

High street and town centre regeneration



Policy Briefing 21

October 2012

Report author: Ed Hammond, (020) 7187 7369,
ed.hammond@cfps.org.uk

This briefing, the twenty-first in our policy briefings series, looks at town centre regeneration.

Since 2010 the Coalition Government has developed a number of policies to assist in regeneration and economic development, cutting across the responsibilities (principally) of the Department for Communities and Local Government (DCLG) and the Department for Business, Innovation and Skills (BIS), and other departments. Some of these have been at regional, and sub-regional level – the abolition of the RDAs and the establishment of LEPs, for example.

However, there has equally been significant work on local and district centres – both through the National Planning Policy Framework, the new powers in the Localism Act and other means, such as the Portas Review. These developments sit at the end of a fast-moving policy landscape that has been evolving for some years, and which presents different views and approaches of the solutions that authorities and their partners can take to what are uniquely local, and wide-ranging, problems.

As the recession continues, the health and vitality of local high streets is likely to be an issue which scrutiny will wish to investigate – scrutiny of economic development and regeneration plans, both specific to specific areas and council-wide, have proven especially popular with councillors over the past few years.

This policy briefing will explore the national context behind measures to push forward local regeneration, and examine ways in which scrutiny can use this evidence to support work at local level.

Contents

1. Background: Councils' responsibilities for regeneration and economic development

- Strategic duties on economic development**
- Planning**
- Licensing**
- Links to other policy areas**

2. Reasons for the decline in vitality of town centres

- Case study: Out of town shopping**

3. Responses to the challenge

Transition Towns

The Labour Government response

Business and Town Centres Project (2005-2008)

The Barker Review (2007), etc

Guidance on PPS4 (2009)

“Looking after our town centres” (2009)

The Coalition Government response

The Portas Review and Portas Pilots (2011)

DCLG guidance on town centres (2012)

National Planning Policy Framework (2012)

LGA Local Growth campaign

4. General analysis: the role for local authorities

5. Potential role for scrutiny

1. Background: Councils’ responsibilities for regeneration and economic development

- 1.1 Councils’ responsibilities in this area are probably best divided into three categories – **planning, licensing** and **wider strategic issues** such as economic development and regeneration, community safety, health, education and other policy areas. A comprehensive review of policy in this area would look at all of these factors, and how they intersect with one another – as well as considering the extent to which the public, and businesses, in a given area have an opportunity to influence policy. This would obviously be a huge undertaking, and later in this report we suggest ways in which overview and scrutiny can sensibly disaggregate such a large and interconnected web of policy issues. This section, however, will set out the general context of where councils’ responsibilities lie at the moment.

Strategic duties

- 1.2 Prior to the Local Government Finance Act 1989, local authorities had the responsibility for collecting the domestic, and non-domestic, rates in their area, and using those rates to finance council expenditure. This was seen as providing an impetus for local authorities to take action to promote the economic development of their areas. The 1989 Act created a national system for business rates, keeping collection local, but requiring all rates to be paid into a national pot, from which they were redistributed. Recently, the Government has taken steps¹ to alter the rules around business rate (NNDR) relief, giving local authorities the power to fund their own discount schemes for NNDR, and around

¹ <http://www.businesslink.gov.uk/bdotg/action/detail?itemId=1086075746&type=RESOURCES>

business rate deferral. At the same time, the relief available for small businesses has doubled, from 50% to 100%². Government has also introduced a business rate retention regime, to encourage local authorities to do more to build up their receipts from rates³. Under business rate retention, the effects of localisation are dampened by some authorities being classified as “tariff” authorities (ie they pay more into the national system than they get out) and “top up” authorities (which get out more from the national system than they put in)⁴.

- 1.3 Despite the removal of the local element of rating, councils retained their general duties of promoting local business and the economy, placed on a statutory footing most recently by the Local Government Act 2000⁵, and supplemented by the general powers given by the Localism Act 2011⁶.
- 1.4 Most councils aim to deliver these duties, at least in part, through the Local Development Framework (LDF)⁷. However, the strategic context will often be provided through an economic development strategy. This document would previously have been developed with regard to the strategy of the Regional Development Agency, but since the abolition of RDAs⁸, councils’ work on economic development will be tied to the agenda of the Local Enterprise Partnership (LEP). We produced a policy briefing on LEPs in 2010⁹. LEPs are partnerships of business and local government (and other partners) and can be seen as providing the strategic framework for individual councils’ approaches to economic development, and development and regeneration plans for specific areas, including town centres.
- 1.5 Most councils’ economic development strategies focus on the need for joint working to achieve their ends, and recognise the limitations of trying to predict and plan for the economic position of a given geographical area over a five or ten year period. As such, strategies tend to rely on an extremely robust evidence base – usually an

² <http://www.communities.gov.uk/news/newsroom/1972672> - see also DCLG Statistical Release, 15 August 2012, <http://www.communities.gov.uk/documents/statistics/pdf/2198849.pdf>

³ “The business rates retention scheme: the economic benefits of local business rate retention”, (DCLG 2012), <http://www.communities.gov.uk/documents/localgovernment/pdf/2146726.pdf>

⁴ “Local government resource review: proposals for business rate retention – technical paper 5, tariff, top up and levy options” (DCLG, 2011) <http://www.communities.gov.uk/documents/localgovernment/pdf/19695901.pdf>

⁵ Section 2, 2000 Act. See “The role of local government in promoting wellbeing”, (LGA / NEF, 2011), http://www.local.gov.uk/c/document_library/get_file?uuid=867e0406-35a5-4e91-910d-6b13305d2319&groupId=10171 for a consideration of the wider context of wellbeing, particularly seen in the context of health inequalities and other social and economic determinants of health.

⁶ The “general power of competence” in section 1 of the 2011 Act can be taken as bolstering councils’ responsibilities for place-shaping in their local area.

⁷ Which councils are obliged to produce under the Town and Country Planning (Local Development) (England) Regulations 2004 (referred hereafter as “2004 Regulations”).

⁸ Carried out by central Government in 2010, and also involving the closure of the regional Government Offices, following an earlier review of sub-national structures in 2009 which resulted in the closure of Regional Assemblies.

⁹ “Policy briefing 6: local enterprise partnerships” (CfPS, 2010), www.cfps.org.uk/policy-briefings

economic assessment of some kind, sometimes but not always commissioned from a consultant. Kent is an example of an authority that has taken this approach¹⁰.

Planning and licensing

- 1.6 The Local Development Framework - Councils are now required to put together a Local Development Framework (LDF), which is made up of a number of Development Plan Documents (DPD) and Supplementary Planning Documents (SPD), covering a wide range of geographical areas and planning policy issues¹¹. Since 2006/07, planning authorities have been building their LDFs, a process which has been taking some time¹² owing in part to the long lead times involved in consulting on new planning policies.
- 1.7 The basis of the LDF is the Core Strategy, which often closely aligns to a council's economic development strategy¹³. It sets out major development and regeneration opportunities and the council's key planning priorities and policies. It provides the context for the DPDs and SPDs who sit beneath it. Such is the complexity of the LDF requirements that many councils are still working to their "saved" planning policies (such as Unitary Development Plans) that predate the LDF system, which was introduced in 2004.
- 1.8 LDF documents must comply with the national policy framework.
- 1.9 Action to deal with individual streets or town centres can usually be found in an Area Action Plan (AAP), an SPD which covers a smaller geographical area. Like any SPD, it has to go through long periods of consultation, and from start to finish the adoption of an AAP can take a number of years (sometimes as long as five or six). This has led to a situation whereby many AAPs, once adopted, do not take account of prevailing economic circumstances, or council finances.
- 1.10 Planning gain: s106 and the CIL – under s106 of the Town and Country Planning Act 1990, local authorities can enter into agreements ("s106 agreements") for developers to make a contribution towards mitigating the effect on the wider community of a given development. More recently, the Community Infrastructure Levy has provided an opportunity for authorities to acquire a more generalised contribution from developers, that need not be tied to the development of a specific site. CIL contributions could therefore be used by councils to finance

¹⁰ <https://shareweb.kent.gov.uk/Documents/business/economic-development/Scoping-Report-Final.pdf>

¹¹ The LDF is not a single document. It is made up of a number of documents which are periodically updated and amended. This was a shift from the former unitary development plans, structure plans and local plans which were drafted by local authorities pre-2004, but which may still operate in some areas as "saved" policies.

¹² Many councils have only comparatively recently adopted their Core Strategies, and most are still operating at least some saved UDP policies from 2004 or earlier.

¹³ Required under Regulation 6(1)(a), 2004 Regulations

capital investment in town centre regeneration – as a legal power, it has not been in place for long enough to make a judgment as to whether it will be used for this purpose.

- 1.11 General powers under the Localism Act - Under the Localism Act, local communities can come together to draft their own neighbourhood plans. Such plans, if agreed by the local populace, must then be adopted by the council as an SPD, in much the same way as an AAP. For this to happen, the plan must conform both with national policy and with other documents in the LDF (principally, the Core Strategy). A number of areas are engaged in drafting neighbourhood plans but the practice is not yet widespread.
- 1.12 The Localism Act also makes provision – via the linked Community Right to Bid and the Community Right to Build¹⁴ – for more community involvement in prominent developments. This may be a particular opportunity to ensuring that land in a town centre or on a high street is used effectively.
- 1.13 Under the Right to Bid¹⁵, if a plot of land, building or site is designated as a “community asset” (council are under an obligation to maintain a list of such assets), whoever owns it, the local community have a right to bid to take over ownership of that asset when it comes up for sale. The legislation builds in a period of time to allow local people to secure financing to do this.
- 1.14 Under the Right to Build, a local community group (which must be “formal” – eg a company limited by guarantee – and which must have as one of its objectives enhancing the well-being of the area) has the right to build housing, retail space, community facilities, allotments, or any other facility or development, where it owns or has use of the land and is able to secure a majority in favour of these plans in a local referendum. This effectively circumvents local planning provisions¹⁶. A national fund has been set up to assist local communities wishing to take this action, although the fund cannot be used for actually purchasing land. The fund is managed by the HCA – a separate fund for London exists, administered by the Mayor.
- 1.15 Licensing and planning often go together, as land use classes determine what licensable businesses can and cannot be carried out in a given premises. The Government has recently been carrying out a consultation on use classes¹⁷, although it has withdrawn some of its

¹⁴ Explained at <http://www.communities.gov.uk/communities/communityrights/righttobid/> and <http://www.communities.gov.uk/communities/communityrights/righttobuild/> respectively. Further information on the right of build can be found at <http://www.communities.gov.uk/documents/newsroom/pdf/1647749.pdf>.

¹⁵ Locality have produced a guide: <http://locality.org.uk/wp-content/uploads/Right-to-Bid-a-quick-guide.pdf>

¹⁶ <http://www.communities.gov.uk/documents/communities/pdf/21261671.pdf>

¹⁷ See both “Relaxation of planning rules for change of use from commercial to residential” (DCLG, 2011), <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1883189.pdf> and “New

proposals (for example, those permitting a change of use from business premises to residential premises without planning permission).

- 1.16 Under authorities' licensing policies, conditions may be imposed on businesses – for example, “terminal hours” for pubs and entertainment venues, or conditions on the operation of late-night hot food takeaways. This sits on top of the requirement, where such premises have not been used for a given purpose before, to successfully apply for a change of use under the council's planning policies. So if a shopkeeper wanted to open a kebab shop in premises that had formerly been occupied by a florist, he would have to apply for a change in use from A1 (general retail) to A5 (hot food takeaway). The situation is further complicated by the presence of saturation policies, which in some areas limit the number of certain types of certain use class in a certain street or area, or which restrict or entirely prohibit certain changes of use.
- 1.17 Planning and licensing policies are hence used in conjunction to control, albeit bluntly, how high streets and town centres are permitted to develop, in line with the wider priorities for an area.

2. Reasons for the decline

- 2.1 A number of reasons have been mooted as to why town centres, and high streets, are in decline in a number of areas. The important point to note is that – as we make clear later – the reasons for decline, and the methods which can be used to reinvigorate town centres, will vary from place to place. There is no one “benchmark” against which regenerations can be judged.
- 2.2 We do not have space to consider all of these in detail, but they have all been put forward as challenges that need addressing, by a variety of sources. Readers will note that, while some of these problems have national facets, almost all of them present the opportunity to develop local solutions.
- Poor links between daytime and night-time economy (local)¹⁸;
 - Insufficient car parking, or car parking being too expensive (local)¹⁹;
 - Poor public transport permeability (local)²⁰;
 - Restrictive approaches to business rate relief, business rate deferral, or borrowing against business rate growth (local and national)²¹;

opportunities for sustainable development and growth through the reuse of existing buildings: consultation” (DCLG, 2012),

<http://www.communities.gov.uk/documents/planningandbuilding/pdf/2171937.pdf>

¹⁸ “Regeneration of town centres” (NAW, 2012), p28

¹⁹ “The Portas Review”, recommendation 9

²⁰ Ibid, recommendation 10

- Planning restrictions (local and national)²²;
- The economic climate (local and national)²³;
- Prevalence of internet shopping (national)²⁴;
- Shifts to out of town shopping (national and local)²⁵;
- Poor quality public realm (local)²⁶;
- Lack of strategic thinking about improvement from local businesses, and others, possibly deriving from conflicts of use between different kinds of user of public space (local)²⁷;
- Disjointed approach to tackling the above issues at Whitehall level (national)²⁸;
- Lack of a distinctive local retail or business offer (local)²⁹;
- Lack of appropriate space available where demand for certain uses exists (local)³⁰;

2.3 We will look at these in the following section in the context of developing national policy on regeneration over the past six years.

2.4 In this section, however, we will focus here on out of town shopping as an example of complexity of the “cause and effect” arguments around town centre decline, as the increase in out of town developments could be seen as a symptom of the decline of town centres as much as a cause of it.

Case study: Out of town shopping

2.5 Much of the thinking around the decline of town centres has been centred on the shift in retail from town centres to out-of-town facilities, or more recently to the internet. The main causes of these moves have been said to include some, or all, of the following (some of which are contingent on one another)³¹:

- Increase in car ownership;
- Construction of more supermarkets, including out of town supermarkets;

²¹ NAW 2012: recommendation 16; see also CLG select committee’s report on regeneration (2011), particularly paragraph 83 onwards and Tax Increment Financing (TIF), which allows councils to borrow against future predicted growth in NNDR receipts.

²² <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmcomloc/1014/101408.htm#a16>

²³ “Neighbourhood planning: from consultation to collaboration” (ResPublica, 2012)

²⁴ “Twenty-first century town centres” (Association of Market Towns, 2012)

²⁵ “The Portas Review”, p9

²⁶ Ibid, pp30-32

²⁷ “Re-imagining urban spaces to revitalise our high streets” (DCLG, 2012)

²⁸ This was a factor that had to be overcome in some of the areas bidding for Portas Pilot status (see below).

²⁹ “Regeneration”, report of the CLG Select Committee, November 2011, <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmcomloc/1014/1014.pdf> paragraph 124.

³⁰ NAW 2012, paragraph 72, citing Cadw’s work on “distinctiveness” in Wales

³¹ “The Portas Review”, recommendations 21 and 26

³¹ Cited by Portas; also by ATM (see above) and DCLG (2012 guidance)

- Many units in town centres being unattractive for chain retailers (ie too small);
 - More attractive rents and higher footfall in out of town shopping centres;
 - A shift in consumer preferences for more familiar brands over independent retailers (although this shift is now reversing in some areas).
- 2.6 A lot of activity and campaigning has focused on planning restrictions to make the construction of out-of-town developments more difficult, the presumption being that such developments are a component of a “zero sum game” that means that, as footfall and spending in out-of-town developments increase, there is a corresponding decrease in town centre business³².
- 2.7 Concern about out-of-town shopping developments led (through earlier restrictions imposed in the 1990s) to PPS6, which requires authorities to carry out a “needs assessment” on their town centres, with additional development being permitted only when a specific need identified in the assessment would be met. PPS6 proved controversial, particularly with the retail sector. Retail groups claim that such a restriction hinders competition (particularly where an existing supermarket might exist in a given area which is then allowed to operate as an effective monopoly if the needs assessment prevents any more supermarkets from opening), and that out of town developments and supermarkets succeed because there is a market for them, and the experience they provide is what consumers want³³.
- 2.8 Planning policy on town centres since the introduction of PPS6 can be considered as an attempt to balance these two competing viewpoints – the response to this will be explored in the next section in the context of the approach that successive Governments have since taken to tackling this issue.

3. Responses to the challenge

- 3.1 We will look now at the non-Governmental responses to the decline of town centres in the form of the “transition towns” movements, before looking at national approaches that first the Labour Government, and more recently the Coalition Government, have sought to take – in the context of reports such as the Portas Review and the LGA’s Local Growth campaign.

Transition towns

³² This is an approach specifically taken by the Portas Review

³³ “Retail attacks ‘insane’ out of town curbs” (FT, 11 December 2011), <http://www.ft.com/cms/s/0/b8413048-25b7-11e1-856e-00144feabdc0.html#axzz28QVoSSXe>

- 3.2 The “transition towns” movement³⁴ developed in response to the notion that the transition to a low carbon economy would require significant change in the way that the economy operates. This is focused on local action, based on the idea that securing a global impact (reducing the impact of climate change³⁵ and the consumption of non-renewable fossil fuels, particularly in the context of peak oil³⁶) is only possible by taking a range of practical, local measures.
- 3.3 These might include³⁷:
- Localisation: working with local businesses to shorten supply chains and to increase diversity in the retail offer (thus making the local economy more resilient and sustainable, and having the benefit of providing a more compelling “offer” to local people);
 - Encouraging businesses to take account of natural capital when providing services or goods. Natural capital is the flow of environmental goods and services that interact with the human economic system. The idea of natural capital expands economic models to include natural resources that have value to humanity, but no inherent price.
 - Understanding the limits of natural resources and working within them. This is about reducing waste and increasing efficiency.
 - Understanding the role of businesses within communities (ie seeking out and capitalising on business opportunities which have social as well as economic value).
 - A steady state economy, meaning that economic growth (which may be unsustainable) is eschewed as an end goal in favour of social benefits, while avoiding stagnation.
 - Alternative means of exchange, such as the creation of “local currencies” to keep money within the local community. There has already been success in this with the creation of the Brixton Pound³⁸ and the Bristol Pound³⁹.
- 3.4 Transition Towns initiatives, working towards some or all of these ends, have been set up in several dozen UK towns and communities. Many look at a wider area than a high street or a central retail area, but engagement with business (not only retail) is particularly important. .

³⁴ More information at www.transitionnetwork.org. Totnes in Devon is generally regarded as the exemplar of transition in action.

³⁵ Climate change will have an impact on supply chains as retailers find it more difficult to source products that can no longer be grown / produced in more adverse environments.

³⁶ Rising oil prices, as reserves of cheap oil are depleted, will harm global supply chains and make it more difficult for large retailers to source stock globally, or even to operate national distribution systems.

³⁷ This is a precis of a range of information available on the website of the Transition Network - <http://www.transitionnetwork.org/>

³⁸ <http://brixtonpound.org/>. The Brixton Pound was launched in 2009. It is accepted in over 100 local businesses in the Brixton area.

³⁹ <http://bristolpound.org/>. The Bristol Pound was launched in 2012.

- 3.5 For many, “transition” has been a useful way to provide an intellectual bulwark to arguments around the long-term benefits to regeneration of small town centres. Some of its byproducts (such as local supply chains, and providing a unique “offer” through retail facilities) are familiar from more mainstream approaches to regeneration. That said, although the principles of transition are having a significant impact in a number of communities around the country, they are yet to consistently “bubble up” through the national literature.

The Labour Government response to the challenge

- 3.6 Business and Town Centres Project (2005-2008) -In 2005, DCLG commissioned the Business and Town Centres Project, a three year programme to develop Town and City Centre Partnerships in England⁴⁰. This programme was seen as providing a framework for a range of formal and informal partnerships, with varying levels of public and private sector involvement, to bring about real change to town centres. The programme was built on five elements:
- Targeted stakeholder engagement;
 - An evidence based strategy and action plan;
 - A performance management framework;
 - Clear governance arrangements, and;
 - A robust financial management framework.
- 3.7 The programme envisaged a Town Centre Partnership that would lead and influence thinking about the improvement of a town centre, and that would be involved in service delivery. Importantly, the programme recognised the inherent interconnectedness between the TCP and the range of other local stakeholders, including other partnership bodies.
- 3.8 The programme involved the recruitment of 21 areas to explore the opportunities arising from the TCP model. DCLG produced guidance on “How to manage town centres” in 2007,⁴¹ and a detailed report on progress was made in 2008 by PWC⁴², to present a practical vision of how to proceed.
- 3.9 The inherent formality of TCP arrangements has meant that they have not become especially widespread in the precise way envisaged by the programme – in particular, they need a significant investment and impetus to get off the ground. Some areas highlighted by the PWC had established Business Improvement Districts, formal bodies that levy a tax on local businesses to support their work. The establishment of

⁴⁰ More information on these partnerships can be found on the website of the Association of Town Centre Managers - <http://www.atcm.org/>

⁴¹ “How to manage town centres” (DCLG, 2007)

⁴² “Managing town centre partnerships: a guide for practitioners” (DCLG/PWC, 2008), <http://www.communities.gov.uk/documents/communities/doc/1017945.doc>

BIDs is subject to a local vote of businesses, which can sometimes be divisive⁴³.

- 3.10 The Barker Review, “Planning for a sustainable future” (DCLG, Defra, DTI, DfT, 2007), Local Democracy, Economic Development and Construction Act 2009 - The Review of Planning by Kate Barker⁴⁴ led to a Government White Paper in 2007⁴⁵. This White Paper focused on national infrastructure projects, leading to the major economic development elements of the Local Democracy, Economic Development and Construction Act 2009 – many provisions of which have been repealed. However, it also brought about some streamlining of the process that authorities would need to undergo to adopt Development Plan Documents (DPDs) and Supplementary Planning Documents (SPDs) as part of the LDF. Reductions in consultation times and additional flexibility over the number and nature of such documents that authorities would have to prepare were all themes which have been carried over to the Coalition Government⁴⁶.
- 3.11 PPS4 Guidance (DCLG, 2009) - In 2009, DCLG issued guidance⁴⁷ further to PPS4 (on economic development) which sets out to provide particular advice on assessment and other evidence-gathering exercises which would be used to support town centre regeneration. It focuses on quantitative and qualitative assessments of local need, tied to the tension between out of town and town centre developments.
- 3.12 “Looking after our town centres” (DCLG, DIUS, DCMS, 2009)⁴⁸ - DCLG also released more general guidance in 2009, which built on the detailed research carried out as part of BTCP. It sets out the following approaches as to how councils, businesses and their partners can address problems for high streets arising from the downturn.
- **increasing commitment** to maintaining the attractiveness of the centre and ensuring that visits to the centre are positive experiences through enhanced cleaning, security initiatives, planting, art installations and working with property owners;
 - **bringing together stakeholders with marketing budgets** to ensure consistent messaging. More careful targeting of these messages will also help to increase awareness of what a town centre has to offer;.
 - **targeting visitors from countries that use the euro** or other currencies, who may be attracted to our towns at the current time;

⁴³ <http://www.rtailor.co.uk/cbbid-cambridge-businesses-face-tax-hike.html>

⁴⁴ “Review of land use planning”, (Barker / HM Treasury 2006), http://www.ukcip.org.uk/wordpress/wp-content/PDFs/Barker_review_landuse.pdf

⁴⁵ “Planning for a sustainable future”, (DCLG, 2012), <http://www.communities.gov.uk/archived/publications/planningandbuilding/planningasustainablefuture>

⁴⁶ Through changes made in the Localism Act

⁴⁷ “Planning for town centres: practice guidance on need, impact and the sequential approach” (DCLG, 2012), <http://www.communities.gov.uk/documents/planningandbuilding/pdf/towncentresguide.pdf>

⁴⁸ <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1201258.pdf>

- **thinking more about the town centre** as a destination for UK visitors;
 - **managing vacant retail premises** – innovative examples show how town centre partnerships are facilitating new cultural or educational uses into vacant retail premises. Elsewhere, vacant units are being used for promotional posters or maps; while other centres are developing initiatives to enable local businesses or start-ups to be supported in these types of premises. Larger centres are looking at recruiting international retailers who now find the UK more affordable;
 - **increasing activities** by encouraging the use of the streets and venues by community or performance groups and local businesses;
 - **bringing businesses together** to ensure they are fully aware of what is happening in the town centre and to pool their ideas on what can be done to support the centre and their businesses;
 - **working closely with local media** – such as running awards with local papers so readers can nominate shops, restaurants and bars that offer excellent customer service;
 - **understanding** what is going on elsewhere.
- 3.14 Some of these ideas will be more appropriate in some areas than in others – for example, the idea of attracting visitors from other parts of the UK, or abroad, may only make sense in the context of a wider economic development plan that sees tourism as a realistic prospect for securing additional inward investment.
- 3.15 All pre-2010 guidance should be read in the context of the abolition, in 2010, of the regional planning framework (including RDAs and RSSs). The funding landscape for such initiatives has also changed significantly since 2009. We will explore the issue of funding for town centre regeneration later in this report.

The Coalition Government response

- 3.16 The Portas Review and the Portas Pilots (2011) - In 2011 the Government commissioned television personality Mary Portas to undertake a review of the “future of high streets”⁴⁹. The Review is best regarded as a personal reflection by Ms. Portas on some of the most significant challenges affecting local high streets, rather than a detailed study of previous policy and an assessment of its success or failure (there is, for example, no mention of the three-year DCLG town centres programme mentioned above, or the other work carried out by DCLG and the ATCM). Briefly, her conclusions were that:
- High streets should be run more like a single business, with a strategic vision guiding work being carried out;

⁴⁹ “The Portas Review: an independent review into the future of our high streets” (BIS, 2011), <http://www.bis.gov.uk/assets/biscore/business-sectors/docs/p/11-1434-portas-review-future-of-high-streets.pdf>

- Better operational management exerted through so-called “Town Teams”, made up of local business leaders, and other partners, to plan, co-ordinate and agree improvement work, with these bodies also taking an important role in Business Improvement Districts;
- Government should make changes to the planning and business rate regime to reduce “red tape”;
- Government should change the planning regime to ensure that there is a more level playing field between out of town, and town centre, developments – including an explicit presumption in favour of town centre development in the NPPF⁵⁰;
- A tougher approach to landlords with vacant properties should be taken, with more use of CPOs and similar legal sanctions;
- The idea of customers as “co-creators of place” should be understood better, with more use of the neighbourhood planning and Community Right to Bid powers in the Localism Act.

3.17 Many of the findings focus on the need for partnership working in town centres, principally through the creation of “Town Teams” to take on collective responsibility for co-ordinating support for businesses and other improvements. The “Town Team” echoes the idea of the Town Centre Partnership developed in earlier work, but is arguably more dynamic as it does not involve the establishment of a stakeholder management and governance superstructure. However, the report does not engage with the wider partnership agenda at local level, with the difficulties of stakeholder engagement or the challenges of securing ongoing financial support for improvement work (in particular, the contentious nature of many BIDs). The assumption seems to be made that key stakeholders will be willing to come to the table with funding.

3.18 Portas feels that Town Teams can work at local level to bring about a range of practical improvements, which include⁵¹:

- A physical space for the “Town Team” to occupy; a kind of local “solutions centre”;
- A local “community chest” (this idea is not explained);
- Virtual High Streets; “an online ‘bottom up’ virtual version of their high street which is the easy automatic ‘go to’ for all things to do with your local area”;
- A “National Market Day”;
- Hubs for home-workers;
- Converting vacant spaces to other community uses, such as nurseries and schools.

3.19 Notably, the review did not look at business rates or rate relief (although part of the Government’s response did involve changes to

⁵⁰ Portas’s recommendation that the Secretary of State sign off any new out of town developments was not accepted by the Government.

⁵¹ “The Portas Review”, page 45, “High Streets of the Future”

the business rate regime, that we set out at the beginning of this briefing).

- 3.20 Coming out of this review has been the announcement of two waves of “Portas Pilots” – town centres that will receive support by way of funding and direct assistance from Mary Portas. The process has not been without controversy; firstly, because of the comparatively small sums of money involved, and the fact that pilot funding is not effectively joined up with other forms of Government aid⁵², and secondly because Portas’s assistance with the piloting process is the subject matter for her next TV series, something which has led to some tensions⁵³.
- 3.21 Some bids for pilot status focused on visible, public realm-facing improvements – shopfronts, signage and seating, for example. Some have also looked at revitalising local markets and providing business advice and support⁵⁴. The focus seems to be on capital investment rather than ongoing revenue support, but the principle is that the existence of the Town Team will make it easier for successful pilots to put in place more long term plans for success. In this context, the Portas Pilots could be seen as providing “pump priming” for a longer-term approach towards town centre regeneration. In this sense the pilots echo the wider, partnership-based objectives of the work DCLG carried out pre-2010.
- 3.22 The Government responded positively to the Portas Review, although the recommendation for Secretary of State approval for out-of-town developments was not accepted. Particular steps being taken are⁵⁵:
- A High Street Innovation Fund, focused on bringing empty shops back into use (“kick-started” by £10 million made available by DCLG);
 - A £1 million Future High Street X-Fund, to be awarded to the locations delivering the “most creative and effective schemes to revitalise their high streets” over 2012-13;
 - A National Markets Day;
 - A £500,000 fund for setup costs for BIDs.
- 3.23 Guidance from the Department for Communities and Local Government (2012) - In July 2012 the Government issued guidance⁵⁶, further to the Portas Review, to assist local authorities in regenerating and revitalising town centres. As with Portas itself, it does not engage with research carried out by Government before 2010. While its

⁵² “The hard work on Britain’s town centres has only just begun”, Guardian, 17 September

<http://www.guardian.co.uk/local-government-network/2012/sep/17/portas-pilots-council-town-centres>

⁵³ <http://www.retail-week.com/property/mary-portas-high-street-review/portas-pilot-towns-have-my-backing-whether-they-feature-in-tv-show-or-not/5037583.article>

⁵⁴ <http://www.communities.gov.uk/news/corporate/2151943>

⁵⁵ “High streets at the heart of our communities: the Government’s response to the Portas Review” (DCLG, 2012) <http://www.communities.gov.uk/publications/regeneration/portasreviewresponse>

⁵⁶ “Re-imagining urban spaces to help revitalise our high streets” (DCLG, 2012)

approach has some superficial similarities with that earlier research, it arguably takes a more expansive approach in thinking about town centres less in the context exclusively of retail, and more about their use as public space.

- 3.24 It suggests an approach to town centre regeneration that builds more on the principles in the Localism Act⁵⁷, rather than the arguably more technocratic, professional-led approach exemplified by Town Centre Partnerships (reflecting Portas's Town Teams idea). It looks at the totality of public space, rather than just retail provision.
- 3.25 Beginning with understanding how people currently use space – in different ways and at different times of day – the guidance suggests using this information to help to develop a strategic vision for the town centre/high street. The guidance says that this will require “tough strategic judgments” (ie, that some ideas may not be realistic, and it may not be possible to develop a credible, distinctive offer for the high street in the way that some stakeholders might wish). The final stage is the development of an action plan to agree priorities and make changes happen.
- 3.26 The guidance focuses on public space infrastructure, and the design of public spaces to make them more attractive and to foster and encourage shared use. This is an approach that is not without controversy – an undue focus on infrastructure (particularly on capital spending) – will not automatically address retail or business failure, and a high quality public realm can be difficult to maintain without an appropriate financial investment. The report, however, does act as a useful (and broader) counterpoint to the more retail-focused work that DCLG carried out pre-2010.
- 3.27 National Planning Policy Framework 2012 - The National Planning Policy Framework was subject to significant revision in early 2012. Amongst its new provisions were changes to the policies around town centre, and out-of-town, developments. Councils are required to take positive action to grow town centres, with those areas being given precedence in terms of development plans. This constitutes an expansion of the existing “town centre first” policy, mentioned in the section above on pre-2010 developments.
- 3.28 Applications for “main town centre uses” that are not in town centres (ie, supermarkets, other retail uses) are subject to a sequential test⁵⁸ – so, town centre locations are best, then edge-of-centre, and then, if no appropriate site is available, out-of-town. Even where out-of-town uses are approved, the site must be accessible from the town centre.

⁵⁷ Particularly, the various rights given to local people under the Act in terms of place-shaping – neighbourhood planning, the right to bid and the right to build, which were discussed earlier.

⁵⁸ NPPF, Paragraph 24

- 3.29 Where an out-of-town use would be approved under the sequential test, planners will still have to carry out an impact assessment⁵⁹ for larger developments (generally, those over 2,500m² ⁶⁰), assessing:
- the impact of the proposal on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal; and
 - the impact of the proposal on town centre vitality and viability, including local consumer choice and trade in the town centre and wider area, up to five years from the time the application is made. For major schemes where the full impact will not be realised in five years, the impact should also be assessed up to ten years from the time the application is made.
- 3.30 Where the sequential test is not satisfied and/or this assessment demonstrate “significant adverse impact”. This is a term which the NPPF does not define, but which exists elsewhere in planning law and has been considered in the context of an appeal for a supermarket development in Lancaster, where a determination from the Secretary of State was received⁶¹. This determination suggests that the “town centres first” policy will be interpreted robustly, rather than “significant adverse impact” having a high bar. However, a similar recent overturned decision in Telford and Wrekin suggests that the position will only be clarified as case law develops⁶².
- 3.31 The policy also places councils under a responsibility to assess the availability of space in town centres, and making more available where demand exists, and taking action to regenerate “declining” town centres.
- 3.32 These new NPPF policies give councils a significant opportunity to use planning laws to “place shape” in a way that invigorates high streets and town centres. Equally, councils that do not put robust steps in place for (for example) assessing local need, identifying the risk of significant adverse impacts or understanding the wider business and retail landscape risk subjecting the town centres for which they are responsible to further decline, or risk having planning decisions for edge-of-town or out-of-town developments overturned because their local policies are insufficiently robust to engage with the NPPF’s requirements.

The LGA’s “Local Growth” campaign

- 3.33 The “Local Growth” campaign throws into sharp relief some of the current challenges facing those in local government trying to tackle

⁵⁹ Ibid, Paragraph 26

⁶⁰ Ibid

⁶¹ <http://towns.org.uk/2012/09/04/testing-town-centres-first/>

⁶² Ibid

regeneration⁶³. Although the scope of the LGA's research and its campaign are broader than just town centres, there are some key messages that are vital to consider in any effort to understand the limitations and opportunities inherent in a new approach to growth:

- Growth is inherently local – different approaches need to be taken in different areas, and there is no archetypal approach which can or should be taken⁶⁴;
- Public investment in regeneration is fragmented, and there is a need for strong civic leadership to pull different partners and opportunities together;
- More devolution is required – around education and skills, transport, and regeneration funding. The report cites the move towards City Deals, highlighting the possibility that, as more cities – and other council areas – sign up to these deals, it will make more sense just to devolve powers to all councils rather than to seek individually-negotiated solutions.

4. General analysis: the implications for local authorities

- 4.1 Notwithstanding significant effort having been put in by successive Governments, and more or less every local authority in the country, many high streets and town centres are still in decline. The Portas Review identifies many of the problems afflicting high streets as being national in nature – relating to national planning law, and to national trends towards more internet shopping and a different attitude to consumerism. However, the review, and other investigations, have also identified a multiplicity of highly local causes and symptoms of high street decline, and local economic decline more broadly. Work carried out by the LGA has similarly identified that any solution must be local in nature.
- 4.2 For local authorities, pressure on budgets will mean that they may find it difficult either to develop strategies to push economic growth in individual town centres, or that such measures become caught up in the traditional, planning-led approaches that typify the long development cycles of Supplementary Planning Documents. Even where capacity exists it might prove difficult to involve a cross-section of local people and local businesses – and to co-design solutions with them rather than to seek to control the agenda. While the LGA have highlighted the need for “civic leadership”, there might be a tension here with the Government's stated aim, through the “Town Teams” idea, for an approach that is more business-led, or at the very least an equal partnership.

⁶³ “Local leadership, local growth”, (LGA, 2012)
http://www.local.gov.uk/c/document_library/get_file?uuid=b9911ad7-ff47-4e9b-9661-ee5dd181e53f&groupId=10171

⁶⁴ Contrast with the DCLG approach pre-2010, which promoted a generic, national approach towards local regeneration.

- 4.3 Councils taking concerted action in this area will be those who recognise the knock-on impact of success or failure in town centres – impacts on jobs and skills, on the urban fabric and the public realm, on housing and planning, on income from business rates, and on transport – amongst other issues (health, community cohesion, social care etc). Councils who do not take action may not consider regeneration as a determinant of improvement in these areas – or it may recognise them, but feel that the return on investment for “preventative” work is not justifiable if there is pressure on budgets for acute services.

5. Role for scrutiny

- 5.1 A plan for a short, sharp review of a particular town centre is a positive one, but as this briefing demonstrates that are a significant number of cross-cutting issues that arguably need to be considered. Planning and licensing issues have significant impacts and the risks are that it will be difficult to disaggregate responses to need “on the ground” from the council’s wider strategic plans, leading to a piece of work that is broad, wide-ranging, and possibly long-winded and resource intensive. For example, in the course of this research we have identified links between planning and licensing regimes (both nationally and locally), skills and education, partnerships and relationships between local government and the private sector, and public realm infrastructure. One of these topics on their own could constitute a detailed scrutiny review.
- 5.2 Scrutiny could take one of a number of approaches to considering town centres, and regeneration of high streets:
- **The local approach** – looking at a particular town centre and examining a focused range of issues. So, taking lessons from the DCLG guidance, those foci might be identifying what local people, and local businesses, might want from a particular area, and trying to reconcile those particular aspirations. Or, if this has already been undertaken, identifying practical actions, across a range of policy areas, that can be taken to put them into practice. Care would need to be taken on this approach to ensure that scrutiny did not become too operational in nature.
 - **The specific approach** – looking at a given issue (skills and employment, licensing and planning, support to retailers and businesses) through the prism of town centre regeneration. The question could be asked as to what steps the council and its partners need to take on these wider policy issues in order to improve the economic health of a town centre or retail area.
 - **The “wider determinants” approach** – looking at the same issues as the “specific” approach, but the other way round – how tackling regeneration can lead to more positive knock on impacts. This would be a review that would focus on the “return on investment” of work on town centre regeneration – possibly taking a similar

approach to that which we explore in our research on social return on investment, “Tipping the scales” (CfPS, 2012)

- **The partnership approach** – looking at the relationships that the council has built up with a range of partners, and identifying their robustness. Perhaps better viewed as a mapping exercise, this would help to ensure that the right people were making an input in the right way and at the right time,
- **The assurance approach** – checking that a range of policy issues are being considered as part of an existing, or development, set of town centre redevelopment proposals.

Centre for Public Scrutiny
12 October 2012