

## **COVID-19: “Many town centre businesses are now probably terminally damaged – and genuine change will be essential”**

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The current crisis is likely to bring the economic debate about towns even more into focus and actually, the fact that many town centre businesses are now probably terminally damaged means that genuine change will be essential. Tweaks to business rates, car park charges and a farmers' market once a month is not about to revitalise locations in deep decline – a large number of these need a rethink of their function.

However, this is not the end of the town. Towns were playing a hugely important community role long before Mothercare and Dorothy Perkins. For centuries towns have been the focal point for the provision of services, social interaction and the exchange of goods. They will continue to offer that purpose and, by acting as a single focal point, can help deliver efficiency in the cost of service provision and in terms of carbon footprint. In short, a location with a reasonable catchment area at the centre of transport provision will continue to make sense.

So where did it all go so wrong? The '10 second' media soundbite to this question is online shopping but as ever the answer is much more complex – and with online shopping not disappearing any time soon, it is important that all of the aspects leading to the decline are considered. There are no doubt many factors not considered here, but as a starting point the following macro and micro factors are certainly relevant:

### **MACRO**

#### *Environment*

Urban planners have written volumes on smaller topics, but there is a fundamental question about whether a location has the environment in which a person might linger and enjoy. How many of our towns have been designed for the user – and how many are actually blighted by road traffic, low cost-architecture, poor/zero public realm and diminishing maintenance.

#### *Function*

Ten years ago we bemoaned 'Clone Britain' but this was a critique of the types of shops in our town centres. Everything else was pushed aside for the good of retail – but what happened to all of the other activities which are better centralised? Even if the provision of professional services, healthcare, leisure or other personal services are within the town itself they are too often segregated – and in many cases they are now scattered outside the urban core.

### *Economy*

Some towns have lost a central economic function and have struggled to thrive. These towns represent a special case and their problems are exceptionally difficult to address. For the most part, however, decline has been a creeping malaise. Too many local authorities have focused their provision/allocation of social housing on town centres rather than maintaining a community mix. A concentration of local residents with low disposable income to the exclusion of a broader-based community has had a predictable impact on town centre vitality – and also reduced any aspirational housing provision with this pushed out into characterless suburbs.

### *Competition*

Perhaps the most obvious impact to all is the impact of competition on our town centres. Whilst the large comparison shops and car retail may make a case for edge-of-town locations (although a question is whether we accepted this too readily given we are now happy to have many of these goods delivered having bought them online), when did clothing retail, sports goods retailers, pharmacies, cinemas and even travel agents and fast-food outlets need to proliferate on the outskirts of our diminished towns?

## **MICRO**

### *Form*

To some extent form is subjective, and better left to architects than economists – but intensification of land use, reduction in public space and public realm, and ‘value engineering’ (cheapening) of built form and materials rarely lead to a location in which people would wish to dwell or recognise as a focal point of their lives.

### *Legal*

The legislative position around ownership, sub-letting and change of planning use is preventing any flexibility in towns adapting. There is an urgent need for reform in this area and whilst nobody wants towns of the wild west with little planning legislation, it is surely not right that prominent premises vacated by a blue-chip tenants remain vacant to the end of a long lease – or that a clearly failing town centre cannot replace retail for businesses/residential that can bring increase footfall for the remaining retail/leisure area.

### *Finance*

There is an underlying reason why many of the decisions that have been taken by local authorities have taken place – the undermining of local authority finance has resulted in planning and land use decisions that have contributed to the decline of the UK’s towns. A desperation for additional funding has resulted in a need to secure business rates, land sale

receipts, s106 contributions and New Homes Bonuses. Through these means we have incentivised out-of-town developments and intensification.

### *Perception, reputation and management*

All of the factors above have had a detrimental impact on the public's experience of town centres and the ability of these locations to reinvent themselves. Whilst short-term campaigns may make locations feel as though they are helping to break the cycle of decline, unless the reality experienced by visitors matches the campaigns undertaken by local authorities, town councils, Business Improvement Districts (BID) etc the ability to turn the tide is undermined for the future. There is a need for a longer-term management plan over promotional gloss.

Diagnosing the problem is easier than prescribing for a cure. Nobody is suggesting that any turnaround is easy to achieve but strangely enough, for all its awful consequences, Covid-19 might be one of those tipping point moments. As retailers, leisure businesses and landlords fail or seek to repurpose themselves a different vision of the future can be framed. There are things that could be done to make a significant difference and we have considered nine aspects that can be achieved locally – and a further four that need a national shift in policy:

## **LOCAL**

### **1. Certainty**

Is there a clear and unequivocal political will to make policy decisions that favour town centre vitality? There are many towns where the work of a BID or proactive town centre management team are continually undermined by decisions in favour of out-of-town schemes. The starting point must be enshrined in policy and decision-making.

### **2. Objective**

The overall long-term vision for the town needs to be clear even when it may take many years to achieve it. In a surprising number of cases masterplans and the identification of the key town centre issues have been done (sometimes many times) but these are then filed under 'too difficult'. We need commitment to agreed objectives.

### **3. Structure**

There are many forms of management and delivery – local authority, town councils, BIDs, local management committees and Chambers of Commerce. There is generally no right or wrong structure, but there is a need for leadership with organisations having both a clear remit and the energy and ambition to deliver.

#### **4. Knowledge and relationships**

A new vision for a town is unlikely to be achieved without a good understanding of local land and property ownership and a strong working relationship with these organisations. These organisations often represent the private capital that can be purposed to address change. Certainly, their engagement is very important – and conversely huge national landlords with small-scale local voids can be very unhelpful.

#### **5. Boldness**

Local authorities must be willing to use statutory powers where, over the long term, property owners frustrate an agreed plan for the common good. This might include landowners holding out for a change of use/better land value, property owners uninterested in re-letting because a previous long departed tenant is still paying the rent, or those owners of increasingly dilapidated property leading a chase to the bottom in terms of rental levels just to squeeze the last value of a development not fit for purpose. In each case historic property valuations, now wildly optimistic, mean that owners do not want to crystallise losses – and this is an area that may need regulatory accounting changes.

#### **6. Policy and land value**

Covid-19 will result in a complete recalibration of land values. Clear statements at this time from planning bodies on high expectations of development density, building and public realm quality, environmental standards and other provisions will impact viability in the near term – but importantly these can feed into more realistic land value calculations in the longer term.

#### **7. Change of use**

The crisis will allow some bold decisions to be taken on change of use and re-purposing developments. This is not a suggestion to allow cheap conversions of unsuitable buildings into quasi-residential developments – but there is an opportunity to rethink uses and bring more business activity and residential spend into the no doubt future smaller retail/leisure quarter.

#### **8. Environment**

The time is long overdue to restrict town centre vehicle use and certainly any policy that allows ease of car access and short-stay car parking seems to be encouraging exactly the reverse behaviour that towns require. Solutions differ by location, but cheaper long-term parking (rather than short term), different access methods from out-of-town car parks and the use of car free days are all worthy of consideration.

#### **9. Initiatives**

There is no real value in marketing initiatives on their own – but together with a larger-scale plan they will be an essential aspect of breathing new life into our towns. There are scores of ideas that have been used successfully – markets, art, literature, food, sport, broader festivals. All need enthusiasm and commitment and it is notable that the best initiatives are generally organic and community-led – but in each case there needs to be a local authority willing to encourage, facilitate, promote and remove unnecessary barriers to allow them to thrive.

## **NATIONAL**

### **1. New funding model**

Local authorities have been the public agencies hit hardest by government cuts over the last ten years – and almost as damaging is the lack of certainty over future settlements. If the move towards self-sufficiency in funding from business rates, Council Tax, New Homes Bonus etc is to continue then we are financially incentivising the type of development that will perpetuate the decline in our towns. Worse still, competition between neighbouring authorities to secure developments will lead to a race to the bottom in terms of standards of the built environment.

### **2. Change business rates**

Business rates have become a political football – and at the same time that central government has stated that business rates are a core plank of local funding, they continue to make national decisions that undermine the local revenue base. There are a number of models to consider – including a tax on local turnover retained by the local authority. Genuine devolution would allow greater determination of funding models at a local level and new sustainable models would emerge.

### **3. Greater devolution**

Whilst there has been progress in this area, in many cases local bodies are provided with some devolved funding but the use of these funds, the targets to achieve and the reporting requirements remain set by central government. Through this sleight of hand government has largely outsourced fund administration and no right to self-governance has been achieved.

### **4. Land and property valuation**

This is an area for greater technical expertise – but it is worth exploring how a requirement to re-value land and property assets on annual basis would impact on the long-term land and property holdings of public companies. All with a clear intention to drive behaviour which ensured that there was the maximum incentive to bring the assets into economic use.

Stepping back and looking afresh at our towns, it is clear that we have got the problems that we deserve from having planning, finance, transport, economic, land and property, and

housing policies that have all been pulling in different directions. Not only that, but virtually none of the decisions which have been taken in respect of towns have considered the most important cohort of people – the customers. The answer is not straightforward, but the solution must lie in ensuring that all policies pull in the same direction of town centre vitality and that the experience of the users underpins our decisions.

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