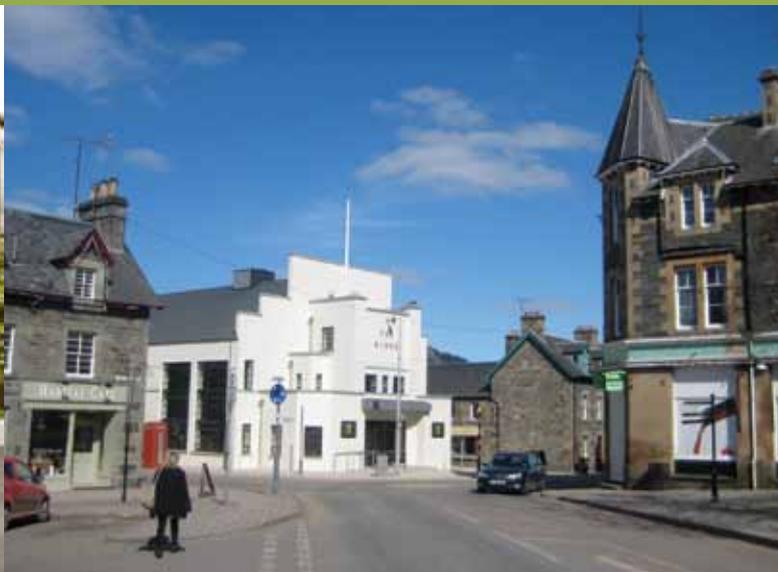




National Review of Town Centres External Advisory Group Report:  
Community and Enterprise in Scotland's Town Centres



# National Review of Town Centres

## External Advisory Group Report:

### Community and Enterprise in Scotland's Town Centres 21 June 2013

*“We want to take every measure possible to ensure our town centres are vibrant places”*

Nicola Sturgeon, Deputy First Minister of Scotland

## Foreword - Malcolm Fraser, Chair, External Advisory Group

It is significant that we start this National Review with such strong encouragement from Government; but it's also necessary to answer the sceptics' question: why? Why are town centres so important that they deserve such special treatment? In answer we make three assertions:

First: That they are places of creativity and enterprise. The argument is generally accepted, that bustling cities are a nation's economic powerhouses, where social and cultural interaction drives innovation and wealth-creation. Scotland would benefit from more big-city-bustle. But big powerhouses also need a network of vigorous, smaller centres around them, and some of our town centres have lost that drive.

Scotland needs its networks of urban places to work more effectively, and regain their creative, commercial bustle.

Second: Is a simple democratic right that the wealth and breadth of the built environment should be available to all. Town centres allow us to share resources and services. Their density means that shops, workplaces, leisure, culture and public services are near, and if we don't actually live amongst them, they are still where public transport goes, and are accessible to the whole community.

Not all of us drive, and we are disenfranchised by a scattered, out-of-town environment accessible only by car.

Third: That these long-established places are our true eco-towns, resources whose health is critical to a sustainable future. The lesson we should learn from our financial trouble is the same as that needed to address the challenge of climate change: that we need to be less reckless with resources, and make best use of our existing, renewable ones before discarding them. In the built environment that's our old buildings, and existing town centres.

Here, as elsewhere, it can seem easier to go for the new and shiny, over-repairing the old. But our existing towns have an infrastructure of roads and sewers, transport and parking and shops and schools, all needful of maintenance and capable of improvement; so it's counter-productive to build new places on their edge or outside of them (whether we brand them "eco-towns" or not), finding finance for all the new tarmac, sewers and schools they require, while leaving our old town centres to moulder, and closing down their schools and institutions.

These three assertions show us how central the revival of our town centres is to a vision of a people-focussed, productive and rooted Scotland – and we like how they follow the simple "Folk; Work; Place" mantra put forward by Patrick Geddes, Scottish polymath and father of town planning, to clarify our relationship with our environment. We also note how their focus on wealth-creation, democratic rights and a low-carbon economy aligns with Scottish Government priorities.

This vision has, at its heart, the understanding that we are social animals. Thirty years ago we were told that video would kill cinema; but we still crave a night at the pictures and attendances have grown, not died. Ten years ago we were told that home-working would render the traditional office a thing of the past; yet we are now

clear that productivity falls when we lose the creative mix of such shared spaces. And today the media carries warnings of “the death of the high street”; but the social drama of shopping will survive changes in retailing and fewer shops, and remain a critical part of the town centre mix.

Above all, the great strength of town centre retail is that it is part of the rich town centre context it takes place in: an integrative human weave of homes, offices and parks, and social, civic and cultural institutions.

So our response to the Scottish Government’s challenge is a vision of the live, work and play of Scotland’s town centres enlivened by a new sense of community and enterprise.

## The External Advisory Group, and Our Principles

We were assembled in September 2012 to consider and propose action to help town centres recover their drive. We established a set of principles to guide the Review:

**Diversity:** at the heart of our work is the recognition of the interdependence of a town centre's diverse uses. Town centre retail may be hard-pressed; but, as we suggest, its great advantage over out-of-town or the internet is that it is part of a rich and social mix of homes, businesses, parks, culture, leisure and institutional uses. The best way to support retail is to fortify this diversity, by weaving more footfall around it – more people living above and around the shops, and more business, leisure and cultural uses all round – to make the context for shopping in town busier, and the general town centre environment more attractive.

The central importance of diversity is also recognised in this Group's own makeup, with finance, business, retail, surveying, planning, urbanism, architecture, transportation, local councils, culture, leadership, community advocacy and academia all represented. The complementary aims and interests within the Group have been its strength so that, while all will not share the same interest in, and level of support for each of its proposed actions, all interests benefit from the wide-ranging town centre rejuvenation that this Review promotes. And the Chair's role has included editing, focussing in on a number of Key Actions.

**Empowerment:** We have resisted the urge to establish task forces, or new official posts and secretariats or, in general, lecture communities on what they need to do. It is central to our work that we create a fertile environment around communities which hands them tools to improve their own town centres, and shows them opportunities to find their own diverse ways forward.

**Pragmatism:** There are things we can do and things we can't, and we concentrate on the former. And we look to recalibrating existing initiatives and legislative changes rather than making complex and lengthy requests of government; believing that with the assistance this Review seeks, the legislative tools are already in place to make a substantial difference to the future of our town centres.

But we do recognise a wider context. Issues such as climate change and food security, and social and employment policies impact on the culture and viability of town centres. A strengthening of local democracy in Scotland would greatly assist with local leadership. Issues around business rates revaluation, and the need for financial institutions to reassess the value of their town centre properties, impact in a major way as well, and there is no doubt that a simple market re-adjustment would greatly assist town centre renewal. And the iniquity of the VAT system, whereby a new-build in a field on the edge of town is publicly-subsidised by being excused VAT, while the repair of an existing building is burdened with the full 20%, is a formal UK-wide encouragement that squanders our resources, by hugely disadvantaging the old buildings and existing town centres at the heart of our communities.

**The need for Action:** We have also resisted the urge to set up places and projects to examine and discuss town centres. We recognise that there are several groups and initiatives in Scotland that are doing this very well. Understanding that there is a

movement for change, our Review looks forward to set-out how we might, simply and pragmatically, enable it.

The key actions and recommendations we outline have been widely shared with these town centre groups. They have also been presented to many of the wide range of civic, professional, governmental, institutional and specialist groups that have interests in or ownerships of town centres, and their implications discussed and comments considered. There is wide consensus on the need to deliver a changed future for Scotland's town centres and, we hope and believe, an audience already aware of, and prepared for, our proposals.

**Recommendation:** We accept that there is a need for action to be based on a clear understanding of the health of our town centres. The evidence here is patchy and inconsistent and the different types of data need brought together to present a useful overall picture. We recommend a model is developed, through a demonstration project, showing how data can be collected, presented and shared.

**Leadership and Collaboration:** is key, and needs to come from all of a town centre's diverse components and constituencies. So we have developed these actions and recommendations under six themes, each representing a complementary area of activity and each requiring a complementary group of leaders to step forward and work together:

- **Town Centre Living** – social landlords, empty homes agencies and funders
- **Vibrant Local Economies** – business and local authorities
- **Enterprising Communities** – community and arts groups
- **Accessible Public Services** – all public bodies, including community planning partnerships and the Scottish Futures Trust
- **Digital Towns** – local businesses community groups, local authorities and digital providers
- **Proactive Planning** – national regional and local planning agencies, and local civic and amenity groups

## **Underpinning all of this is our key principle:**

**Town Centres First:** At the heart of our key actions and recommendations, and running through this Review, is the need for the implementation of a Town Centre First Policy: a request to government, local authorities and the wider public sector, and the communities, institutions and people of Scotland; that to achieve a social, bustling and sustainable Scotland we must put the health of our town centres at the heart of our decision-making processes.

In Scotland, the importance of such place-based decision making is already recognised. The principles of community planning and single outcome agreements, improving outcomes for the local people in a way that reflects local circumstances and priorities, provide a ready-made framework within which to embed future town centre efforts.

**Recommendation:** The Scottish Government and local authorities need to recognise and prioritise the importance of town centres in plans for economic recovery and sustainable economic growth.

**Recommendation:** The Scottish Government and all public sector bodies need to ensure that funding and investment programmes are aligned to achieve the maximum effect in supporting diversity, enterprise and creativity in our town centres.

**Recommendation:** The Scottish Government should allocate additional, dedicated funding to support and further develop the recommendations proposed by this Review.

## Town Centre Living

Footfall is key to achieving thriving, successful town centres. The best footfall is the residential kind, for people who live in a town centre will not only use its shops and institutions but will care for its safety and security in the evenings and at night.

There's a desperate need to build more homes in Scotland – and an equal need to rediscover and renew the art of building family homes in urban settings, to reverse the family flight to the suburbs. But without the easy mortgage finance of the recent past; responsibility falls on Government initiatives, and the particular need for affordable homes.

Many of those in most need are young, old or single, well-suited to using and supporting a town centre's amenities and often happy to find a home at the heart of their communities, rather than out at the edge, with the need to maintain a car – another burden on their finances. And there are very many flats sitting empty and unattractive above shops in our town centres, victims of a market where shop units were high value and rental from flats above marginal and therefore ignored. This situation has now reversed: the demand for shop units have fallen while the need for affordable and rented homes, and the interest in financing them, has grown, giving a firm basis for leading a market-revival of these properties. In addition the Scottish Government's Empty Homes Officer model is available to all local authorities, and housing associations and other registered social landlords are alive to new ways of meeting the growing need.

All this sets a fertile context for proposing a new housing model around the occupation of empty flats, and other properties, in town centres.

Barriers exist to their re-use: there are legal barriers to owners, for instance, selling long leaseholds above shops, and there should be a long-term aim to remove Scotland's 20-year limit on residential leasehold. However the Private Rented Housing (Scotland) Act 2011 has introduced exemptions, which are yet to be tested, and has existing levers which may allow further investment. And piecemeal redevelopment is unlikely, leaving a gap and an opportunity for public agencies to take the lead, bringing benefit not just to town centres but to the general housing shortage. Small builders and local surveyors and architects, best suited to carrying out such work, will also benefit

## **Key Actions:**

**New homes from old:** Work with housing providers in the private and public sectors to bring empty town centre properties, such as those over shops, back into use for affordable housing.

Housing associations or other bodies, working with local authority housing, regeneration and planning officers, to offer owners a “Develop and Manage Package” for their properties that would repair, upgrade, tenant and maintain them, allowing those owners to realise value on their property and bringing beneficial use back into them. And the Scottish Government’s new £2m Town Centre Housing Fund will allow the first, exemplar proposals to test the Housing Act’s provision, identify sources of funding and establish models that can work across the whole of Scotland.

## **Additional Recommendations:**

- Local authorities to recognise the importance of bringing residential footfall back into town centres and prioritise appropriate sites for town centre housing development within their local housing strategies.
- Public agencies and the private sector to be alive to the potential for the conversion of empty offices and redundant public buildings.
- All housing providers to consider the needs of, and market for, family homes in town centres and the new, or refreshed old models that can deliver the amenity that modern family living requires.

## Vibrant Local Economies

Central to the Scottish Government's Economic Strategy is a supportive business environment, with the public sector challenged to create the necessary conditions for business, private and social enterprise to thrive. The Small Business Bonus Scheme provides essential support for new and existing businesses. A simpler regulatory framework and "One Stop Shop" assistance through statutory processes would assist, with the authorities designing access to their regulatory processes from the point of view of an individual enterprise. In areas where business activity is very low, further rates relief powers may help in re-growing a business base. Town centre partnerships and local authority town centre managers provide collaborative models and further support for an increased use of Business Improvement Districts (BIDs), where existing businesses invest with local authorities in the future of their areas, can help to expand a town centre's economic base.

What would really direct investment back into town centres is incentivisation, where business and local authorities gain financial benefit from working together to grow business rates in an area. A Business Rates Incentivisation Scheme (BRIS) already exists, where local authorities recover 50% of a rise in business rates they can collect over an agreed target in a given area and, alongside further rates relief powers, we propose a version of this for town centres:

## Key Actions:

**BRIS+:** As Business Rates traditionally go to Central Government BRIS represents a new model of Local Authority Incentivisation. A BRIS+ scheme, where Local Authorities gain the whole 100% of additional business rates collected in town centres, would further incentivise them and direct effort and investment into town centres, the additional income this would bring being of benefit in the difficult financial environment they face.

The carrot of a potential new income stream would assist in the identification (and even parcelling-up and presentation) of suitable land, for medium and larger development such as offices, leisure, nurseries, new retail or the like. The Town Centre Manager role could be reinvigorated by the commercial opportunities BRIS+ offers, working in collaboration with potential new businesses.

**Town Centre Investment Zones:** Scottish Government and a willing Local Authority to establish and monitor the results of a demonstration 'Town Centre Investment Zone' to trial enhanced business rate discretionary relief for, say, a 5 year period within the defined area of the town centre.

The Scottish Government's Fresh Start Initiative is a welcome move to reduce the rates burden on those choosing to bring long term empty property back into use. The investment zone demonstration might extend this to larger businesses as well as testing whether the current business rates system is responsive enough to deal with the rapidly changing face of town centres and whether measures – such as more frequent revaluations, a time delay between improvements and any potential reassessment and simpler 'Material Change of Circumstances' appeals – are necessary to bring down rateable values on distressed high streets. However it is acknowledged that these policies require funding and carry considerable costs, and that a separate review of business rates is underway.

## Additional Recommendations:

- Local authorities to work with local businesses (both private and social enterprises) as collaborative partners to pilot regulatory one-stop shops providing a "route map" through statutory processes for prospective, start-up and existing town centre business.
- Town centre businesses and local authorities to review existing Business Gateway and social and community enterprise support and resources.

## Enterprising Communities

Scotland's town centres benefit hugely from the culture and enterprise their communities bring to them. On the one hand there are social enterprises starting-up and running commercial projects and services, such as nurseries, community bakeries, arts and crafts studios, community festivals and farmers' and other sorts of markets. On the other, a great many of the 350 annual arts festivals which so engage and enliven Scotland are community-based and located in town centres, bringing bustle and money, as well as culture, into them. In any case, the year-round artistic activity of dance, music and general arts activities brings huge activity to town centres and all these initiatives will be given new access to public sector assets by the drive towards "community empowerment". The nurturing and enabling of existing and new community activity, through collaboration with and between public and private agencies, brings huge possibilities for an increase in health, wealth and wellbeing in the population in general, as in our town centres.

In many town centres there is an abundance of empty and abandoned property that community organisations could beneficially occupy. And the surveying and estate agencies once able to propose glamorous new uses for such sites would benefit too, from engagement with local groups and their simpler, community uses.

But the traditional banks, which a community organisation might have approached in the past to support their enterprise, are no longer a reliable source of funds. And while there are complementary social investment banks and microfunds, the landscape is confusing, requirements are diverse and it is difficult for a small community organisation, without professional assistance, to navigate a way through them.

### **Key Actions:**

A Community Estate Agency, where professionals and local groups can collaborate to identify people and partnerships, and suitable properties from a "town centre asset audit"; and development trusts or other appropriate models can provide support capacity, and draw down seedcorn funding, to evolve business plans and identify funding.

A Scottish Government Microfinance Fund, or fortified existing fund, tasked with lending responsibility to community enterprises with sustainable business plans. Such a fund could grow as businesses pay back their loans, underpinning a new sector of the economy.

## Accessible Public Services

The principle, in Scotland, of a democratic right of access to public services, has been observed. A public service closed down and moved out-of-town deprives the town centre and its businesses of the crucial footfall it brought (and sometimes brings the headache of an empty building, or vacant site, left behind). Public facilities, or simple backroom offices, moved out of town may demonstrate an immediate saving while carrying with them substantial later costs, both to the immediate businesses around them and, thereafter, to the public purse. But such relocations also inconvenience or, at worst, disenfranchise those without private transport as well as denying them access to public employment in that building, restricting a local authority's employment pool.

Big decisions on the location of public services can sometimes be made on a narrow model which does not recognise their wider financial impact and, ultimately, rebounds on the public purse. In relation to this we note responsibilities that should apply to all public agencies; but also, and in particular, the significant role of community planning partnerships in Scotland, and their need to achieve full collaborative partnerships with communities, as well as general need to drive forward the Government's "Placemaking" agenda.

Under the proposed "Town Centre First" presumption all decisions about the location of public sector services and new community infrastructure should seek to strengthen town centres as key economic, service and transport hubs. In such a situation decision-making processes would recognise the larger value of retaining public institutions in town centres and, even, of moving them back in.

### Key Actions:

All public bodies should be required to consider and audit a public right of access to public services. In particular:

**Community planning partnerships** to be fortified through the Community Empowerment and Renewal Bill, with public accessibility to services and the Town Centre First presumption brought to the fore within the "Single Outcome Agreement" criteria that govern their decisions.

**"Place-Based Reviews"** carried out at the first stage of the Scottish Futures Trust's public infrastructure assessments, with the wider financial implications of decisions evaluated as a matter of course not choice.

## Digital Towns

The effect of the digital revolution on our town centres has been profound and swift. We have moved from esoteric discussion about the potential impact of e-commerce to the reality of a new economy, increasingly dominated and driven by digital activity, with the opportunities and risks that this brings. This means a different way of buying and selling, and a different way of seeing, promoting and using our town centres and the businesses and social and community enterprises that operate within them.

It is usually regarded as the new, great challenge to the traditional town centre – and particularly to its retail sector. But access to broadband is easier to provide where there's a density of businesses and homes. And in one other respect – that of WiFi – digital is very place-based, and the simple adjacency of businesses in the town centre gives them a straightforward way to exploit digital technology.

### Key Actions:

**Town Centre WiFi:** Commercially-driven, secure link-ups of town centre businesses' WiFis, so that they combine to offer a shopper, or general visitor, free and immediate access to a virtual town centre marketplace from the comfort of the corner seat in a café, or a bench in the park on a sunny day.

**Town Centre Digital Demonstration Project:** a demonstration digital learning network, aligned to local Business Improvement Districts (BIDs) and the Digital Scotland Strategy, growing and enhancing digital skills and pooling existing community, business and local authority resources, knowledge and expertise.

### Additional Recommendation:

- High speed broadband to be available to communities in all town centres across Scotland.

## Pro-active Planning

Planning policy for town centres should be simple and proactive, encouraging public, private and social enterprises to be creative in how they create and retain jobs, support the local community, support town centre living, contribute to creating a sustainable, low-carbon environment and realise locally agreed vision and plans. Accessibility is key and infrastructure should be designed to promote more walking, cycling and efficient public transportation provision and usage.

An extension of the “Town Centre First” presumption which underpins our Review, and is our key action, already features in the latest draft (2013) of the revised Scottish Planning Policy. We have made detailed representations to the Scottish Government with input from, and in discussion with, various of Scotland’s professional and advisory planning and transportation bodies, to strengthen this presumption and close, or tighten, the various loopholes around it.

### Key Action:

**Town Centre First:** Planning Policy already includes a “Town Centre First” presumption for retail development, with a “sequential test” to apply it. This test should be applied to all footfall-creating uses, from leisure and office, to public facilities and homes, for we should not – for all the reasons set-out in this Review – build anew on the edge of town when there are empty sites within it.

### Additional Recommendations:

- Local demonstration projects to fast track and evaluate the concept of a single “Town Centre Use Class” in willing participant towns.
- Incentivise town centre development by reducing the cost of developer contributions there.
- Local authorities should ensure that development properly reflects the cost to the public purse, and note that costs associated with an out-of-town development are heavy, and may include schools, parks, roads, new public transport links, sewers and the like; while a comparable town centre development may even save the public purse the cost of, say, closing down a school.
- Proactive Compulsory Purchase Order (CPO) use to stimulate re-use of vacant and underused sites and buildings in town centres where owners are resisting regeneration, and the consideration of changes to CPO legislation to facilitate this.

And while these actions and recommendations are directed at planning authorities, our final key action seeks to assist communities themselves:

## Key Action:

**Town Futures/Planning for Change:** this Review seeks a new narrative for our towns, with communities fully engaged and involved in forming it. We believe they would greatly benefit from a “Masterplanning Toolkit” to implement their vision, that is complementary to the town-centred, pedestrian-friendly Scottish Government “Designing Streets” planning policy, which has set-out the culture-shift necessary to change the post-war roads presumption to a 21st century people one.

Such a “toolkit” would, first, give guidance on how a community might organise itself to evolve that vision and seek assistance in implementing it.

Second, it would outline responses to issues such as urban car parking, car clubs, congestion charging, bypasses, bus lanes, 20 mph zones, bicycles and powered 2-wheelers, pedestrianisation, pavements, urban trees, sheltered high streets, signage, urban clutter and other town-centred physical initiatives, in order to demonstrate a range of responses to the challenges town centres face and the opportunities change offers.

## External Advisory Board

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Sector	Member
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Scottish Chambers of Commerce	Tom Johnston, Head of Retail at Colliers International
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