.

If you try to take a town centre first approach, a supermarket is going to say, “There isn’t a site in the town centre for us, so we’re going out of town.” People can then buy their pots and pans, their clothes and everything else there. How do we strengthen the town centre first principle?

Professor Sparks: There are a lot of things in that question; I will have a go at unpicking some of them. I recognise the example that you mention. I mentioned in my opening remarks the Crookbridge development in Stirling that is currently going on, which is, to some extent, a similar example.

We have to get serious about the fact that out-of-town development has had a cheaper ride and that consumers like it, partly because of its convenience and cheapness and partly because of the way that it operates. We have to recognise that if we are serious about tackling the climate emergency and changing certain elements, as well as about town centres. We need to look at out-of-town retailing and say that those retailers need to pay a fair price for what they are doing. That is the bigger part of what we have said in “A New Future for Scotland’s Town Centres”.

We can strengthen the town centre first approach on a statutory basis. We should be putting a moratorium on out-of-town developments, and not only in retail, although we could start with that. That should be run through NPF4, the draft version of which is currently going through Parliament, as it would strengthen those particular elements.

However, we need to get councils to hold the line and do what they say they are going to do. They need to live the talk. Councillors say, “We’re very much committed to tackling the climate emergency,” and then they give permission for an

out-of-town development for a large retail supermarket 3 miles out of the town centre.

In my local example, the developers developed and built the site by putting elements of it together such that the site could never be built in the town centre. If those elements had not been put together, every one of them would still be available on a separate site in the town centre. People are playing and gaming the system.

We also have to get away from things such as the retail impact assessment, which is based on a methodology from 2007. That is now way out of date for what we are doing, and it asks the wrong questions. For example, it asks what the catchment area is, but we should be much more concerned about what percentage of the population cannot get to those developments because they do not have access to them. Public transport is rubbish, and people are unable to walk or cycle to the developments because there are no elements of active travel there, and they may not have car access. As I said, we are socially disadvantaging a lot of people because of the ways in which we have done all those things. We need a structural change.

Fundamentally, a sharp answer to your question is that we need planning regulations and the planning authorities to stick to the lines that we have developed and are developing about out-of-town developments. We should not have them, or, if we are going to have them, they need to pay the full cost of doing what they are doing. That involves the VAT question from before, some of the issues around non-domestic rates and some of the things about the people who are attracted by car-borne developments, which we need to start trying to reduce, not subsidise.

Colin Smyth: Can I just touch on—

The Convener: Please be brief, Mr Smyth.

Colin Smyth: You made the valid points that there needs to be a bottom-up approach, that each town is different and that there is not going to be a solution from either the council or the Government. How do we then enable that bottom-up approach to happen?

The convener asked me to be brief, but I have asked a question that you could probably give a very long answer to. I will leave it there, but I am interested in how we enable that bottom-up approach.

Professor Sparks: Given your remarks about Dumfries, you could have a look at what people are doing at Midsteeple Quarter and ask them about the barriers that they faced. Why did it take so long? What could they have done differently? Does that give us a clue to what we have to do?

The Convener: We have a visit to Dumfries planned, and we will make sure that we ask those questions.

Maggie Chapman (North East Scotland) (Green): Good morning, Professor Sparks, and thank you for your comments so far this morning. My questions follow on from Colin Smyth's questions about planning, community engagement and bottom-up participation. In your opening remarks and in your answers to Colin, you talked about the policy strengthening that is needed in planning, with a moratorium on out-of-town developments, but you have also spoken about the need for alignment across all the different actions—the delivery plans, development plans and strategies—with an understanding of the place principle at its heart. I am interested in how, beyond the moratorium that you have talked about, we can use NPF4 to deliver some of that alignment for us.

You have also spoken about our transport systems, the need to shift away from the car and the importance of green spaces. Given that town centres are much more than just high streets, what aspects of planning reform are needed if we are looking to focus on resilience and recovery, but also on liveable town centres where communities feel that they can stay, live, learn, grow and play? That is a big question.

Professor Sparks: Yes. I will try to be brief, given what was said earlier. On NPF4, if we consider the local place plans and the various other plans that it contains, I think that all of that will work if we actually get community engagement. As I said, that needs to come from the ground up. I think that there is a bit of a deficit there at the moment.

In many cases, there is consultation but in a very limited sense. Some of the things that we would expect councils and communities to do often do not happen. We heard quite a lot about that in the social renewal advisory board. We heard that groups were marginalised, and seldom-heard voices and lived experiences were simply ignored as a consequence. We need to make sure that, when we develop plans in the community, that involvement is absolutely built in from the start and it becomes the driver for much of what happens in the local area. That is a big element.

In a sense, the moratorium is a good example of a top-down element of national policy. However, what do we do in local areas that will really make the difference in local communities? We have to start with that. There is an opportunity through what is happening with the draft NPF4 to get that right and to emphasise the community engagement and empowerment stuff that we have developed over the past 15 years or so. However,

it is not going to be easy, because there is a bit of a deficit and a distance there at the moment.

There is a lot of work to be done at the local level—for example, to get communities to understand their areas through the place standard tool and to get different groups, such as younger people, older people and disability groups, very engaged in how they see their town. That becomes really important.

I apologise, but I have forgotten the second part of your question.

Maggie Chapman: No, that is okay. It was about the need for a focus on other planning reforms and, linked to that, planning powers with regard to the resilience, recovery and liveability of our town centres.

10:15

Professor Sparks: As I said in answer to one of the previous questions, I am not a housing expert, and therefore the detail of how we can bring some of those spaces back—liveability is a good example—is beyond my knowledge. However, given that we can see such approaches in other countries, as I said earlier, it should not be beyond our wit to understand those issues and cut through them.

So far this morning, we have not talked about the concept of 20-minute neighbourhoods, which becomes very important in considering the planning elements. We need to think about how we take people's lived experiences, which are currently very difficult, in considering 20-minute neighbourhoods. How do we get people to live and work and have access to functions in those locations? How do we build that density but aim for gentle density and quality-of-life density within that? That is where planning has a bit of work to do.

There may be exemplars of 20-minute neighbourhoods elsewhere that we can look at, but we need to be careful in thinking about the principles of that. The concept of 20-minute neighbourhoods works quite nicely in urban areas but it becomes more difficult when it is applied to a rural or island area. We need to think about the principles of liveability and quality of life, as well as putting assets where people need them at particular times. We should engage with those principles in looking at the 20-minute element. We need to put quite a lot of focus on that.

Maggie Chapman: Thank you. I will leave it there, given the time.

Michelle Thomson (Falkirk East) (SNP): Good morning, Professor Sparks, and thank you for your contributions so far. It has been a very interesting session.

You said earlier that international comparisons are useful. First, I would like to get some more thoughts from you on what parallels you see elsewhere with what the Scottish Government is able to do, given that there are limitations here on the availability of fiscal levers.

Secondly, what differences do you see in how change is undertaken? You have touched on some of the challenges that we have here, such as local engagement and so on, but I am interested in your knowledge of what has happened elsewhere in those two key areas.

Professor Sparks: I am not sure that I have enough detailed knowledge to do justice to those questions. If we take examples from international situations, we need to understand the context, as I have argued previously. That context has been built up over a considerable amount of time in the way in which those societies and elements work.

I am quite interested in some of the Scandinavian elements—in particular, how bits of transport are integrated. There is learning there, as that is a parallel from which we can benefit reasonably straightforwardly. That would be a relatively easy thing to say as part of our ambitions in Scotland, but how would we actually do it? I see some of that happening at the local level at the moment.

In many of those countries, change is more participative and is built more from the ground up. I think that there is more of a sense of local "ownership"—I put that term in inverted commas—of place and more pride of place. I fear that, while I can criticise all the things that have gone on that have damaged our town centres, we have also had a bit of neglect from the people who are running our town centres. I am thinking about councils, if they run and manage town centres in that way.

The vision for many of our town centres has not necessarily been there. When we look at places elsewhere, we see that there is a much clearer identity and a sense of place. We have lost that a little bit over the past 20 or 30 years.

I do not think that those are great answers to your questions, but I hope that you can grasp the sense of what I am trying to say.

Michelle Thomson: All the way through this session, you have highlighted the complexity of the situation and, in your opening remarks, you said that we have spent 50 years getting into this position.

The challenge for all committees is to make a difference. I accept that it will take time to make a difference, given the lack of engagement and experience that you highlight, but how long will it

take us to do something fairly radical? What expectations should we be setting?

Professor Sparks: The one expectation that we should not have is that we can do something now and have an answer in two years' time. That said, some places that are taking first steps now have a sense of growth. If we were able to do the radical things that we would quite like to do, I think that we could see quite a big shift within a decade—that is the sort of minimum timescale that we are talking about. The longer timescales that we have to think about are those that relate to some of the broader patterns, such as the climate emergency, the 2040 goals and so on. I know that that is not always comfortable for politicians, who, for obvious reasons, work to a different timescale, but we have to be realistic. We have spent 50 years disaggregating and decentralising everything, and putting stuff back together is rather more difficult than breaking it apart, as we all know.

With regard to one of the earlier questions, once it becomes clear that we are serious about what we are doing and that we will not allow decisions to be made that will carry on harming places, the momentum will shift, and more quickly than we think.

Fiona Hyslop (Linlithgow) (SNP): Good morning. Thank you for sharing your insight. I am interested in how we might view our approach to the inquiry and the issue of whether we use a deficit model that sees towns as a problem to be solved or an alternative model that sees towns as a solution for modern living. Your perspective that every town is unique and has its own story is relevant in that regard.

What do you see as the role of culture, events, tourism and leisure in relation to the identity aspect that you have been talking about and people's experience of town centres?

Professor Sparks: Scotland's Towns Partnership and our partners have fought desperately against a focus on the deficit model, even though we might not have been successful every time. We have built Understanding Scottish Places, which is a tool to help people to consider places, using a set of data on all the towns in Scotland. We desperately tried not to allow comparisons across towns, because, if you are not careful, people will start using pejorative descriptors, and somewhere will end up being called the worst town in Scotland or in a particular region—in England, Grimsby, Hartlepool and so on get that treatment, and it does no one any good.

Towns are an asset. They are a solution to many of the things that we need to do in Scotland, and we have real strengths in them—they are just rather hidden at the moment. I am very much in favour of the solution model; I am not in favour of the deficit model. I will fight against descriptors such as "post-industrial wasteland", because they do not help the people living there or help us to do things around those areas.

On the second part of your question, cultural events, tourism and leisure are vital. Town centres are about experiences, and we should bring experiences—theatre, cinema, museums, art galleries and so on—into town centres. Those assets tell a story about a place. Given that I am sitting in Stirling, I mention the Bloody Scotland writing event, which brings people into the town and gives this place energy and exposure. Similarly, Paisley's bid for the city of culture title demonstrates the energy that can come out of something like that, and you can see what that has meant for the high street in terms of the other assets that the town can build in around it. All of those things are vital.

Many of our towns have historical assets, and we need to use them in better ways to tell the stories of those places. Those stories will vary from place to place, but that is absolutely required and can happen in most towns. How to do it might not be obvious in all cases but, when we start to pick under the surface, we can find some great stories and assets.

Fiona Hyslop: My second question relates to what we now see on our high streets. I represent West Lothian, which is one of the youngest constituencies in Scotland. We have a lot of hairdressers, beauty salons and so on. The people of West Lothian want to look good, but I also get complaints from some constituents, who say, "Is that all we have?" However, those services provide an experience—they are part of a leisure experience, and they bring people on to the high streets, which means footfall, as they can then buy other things. How should we consider that dimension? That is a very real situation in many towns in Scotland.

Professor Sparks: That points to the need for diversity—to use a word from my opening remarks. I recognise that reaction from different towns across Scotland. It is a reaction to the dominance of a particular type of development in a place. We have seen that with charity shops and bookmakers, and I am fully aware that we see it with hairdressers—although I have no personal experience of that, obviously.

It also goes back to another question: how do we free up some of the use classes? How do we change some uses? What do we allow between things? Is it bad to have too many elements in a small location? If we can build variety, that takes care of itself, to some degree. You are right: people use those facilities and businesses, and they will often then use other businesses on the

high street or in the town centre at the same time. That drives footfall. We just need more such businesses—more diversity, not more of the same—and we need to think through how we create the conditions for that.

Jamie Halcro Johnston (Highlands and Islands) (Con): This has been a very interesting discussion, Professor Sparks, so thank you very much.

I am conscious of the time, but I have three questions in different areas. In my Highlands and Islands region, lots of communities are very reliant on tourism and the visiting tourist market. That is not always of great benefit or of the same benefit to local residents when it comes to the facilities that are available to them. How important is it to provide a balance between visitors to a town centre who come from far afield, local residents and residents of the commutable or easily visitable area—those who might go into a town for shopping and other facilities?

Professor Sparks: That is clearly a very real problem in parts of Scotland and in other parts of the UK. It is an important issue. You have pointed to three categories of consumers: local residents, residents from slightly further afield and visitors to the town. The most important question that you asked was about the balance. If we do not have facilities for local residents for the things that they need for their year-round experience, we will not necessarily get the final category of people, either. I see that as a priority. We want to attract spend in, but it is a question of balance. If we do not have that sense of local community to start with, we will have lost something, and that will eventually degrade the visitor experience.

Jamie Halcro Johnston: My second question links into that. We have talked about the role of the public sector. On the more direct role of the public sector and its presence in our town centres—which might include council outreach points, the police, meeting rooms, town halls or public toilets—how important is the presence of public sector bodies and organisations within town centres in providing that base of local community visitation requirements? I am sorry if that question is slightly complicated.

Professor Sparks: There are a couple of dimensions to that. One is the sense that those facilities are assets that attract different people for different reasons at different times—there are a range of reasons in relation to your examples. That is important because, if we stick those facilities in inaccessible places, how does that fit with our ideas around 20-minute neighbourhoods or with making it easier for people to use facilities in town centres? Town centres provide environmental sustainability—by "environmental", I mean that in the broadest sense—and, as they become much more socially inclusive, we need those elements to be in place.

10:30

A second dimension relates to a statement of—[*Inaudible*.] We have taken a lot of these things away, and councils as well as others have moved out and hidden themselves away. What does it say to residents if the assets are not visible? It says to them, "These people have no confidence in your town centres, so why should you?" Developing an asset makes things present and gives people a sense of local pride, whether it turns out to be a community hub, a workspace or some shared space that is set up in new ways that councils and, indeed, all of us are having to think about and work with. That sense of something being part of the community and being invested in by the public sector is important symbolically as well as physically from the visitor side of things.

Jamie Halcro Johnston: We have seen that in some places in the Highlands, with some public sector elements being moved out of town. That will obviously have an impact.

My last question is about something that came up in last week's round-table session. There have been a number of successful business improvement district projects across Scotland—some have perhaps been less successful—but one concern that was raised was that, in communities that are not big enough to be able to form a BID, a lot falls on volunteers, many of whom are businesspeople who, as you have rightly pointed out, are very busy. They have to operate to timescales that can be difficult to work with, and they have to fill in complicated forms and so on to access public funding and support. How can we better support smaller communities that want to improve their town centres and retail offerings? How can we provide better local infrastructure if they cannot, for example, afford a development officer or someone to take on that work full time?

Professor Sparks: There are, as you have rightly said, some successful examples of the BID model, and there are others—[*Inaudible*.] There has been a particular issue of scale with some projects. In recognition of that, we might need some form of super-BID in which a number of towns are put together as a BID and are managed in that way. There might be opportunities with such an approach.

The development trust model, which has been used in smaller places in Scotland, has been successful and is a really big exemplar, but it does not get us away from some of the volunteer aspects that you have highlighted. One feature that is highlighted in "A New Future for Scotland's

Town Centres" is the need to think about where we are with community assets. Often, there is a feeling that you just buy a building, but what do you do then? Similarly, a BID committee will get everything up and running, get the proposal through the ballot and so on—and then it has to do the work. After four years of trying to get the proposal through, everyone is exhausted.

One issue is revenue streams and ensuring that, when we invest at different levels, we do not just provide capital investment. Instead, we need to think about how we give all this a sustainable basis to start with, and then it will take off or it will not—hopefully, it more than will. That becomes the important issue, and it might help with the experience and business side of things. We need the people to whom you have referred to volunteer, because we need their skills. As you have rightly pointed out, if they are always having to do the work on top of their day job and are getting all the pressure, that is not really sustainable, and we have to build sustainability.

Jamie Halcro Johnston: That is very interesting. Indeed, there are, as Fiona Hyslop highlighted, the cultural aspects to take into account. There might be the desire for local communities to take on an asset, but the issue is how to make that work financially in the long term.

The Convener: Jamie Halcro Johnston mentioned our round-table session last week. We heard a lot of comments about business rates and requests for reform of the system, which was not unexpected. You might be aware of the Fraser of Allander Institute's recently published report on the small business bonus scheme. Do you have any reflections or comments to make on the role of business rates in addressing some of the challenges? How might we resolve some of the frustrations that we have heard from the sector?

Professor Sparks: With non-domestic rates, we are trying to run a system that started in 16-something in a changed economy and setting, and I do not think that that is sustainable in the long term. There have been two recent developments, the first of which is the Barclay review. Work on its recommendations has been constrained by things that have happened subsequently—the pandemic and the declaration of a climate emergency—so we need to rethink non-domestic rates from the ground up.

There is a question that we need to ask about rates. If we are serious about addressing the climate emergency and our town centres, we need to structure a non-domestic rates system that supports our ambitions in that respect, and the system is clearly not structured in that way at the moment. That is a fundamental and big question. We cannot wait for a couple of years to allow the Barclay review to work through—we ought to be looking seriously at that right now. The online and out-of-town challenges come into that, too.

I have seen the headlines on the Fraser of Allander Institute's report on the small business bonus scheme, but I have not had a chance to read it, so it would be unfair of me to comment on it in detail. From the headlines that I saw—and, indeed, from what businesses tell me—it seems that small businesses value the scheme, but how much of a real difference it actually makes is an interesting question. Perhaps it could be targeted better and better focused on particular types of businesses in particular parts of town centres, but that is another question that we will have to come to. The current system of non-domestic rates, though, is certainly an issue.

The Convener: Thank you.

Alexander Burnett (Aberdeenshire West) (Con): I have one very general question and one very specific question. It has been fascinating to hear from you this morning, Professor Sparks. You have clearly been at the centre of this subject for a considerable time and have been in the room with Government for some of that time. You say that there needs to be substantive policy development, but how hopeful are you of seeing that? If it were to happen shortly, how long would it be before we saw any improvements?

Professor Sparks: How hopeful am I? I am originally Welsh, so I have a strong streak of pessimism to start with. Nevertheless, I am hopeful. There has been a recognition, accelerated by the pandemic, that place is really important to people; it is part of not just their identity but the identity of the country, and there is that feeling of pride and a sense of identity with such assets and all the other things that we have talked about. I am therefore hopeful, because more people are recognising that the current situation is not fair. It is socially and economically divisive, and there is a better way of doing lots of the things that we do. We are now at a point at which we can make real change and progress on the matter.

How long will that take? I tried to answer that question earlier, but it is not easy to do so, because we are putting back together something that we have spent half a century breaking apart. I do not underestimate the challenge, but I have the privilege of working in a university, which means that a lot of the time I am surrounded by very young people, their aspirations, their desires and their very different outlook on life and what they want to see. I am encouraged by what they want, by the drive and energy that they bring to things as a consequence and by their desire to change the world for the better. We can make it happen—and perhaps more quickly than I sometimes think we can in my more darkly Welsh moments.

Alexander Burnett: I am sure that we share your hope for the future.

My second and more specific question brings us back to Gordon MacDonald's questions about empty properties. At last week's meeting, we heard about the issues with empty flats above empty shops, with the conflation of different issues affecting both properties and the risk of occupancy failure being doubled or even exponentially increased. Have you seen much of that elsewhere? We were talking about that up in Aberdeenshire last week, but are you aware of the problem and do you have any specific solutions for it?

Professor Sparks: My answer to your latter question is that I do not have any good solutions, because it is not my area of expertise. It would therefore be difficult for me to say, "Do this, and it will solve the problem." It certainly has been a problem for quite a long time—I am old enough to remember the "living over the shop" campaigns in the 1980s—but we do not seem to have cracked it yet.

Going back to a question that the convener asked early on, I think that if someone could cut through this and devise what needed to be done, that would bring real benefits. We have to get more people living in different types of properties in our town centres for a whole series of reasons. The situation with wasted space is really bad.

Do I recognise the situation that you have outlined? Yes, I do. In many of our town centres, I see a lot of high-level empty space where the shops below are occupied, but I fully recognise that there are places where both the shops and the residences above are not occupied. If we could get things right in that area, that would give us a really big win, but I am afraid to say that I do not have any good solutions for you.

Alexander Burnett: Thank you very much.

The Convener: That brings us to the end of our evidence-taking session. Professor Sparks, you have shared your views on many areas of expertise this morning, and we appreciate the time that you have given us.

That concludes the public part of the meeting.

10:41

Meeting continued in private until 12:27.

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