

# ECONOMY AND FAIR WORK COMMITTEE

## 13<sup>th</sup> Meeting, 2022 (Session 6), Wednesday 11 May 2022

### Town Centres and Retail

#### Introduction

1. This paper has been prepared for the Economy and Fair Work Committee to aid Committee members during the fifth evidence session of the Committee's inquiry into town centres and retail.
2. The remit of the inquiry is to—  
  
Identify the new realities of retail and ecommerce in Scotland and the resulting impact on town centres. What is the subsequent policy response needed to create living and resilient town centres?
3. The Committee launched a call for views on Tuesday 1 February which closed on Wednesday 16 March. Responses can be accessed [here](#).
4. On 24 March, the Scottish Government published its retail strategy "[Getting the Right Change](#)" with the aim of delivering successful, profitable retail businesses, creating new, better jobs and to become an exemplar for inclusive growth.

#### Evidence Session

5. The main theme of this session is town centre living and property stock, the Committee will hear from—
  - Euan Leitch, Chief Executive, [Scotland's Regeneration Forum \(SURF\)](#);
  - Stephen Lewis, Vice-Chair, [Scottish Property Federation](#);
  - Craig McLaren, Director, [Royal Town Planning Institute in Scotland](#); and
  - Adrian Watson, Chair, [Association of Town and City Management](#).
6. Prior to the evidence session the following written evidence was received from the [Royal Town Planning Institute in Scotland](#) and the [Scottish Property Federation](#). These can be found at Annexe A.

Clerk to the Committee  
6 May 2022

## **Written Submission from the Scottish Property Federation**

### **Information about your organisation**

The Scottish Property Federation is the voice of the real estate industry in Scotland. As a part of the wider British Property Federation our diverse membership includes property investors, including major institutional pension and life funds; banks; developers; landlords of commercial and residential property; and professional property consultants and advisers.

The real estate sector is a key catalyst for jobs, investment and creating places to support the economic recovery. For every £100m of new demand for commercial property, the sector creates an additional £73m for the wider Scottish economy. The SPF is committed to ensuring that the positive impact that the real estate sector delivers for local communities continues.

Our members develop, manage, and invest in:

- Scottish offices to support business and employment throughout Scotland but particularly in our major city and urban centres.
- Major serviced land to support new homes of all tenures and communities, including the delivery of social and green infrastructure.
- Retail, hospitality, and leisure buildings to support those industries throughout Scotland.
- Industrial and logistics buildings throughout Scotland, providing the platform to create and deliver goods.
- Purpose-built student accommodation vital to providing accommodation for our higher education institutions.
- Older and heritage buildings to help regenerate our town and city centres.

Our members also attract and deliver major investment and finance for Scottish real estate on a global basis for all forms of property, as well as through traditional sources such as major banks and pension funds based in the UK.

### **Keeping town centres alive**

#### **How are Scottish high streets and town centres changing? What are the strengths and weaknesses of Scotland's town centres?**

The issues of concern with the strength of the high street have been with us for some 30-40 years now and the way the nation shops is undergoing a radical transformation that has been accelerated by the pandemic. The fundamentals have completely shifted, and we need to think differently about how we're going to invest in our Town Centres to make them a place for people to want to use going forward. Put simply the high street needs to redefine itself as an attractive destination.

Our core city centre destinations continue to evolve at pace. The long-awaited

redevelopment of the St James Quarter in the heart of Edinburgh has been specifically designed to encourage pedestrian connectivity and a hospitality and leisure offer. In Glasgow at each end of Buchanan Street the major centres of St Enoch and the Buchanan Galleries are to be redeveloped to mixed residential and office uses to complement retail and hospitality.

Our members are firmly of the view that no matter how well designed and constructed a town centre is, the major factor in how it performs will be how it is used and whether it is seen as a desirable destination where people want to spend time. Early evidence from the pandemic illustrated falls in economic activity of both between 45-51% in Edinburgh and Glasgow, our two biggest cities. True, smaller towns were assessed to have seen a benefit, but this was often in the realm of 4-5% from a much lower economic base.

The pandemic accelerated market trends towards ecommerce, reducing the need overall for retail properties including shopping centres and department stores. Before COVID-19 there was already clear market distress in these asset classes. Throughout the lockdowns this stress has crystallised, and many of these premises are now struggling to continue in their former capacities. In addition, previously favourable alternative uses for leisure purposes such as hotels or restaurants are now likely to be more difficult to attract market interest in the short term. In many cases, the alternative use may be residential, and this will engender wider considerations of place and infrastructure provision in these locations. Our members are strongly of the view that our town and city centres should be vibrant destinations again, accessible to groups of all ages, achieving economic growth and creating a space where communities can come together, enjoy a much wider range of activities and a compelling experience. The challenges of sustaining successful town centres will vary according to location and community. Some centres were in fact developed around major shopping centres (East Kilbride, Glenrothes, Livingston). Others were more associated with heavy industry (Bathgate, Falkirk, Motherwell), or have been historical regional centres of settlement (Ayr, Nairn). A different approach to this question could be to ask what a successful and sustainable community town centre looks like, and how it should be composed. This might involve a mixture of communities along demographic and occupational lines. It may include a greater delivery of bespoke assisted/senior living developments close to the town centre to provide accessible amenities for these residents. There could be less emphasis on fast food and café convenience than there is in many towns, and perhaps a variety of social infrastructure provision (medical, childcare, administrative).

We feel the big challenge for town centres continues to be one of adaptability. This may be most acutely seen in retail, hospitality, and leisure. The long-term legacy of the pandemic is perhaps yet to be seen as businesses redefine their requirement for office space in city centres, which will have a material impact on town centre business and amenities. But equally, with a greater core residential element to major urban centres there will inevitably be a growth in demand for certain amenities and businesses.

An enduring challenge for town centre renewal is the obstacle of a fragmented ownership structure. When it became clear that consumers were seeking more from

shopping centres than retail, the owners of these assets may more easily reshape these areas than a traditional high street with different types of owners. This has become increasingly apparent since the financial crash as shopping centres have included a greater range of leisure use in their estates, with a view to making their centres genuine 'experience' destinations for their consumers.

What can be said is that in Scotland over recent years there has also been a noticeable drive by the major cities to support a return of city living. Aberdeen, Dundee, and Glasgow have adopted policies specifically designed to increase the number of households in their city centres. The private sector is responding to this demand with many proposals for large scale build-to-rent propositions in Glasgow in particular. Edinburgh has different challenges, more aligned to achieving affordable city centre living. This move towards city centre living may be affected by the pandemic, and it could mean that smaller local towns (city based or not) could become relatively more attractive as places not just to live and relax, but also to work in. For example, the move towards working remotely may provide opportunities for towns to offer more localised office facilities although this will require strong broadband connections and a supply of cost-effective, suitable flexible office suites.

The inherent risk of development and property investment has made it difficult for longer forms of property investment since the financial crash, and the major investors (pension and life funds) are mainly located in major city centres. Therefore, while investment in some forms of commercial property, such as retail parks, has continued, there has been little or no major indoor shopping centres out of town for many years. Indeed, the largest such investment in recent years is the development of the former St James Centre in the city centre of Edinburgh. It is therefore a challenge for more peripheral or even intra-city town centres to attract major private sector commercial property, long-term investment. In consequence, this has meant that the bulk of economic growth, location of jobs and supporting services, has become centralised to prime city locations.

There are local property entrepreneurs who know their local communities and authorities well. These individuals and businesses have often invested significantly in their localities. They are well placed to understand, and intervene in local regeneration initiatives, whether in adapting older properties to different uses, or through seeking opportunities to provide new buildings in gap sites.

### **How do we encourage people to live in town centres? What types of policies are needed?**

The challenge of supporting a sustainable town centre remains the same. The impact of the pandemic on city centres and the potential for a renewed emphasis on localism and 20-minute neighbourhoods, perhaps offer a heightened importance for the successful regeneration of Scotland's towns. However, the aim of seeking greater residential use of town centres with less dependency on retail is enhanced by the pandemic, rather than changed.

A focus on high-quality mixed-use city centre regeneration, focussing on existing communities, can provide a sustainable environment for those who wish to eat, work, and sleep close to good amenities, infrastructure, etc.

There has also been a noticeable drive by the major cities to support a return of city living in Scotland over recent years. Aberdeen, Dundee, and Glasgow have adopted policies specifically designed to increase the number of households in their city centres. Edinburgh has different challenges, more aligned to affordable city centre living. This move towards city centre living may be affected by the pandemic, and it could mean that smaller local towns (city based or not) could become relatively more attractive as places not just to live and relax, but also to work in. For example, the move towards working remotely may provide opportunities for towns to offer more localised office facilities although this will require strong broadband connections and a supply of cost-effective, suitable flexible office suites.

Ultimately, different communities or parts of the local community will have different needs for their town centre. The challenge will be to provide sufficient mixed-use and purpose to cater for as many town centre residents as possible.

Towns and cities are starting to consider the merits of free transport for school age and young adults. There is a myriad of reasons why this is to be welcomed. These include the probable reduction in private car journeys and a generation changes transport preferences from private to public. Towns and cities need to invest in affordable, accessible, convenient public transport. Solutions will vary between locations. Single ticketing across transport formats should be a priority.

### **How can equality and diversity issues be addressed in policies that create and sustain resilient town centres?**

A focus on accessible public place supported by appropriate public amenities and conveniences will support a diversity of population to use their town centres more. This needs to be complemented by local cultural, leisure and business offers. As we said in our comments to Question2, towns and cities are starting to consider the merits of free transport for school age and young adults. This will support a diverse use of town centres.

### **Independent and small businesses, and community and co-operative operations enhance local resilience and wellbeing but can often be marginalised in town centres. How can this be changed?**

These groups can often be supported in buildings, which although towards the end of their economic life can be repurposed to deliver affordable accommodation on flexible terms. The commercial viability of this approach does present issues when total occupational costs including business rates, service charges, utilities costs and building insurance are presented to the occupiers in this sector and the holding costs of the buildings for owners, particularly when vacant. The most immediate solution would be financial support, which is directed at affordable occupation packages and grants/loans designed for owners in this sector. Means tests for occupiers based and profitability tests for owners based on annual accounts could be developed.

### **What is the role of culture and leisure in town centres? How can these be leveraged to increase wellbeing?**

Culture and leisure are critical to the successful development of town centres as destinations for visitors, businesses, and public service employment locations. Employers will be attracted to locations that offer staff a quality of life to enhance their employment experience – indeed this is more important with the growth of remote working.

### **Who or what can drive change in Scottish town centres?**

The property sector, and particularly the local property industry, can be a key catalyst of town centre rejuvenation. Their knowledge of adapting older buildings and successfully bringing them back into use could support significant local regeneration.

An enduring challenge for town centre renewal is the obstacle of a fragmented ownership structure. When it became clear that consumers were seeking more from shopping centres than retail, the owners of these assets may more easily reshape these areas than a traditional high street with different types of owners. This has become increasingly apparent since the financial crash as shopping centres have included a greater range of leisure use in their estates, with a view to making their centres genuine destinations for their consumers.

Areas characterised by vacant sites, buildings beyond economic life and historic inappropriate uses are frequently characterised by fragmented title and lease ownership. To facilitate delivery of planning policies, regeneration and place making, perhaps now is the time to consider more aggressive use of compulsory purchase powers.

### **Can you provide examples of best practice and success stories, in the UK and/or internationally, of creating living and resilient town centres?**

Planning has begun to focus on the concept of 20-minute neighbourhoods, arising from largely urban models in other countries. There is a significant attraction in planning terms to ensuring that people are connected to the facilities and services that they require and that they can reach these using active travel methods. When we refer to 20-minute neighbourhoods, however, we then need to be clear what we mean by the concept, where it is appropriate to apply it, and once applied how it will influence development management decisions for individual development sites. In Edinburgh's CityPlan 2030, the concept of 20-minute neighbourhoods appears to be defined as amenities that are within an 800m walk. Without this definition, there could be uncertainty within the real estate industry about what is required to achieve an effective 20-minute neighbourhood, and what a planning authority would expect to see included.

### **If not covered elsewhere, what other policy interventions would you like to see to create living and resilient town centres?**

A fundamental tenet of good placemaking is mixed-use developments that meet the needs of all age ranges and are flexible and adaptable. Good infrastructure (particularly transport) is vital for placemaking along with access to a mixture of property uses including retail outlets; employment; housing; and leisure. This is central to creating resilient communities and if applied pragmatically will support the

aspiration to strengthen our existing towns and cities and achieve 20-minute neighbourhoods.

More than anything there needs to be a clear vision of what a resilient town centre is. The vision needs to assume that a town centre will need to be used and sustained by its own residents rather than dependent on the tourism industry as the main source of economic activity. Unless towns can provide sufficient jobs and opportunities locally, they are unlikely to sustain their communities and their younger populations. Master Plan Consent Areas could offer the feasibility of long-term place-based regeneration initiatives as well as strong collaboration between communities, local authority, and investors.

Consideration needs to be given to how more bespoke and useful data can be provided to support the sustained development of town centres. There is significant potential for town centres to be enhanced as places for a mixed community of both residents and businesses. This is likely to require the commercial and residential regeneration of existing buildings and where appropriate new, additional buildings. There will be a definite need for investment in district heat network utilities, ever improving digital connections to keep up with demand and electric vehicle transport infrastructure.

The challenge of supporting a sustainable town centre remains the same. The impact of the pandemic on city centres and the potential for a renewed emphasis on localism and 20-minute neighbourhoods, perhaps offer a heightened importance for the successful regeneration of Scotland's towns. However, the aim of seeking greater residential use of town centres with less dependency on retail is enhanced by the pandemic, rather than changed.

Often the most immediate issue from our members, not just on their own behalf but that of their customers, is the cost of business rates. The rating system in Scotland is based on assessments of the commercial property rental market upon a date in time and nominally the tax still depends on some 23% of its revenue base from retail. In addition, in Scotland the larger premises face surcharges on the basic poundage rate which at the higher level are significantly above their equivalent charges in England. There was a commitment to bringing the large business supplement back into line with its English equivalents and we would wish to see this policy implemented. There should be no need for large business supplements – larger and more valuable premises already pay greater amounts of business rates.

The rates revaluation for 2023 should see significant falls in retail rateable values. This revaluation is many years overdue and retailers are currently nominally liable for rates based on 1 April 2015 commercial rental values, which was a very different market. It is true that retail was supported with 100% rate relief during the pandemic lockdown, when many retailers were not allowed to trade due to the public health emergency. The government will continue to provide support for some retailers subject to a £27,500 cap, a maximum of 50% rate relief and only for a limited period of 3 months after 1 April. The return of 2015 based full rates following this period will no doubt be a significant burden for many retail businesses while they await the rebasing of the business rates tax system on 1 April 2023 (based on the new Tone date of 1 April 2022). We wish to see a stable and more frequent revaluation cycle,

which has now been legislated for by the 2020 Act.

The business rating system takes very limited account of property which is vacant and earmarked as development or refurbishment stock. The current approach is simply to assess and charge as if the building was in fully occupied use. It is therefore not surprising that this leads to mitigation schemes by some. Our members are of the view that the current framework is an impediment to regeneration, to the acquisition of assets to redevelop new stock, and to the improvement/repositioning of existing buildings, which have continued economic life. Immediate demolition or rendering a building unoccupiable by law might mitigate business rates but this can blight an area where regeneration is envisioned. The tax system should respect the purpose of business decisions and where a property developer is seeking to regenerate and reinvest in a property, there should be supported to mitigate the burden of empty property rates before redevelopment is underway. Otherwise, a developer may simply be unable to take on a regeneration project because they will be deterred by the pure cash cost of empty property rates. This can be especially true in the case of complex older buildings.

## **The new realities of Scottish retail**

**How has the structure and nature of Scottish retail changed over the last decade (topics of interest include: proportion of spend with Scottish headquartered retailers, growth of independent retail, urban and rural trends, etc)?**

There is a clear polarisation between the attraction of high end, brand retailers taking prominent retail stores in city centre shopping centres and high streets, and the collapse of many formerly 'household' names and department stores. This does mean many modern centres are occupied by international brands in their prime areas. This supports the contention that the retail is needing to be more focused on providing an experience for its customers rather than just goods alone.

**How has the role of physical retail stores changed and what are the consequences of this for Scottish high streets and town centres?**

There are key differences for physical stores depending on their type and location. Retail parks have performed arguably stronger compared to enclosed shopping centres and high streets during the pandemic. Their ease of access by private car and their inherited strength in supporting consumers with bulky goods have clearly been an advantage. The role of physical stores has perhaps diminished in quantity of outlets, but the service and offer required to be successful has probably increased. These stores are competing with the convenience of online sales and therefore they need to find an offer that cannot be replicated online.

**How can the retail sector deliver fair, secure and quality employment? What's the gender impact of the move away from traditional retail?**

Traditionally the retail sector has been seen as one of the more accessible employment bases, with opportunities for a greater diversity of personnel to progress and reach higher management positions.

What's the role of fiscal policy levers in supporting the retail sector?

It has been apparent for some time that the business rates system – as a concept – is struggling to remain a fair and proportionate tax in the modern click economy. We believe that there will remain a need for a property-based form of tax – but we feel it must become less of a significant element for business operating costs than it currently is and that moving forward we should not expect rates to provide some £3bn of revenue annually. Business rates are therefore a major obstacle to town centre regeneration and sustainable economic development and under current plans, we feel this is set to remain the case.

There is a well-documented change in consumer behaviour and the nature of our major high streets and retail centres. On paper, retail still accounts for nearly a quarter of rateable value. The reality is that this was changing before the 2017 revaluation and the pandemic has accelerated the change in appetite for retail bricks and mortar locations. With the growth of online retail, it is unlikely that the retail sector will support a similar scale of contribution to non-domestic rates distributable income. Neither is it apparent that the framework supports an effective recovery or renewal of our towns and city centres. There is also a change in demand for support. Areas with formerly strong economic performance have experienced a sudden and dramatic loss of footfall and economic activity that may not be entirely repaired. For example, central Edinburgh locations are estimated to have seen a fall in economic activity of 45% whereas outlying towns have in some cases not seen a reduction in activity, or even a slight increase over the period.

## **Ecommerce activity in Scotland**

**What are the implications for businesses of increased online shopping and digital activity in the customer journey?**

A strong online presence and service for customers is already a must for many, if not most businesses. This will increase and businesses will need to invest in their online presence to meet modern customer requirements. It is and will increasingly be, the front window of marketing activity for many businesses too. This will mean perhaps less demand for investment in physical store marketing and presence – but the physical store experience will still need to be strong to complement the online service.

## Written Submission from RTPI Scotland

### Information about your organisation

The Royal Town Planning Institute (RTPI) is the champion of planning and the planning profession. Our mission is to advance the science and art of town planning, working for the long-term common good and well-being of current and future generations. We campaign to promote healthy, socially inclusive, economically and environmentally sustainable places. We have around 2,100 members in Scotland and a worldwide membership of over 27,000. RTPI Scotland's members represent both the public, private and third sector interests and are extensively involved in all areas of planning matters across Scotland.

### Keeping town centres alive

#### How are Scottish high streets and town centres changing? What are the strengths and weaknesses of Scotland's town centres?

Whilst it is difficult to fully predict the long-term impacts of the COVID-19 pandemic on Scottish high streets and town centres, RTPI Scotland are aware of many changes that are already being experienced. This includes the growth of use of the internet for the purchase and delivery of goods. While we expect social distancing measures to reduce over time, 'hyperlocalism' and homeworking are likely to continue to be a part of the new landscape. We have already seen an increase in demand for flexible working arrangements and homeworking, it is likely that a number of sectors will follow the example of technology companies that have already announced a move to homeworking practices (utilising offices as a central hub). This would imply that existing High Streets in larger Town Centres that have traditionally benefited from office worker demands may, in the long term, be required to adapt to accommodate other sources of footfall. This would include residential dwellings (including housing for older persons), educational establishments, healthcare facilities and community uses.

It is worthy of stressing that not all short-term impacts and levels of economic recovery have been experienced evenly in High Streets across and within Scotland's towns and cities. For example, recent evidence suggests that because office workers predominate in larger cities, larger High Streets have been (and will continue to be) most affected by a reduced footfall from local employment centres<sup>1</sup>. By contrast, increased home working has provided an opportunity for smaller High Streets to pick up new trade from former commuters who were previously attracted to larger centres. Experts' views about the future of High Streets remain largely divided. However, some commentators argue that in several ways, Covid-19 could provide a majority of High Streets with the opportunity to become (as they once were) a focus for the exchange of goods, services and for social interactions (see for instance Covid-19 Supplement for town centres - The Grimsey Review).<sup>2</sup>

RTPI Scotland wish to stress the essential role planning services play in monitoring

<sup>1</sup> <https://www.centreforcities.org/data/high-streets-recovery-tracker/>

<sup>2</sup> <http://www.vanishinghighstreet.com/wp-content/uploads/2020/06/Grimsey-Covid-19-Supplement-June-2020.pdf>

the performance of High Streets across the country, in particular through the process by which Local Development Plans (LDPs) are prepared. This has been reasserted in the recently published draft LDP guidance.<sup>3</sup> The planning reform process initiated in 2016 has led to substantial changes to legislation resulting in the Planning Act (Scotland) 2019. As part of these changes a new generation of LDPs are to be created. The first stage of this new preparation process is putting together an Evidence Report which aims to front load the work and use the evidence to clearly inform what to plan for before the Proposed Plan looks at where development should take place. As set out in the draft LDP guidance, the Evidence Report is to be informed by town centre audits for each town centre to harness its strengths, support vitality and viability, tackle weaknesses and improve resilience. In doing this local authorities should work with community planning partners, businesses and community groups as appropriate to prepare the town centre audit. Audits should be regularly updated, to monitor town centre performance, preferably every two years. This process should identify development opportunities including gap sites, brownfield land, re-use of empty properties (and redundant or vacant upper floors), buildings at risk, as well as ways to enhance the vibrancy of each town centre. The spatial elements of town centre strategies should be included in the Proposed Plan.

Whilst RTPi Scotland support this key role planners play in auditing Town Centres, as will be discussed throughout our response, we have strong concerns over the resource intensive nature of such work to already overburden planning departments. Furthermore, as highlighted in the Town Centre Action Plan Review Group Report there are problems in terms of the accuracy, consistency and comparability of data at a town and town centre level. The report also recommends that the breadth of data be expanded to include of lived experience and other qualitative inputs, data on ownership and occupancy of property and the inclusion of new measures linked to National Outcomes such as in environmental, social inclusion and wellbeing dimensions.<sup>4</sup> To support making this stage of the LDP preparation process more efficient and develop an enhanced focus on measurement and data for town centres, RTPi Scotland see an important role for the Scottish Government's Digital Planning Strategy.<sup>5</sup> This includes the development of a shared data resource for infrastructure, planning and place data to support stakeholders to provide necessary information available in time for the early stages of the LDP preparation process.

### **How do we encourage people to live in town centres? What types of policies are needed?**

RTPi Scotland wishes to highlight many new ways in which the planning system is intended to be harnessed to better support town centre living resulting from planning reforms. For example, the draft National Planning Framework 4 (draft NPF4)<sup>6</sup> has a

<sup>3</sup> <https://www.gov.scot/publications/local-development-planning-regulations-guidance-consultation-part-c-draft-guidance-local-development-planning/>

<sup>4</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/independent-report/2021/02/new-future-scotlands-town-centres/documents/new-future-scotlands-town-centres/new-future-scotlands-town-centres/govscot%3Adocument/new-future-scotlands-town-centres.pdf>

<sup>5</sup> <https://www.gov.scot/publications/transforming-places-together-scotlands-digital-strategy-planning/#:~:text=This%20strategy%20defines%20a%20long-term%20strategic%20direction%20for,needed%20and%20the%20benefits%20this%20transformation%20will%20bring>

<sup>6</sup> <https://www.transformingplanning.scot/national-planning-framework/draft-npf4/>

new policy to support town centre living where residential amenity can be achieved and commercial uses are demonstrated to be no longer viable. As a part of this policy under section 27(a) planning authorities are to provide an unspecified proportion of their housing land requirement in city or town centres. The draft NPF4 also has an updated policy relating to city, town, commercial and local centres which further supports lower carbon urban living and provides a renewed focus on the reuse of vacant and derelict land. It is important to note that the NPF4 is now part of the statutory development plan and therefore all of the policies contained within it, when adopted, can be applied directly to decisions on individual applications. Also within the draft NPF4 is a new policy on 20 minute neighbourhoods. RTPI Scotland believes that our towns are ideally placed to be exemplar neighbourhood centres that provide the homes, services, infrastructure, open space, and facilities that they need with a short walking distance. Embedding the 20 minute neighbourhood principles into policy will help to create healthier, active communities through supporting people to live locally, giving them the ability to meet most of their daily needs within a 20-minute walk from home.

Further to this as mentioned in the previous question the recently published draft LDP guidance has set out instructions for planning authorities to identify where there are gaps in supply of existing housing and flats (including student and older persons' accommodation or rental accommodation) in town centres relative to demand. They are also encouraged to identify where there is capacity or opportunities to develop new housing and flats in town centres without compromising active use of ground floors and public spaces, or a mix of uses in the area; and any related initiatives that would protect and improve residents' quality of life. Further to this is the encouragement to promote of a mix of unit types, sizes and tenures when considering city centre development catering to range a needs. To compliment this, where family housing is incorporated into the proposed LDP, provision should be made to ensure there are sufficient equitable opportunities for children to play.

Whilst councils have a limited role in residential markets they can provide the infrastructure and attractors to bring in people and investment. Upfront, planned investment can support housing delivery, reduce travel demand, enable sustainable land use and support urban regeneration. To aid this RTPI Scotland strongly supports the new Infrastructure First policy within the draft NPF4. This requires LDPs and delivery programmes to be based on an infrastructure-first approach, identifying infrastructure requirements including delivery responsibilities, mechanisms and related developer contributions. Embedding the Infrastructure First approach should happen in both strategic and localised contexts to ensure that infrastructure spending is closely aligned with the delivery of long-term visions and objectives for place.

Whilst there is a clear policy steer to increase the number of people living in town centres and High Streets, the delivery of housing can be particularly challenging due to a number of reasons for example:

- Development viability – expensive adaption retrofit of heritage building or contaminated land remediation can provide financial challenges for developers.
- Service provision – there is a lack of service provision in many town centres. For example RTPI Scotland are aware that many city centre locations do not have

sufficient capacity in schools needed to support development of family homes.

- Balancing competing uses – for example residential proposals being affected by noise from existing development such as music venues and the corresponding use of the agent of change principle to manage issues like this.
- Lack of space to provide car parking and the tension of additional traffic being generated in city centres with urban realms improvements such as pedestrianisation and delivery of active travel infrastructure.

These are complicated problems and many require much more than policy solutions to resolve especially through the delivery process such as coordinating funding streams. It is important to note that the planning system, through the development management process, is the key means by which these complicated and often site-specific issues can be addressed and solutions sought. RTPi Scotland would like to stress that planning is not a barrier to delivering residential uses back into cities but a means of achieving quality outcomes and placemaking whilst handling change. Lessons need learnt from decisions to deregulate the planning system down in England with office to residential permitted development leading to extremely poor space standards and amenity of dwellings. In order to deal with the changing nature of town centres we need a planning service which is funded effectively to ensure there are enough planners to support and carefully manage the process of increasing city centre living alongside a number of other placemaking objectives.

### **How can equality and diversity issues be addressed in policies that create and sustain resilient town centres?**

In reference to a point made to the previous question, issues can arise from development viability when developing in town centres. This means a number of councils waive affordable housing contributions alongside other developer obligations. Whilst a necessary provision to achieve delivery, in terms of social inequality, losing this important mechanism to provide affordable housing may exacerbate existing inequalities in localities.

Due to Scotland's industrial heritage over half of deprived communities live within 500 meters of a derelict site, which can have profound negative impacts on health and well-being.<sup>7</sup> RTPi Scotland are supportive of the role planners can make to address this issue as set out in the draft LDP guidance where priority should be given to establishing new uses for vacant and derelict land in, or adjacent to, areas where there are high levels of deprivation and/or disadvantage, for example: as identified in the Scottish Index of Multiple Deprivation. We also support the intent to avoid creating redundancy in the system, for example town centre vacancies arising from out of town development such as retail or business parks and in line with the principles of a circular economy, to address anticipated 'end-of-life' buildings and sites.

Many approaches to improvements to the public realm in town centres should utilise

---

7

[https://www.landcommission.gov.scot/downloads/5f73555fbfe93\\_VDL%20Task%20Force%20Recommendations.pdf](https://www.landcommission.gov.scot/downloads/5f73555fbfe93_VDL%20Task%20Force%20Recommendations.pdf)

Inclusive Design and design an environment that can be accessed and used by as many people as possible, regardless of age, gender and disability. The RTPI have produced a number of practice advice notes on the matter<sup>8 9</sup>.

**Independent and small businesses, and community and co-operative operations enhance local resilience and wellbeing but can often be marginalised in town centres. How can this be changed?**

As discussed in response to Q2 RTPI Scotland believe planners play a key role in balancing competing interests in town centres. This includes protecting and identifying land for retail, business and employment land. A range of support measures can be given to independent, small and community/ cooperative businesses. From a planning perspective RTPI Scotland understands that the Use Classes Order can be difficult to engage with for business owners. We support the tentative exploration of Use Classes Order to see if the use classes it contains are still fit for purpose and whether they could be made more flexible. This could include exploring the desirability of a revision to a more general Town Centre Use Class, utilised in connection with a wider take-up of other measures such as Permitted Development Rights and Masterplan Consents Areas to ease development in town centres, including a focus on conversion and bringing into use the upper storeys of buildings where appropriate. However care must be taken to avoid potential unforeseen consequence such as monoculture, lack of variation and viability.

Close cooperation between planning departments and economic development teams in councils is crucial to supporting such businesses. RTPI Scotland wish to highlight an initiative with Renfrewshire Council called 'Start-Up Streets'. Here significant refurbishment and upgrade works have transformed vacant retail units offering new and growing businesses low-cost, high-quality workspace and wraparound support. The subsidised premise costs which cover the workspace, wifi, utility bills and provide access to meeting space, with lease costs incrementally increased until the business owner is ready to move to an alternative Renfrewshire commercial space.

**What is the role of culture and leisure in town centres? How can these be leveraged to increase wellbeing?**

RTPI Scotland believes the role of culture and leisure is fundamental to successful town and centres and that these sectors will play an increasingly important role over time. The cultural sector, the historic environment and leisure sectors contribute both to tourism and economic development as well broader placemaking objectives such as sense of community, identity, and health and wellbeing.

The planning system, through the town centre first assessment approach, has aimed to guide development proposals, including leisure, to town centres for a number of years. The draft NPF4's policy on 20 minute neighbourhood provides a renewed emphasis on 'local liveability' through the access to a wide range of facilities, services, work and opportunities for socialising, leisure and play activities to support a healthier and flourishing community.

<sup>8</sup> <https://www.rtpi.org.uk/practice/2021/july/children-and-town-planning-creating-places-to-grow/>

<sup>9</sup> <https://www.rtpi.org.uk/practice/2020/september/dementia-and-town-planning/>

We would also like to highlight the increasing role that planning will likely have in supporting the culture sector with the draft NPF4 containing a new policy on culture and creativity. This policy recognises the importance of the sector and requires proposals to make provision for public art, encourages creative and cultural uses, protects existing venues, and reflects the agent of change principle.

### **Who or what can drive change in Scottish town centres?**

To address this question fully we need to consider what change we want to see in town centres. We need to embed town centres as part of solutions to zero carbon, health and wellbeing and post COVID-19 growth. Town centres, when planned properly, can provide an attractive healthy place where people have equal accessibility to the things they need such as shops, services, culture, green space, leisure and jobs. RTPI Scotland believes the planning system can act as the regulatory catalyst to drive positive change in our town centres by:

- Identifying and promoting new High Street uses, including residential, health and workspaces
- Creation, protection and enhancement of outdoor space and the public realm
- Increasing the emphasis on local convenience through 20 minute neighbourhoods and also quality of experience
- Increasing awareness of health and the importance of active travel, cycling and walking and the need for better infrastructure to accommodate these options
- Greater flexibility and diversity in the offer of retail and other High Street businesses
- Continued growth in independent businesses in all sectors
- Increasing use of the internet for shopping, including by small businesses to engage with and sell products and services to customers
- Restricting out-of-town developments which impact on the sustainability of town centres

When deployed in forward-thinking ways, planning can play a key role in building and maintaining certainty for investors and communities. Doing this requires a planning system that is corporate and collaborative; frontloaded and proactive system; delivery and outcome focussed. In Scotland this has been helped by the Planning (Scotland) 2019 Act introducing a purpose for planning which is “to manage the development and use of land in the long term public interest”. The Act has also made it mandatory for local authorities to have a Chief Planning Officer which can play a pivotal role in coordinating early discussion around asset management, policy and financial decisions to be made by councils. Scottish Government is to publish guidance on the role of Chief Planning Officers which provides an opportunity to ensure they can act as a champion for town centres and for integrating approaches to their development. The importance of planning for town centres has been recognised by cross-cutting cohort of professionals dealing with town centre regeneration with proactive planning set as one of the six themes of the Town Centre Action Plan.

Fundamentally, to ensure that proactive planning can be delivered to provide tailored solutions for town centres, ensuring the right development in the right place and providing the future vision through the preparation of LDPs, site briefs and

masterplanning, the planning system needs resourced effectively. To understand resourcing needs of the planning system we need to take cognisance of the context of diminishing resources and increased workloads in planning authorities with recent research from RTPI Scotland<sup>10</sup> showing that:

- Nearly a third of planning department staff have been cut since 2009
- Planning authorities' budgets have diminished in real terms by 42% since 2009
- In 2020 local authorities only spent 0.38% of their total net revenue budgets
- Planning application fees only cover 66% of their processing costs
- There are 91 new and unfunded duties in the Planning (Scotland) Act, which could cost between £12.1m and £59.1m over 10 years
- Over the next 10 to 15 years there will be a demand for an additional 680 to 730 entrants into the sector

Whilst we welcome impending increases to planning fees, as set out in recently published research<sup>11</sup> RTPI Scotland does not believe this will bring in the appropriate amount of resource necessary for the planning system to undertake its statutory duties and deliver the positive change we wish to see in town centres. Beyond this fundamental consideration of resourcing in the planning, RTPI Scotland believe there are a number of potential changes to ways of working that could drive positive change in our town centres including:

- Establish a strategic hierarchy of town centres. This will provide a framework for ensuring the right investment goes to those places and communities that need it most. This should also stop inappropriate development of out-of-town centres. There can be an important role for the National Planning Framework and emerging Regional Spatial Strategies in this.
- Enforce the Town Centre First Principle. RTPI Scotland welcomed the Town Centre first principle and think that it can still have an important impact on town centres. However there is very little understanding of its impact or use and, given this there is a need to better operationalise it to ensure that there is transparency in reporting how it influences decisions by public authorities, that it is monitored and how it is enforced. There is also a need to link it with the Place Principle and embed both in the community planning processes and Local Outcome Improvement Plans.
- Operationalise the Place Principle. Whilst plans can be a significant driver of change, they will only be implemented fully with buy in from stakeholders and through partnership delivery to meet shared goals. A majority of experts believe that the successful mitigation of the effects of Covid-19 on the High Street will require a collaborative approach.<sup>12</sup> The Place Principle encourages cross portfolio working to make the best use of resources for neighbourhoods, towns and cities. By operationalising the Place Principle we can ensure that those involved in developing and managing our town centres work together to agree approaches to our town centres in a coordinated way. This needs to be operationalised to ensure that there is transparency in reporting how it influences decisions by public authorities, that it is monitored and enforced.

<sup>10</sup> <https://www.rtpi.org.uk/research/2021/june/resourcing-the-planning-service-key-trends-and-findings-2021/>

<sup>11</sup> [https://www.rtpi.org.uk/research/2021/november/funding-the-planning-service-2021/#\\_ftn3](https://www.rtpi.org.uk/research/2021/november/funding-the-planning-service-2021/#_ftn3)

<sup>12</sup> [https://www.london.gov.uk/sites/default/files/ggbd\\_high\\_streets\\_meeting\\_note.pdf](https://www.london.gov.uk/sites/default/files/ggbd_high_streets_meeting_note.pdf)

- Ensure quality environments, design and the historic built environment. There is a need to invest in our places to ensure that they are destinations where people want to visit and spend time in. This means making the most of any built environment assets, ensuring new developments are designed to highest standard, that there is investment in quality public realm and that maintenance is factored in to place management.
- Recognise the importance of active and sustainable travel. There needs to be a greater focus on town and city centres as being places that people find attractive and want to spend time in. This idea of creating 'sticky streets' means that there must be a renewed focus on providing opportunities for active and sustainable travel both within and to our centres. Furthermore, as recommended by the Town Centre Action Plan Review Group Report we need to better integrate transport and land use planning so that planning decisions are closely aligned from the outset with considerations of movement within, and to and from town centres.
- Use the Place Standard. The Place Standard is useful way of engaging with a range of stakeholders to get their views on the strengths and weaknesses of a place, which can then support the development of any actions.
- Strengthen approaches to land assembly. There is a need to continue to see if Compulsory Purchase Order and Compulsory Sales Order have a role to play and, if so, what is need to make these more useable tools. The ambitions of the Vacant and Derelict Land Task Force should be taken on board so as to embed the Reuse First Principle where previously used land, buildings, places, materials and infrastructure are given preference.
- Explore if there is a role for Masterplan Consent Areas. MCAs are introduced through to the Planning Act (Scotland) 2019 to allow planning authorities to take a proactive place-making approach and provide consent. They have generally been used for housing development but it may well be useful to assess if there is a role for them in town centres, especially those that may need to be prioritised.
- Explore if there is a role for Local Place Plans. LPPs have been introduced by the Planning Act to provide a mechanism for communities to engage on and pull together their ambitions for their areas. They could provide a useful mechanism for community engagement and interaction to help the planning of town centres.

**Can you provide examples of best practice and success stories, in the UK and/or internationally, of creating living and resilient town centres?**

Stockton-on-Tees urban park

Underpinned by a Borough-wide retail study and town centre regeneration study, the Council commissioned the production of a bold masterplan for a site in the heart of Stockton town centre. This included the demolition of an existing shopping centre to create a new urban park in its place, linking the High Street with the River Tees, as well as a campus of new mixed use buildings. The intention for the new park is to host a range of activities, including festivals, markets, live music and other

performances, to add new vibrancy to Stockton Town Centre. Beyond this, the scheme has encouraged the remaining retailers within the shopping centre to relocate to the other main shopping centre in the town centre thereby consolidating the town centre's retail offer and reducing the overall vacancy rate.

### Wokingham Town Centre Regeneration

Wokingham Town Centre Regeneration is an ambitious project to revitalise the town centre through a mix of commercial, leisure, environmental and residential development. It was the winner of the RTPI Award for Excellence in Planning for a Successful Economy in 2020. The contribution of planning has been critical in delivering successful regeneration of Wokingham town centre and has been embedded at the heart of the project team throughout the design and planning process, physical delivery and ongoing operation of the completed assets.

Wokingham is an attractive market town but has suffered from a lack of investment in local facilities and infrastructure. In 2010, after extensive public engagement, the council adopted the LPA Masterplan which set a clear vision for how the town centre should be improved and enable Wokingham to thrive sustainably. To ensure the vision was delivered successfully the council decided to take the lead on regenerating the town themselves and established a council led multidisciplinary team to deliver key projects. The team included a range of skill sets such as planners, architects, engineers, surveyors, financial advisors, lettings agents, construction project managers, and communications and engagement specialists. The core role of the planner has been to manage and coordinate activities across the teams; balance the, at times competing, demands of different disciplines; and oversee all stages of the project at both a strategic and operational level.

This role was essential in achieving planning consent for the regeneration and ensuring that, whilst separate applications were made for each of the three main sites, the projects have been designed and coordinated to achieve one coherent masterplan for the town centre when delivered. As the project has moved from the design through to delivery stages the role of the planner has become even more essential in ensuring success. The council has continued to increase the amount of planning resource working directly on delivering the regeneration.

A Town Centre Masterplan Supplementary Planning Document was produced that identified several issues in the town including a limited range and mix of retail and leisure, low quality and dated commercial stock, poor public spaces and a car dominant town centre. These, along with wider issues like increased competition from neighbouring towns and the changing face of the high street, meant Wokingham failed to offer the right quality of town centre experience to attract visitors and help support the local economy.

The council's regeneration has sought to deliver the masterplan vision with a series of projects at key town centre sites. Alongside this the council has also completed a redevelopment of the train station area in partnership with Network Rail, and public realm improvements in the Market Place area with the local Town Council. This is an innovative transferable model for other town centres to boost their economies and community engagement through a hands on 'whole place approach'. Their financial

model especially will have a long-lasting contribution to creating successful economy in the future.

#### **Aberdeen - Union Street Conservation Area Regeneration Scheme**

The Union Street Conservation Area Regeneration Scheme (CARS) is a six-year initiative aimed at the regeneration of Aberdeen's main thoroughfare. This conservation led programme is set up to tackle the problems of run down historic buildings and streetscape where longstanding economic and structural decline has undermined the character of this historic and architecturally rich street. The scheme links directly with the Aberdeen City Centre Masterplan, which includes a range of projects from community based initiatives, infrastructure proposals, economic outputs and environmental developments for the next 25 years and beyond.

The aims of the initiative is to:

- Promote an integrated approach to retail and housing led regeneration that builds on Union Street's assets: built heritage, city centre location and mixed use character
- Reverse the decline and improve the quality of the built environment and quality of life for residents of the city
- Improve the quality and appearance of shop fronts on Union Street

As apart of the initiative a schools shopfront design project was delivered by Aberdeen City Council engaging school children with Aberdeen's built heritage, urban regeneration and changing city centre. This project was shortlisted in the RTPI's Award for Excellence in Planning for Heritage and Culture in 2019.

## **The new realities of Scottish retail**

### **What's the role of fiscal policy levers in supporting the retail sector?**

RTPI Scotland understands that to support regeneration of our town centres funding needs to be substantial and multi-year, including in the short term expansion of demonstration project funding. However RTPI Scotland also there is a need to link the future vision of town centres to the delivery of resources and capital programmes. We need to ensure the NPF4, LDPs and other place-based strategies are supported by the investment and financing they need to be delivered. This has been seen elsewhere with, for example, the Irish National Planning Framework which sets out a 20 year vision for the country's development and is accompanied by a 10 year capital investment programme to support its delivery.