



Housing & Land Delivery Board

Date	7 September 2020
Report title	Covid 19 Recovery Discussion Paper: Town Centre Living and Regeneration
Portfolio Lead	Councillor Mike Bird, Leader, Walsall MBC
Accountable Employees	Gareth Bradford, Director of Housing & Regeneration (Accountable Director) Patricia Willoughby, Head of Policy (Housing & Regeneration) (Accountable SRO and report author)
Report has been considered by	13.08.2020: Housing & Land Delivery Steering Group 18.08.2020 & 25.08.2020: Town Centres Policy Working Groups

Recommendation(s) for action or decision:

- 1) The Housing Land & Land Delivery Board is asked to **consider and endorse** the town centre living and regeneration *policy principles and typology of interventions* set out below.
- 2) The Housing and Land Delivery Board is asked to **note** that as the Board previously discussed this policy paper is informing the region's Comprehensive Spending Review submission to HMG (Autumn 2020), future business cases to HMG for town centre and brownfield regeneration investment by WMCA and local authorities, and is informing decisions by the WMCA over devolved housing and land funds through its landmark Single Commissioning Framework; and
- 3) The Housing and Land Delivery Board is asked to **note** this paper has been co-developed with officers from across the region on the Housing and Land Delivery Steering Group as well as private sector partners and industry representatives on the Commercial Property Forum and Town Centre Taskforce.

1.0 Purpose

- 1.1 At the last meeting of the Housing & Land Delivery Board (6 July 2020), Members commissioned the production of a town centre recovery paper specifically on addressing the issue of 'town centre living'. This request arose in the context of a discussion on the Housing & Land Portfolio Covid19 Recovery Strategy & Implementation Plan where the regeneration and repurposing of our town centres and the need to attract further HMG and private investment into these centres is identified as one of the "game changers" for the recovery from Covid19.
- 1.2 The purpose of this paper is to set out a **number of high level strategic town centre recovery policy principles and interventions** that have emerged in discussion with our Task Forces, HMG, expert industry forums and officer working groups to support town centres to recover from the Covid-19 lockdown.
- 1.3 In line with the commission of the Housing & Land Delivery Board, the approach which we have sought to take to developing this policy paper includes:
- A collaborative approach whereby the town centre Covid19 recovery policy paper is collectively developed and shared by WMCA, local authorities, other public sector organisations, and
 - Identified specific initiatives, interventions and other actions to support successful regeneration and repurposing of our town centres that can feed directly into regional and local business case and delivery plans, and
 - This policy paper and suggested interventions can inform WMCA's asks of government in forthcoming fiscal events and other funding rounds

2.0 Challenges Facing West Midlands Town Centres

- 2.1 The Covid-19 pandemic has clearly exacerbated the challenging and entrenched circumstances which our town centres were already facing before the pandemic hit. The latest review by Bill Grimsey (Covid-19 Supplement for Town Centres, June 2020) highlighted the following key statistics:

On retailing (which comprises 5% of GDP and employs 2.9m workers)

- 47% of retailers at significant risk of failure
- 18% have negative balance sheets with a combined shortfall of £2.2bn
- 107 major failures since start of 2018 affecting 126,000 jobs and 5,700 shops
- Average financial health rating of only 36 out of 100

On retail property

- 42% drop in retail property investment between 2014 and 2018
- Retail property investment totalled only £200m in first half of 2019
- 78% drop in shopping centre investment between 2014 and 2018

On pubs and restaurants (which comprise 5% of GDP and employ 3.2m workers)

- 59% of pub and club operators at significant risk of failure
- 27% have negative balance sheets with a combined shortfall of £2bn
- Average financial health rating of just 28 out of 100

- 2.2 Town centres lie at the very heart of our local and business communities and are a massively important part of the portfolio of many property and pension

funds. A potential acceleration in the spiral of decline therefore requires an acceleration in the speed and scale of the response by the public sector.

2.3 Discussions at the Town Centres Task Force, the Commercial Property Forum and the DSG Covid-19 Recovery Working Group over the last year have focused around the idea that town centres need to be carefully nurtured and managed to drive regeneration, repurposing and inclusive growth.

Whilst each town centre is unique, **typical challenges** that have been identified and evidenced and on which the proposals in this paper respond to include:

- **The acceleration in online retailing.** ONS statistics show that internet sales, as a percentage of total retail sales, have increased from 11.8% in July 2015 to 31.2% in June 2020 but this masks significantly higher percentages in certain age groups and retail operators e.g. John Lewis announced on 30 July 2020 that the company intends to increase its online trading to 60% with former shops being considered for residential development.
- **Reduced representation of national multiples and their concentration in bigger, often out-of-centre, locations.** The British Retail Consortium reported in April 2020 that Retail Parks continue to fare better than High Streets and Shopping Centres due to their extra space, on-site parking, and broader mix of food and non-food retailers, but this was still not enough to prevent a slight increase in vacancy rate (from 8.2% in Q1 2020 to 8.3% in Q2). This compares with 12.2-12.4% in town centres, the eighth consecutive quarter of increasing vacancy rates, from Q2 2018. PwC state that sectors which have been particularly hard hit by closures are fashion, restaurants, estate agents and pubs, all of which have been strongly represented in town centres.
- **Fewer offerings in the town centre and lower value uses occupying empty retail space - poorly located, poor quality retailing space is likely to disappear.** In *Retail Trends 2020* PwC reported that 2019 had the slowest rate of spending growth since 2010, largely driven by Brexit uncertainty. Also, that the industry faced large-scale business restructuring: 85,000 jobs lost, a third of FTSE 350 CEOs changing, and 9,169 store closures.
- **Distinct consumer trends away from 'shopping' to 'experiences' - the 'new norm' will be more about engaging with consumers, value, the rise of influencers, social media, being relevant and being sustainable.** A study by Harris Group found that 72 per cent of millennials (aged 24 to 38) would rather spend their money on an experience or an event than buying things, and this is reflected in the shift towards leisure, arts, culture and dining on high streets. Social media is a key driver.
- **Recognition that town centres aren't just about shops.** Many recent publications (Sir John Timpson, Grimsey, academic and industry publications) recommend that town centres need to become community hubs with dining, leisure, cafes, medical centres, arts, entertainment, offices and affordable housing.
- **Poor quality environment often exacerbated by concerns relating to safety and security – health and wellbeing issues arising from lockdown have brought an enhanced awareness that green space is vital.** Grimsey reports that according to

a poll carried out earlier this year by Nationwide, more than two thirds of people say their high street has declined in the last five years, with 21 per cent saying it no longer meets their needs and is an unpleasant place.

- **Actual or perceived reductions in accessibility and lack of infrastructure.** Grimsey reports that it's not just young people that town centres no longer properly cater for. He cites a report by the charity, Anchor, which showed that 60% of older people are worried about the lack of seating that is provided in shopping areas for them to rest. The closure of public toilets, poorly lit areas and inadequate access to transport also contribute to an unwelcoming environment that's at odds with the idea of age friendly neighbourhoods, including families with young children.
- **Understanding the wide-ranging impact of technology facilitating working from home, ecommerce, home food delivery, medical consultations at home, etc. - less need for physical space, both for retail and offices.** Research on this topic is gathering pace, conclusions are varied and there is insufficient data to establish clear trends. One possible outcome, however, is that well-managed town centres and high streets could fare better than city centres as workers spend more time in their local area and create a market for additional services including office hubs and service centres.
- **Rising Business Rates and inflation coupled with declining real wages and stagnant growth. Research by the British Retail Consortium shows that retail accounts for 5% of the national economy but pays 25% of business rates.** In October 2019, over fifty major retailers called on the Government to put business rates at heart of the promised new economic package. The letter, coordinated by the British Retail Consortium, has been signed by major retailers including the CEOs of supermarkets, food-to-go, fashion, homeware, and department store retailers.

3.0 **Feedback from Town Centre Taskforce and Commercial Property Forum**

3.1 The Town Centres Task Force and the Commercial Property Forum have expressed support for the region showing leadership and direction in town centre recovery and renewal. They have expressed strong views on the role of the public sector in making this agenda happen and be coherent and coordinated. A key central argument they make is that to unlock private sector investment and restore confidence, the public sector needs to de-risk schemes in town centres and offer co-investment to the point where the private sector can engage constructively and invest. A key area identified being the need for the public sector to consider more strategic land assembly and investment interventions in our town centres.

3.2 Public sector support is seen as being critical in the following areas:

- Overcoming fragmented land ownership through land assembly and acquisition
- property development and management of existing assets
- statutory planning, licensing, environmental health and other regulatory matters
- providing clarity on housing land supply including affordable housing
- the delivery of healthcare, social and community facilities
- providing business support, skills and training
- delivery high quality public transportation, highways and car parking
- creating effective systems for taxation, business rates

3.4 The above feedback has been very helpful in framing our town centre recovery policy paper, interventions and the key principles underpinning it.

4.0 **Key Town Centre Recovery Policy Principles**

3.1 Based on work to date, there appears to be a high degree of consensus emerging from discussions with local authorities, the Town Centre Taskforce and Commercial Property Forum on a set of key principles that should underpin any regional town centre Covid19 recovery policy paper and interventions.

Principle 1: Strong promotion of and investment in Town Centre Living in the heart of our town centres, including directly supporting higher density low carbon living in those centres.

3.2 A specific policy and investment driver that directly promotes and supports schemes for more residential development and living in our town and urban centres, repurposing empty floorspace to provide residential uses and support higher density. General consensus is such schemes should be heavily promoting the use of sustainable modes of travel rather than high car parking provision. The ask being that the Single Commissioning Framework is amended to specifically support this principle.

Principle 2: Encourage mixed use development schemes to come forward in town centres, giving greater reasons for visiting the town centre

3.3 A rich tapestry of mixed uses could be supported across our urban centres to underpin the life and vitality of our centres. Central to this principle would be extending the range of land uses at ground and upper floor levels and including new homes, affordable and market right in the heart of our urban centres. New models of co-working could be encouraged with conversion of suitable premises, targeting buildings or spaces in locations that enhance civic pride and encourage complementary uses nearby. A specific point raised by all stakeholders has been the challenges and opportunities presented by greater moves to remote working which this principle can respond to.

Principle 3: Focus on the importance of placemaking and take a holistic view of town centres

3.4 A key feedback of the Town Centre Taskforce was the need to embrace and consolidate the unique and distinctive qualities of each of our town centres, enhancing their historic character whilst adapting them so they are more inclusive, vibrant, resilient and low carbon. A holistic programme of interventions should be developed for each centre under this principle so that town centres support people of all ages and backgrounds to come together to meet, socialise and interact in safe open spaces.

Principle 4: Maximise the development potential of vacant and underused land in town centres

3.5 A clear programme is established for accelerating the redevelopment of redundant retail premises and vacant/underused land and buildings as homes, workplaces and community hubs or social spaces.

Principle 5: Manage the town centre actively, organise events and curate the experience offer so town centres can compete and serve their communities

- 3.6 A key feedback of the forums we have engaged is that public sector co-ordination of activity in town centres is needed in the short term – with resources and a business plan for each centre. Streets and neighbourhoods could be supported with festivals, campaigns and events which celebrate local character and drive footfall. Improvements to the physical fabric could help re-establish civic pride and cater for local needs supported by evidence.

Principle 6: Create new public/private/third sector partnerships

- 3.7 New public/private/third sector partnerships could helpfully be established to drive forward the transformation process in each centre and that local community groups and businesses should be clearly engaged, and have a critical role, in that process.

Principle 7: Develop a new approach to property, optimise the use of public land across a wide variety of agencies

- 3.8 Where town centre development is no longer viable other uses can come forward in line with the town centre vision/business plan and a land disposals plan. Publicly owned land could be pooled with compulsory purchase orders used as necessary. Public sector agencies could collaborate to form new partnerships with the private sector to deliver change.

Principle 8: Secure specific funding from Central Government for Town Centre activities

- 3.9 There was a clear consensus from the Town Centre Taskforce and Commercial Property Forum that given the importance of town centres to the national and regional agenda, additional specific funding, with an appropriate revenue element, should be sought from Central Government, complimenting and supporting bids from local councils to towns funds.

Principle 9: Explore the devolution of powers from central to local and regional government

- 3.10 Devolved powers and funding from central to local and regional government will allow greater control and investment to revive town centres. This directly feeds into the regional asks through the devolution white paper and comprehensive spending review.

Principle 10: Town Centres should support sustainable modes of travel

- 3.11 Local councils, TfWM and WMCA actively working together to design and shape town centres to reduce the impact of the car and promote better integrated public transport solutions – including maximising opportunities for densification around town centre transport hubs. The ‘20 minute’ city is an idea which is becoming more popular: local people being able to access their day to day needs within a 20 minute walk of their home.

4.0 Possible town centre interventions for the Covid19 Recovery Plan

Several interventions have been suggested in various discussion groups for this town centre recovery policy and the supporting Covid19 recovery plan, project pipeline and interventions.

These are feeding directly into local delivery plans, asks of HMG and business cases to the Single Commissioning Framework. They are listed below as a sample of the sorts of interventions being considered. A successful, long term strategy for regeneration would involve many of these interventions at some stage. For the avoidance of doubt these are just a *sample* gathered from the stakeholder engagement to date.

The suggestion is that the interventions would be incorporated into the Portfolio Recovery Strategy & Implementation Plan and as appropriate into funding bids to HMG. Interventions for consideration include:

Better Understanding 'town centres' post Covid19

- **A post C19 detailed town centre audit** so that the place and its assets - people, land and buildings can underpin a positive business plan for change and a strong evidence base that can be used for asks for new investment
- Linked to the above undertake a **review of the way town centres are physically designed** and what they currently and should offer to local residents and businesses
- **Develop a detailed town centre toolkit** which identifies a range of interventions which can be deployed in town centres
- **Linked to the above produce a library of case studies** showing good practice and key lessons of town centre interventions
- Creating *bold business plans* for each town centre (Town Centre Restructuring Plans) to **provide clarity and certainty to communities, businesses and investors**

Delivery of key town centre projects and deployment of investments

- **Create a new funding portal** to assist anyone seeking town centre funding for development projects eg through WMCA devolved housing and land funds
- Create a **Town Centre Investment Prospectus** for each town centre, to illustrate investable propositions aligned with local priorities and create real private sector confidence in that investment pipeline.
- Provide a **supportive funding environment for town centre businesses** – for example through a town centre business support programme or expansion/deployment of existing loan funds to support small builders
- **Embolden criteria in the SCF** for those companies wishing to develop mixed use schemes and town centre living schemes
- **Encourage and support community-based models of regeneration** and community activities supporting local needs
- **Prioritise public investment in a small number of key buildings** at critical locations within each town centre as gateway location
- **Invest resources in the co-ordination of local activity** with a view to creating self-funding organisations in the medium to longer term.

Land and property

- Undertake land assembly, acquisition and CPO in our urban centres in line with clear business plan and development strategy
- Explore the potential for **new delivery vehicles in town centres** to enable comprehensive regeneration to take place.

- Set up **joint ventures/SPVs/investment vehicles/REITS** creating income generating assets for the public sector and ways to attract private investment.
- **Creation of town centre public land disposals and development strategy** prioritising activity on sites within 6-12 months and a long-term approach to value.
- **Create strategic, long-term partnerships between councils and investor-developers.** Local authorities and experienced development partners can act together as strategic institutional investors.
- **Consider property/institutional ownership** to remove barriers to temporary use of vacant floorspace and add flexibility of tenure/occupation

Creating a pro-active and supportive planning regime

- **Explore a simplified planning policy framework** – adapting and refining existing town centre policy so that it addresses the immediate challenges and opportunities of Covid19.
- **Explore a town centre zoning system** to support a fast-track planning process.
- **Support timely planning decisions**
- **Consider fast-tracking certain types of application** e.g. for town centre living.
- **Consider local development orders, simplified planning zones and other mechanisms to reduce planning risk.**
- **Promote** more residential development on non-core sites and on upper floors, higher density development around transport nodes, low car communities, take the lead on delivering a green agenda.

Governance and clarity of decision making

- **Establish a Town Centre Transformation Board** with representatives from the public and private sectors, local businesses, local community groups and young people.
- **Support BIDs** to take the lead on branding, marketing and communications.
- **Establish thematic project groups** to support the work of the Board
- **Identify and support ‘town centre champions’**, build a sense of trust, ownership, community engagement and accountability.
- **Continue to maximise the impact of the Town Centres Task Force**
- **Amend the Single Commissioning Framework in line with the principles set out above.**

The Asks of Government

- **Develop and deliver a comprehensive business case to HMG** for new town centre transformation funding (£100m) which will specifically support and unlock a comprehensive pipeline of town centre projects and that adds to and complements existing Government funding programmes
- **Work collaboratively to support local bids for town centre funding from HMG** (Future High Street Fund, Towns Fund)
- **Lobby Government on Green Book review** to consider how expenditure in one area (e.g. public realm improvements) could reduce costs in other areas (e.g. reduced NHS costs, pollution reduction)

- **Seek Government funding to support the co-ordination of town centre activity at a local level** – eg early stages of town centre project definition, development and delivery.
- **Lobby Government to allow WMCA to take greater account of social return** to support levelling up agenda.
- **Explore the potential for changes to fiscal regimes** supporting start up businesses and SMEs.
- **Explore potential for collaboration with government** on town centres delivery model/regional pilot programme.

5.0 Next steps

- 5.1 All comments and feedback will be taken on board as this paper continues to evolve and feed into investment decisions and asks of HMG.
- 5.2 The overarching principles and supporting interventions will be incorporated into the Housing & Land Portfolio Recovery & Implementation plan (see separate paper), the Comprehensive Spending Review asks of HMG (Autumn 2020), the Covid19 project pipeline (ongoing development), amendments to the Single Commissioning Framework and forthcoming business cases to HMG.

Thereafter, the themes and interventions will be developed in more detail, prioritising them into short, medium and long term interventions as part of an enhanced toolkit and action plan to be used as the basis for individual town centre regeneration and renewal strategies.

6.0 Financial Implications

- 6.1 There are no direct financial implications from the information contained in the report. Funding for future programmes will be analysed on a case by case basis and projects on which funding is sought will need to demonstrate a clear relationship with the direct outputs required by the Single Commissioning Framework, namely:
- brownfield land remediation
 - new homes delivered
 - new commercial, retail or employment floorspace delivered.

7.0 Legal Implications

- 7.1 Section 113A(1)(a) of the Local Democracy, Economic Development and Construction Act 2009 gives the CA a power of competence appropriate for the purposes of carrying-out any of its functions. Part 4 of The West Midlands Combined Authority Order 2016 (2016 No 653) confers that the functions relating to any Economic development and regeneration in the constituent councils are exercisable by the CA. Part 3 of The West Midlands Combined Authority (Functions and Amendment) Order 2017 confers functions corresponding to the functions of the Homes and Communities Agency in relation to the combined area. Paragraph 10 (2) (a) of the 2017 Order confers the function of improving the supply and quality of housing to the Combined Authority, 10 (2) (b) to secure the regeneration or development of land or infrastructure in the combined area, 10 (2)(c) to support in other ways the creation, regeneration or development of communities in the combined area or their continued well-being and 10

(2)(d) confers the function of contributing to the achievement of sustainable development and good design.

- 7.2 Any co-investments including grant and/or loan funding from WMCA will need to comply with the criteria and governance systems set out in the WMCA Single Commissioning Framework and will need to be considered on a case by case basis

8.0 Equalities Implications

- 8.1 There are no immediate equalities implications in relation to this report. However, individual strategies and delivery schemes will need to consider local area needs and local stakeholder needs to ensure the schemes developed through the delivery vehicle benefit local residents, including harder to reach groups. To that effect equality impact assessments will need to be conducted to understand demographics, key inequality issues and how investment can help address key inequality gaps. Engagement and consultation with key equality stakeholders is also crucial.

9.0 Inclusive Growth Implications

- 9.1 The proposals themselves are neutral when it comes to inclusive growth. However, implications will arise as investments are made and strategies are devised – in terms of who benefits from those investments and in who is involved in shaping and contributing to them. As such, any programmes should be devised with the responsibility to deliver inclusive growth. The Inclusive Growth Framework can be as a guide to shape this process.
- 9.2 Current governance arrangements are satisfactory for building a strategic picture, but the shaping and delivery of specific programmes will need to involve a wider variety of stakeholders in order to be inclusive.

10.0 Geographical Area of Report's Implications

- 10.1 The recommendations of this report apply to the whole of the WMCA area.

11.0 Other implications

- 11.1 None.

12.0 Schedule of Background Papers

- 12.1 None.