



# **Cynulliad Cenedlaethol Cymru** **The National Assembly for Wales**

## **Y Pwyllgor Menter a Busnes** **The Enterprise and Business Committee**

**Dydd Mercher, 29 Ebrill 2015**  
**Wednesday, 29 Ebrill 2015**

**Cynnwys**  
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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee.  
In addition, a transcription of the simultaneous interpretation is included.

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

Jeff Cuthbert

Llafur

	Labour
Byron Davies	Ceidwadwyr Cymreig Welsh Conservatives
Keith Davies	Llafur Labour
William Graham	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Joyce Watson	Llafur Labour

**Eraill yn bresennol  
Others in attendance**

Andy Godfrey	Cadeirydd y Grŵp Cynghori ar Bolisi Llywodraeth Leol, Consortiwm Manwerthu Prydain a Rheolwr Polisi Cyhoeddus Boots Chair of the Local Government Policy Advisory Group, British Retail Consortium and Public Policy Manager for Boots
Russell Greenslade	Prif Weithredwr, Ardal Gwella Busnes Abertawe Chief Executive, Swansea Business Improvement District
Lesley Griffiths	Aelod Cynulliad, Llafur (y Gweinidog Cymunedau a Threchu Tlodi Assembly Member, Labour (The Minister for Communities and Tackling Poverty)
Neil Hemington	Pennaeth Cynllunio, y Gyfarwyddiaeth Gynllunio Head of Planning, Planning Directorate
Rhiannon Kingsley	Rheolwr Canol y Dref, Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr Town Centre Manager, Bridgend County Borough Council
Ojay McDonald	Rheolwr Polisi, y Gymdeithas Rheoli Trefi a Dinasoedd Policy Manager, Association of Town and City Management
Kath Palmer	Dirprwy Gyfarwyddwr, Cartrefi a Lleoedd Deputy Director, Homes and Places
Antonia Pompa	Cydlynnydd, Ardal Gwella Busnes Merthyr Tudful Co-ordinator, Merthyr Tydfil Business Improvement District
Steffan Roberts	Rheolwr Adfywio, Cartrefi a Lleoedd, Llywodraeth Cymru Regeneration Manager, Homes and Places, Welsh Government

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol  
National Assembly for Wales officials in attendance**

Martha Da Gama Howells	Ail Glerc Second Clerk
Marc Wyn Jones	Clerc Clerk
Rachel Jones	Dirprwy Glerc Deputy Clerk
Ben Stokes	Y Gwasanaeth Ymchwil Research Service

*Dechreuodd y cyfarfod am 9:30.*

*The meeting began at 9:30.*

**Cyflwyniadau, Ymddiheuriadau a Dirprwyon  
Introductions, Apologies and Substitutions**

[1] **William Graham:** Well, good morning, and welcome to the Enterprise and Business Committee. I have apologies this morning from Dafydd Elis-Thomas, Mick Antoniw and Gwenda Thomas. I need to make one declaration: my family trust will benefit from acquisition of property in Newport city centre from one of the grants made by the Welsh Assembly Government.

09:31

**Adfywio Canol Trefi—Craffu Dilynol  
Regeneration of Town Centres—Follow-up Scrutiny**

[2] **William Graham:** Can I welcome the Minister and her officials, and ask them to give their names and titles for the record? Minister.

[3] **The Minister for Communities and Tackling Poverty (Lesley Griffiths):** Thank you, Chair. Lesley Griffiths, Minister for Communities and Tackling Poverty.

[4] **Ms Palmer:** Kath Palmer, deputy director of homes and places.

[5] **Mr Roberts:** Steffan Roberts, regeneration manager, homes and places.

[6] **Mr Hemington:** Neil Hemington, chief planner.

[7] **William Graham:** Thank you very much. We'll go straight into questions, and the first question is from Joyce Watson.

[8] **Joyce Watson:** Good morning, Minister. I'd like to ask what degree of progress has been made by the Welsh Government in the regeneration of town centres in Wales recently, and particularly which town centres the Welsh Government has had—*[Inaudible.]* You state that town-centre regeneration will help tackle poverty. Can you cite any specific examples of where you feel that that has happened in Wales?

[9] **Lesley Griffiths:** Thank you very much. I'm very pleased to be giving evidence today, and obviously this is the follow-on to the report and the inquiry that the committee made back in 2012. I think we have made a great deal of progress since 2012. We've got a variety of programmes and schemes that are making a real difference right across Wales. You'll be aware that, in 2012, we had the strategic regeneration areas, so we've now progressed from those, and our main regeneration strategy is Vibrant and Viable Places. The strategic regeneration areas was a massive investment programme—it was about £260 million over six or seven years. I think that made a real difference to many town centres across Wales, probably about 30 of them. Some of the examples I could give: Bargoed town centre retail scheme, where that created 250 jobs, and 172 of those people were previously unemployed, so really helping the economy there; Colwyn Bay, where we've got the regeneration of Parc Eirias; Holyhead—I think a huge amount of regeneration's gone ahead in Holyhead, we've made a big impact there, and Llangefni also, both on Ynys Môn; Barry island—I was in Barry yesterday for another ministerial event, and it was good to see the huge amounts of regeneration in Barry, which we've supported.

[10] VVP is only a three-year programme, but I think the effects will be long term. We've

just come to the end of year 1 of Vibrant and Viable Places. You're quite right, and I think one of the reasons the First Minister put housing, regeneration, communities and tackling poverty together was to have a focus on tackling poverty, and, again, the efforts to regenerate our town centres are very intertwined with our tackling poverty agenda. So, any intervention that we have is built on the fact that we must create employment, we must support economic growth, and we have to tackle the barriers that we know are there for many people in relation to employment. Housing has also become an integral part of our regeneration in our town centres. We know many people do want to live in the town centre, and where we've had to see town centres diversify, that's one area in relation to housing and regeneration. So, again, there are many schemes that are tackling poverty and some of the examples I can give you, again, are in Caerphilly: the county borough council's Hafod Deg and Rowan Place, there's an integrated living employability and information centre within the Neath Port Talbot area, and active community within Anglesey. Another thing I've been very keen on is the fact that we should use the Communities First infrastructure that's there, and sort of work alongside Communities First—and Flying Start, to some extent, but definitely alongside Communities First.

[11] **Joyce Watson:** Thank you.

[12] **William Graham:** Jeff.

[13] **Jeff Cuthbert:** Thank you very much, and good morning. You referred there, by way of examples, to Bargoed, which of course is in my constituency, and I know it very well indeed. There's no doubt that Bargoed town centre has had considerable investment and the advances are there to see. But one of the clearest policies or developments there, of course, was the attracting of Morrisons to open up a superstore, which undoubtedly has anchored many of the other developments in terms of attracting people in. Do you have any tangible evidence of the degree to which that has improved the footfall generally within Bargoed, or is it too early to say yet?

[14] **Lesley Griffiths:** We monitor very carefully the impact that we're having. So, for instance, every area has a regeneration manager—each local authority has a regeneration manager. We also have quarterly reports. So, we are able to monitor it. I don't have the figures specifically for Bargoed to hand, but I think the fact that you mentioned about Morrisons being an anchor company is really important—that they do have that anchor company. I visited Neath recently to see their town-centre partnership, and they've got Wilkinson coming in as their anchor company. So, I think that's a really important point you make. I don't know if Steffan's got any information about Bargoed particularly.

[15] **Mr Roberts:** We wouldn't have the statistics on Bargoed specifically here today, but we can certainly write to the committee with the direct impact and outcomes of that.

[16] **Lesley Griffiths:** I suppose the answer to your question is that it's not too early. Because we monitor so closely, we would be able to give you some figures.

[17] **Jeff Cuthbert:** Thank you.

[18] **William Graham:** Minister, as Jeff has pointed out about Bargoed, one of the elements—particularly as you've got your officials with you today—has surely been the aspect of planning in Bargoed, where the anchor store is not too far from the existing town centre, which would enable that footfall to enable both to survive and thrive. Would you have any particular comments on how early planning can really get involved in places like Bargoed? After all, it is probable that without Welsh Government pump-priming at the very least, commercial development may find it is not possible.

[19] **Lesley Griffiths:** I don't know if Neil wants to say anything about planning.

[20] **Mr Hemington:** Yes, certainly. Well, obviously, the earliest time to become involved was when the local authority is preparing its local development plan. At that time, they should be looking at strategies for all of their town centres and, actually, Caerphilly County Borough Council were one of the first local planning authorities to get a local development plan in place and they are now starting to move on to review that local development plan. So, that's the way in which you should be thinking about the relative importance of your town centres and your strategies for those town centres and how you will plan for them in the future.

[21] **William Graham:** I note that, in Newport now, they've introduced, or are about to introduce a relaxation of the usual planning controls. That must be an incentive, surely, particularly to residential development above commercial premises in a city centre.

[22] **Mr Hemington:** That's correct. At the moment, we are encouraging local planning authorities to explore the use of local development Orders. As you correctly point out, Newport are, at the moment, consulting on a local development Order for the centre of Newport, looking at things like living over retail space, potentially attracting more businesses and more offices into the town centre—largely looking at unoccupied space. So, there's a lot of that going on at the moment,

[23] **William Graham:** Thank you. Eluned.

[24] **Eluned Parrott:** Just on the subject of encouraging footfall in the city centre in Newport, one of the elements that's been very clear is that, over the past few years, when new jobs and new developments have been brought to Newport, the office locations have been close to the motorway, as opposed to in the city centre, which means that people can't access those jobs by public transport. It encourages them to drive, but it also means that it has a detrimental impact on the regeneration of the city centre of Newport, and we've seen footfall fall through the floor there. What are we doing to encourage local authorities to avoid this doughnutting effect that we're getting in some of our towns?

[25] **Lesley Griffiths:** Do you mean from a planning point of view?

[26] **Eluned Parrott:** From a planning point of view, absolutely.

[27] **Mr Hemington:** Again, the way in which the local authorities should be addressing those issues is addressing it through the preparation of their local development plan. Newport has a local development plan now in place. It was adopted earlier this year—probably two months ago. So, that's one way in which the authority should be addressing those issues. We're quite clear that we have a town-centre first policy. That relates to both retailing and other town centre uses, of which offices are one. So, the national policy is there; the local authority needs to look at its own evidence, its own situation, and decide whether it concentrates or focuses on the town centre or focuses elsewhere. So, there are different approaches the authorities have to consider when preparing their plan.

[28] **Eluned Parrott:** Do you think, possibly, we've concentrated too much on the impact of out-of-town shopping developments, and we haven't really thought closely enough about the impact of out-of-town office developments?

[29] **Mr Hemington:** Certainly, we have looked at both. We have looked at both the impacts of town centres and out-of-town locations when it comes to retailing, and we have commissioned some research, which has now reported, by GENECON Ltd looking at the impact of out-of-town retailing on town centres, and a number of case studies were included, Newport being one of those. So, we've looked at the retail side. I would expect local

authorities to do a similar thing when they are preparing their own local development plans as part of the evidence base, to consider the impacts of developments they have seen in the past, and the strategies and opportunities that they have in the future to, for example, regenerate town centres by putting things back into the town centre.

[30] **Eluned Parrott:** Okay, thank you.

[31] **William Graham:** Keith, on Vibrant and Viable Places.

[32] **Keith Davies:** My question really is on the value—[*Inaudible.*]—small number of areas that are being funded. Was there a particular reason for that?

[33] **Lesley Griffiths:** You're quite right; it's £100 million over three years. Every local authority was able to bid for the funding, and there were 11 VVP areas chosen. The decision to do it that way was because we looked at how the regeneration areas had worked, and I know the chief economist supported the direction. It was more intense money in fewer places, rather than spreading it thinly across Wales. As I say, we're at the end of the first year of VVP, so we have 11 VVP areas and then we chose, just as I came into portfolio, actually, the seven tackling poverty areas that each received £1 million over three years. So, 18 local authority areas are now receiving VVP moneys, but the decision I think was taken to do it this way on the evidence that we had from the strategic regeneration areas.

[34] **Keith Davies:** One of the requests, in a sense, for these local authorities was to get diversification within town centres. Do we know whether that is actually happening?

[35] **Lesley Griffiths:** Yes, that's certainly happening—they are diversifying. We mentioned before about housing being brought into the town centre. We are seeing things like childcare—I'm due to open a nursery, actually, in Wrexham, which has been built with VVP money. So there's childcare. We want to see more public services being provided from the high street, and I know funding is being used in some areas to bring forward business hubs as well. I'd like to see more primary healthcare on the high street; I'm very happy for VVP money to be used towards that. But it's absolutely vital, if we're going to have thriving or vibrant and viable town centres, they need to diversify, because of all the challenges that we know our high streets are facing.

[36] **Keith Davies:** Finally from me, what about the use of structural funds? Could structural funds be used in these particular areas?

[37] **Lesley Griffiths:** They could be. Discussions are at a very early stage, but I know officials—I think Kath's team—are having discussions with the Welsh European Funding Office and the Welsh Local Government Association on this issue at the current time. It is very early, but I think we're having very positive feedback from those early discussions. But it would be very good if we could do that.

[38] **Keith Davies:** Thank you, Chair.

[39] **William Graham:** Jeff Cuthbert.

[40] **Jeff Cuthbert:** Thanks. Can I just talk briefly about the tackling poverty fund? It is £7 million—seven towns, so roughly £1 million each. What do you expect to get from those moneys? They are welcome moneys. I'm very familiar with Rhymney, which is in the Caerphilly borough—not in my constituency, but it's within the Caerphilly borough—and it certainly needs greater investment. Clearly, there's a link there with Communities First, because these towns are in the top 10 per cent of the Welsh index of multiple deprivation. How are partners going to come together to make the very best use of that money?

[41] **Lesley Griffiths:** Okay. It is absolutely vital that, you know—. VVP is a capital programme, and it's very important that they work and complement each other—I mentioned Communities First and Flying Start programmes. It's really important that they work together on the ground. The seven areas were chosen specifically because they are, as you say, in the top 10 per cent of the Welsh index of multiple deprivation. The funding is ring-fenced for town centre-related projects. What we want to see is the reversal of decline. It's a vicious circle, isn't it? Once you see lots of empty shops or empty premises, it's like a vicious circle. So, what we want to see is that money being used to create a stronger local economy. We know again that people choose to move out of areas that they see in decline, so, again, it's about ensuring that the centres are regenerated to reverse that decline.

09:45

[42] I mentioned in my previous answer about public services and I think it's really important that these areas bring together—. Again, probably a local authority would have—. Rather than people going to lots of different housing offices if they need a licence or something and going to another part of the area for those services, that they have a hub. So, I'm very keen for local authorities to have hubs. I can think of a few; there's one in Newport, I can think of one in Wrexham and there's one in Cardiff. It's not necessarily VVP money, but I think it's really important that local authorities do that. I think that will help tackle poverty. I'd like to see more credit unions, so, again, encouraging credit unions within these seven areas to perhaps look to opening there.

[43] Another area I'd like to see is incubation spaces for start-up enterprises, and also more pop-up shops. I think people are sometimes are reluctant to start their own business on a scale where they're taking on a lease for instance. So, again, I've seen some really good—mainly in town centre partnerships—pop-up shops come in, so I'd be very keen for money to be used towards that. I know we've got Opportunity Street in Llanelli; I don't know if Keith's aware of it, but that's where you can be encouraged to have pop-up premises.

[44] And, also, not in my portfolio, but in my colleague Carl Sargeant's portfolio, is fuel poverty. We'd like to see work being done around fuel poverty, so poor housing for instance. We would like to see those areas being tackled within this funding.

[45] **Jeff Cuthbert:** May I, Chair?

[46] **William Graham:** Please.

[47] **Jeff Cuthbert:** I fully endorse those points and aspirations, many of which, I'm sure, are achievable. High streets in places like Rhymney are in a poor state at the moment, I think that's fair to say, and not only there; it's certainly the case in Bargoed, and in parts of Caerphilly it's true as well. Whilst I've got nothing against charity shops per se, I don't want to see the high street dominated by charity shops. So, there needs to be a balance. You have issues you cannot really deal with—the growth of internet shopping, for example; well, I cannot see that reversing. So, I think you're right to talk about other services and activities being present on the high street. How will you actually judge whether the £1 million per seven towns has been a success, because it's not a large amount of money really? So, it's very much a question, I assume, of pump-priming and helping to generate in other sources of income. So, how will you feel that it has been a successful project?

[48] **Lesley Griffiths:** Outputs mainly. We've got very specific outputs for VVP and for the funding for tackling poverty. So, how many jobs it creates, how many people we get into work, the additional investment it brings in and whether we have affordable homes, not so much in the tackling poverty one, because, as you say, it's only the £1 million. But I think

you're absolutely right about ensuring that our town centres are sustainable and charity shops are a classic example. I was looking at what businesses are on the up, if you like, and it was things like charity shops; it was things like coffee shops because, obviously, you can't buy your coffee on the internet, so it's more about the experience of shopping rather than shopping itself sometimes. And you're quite right: internet shopping is not going to decline. In fact, I think, probably when this report was done in 2012, smart phones weren't so popular. Now, you can do your shopping on your mobile phone; you couldn't do shopping on your mobile phone just a few years ago. So, you're absolutely right, and this is why they have to diversify.

[49] So, specifically, it will be about outputs and ensuring that we have strength in the local economy; we have created more jobs and we have helped people get back into work. And those outputs are monitored. I mentioned that it's just the same for the tackling poverty fund as for VVP. There is very stringent monitoring done on a quarterly basis. And, again, we're only—. In fact, the tackling poverty fund, again, is a three-year programme, but the funding I think started just as I came into portfolio in September, so it's sort of not exactly halfway through the first year, but midway through the first year.

[50] **Jeff Cuthbert:** Just one very quick question, if I may. Would you link this to the Lift programme in terms of creating jobs?

[51] **Lesley Griffiths:** Not necessarily. Obviously, Lift is being done in several pilot areas within Communities First. Within the seven towns, Lift is probably in some of them—I'm just looking at the towns. Yes, Lift is in some of the areas. But, again, I have made it very clear, in trying to join up the two portfolios, to officials, that I do want to see the Communities First infrastructure used a lot more than it has been.

[52] **William Graham:** Joyce.

[53] **Joyce Watson:** Thank you, Minister. Just on the same theme: in the papers, there's a reference to the uniqueness of towns and selling that uniqueness. If I think about my home town, Haverfordwest, the high street is not in the best state, but yet there's a castle in Haverfordwest and a river that are particularly unique selling points. They're not really incorporated, as far as I'm aware, in the development of the town. I give this as an example because I know it well. So, what work has been done in terms of selling and marketing a town centre? Because it's all very well and good, all of the things that we've said need doing, and, of course, the local development plan is key here; in that respect, is that not a different way of approaching the development of a town centre? Does it not take a specialist in marketing to do that because that's when you're going to really draw people in in the first place, so that they actually spend their money in the second place?

[54] **Lesley Griffiths:** I think you raise a very important point. I can't speak about Haverfordwest, but there are two places that, again, you'll know very well, which I visited over the Easter recess, which absolutely show that. One is Fishguard and one is Ammanford. When we went to Ammanford, and I'll ask Steffan to regale us with the story, but they have done this with the boar. The boar is on everything: they gave me a lovely shopping bag with the boar on and they did tell us all the history of it, which Steffan might remember. We went to a community cafe where we met with a group of people, and you probably know them, who have done absolutely that. So, they've chosen their unique story. What was the name of the story, Steffan?

[55] **Mr Roberts:** It's the Twrch Trwyth from the Mabinogion.

[56] **Lesley Griffiths:** That's right. So, they've chosen that and they have marketed it, if you like. The boar is on everything. So, Ammanford has picked that unique thing.



[57] Fishguard, we are very interested in: Fishguard are regenerating their town centre and have a town centre partnership. They've got seven cruise ships coming in this year and they're trying to think about how they can engage with those people—how they can bring them into the town centre. Again, they've got a woman, who I met, who had had a stall in the market and has now opened a shop. She's taken that big step to open a shop, where she's allowing local artists and jewellery makers to come in and show their produce. Again, they've got this unique thing: to them, having the cruise liners come in is something that they really want to take advantage of and they're trying to work out how they can bring the people off the boats into the town centre. So, I think you're right. Does it need a specialist? Not necessarily, I would say. It needs local people to know it. The group in Fishguard were amazing. They've got this group of people who have worked on the town centre partnership and they are really dynamic people.

[58] On the high street campaign, which we had last September, during my very first week in portfolio, I went to Blaenavon, where 10 years previously, there had been 25 empty shops. Again, a local group of people took the bull by the horns and there wasn't an empty shop there, but there was a hugely vibrant high street. I am just announcing, I think it's today, that we're going to have the high street campaign again this year, in September. It will be a week in September—I think it's something like 19 September—and people can, I really hope, have events. It was a really colourful event, the high street in Blaenavon, and I know that 21 local authorities engaged with the high street campaign. I think it was just Caerphilly, but they did their own thing. But it would be great if we could have all 22 local authorities engaged in it this year. But I think that's a great way of selling those unique points.

[59] **Joyce Watson:** Can I bring in the development plan here? I gave an example, so the obvious thing, as far as I'm concerned, is to somehow use leverage within the development plan so that you have the appropriate development in the appropriate place, because that's where it all starts and all falls down. So, have you examined some advice—I know you can only go so far: you can't give directions; it's advice—in terms of the appropriate development? If I use the river again, do you work with your partners at all in trying to seek out some advice in terms of the cleanliness, maybe, of the river, as opposed to a detrimental effect on a town, so that that appropriate development—and the obvious one here would be cafes and craft shops and things—so that the two work in tandem?

[60] **Mr Hemington:** The local development plan should be a corporate document of the authorities, so they should be working across the authority and with local communities to prepare that plan. Certainly, I would expect them to look at the opportunities, when they are preparing their plans, to look at the unique assets that they have and to actually come up with a strategy for delivering development that complements those. Obviously, we can go so far in terms of national planning policy where we talk about having a sequential test, which is certainly about putting retail development into the town centre first—what you'll often hear referred to as the town centre first policy. We are also starting to move to, or encouraging local authorities to think about, place plans—and, obviously, you've heard me speak about those before—because we feel they are a really important way to get the bottom-up feeding into the local development plan process. So, you can set an overall strategy, perhaps, in your local development plan, but you actually work up the final detail with the community, potentially with local businesses as well, and we see town centres as one area where they could potentially add benefits and it could link across to wider regeneration objectives as well. So, I think the tools are all there; it's whether the local authority has the will to work with the community and work with other partners and stakeholders to make it happen.

[61] **William Graham:** Can I ask you, Minister, about town centre partnerships, and what's your expectation of some of those?

[62] **Lesley Griffiths:** Well, you'll be aware that we are supporting 20 town centre partnerships across Wales, and the aim of the programme is to support activities that increase the vibrancy of town centres by increasing footfall. We want to increase investment in our town centres; reduce the impact of vacant properties—I mentioned, you know, once you get into decline, it's quite difficult sometimes to reverse it; diversify the town centres—again, I've mentioned that in quite some detail; and also support new and innovative approaches.

[63] **William Graham:** Minister, as a general question—we do have quite a bit of time—what evidence do you really have as a Government, shall we say, to do with the lack, perhaps, of resilience in the retail market? I don't go back too far subjectively, but when I started, if I told my commercial clients that, by 2015, the high streets would be dominated, as you said earlier, by coffee shops, by mobile phone shops, by fashion and sports retailers—. When I started it was principally shoe shops, usually owned by one major chain, men's outfitters—every town had one, and most larger towns had several, which were, again, chains throughout Great Britain—and all that has changed really in probably less than 15 years. So, what evidence have you had to be able to forecast what's going to happen in the future, so that you're able to fasten on to those retailers that are likely to be here for the next 10 years?

[64] **Lesley Griffiths:** I think the retail industry as a whole is in a bit of a flux at the moment, because of people's changing behaviours. As you said, you would never be able to forecast that, in 15 years, people would be shopping on their smart phones. So, you know, it has changed a great deal. One of the things we want to do is build up that sort of sustainability, if you like, because they do need to have resilience and, unfortunately, you only have to look across our town centres—you know, we have far more vacant shops than we would want. I don't know if we've done any research specifically. I'll ask Steffan. Have we done any research specifically about how we can assist businesses to know that, as you say, they still will be there in 15 years' time?

[65] **Mr Roberts:** I think that the fundamental principle across all of Vibrant and Viable Places is that retail is in a state of flux, and we need to find alternative futures. So, from the statistics out there, retail areas and shops such as opticians and travel agents have struggled and declined, and retail activities that are perhaps more internet-proof and offer more of the experience have been more resilient. So, I think the key message in Vibrant and Viable Places is to support towns to diversify and to adapt, and maybe compete on a level basis with the competition, such as the internet.

10:00

[66] **William Graham:** Thank you. In terms of funding, Minister, you've make substantial sums available, but the cost of this conversion, particularly for residential properties above retail premises in town centres, is particularly high if they are to be in compliance with current legislation. How do you address that within your funding packages?

[67] **Lesley Griffiths:** Well, it's not a huge amount of funding that we give to town centre partnerships. I accept that, but, as you say, it's pump-priming money. I think it's really important that everyone works in partnership. I'm very keen for housing associations to become involved, and we have some really good examples across Wales of housing associations being part of these partnerships. Local authorities, obviously, are the absolute—. You know, the work of local authorities in getting those partnerships going is absolutely essential, and, again, we're doing everything we can to support that. In order to have the funding, each town centre partnership has to have an action plan. So, what we want to do is see that partnership working, drawing up that action plan. They then submit their action plans to us, and that was part of the selection process. Again, we can monitor that very closely to see the outputs. Outputs are the way that we will measure the success of these schemes.

- [68] **William Graham:** Thank you. Byron.
- [69] **Byron Davies:** We've covered the point that I wanted to make.
- [70] **William Graham:** Thank you very much. Eluned.
- [71] **Eluned Parrott:** Thank you. If I could ask firstly about some issues to do with your overall vision and strategy for the high street and then talk a little bit about how we monitor that, we have a suggestion from the Welsh retail consortium that what Wales needs is a clear vision for its high streets:
- [72] 'to provide clarity for future development and certainty for investors, taxpayers and local authorities.'
- [73] Do you think that we have that clear vision and, if so, how would you describe it to me now?
- [74] **Lesley Griffiths:** I do think we have a vision. We have a vision of our town centres as places where you shop, you socialise, you live. So, that's a very clear vision that we have. I'll go back to what I was saying about outputs. It's really important that we monitor. Within VVP, we've got indicators—obviously, very clear indicators—and we're able to monitor that. What we want to see, and I've got the latest forecast here of what we want to see, are the jobs created, the people supported into work, the additional infrastructure investment that's levered in, the number of additional affordable housing units delivered, the number of empty homes brought back into use—because that can be part of town centres, as well—and the number of additional housing units, both market and social. So, we're much better on outputs than measuring outcomes, but I think we've got very clear indicators that we can use to measure performance.
- [75] **Eluned Parrott:** Did you take a baseline study before you started measuring performance against those indicators?
- [76] **Lesley Griffiths:** Yes. We're gathering data around footfall, obviously, car parking—nobody's mentioned car parking yet, including me, and I think car parking is absolutely vital. I go back to Ammanford. That's been raised with me time and time again—the importance of car parking either being free or cheaper than in some of the city centres, for instance. So, yes, we did do a baseline. We're collecting that, and we've been able to, as I say, establish the baseline. We issued a manual on the evaluation of town centre performance in March to all of our 11 VVP areas, and that's been collected by the local area. The first collection is taking place in this period now, April to June, and we'll be able to look at street vacancies also, and also business perceptions. I think that's really important—that we listen to what local businesses are telling us.
- [77] **Eluned Parrott:** You've talked about a number of the individual projects that have been supported through some of the funds that you've invested. Can I ask is it your intention to target the funding into small concentrated areas, so that you can see a very much more obvious impact, perhaps, or are you disbursing the funding across a wider area as and when the project needs come up?
- [78] **Lesley Griffiths:** Within VVP?
- [79] **Eluned Parrott:** Yes.
- [80] **Lesley Griffiths:** Well, we've asked local authorities—

- [81] **Eluned Parrott:** And actually, also within the—forgive me, which is the—
- [82] **Lesley Griffiths:** Town centre partnerships?
- [83] **Eluned Parrott:** No, not town centre partnerships; the tackling poverty fund ones, as well.
- [84] **Lesley Griffiths:** Yes. What we did was, we've sort of done it bottom up, and we've asked local authorities. So, they've selected the towns that they want to revitalise, if you like. So, I mentioned the funding, rather than it being spread thinly, only 11 local authorities had the VVP funding, for instance, so, it's been much more concentrated. I think it was only one that got 100 per cent of the funding and then, there were a couple that got 90 per cent of the funding and it went down, depending on the quality of their bids. That was all done before I came into portfolio. I don't know if Kath wants to add to that. So, we have had this intensive funding, if you like, in areas, rather than it being spread thinly. I don't know if you want to say anything about the intensity.
- [85] **Ms Palmer:** Only that we asked local authorities to actually choose their key town centre, and we asked for evidence as to how they were going to transform that town centre. So, we had criteria in terms of the business case that we asked them to submit, so it was very much evidence based and also planned, so they could actually evidence how they were going to transform it and how they were going to bring in other sources of funding on top of the VVP grant funding. So, it was a very much targeted approach, but very much asking local authorities, 'What is the key town centre for you that should be transformed?'
- [86] **Eluned Parrott:** Indeed, and within town centres, clearly, there can be different areas that need action. For example, I was a little surprised when you said Barry Island was a location for regeneration. Yes, it needs regeneration, but it's not the primary high street of Barry. In fact, it's only the third: Holton Road is the primary one, High Street is the second one, and Barry Island, obviously, is a separate entity, really. It's a tourism destination more than anything.
- [87] **Lesley Griffiths:** Sorry. I didn't say Barry in relation to VVP; I said Barry in relation to the strategic regeneration area.
- [88] **Eluned Parrott:** That was the strategic regeneration area.
- [89] **Lesley Griffiths:** Yes, it's not VVP.
- [90] **Eluned Parrott:** Okay. So, it wasn't under the tackling poverty plan.
- [91] **Lesley Griffiths:** Sorry. Barry is under tackling poverty, yes. Sorry.
- [92] **Eluned Parrott:** Well, that's what I was trying to understand. Have you asked local authorities to be concentrating on one specific targeted area, so that you can see the maximum impact in that area, or are you inviting them to be more flexible?
- [93] **Lesley Griffiths:** No. The tackling poverty VVP money is just one area.
- [94] **Ms Palmer:** It is Barry, but I appreciate that that does include Barry Island as well as Barry town centre. So, we have been relatively flexible in terms of the local authority providing evidence to us as to how they can best tackle poverty and help the regeneration of that town centre. So, I haven't got the detail, but we can give you more detail on Barry if you'd like to understand more about the tackling poverty programme.

[95] **Eluned Parrott:** I'm just interested in how that works against the town centre first policy, because it's a half-an-hour walk from the Barry town centre.

[96] **Ms Palmer:** Okay. We could send a note on that, Chair.

[97] **Eluned Parrott:** Just looking at the performance monitoring again, you talked about taking a baseline, you talked about the regular reports that are coming in, and you're talking about the outputs. What steps have you taken to prepare to be able to demonstrate outcomes over the whole life of the project?

[98] **Lesley Griffiths:** There will be significant evaluation. We'll be evaluating as we go through, but there will be a final valuation at the end of three years to show the outcomes, because, as I say, we know we're great on outputs, but it's really important that we do know what the outcomes are, and I'll want the outcomes on those indicators that I mentioned to you.

[99] **Eluned Parrott:** Okay. Thank you very much.

[100] **Byron Davies:** Just a quickie, actually, on the issue of car parking. Why do we have to have all these yellow lines everywhere on high streets where there's ample room to park? Are we going to do something about that?

[101] **Lesley Griffiths:** That's a planning issue, as well, so it's not in my portfolio. I'll pass that to Neil. It's a very good question.

[102] **Mr Hemington:** It's actually a local highways issue. It's not necessarily a planning issue.

[103] **Byron Davies:** Well, yes, but it comes into the high street, doesn't it?

[104] **Mr Hemington:** That's right.

[105] **Byron Davies:** You must have a view on it.

[106] **Mr Hemington:** Yes. We do seek to control car parking or encourage the control of car parking in out-of-town locations through the planning policy, but in terms of action on street parking, it's not something that planning actually gets involved with; it's much more a local highways issue. It could be linked to ensuring that there is adequate movement of traffic. It could be linked to the need to pedestrianise certain areas. There are certain schools of thought that believe that pedestrianisation actually generates more footfall if you take cars out of the area, but it's not something we deal with greatly through the planning side.

[107] **Byron Davies:** I could take you to plenty of high streets in Wales where there is a good traffic flow, and you could do without the yellow lines, and it would be to the advantage of that high street. Do you not think that you should incorporate that into this?

[108] **Mr Hemington:** I think it has to be incorporated into a holistic strategy for a town centre. We then have to look at the various levers that local authorities have to deliver that. All I'm saying here is it's not something that you would need to see planning consent for in most cases. You would have to use local transport or local highways orders to resolve those sorts of issues. They are delivered in a slightly different way.

[109] **Byron Davies:** I appreciate that, but it is viewed as a cash cow and an unnecessary burden on shoppers. I'm telling you. That's the view. People tell me that.

- [110] **Mr Hemington:** It may well be, but—
- [111] **Byron Davies:** Well, it is.
- [112] **Mr Hemington:** You need to talk to the relevant Minister on that one.
- [113] **Byron Davies:** I do. [*Laughter.*]
- [114] **Mr Hemington:** There we are.
- [115] **Byron Davies:** But I haven't got anywhere yet.
- [116] **William Graham:** Jeff, you had a question.
- [117] **Jeff Cuthbert:** Just very quickly on VVP, there were 11 local authorities that didn't get moneys. Was that because they didn't apply, or that some didn't apply, or that their bid did not meet the criteria? What was the reason why it's only 50 per cent that have actually got money?
- [118] **Lesley Griffiths:** All 22 local authorities applied. Eleven were granted. I will pass over to Kath because, obviously, it was before I came into portfolio, but all 22 applied. I think it's safe to say that some of the bids weren't as good as they could've been. It was also, I think, because it was £100 million over three years, which is not a huge amount of money over three years—I appreciate that—and the decision was taken to have these intense areas, as I mentioned in my opening remarks. Having had the experience of strategic regeneration areas, it was something the chief economist thought was better to do it this way. But I'll ask Kath to answer the specific about the criteria.
- [119] **Ms Palmer:** We asked each local authority if they would like to bid. All 22 did submit bids. There was clear guidance around the bidding process and the business case that they needed to submit. We did a two-stage process, so in the first stage, all 22 submitted a bid. We then went through an assessment criteria and scoring panel, and 11 local authorities then went through and actually had the VVP final funding. However, the tackling poverty funding has also given the additional seven local authorities further funding, albeit less—I appreciate that. The four local authorities that hadn't had any capital funding have actually got town centre loan funding through the financial transactions funding that the Welsh Government has had. That's very much around town centre loans to help unlock stalled sites. So, that's something new as well, since 2012: those local authorities are able to really focus on their town centres and try and unlock some stalled sites.
- [120] **Jeff Cuthbert:** Okay, so every local authority's had something by some means. Fine. But in terms of VVP, and just for clarity for me, I assume that all the unsuccessful local authorities had feedback on why they didn't get awarded money under VVP. Is that right?
- [121] **Ms Palmer:** They were all given feedback if they asked for it, in terms of their bids.
- [122] **Jeff Cuthbert:** If they asked for it.
- [123] **Ms Palmer:** I must say, there was a high quality in terms of the actual number of bids that we had, and if we had more money, we'd have loved to have given more local authorities funding, but unfortunately, we only have a limited pot.
- [124] **Jeff Cuthbert:** I understand that.
- [125] **William Graham:** Keith.

[126] **Keith Davies:** Yes. A couple of things, really. One is on planning—it's all right, Neil. [*Laughter.*] These out-of-town centres, when they set them up in Llanelli originally, at Pemberton and Trostre, they said that there would be no eating places—no restaurants or whatever—there, so that all those were kept in the town centres. Unfortunately, over the last couple of years, we've had a Frankie & Benny's, we've had Parc y Scarlets offering food, we've got a pub chain that's opened there, and I just wonder, you know, how they've broken the planning rules by allowing these new ones to come in. That's my first question.

[127] My second question, really, is on what you were saying, Minister, on getting public services into town centres and getting people to live in town centres. I've seen in Newcastle they had a project call Alive After Five, keeping town centres open later. Now, you get it in the cities, in Swansea and Cardiff, but what they did in Newcastle was they gave free parking after 5 p.m. and got the shops to open after 5 p.m. and things like doctors' surgeries.

10:15

[128] And if you have public services being set up in town centres, as you said earlier, not only will you have people living there, but people working there. So, having things open after 5 p.m. could be a real bonus for town centres. I don't know if any of that kind of development has occurred in Wales yet.

[129] **Lesley Griffiths:** I'll let Neil answer the planning question, but certainly the night-time economy is very important now in town centres. Certainly, in Wrexham, that's something that's been done. The shops stay open—there's one shopping area, where the shops open later. There are restaurants there, there's a cinema there, there's a bowling alley there and the parking, I think, after 6 o'clock is free. So, certainly, it is happening in Wales, but I think we do need to do more to encourage the night-time economy in our town centres. You mentioned GP surgeries. I think it would be great to have a new GP surgery—if somebody is looking to build a new GP surgery and open a new GP surgery that they look at the town centre. We do have primary health services, such as opticians, for instance, and chiropodists, but it would be good to see much more primary healthcare in our town centres. I'll ask Neil to answer the planning question.

[130] **Mr Hemington:** Yes, certainly. The Llanelli example is an interesting one. The research that we asked Genecon to undertake on our behalf actually looked at Parc Trostre and Llanelli as a case study. I think what they found there, certainly in relation to the way it's changed, is that we've actually moved away from having lots of large units to quite a few small units in Parc Trostre. Initially, I understand that that site was owned by the council, and it controlled the occupancy of the site through actually being the landlord. Subsequently, that's been sold on to a private sector developer, and they have allowed other things onto the site. Now, the authorities can control these different occupiers and uses if they use the planning tools to do it at the time. So, you can restrict pubs moving in and you can restrict food moving in, if you wish to do so. I fully accept that a lot of these retail parks have become leisure destinations in part as well, so you have got a number of different people locating there, but the local authorities have the tools to allow them to do that, if they so wish.

[131] **Keith Davies:** Thank you. Thank you, Chair.

[132] **William Graham:** Byron, on business rates.

[133] **Byron Davies:** Yes. Thank you. Minister, your views, please, on the role played by business rates policy in supporting the regeneration of town centres in Wales.

[134] **Lesley Griffiths:** Business rates are a key issue, obviously, for town centres. I think

the two main things that businesses raise with me in relation to this are business rates and car parking. Obviously, it's an area that my colleague, the Minister for Economy, Science and Transport, deals with. I'm very pleased that she is looking at several aspects of the business rates system at the moment. I'm very happy to work alongside her. Officials obviously work closely together, and that work will continue.

[135] **Byron Davies:** When I talk to high-street businesses, which I've done quite a lot recently, the message I get is that they think it's a very unfair playing field at the moment, with large supermarkets, such as Tesco, Morrisons, and what have you. Do you think that they should perhaps pay a bit more for having these large car parks and facilities?

[136] **Lesley Griffiths:** Well, as I say, that's something that the Minister for economy would look at. I think there are huge issues—

[137] **Byron Davies:** But do you think it could play a role in regenerating the high street?

[138] **Lesley Griffiths:** I think it could play a role in regenerating the high street, of course, but there are lots of initiatives that I know the Minister is looking at—you know about the small business rates, for instance. Those are very welcome. Again, when I was in Fishguard, I met an optician who raised that with me, and they are very welcoming of what the Minister's doing. Obviously, now, we're going to have business rates being devolved to Wales, and I think there is an opportunity for the Minister to have a look at what she can do to support town centres.

[139] **Byron Davies:** Can you give me some assurance? What sort of relationship do you have with the Minister responsible for this? Do you talk about it a lot?

[140] **Lesley Griffiths:** A lot. [*Laughter.*] Do I talk about it a lot? Obviously, it's an issue that we have discussed and officials would be talking about it, I would imagine, a lot because it is so important for town centres.

[141] **Byron Davies:** Every day, I get this off people.

[142] **Lesley Griffiths:** I don't talk to her every day, no. [*Laughter.*]

[143] **Byron Davies:** No, no, I'm talking about the businesses. Every day, it's mentioned.

[144] **Lesley Griffiths:** It is a really important issue. As I say, the two main issues that businesses raise with me are business rates and car parking.

[145] **Byron Davies:** That's right. Thank you.

[146] **William Graham:** Thank you. On business improvement districts, Minister, how do you intend to support those in the future? Some are in embryo, as in Newport, and some are better established.

[147] **Lesley Griffiths:** I'm quite fascinated by BIDs. I think it is an area that we are seeing an increase in. We've got 10 BIDs that will be coming to ballot this year—hopefully by summer/autumn—that we've supported. You'll be aware we've got three BIDs in Wales. We've got Swansea, which is quite long standing, since 2006, and re-balloted 2011, so, I think, again, its sustainability is very good. We've got Merthyr Tydfil and we've recently got Newport. As I mentioned, we're supporting 10 BIDs that will be coming to ballot. Again, there's a really good spread right across Wales. I think it's really good to see the partnership working.



[148] I'd be very interested—. I want to visit Swansea to see what they've done, because the fact that they've successfully balloted the second time, I think, tells us a great deal. I know you're taking evidence, I think today, from Swansea about this. Again, it's local people deciding on what's needed locally. You know, there's the 1 per cent levy that they collect, depending on their rateable value, and they can then spend the money in the areas that they choose. Again, Swansea have got quite diverse areas: the taxi marshal scheme; cleansing; safety and accessibility; drawing on local skills; developing conditions for innovation. And, again, what's been really important, I think, about Swansea is the fact that they've been able to draw on so many local people.

[149] **William Graham:** Quite. How about dedicated funding in the future, where they can demonstrate, as in Swansea's case, that it's working?

[150] **Lesley Griffiths:** That's something that I'm going to have to consider. Again, I haven't got a large amount of money for this. When I say I'm going to consider it, I'll probably consider it over this next year, because I'd like to see what happens with the 10 BIDs that are going to ballot this year. I'd like to see how that plays out before deciding where we will put any funding.

[151] **William Graham:** Thank you, Minister. As we have time, I'm going to start you on car parking, if I may, towards the end of—. It's very interesting, the documentation that we've received, and no doubt you've seen this as well. I think it was also very interesting to note that one of the perceptions about charging is that it's not the main criterion. The main criterion for shoppers seems to be, according to this evidence, availability. So, I suppose the question there would be: would you make dedicated funding available to local authorities that demonstrate that they need a new car park within their town or city centre, if it is such a key motivating factor?

[152] **Lesley Griffiths:** We've supported Bridgend to do that. As I say, business rates and car parking are the two—certainly since I've been Minister—they've talked to me about. We have given funding, as I say, for Bridgend. When I was in Neath, which has a town-centre partnership—. With some of the funding we've given them, they're building a new multi-storey car park right in the town centre. So, yes—. I'm not so sure about dedicated funding, but, certainly, there's flexibility within the scheme that we have for car parking.

[153] **William Graham:** There's flexibility within that. So, you'd encourage bids, in essence, to say, 'Look, where we want to do this, it doesn't quite stack up. We need some Government help.'

[154] **Lesley Griffiths:** Yes. I'm absolutely happy with that.

[155] **William Graham:** That would be worth while, wouldn't it? Eluned.

[156] **Eluned Parrott:** Firstly on that point, obviously it's a question of transport rather than just cars—because, clearly, many of our city centres, particularly Cardiff, are absolutely clogged with cars, particularly at Christmas time, when cars queue for a long time to access the car parks that are available—and how you're knitting transport into these regeneration plans. Secondly, there's the question about changing behaviour. You talked about retail being in flux at the moment. When we wrote this report three years ago, the assumption was very much that the big challenge to the high street was from out-of-town retailers, but we have seen, over the last few years, actually, many of the big out-of-town retailers, such as Tesco and Morrisons, posting dreadful results, with the value of their portfolios and out-of-town land assets dropping through the floor. We've also seen, in a number of these out-of-town developments, a very high vacancy rate starting to appear. So, have we taken note, really, of that second change of consumer behaviour, back towards local shopping and shopping in

smaller amounts for groceries and things along those lines? Has your strategy been responsive to what is essentially a fantastic opportunity, particularly for smaller local high streets?

[157] **Lesley Griffiths:** Just looking at transport first, obviously that's, again, for discussions that I have with the Minister for Economy, Science and Transport, to make sure that we're encouraging park and ride, for instance. I think it's really important for our town centres that there is that possibility, because we do want to get people out of cars. So, it's difficult, isn't it? This is what they were saying to me in Neath. They're building this huge multi-storey car park because they think they need it, and clearly they know. However, they accept that, also, we need to try and get people on local public transport, such as buses, for instance. So, I think it's really important that—. Again, local authorities know their areas and they do that work. But, certainly, at a ministerial level, those are discussions I have with the Minister.

[158] In relation to what you were saying about out-of-town retailers, you're right. It's only three years ago, isn't it, that you did your report? But you can see, looking at the recommendations, that certainly that was what you thought would happen. Again, I think, going back to initiatives such as the high street campaign, and going back to Blaenavon, where there had been all of these empty shops, they were now full of independent businesses; not just shops, but there was a woman I met who—I don't know how she did it—was a full-time midwife, she was a mum and she had opened a fantastic cafe. So, I think we need to do more to support people like her and I think we are doing that with the high street campaign and also with VVP, to encourage small, independent businesses to come into our high street.

[159] **Mr Hemington:** If I could just comment, as well. We're now starting to look at planning policy, going forward, in terms of the planning policy we create nationally. We have a working group looking at that. I think one of the big challenges we do face is the end of the retail-led regeneration through supermarkets. We've seen a number of cases—you mentioned Bargoed earlier on where Morrisons were actually a key player. For example, in Abergavenny, we've got a town centre regeneration that has been going on for a long time, that supposedly links to Morrisons. So, that is going to be a big issue for local authorities if they haven't got certainly a town centre or edge-of-town centre supermarket that they can use as a regeneration tool. What do we do instead? So, going forward, we're going to have to start thinking of planning policy in 10 or 15 years' time—when you're looking at your local development plan, what's the landscape going to look like? A lot of the non-food bulky goods that you've seen in the past on out-of-town retail parks, people are now buying over the internet, so what's the future for those sorts of stores? There is potentially going to be a lot of retail space that is no longer required in out-of-town locations and elsewhere.

[160] **William Graham:** Just as a final—. Do you have a question? Joyce, please.

[161] **Joyce Watson:** It's about linkages, coming back to planning again. It's always going to come back to planning. It's about selling the uniqueness of your location in the changing environment that we face, and linking that also to a strategy on housing for town centres; otherwise, my fear is that—and it might not always be a bad thing—you have very expensive houses in terms of the rent that will just feed insurance and pension funds and do absolutely nothing for the local area. So, when you're reconsidering your planning advice, are you going to link those things up? As far as I'm concerned, they do link. If you're going to sell this as a prime place to be, then you have to do that in totality. That, really, was my question.

[162] **Mr Hemington:** Certainly, we do look at it. We look at it through 'Planning Policy Wales', but we will look to see what more can be done. I think what we've seen over the last few years is people rediscovering town and city centres as places to live. In some regards, that has been, in some cases, the upper end of the market. We do also need to make sure that we have affordable and local housing within those areas as well. Again, we have the tools within

‘Planning Policy Wales’ that allow local authorities to do that. A lot comes back to the value of the land and what you can actually put on that land, as well. We have had lots of examples in the recent past where, probably, the most profitable town centre use was a supermarket. You’ve just spoken about this; we might not see any more supermarkets, so what else are we going to use those sites for? Housing may be one of those.

[163] **Keith Davies:** Also, the British Retail Consortium report on town centres talks about safety and security and whether there should be a debate with the police and crime commissioners on this. But what is happening, I think, now, across town centres is that these police and crime commissioners are taking out the CCTV cameras and so, in fact, making town centres more dangerous. So, are there any debates about safety and security in these town centres that we’re looking at?

[164] **Lesley Griffiths:** I haven’t had discussions specifically about that, but I think it is obviously an issue. For instance, with community support officers, which I’m thinking about, I’ve seen that, around the night-time economy, they play a really important part.

10:30

[165] **Lesley Griffiths:** If I could just pick up on the point that Joyce Watson mentioned about housing—and, again, within VVP, I think it’s really important that you get that mix of affordable housing development sites—low rents are really crucial to tackling poverty, for instance, so, again, within VVP, that’s something we’ve seen—building one-bedroomed properties. Because, obviously, with the welfare reform changes, we need more one-bedroomed properties. I think we moved away from building one-bedroomed properties 10 or 15 years ago—it was three-bedroomed properties—but we’re going back now to building one and two-bedroomed properties. So, certainly, low rents are a really important part of VVP to tackle poverty.

[166] **Joyce Watson:** Thank you.

[167] **William Graham:** Thank you very much. As always, thank you very much, Minister, for your attendance today and for the excellent evidence we’ve had from you and from your officials. Thank you very much. We’ll have a committee recess now for 10 minutes.

*Gohiriwyd y cyfarfod rhwng 10:30 a 10:41.  
The meeting adjourned between 10:30 and 10:41.*

### **Adfywio Canol Trefi Regeneration of Town Centres**

[168] **William Graham:** [*Inaudible.*]—Can I welcome Andy Godfrey? Could I ask you to give your name and various titles, I think, for this today, for the record, please?

[169] **Mr Godfrey:** Yes, many thanks for the opportunity of meeting with you today. It’s at times like this that you look behind you for the team that are with you and find that you’re on your own, but never mind. My role within Boots, first of all, is to represent the company in terms of our retail policy, which will cover a breadth of issues, if you like. What I don’t get involved in too much is Europe and health; I would be much more looking at the retail agenda and the retail side of the business.

[170] I sit on the Welsh Retail Consortium, and I know Sara gives her apologies—she finished last week to move off onto maternity leave. Across other responsibilities I have, for the British Retail Consortium I head up the local government policy advisory group, which covers a range of issues, including the issue of town centre vitality, business rates, and

therefore business improvement districts, which I know are things that you might want to quiz me on later on today. On BIDs, I chair the Heart of London business improvement district, which is the area of central London that covers Leicester Square, Piccadilly Circus and Piccadilly, currently with a turnover of £2 million a year, but likely to go to £3.5 million a year from July, because we're just about to go down the route of the first property-owner BID ballot in the UK. So, again, we may want to talk about that. I sit on the British BIDs advisory board, and, for the British Council of Shopping Centres, I'm a member of their asset management committee, and some of the issues around regeneration might sneak in their direction.

[171] Historically, finally, I've spent most of my retail career actually as a store manager working in Wales, with various appointments for Marks and Spencer and Boots in Cardiff, Swansea and Wrexham, so I very much feel at home today, I hope. Thank you.

[172] **William Graham:** Thank you very much. Our first question, Joyce Watson.

[173] **Joyce Watson:** Good morning. I don't need that long to introduce myself. [*Laughter.*] It's great that you're here to advise us with all those hats on. You say, and we know, that the challenges in Wales are not unique to Wales. But how do you think the challenge has changed at all since January 2012, when we last reported?

[174] **Mr Godfrey:** Well, on the positive side, I think there is a better understanding of what's happening out there. I think there was a situation in probably 2010-11 time when we could see a huge pressure on high streets and a significant movement towards digital. And it was, kind of, 'Does that mean it's the end of the high street, and what does that mean for communities, and the hearts of our communities, which, historically, have been high streets?' I think we're now moving on from that position to one that better understands what's happening, and better appreciates the vital role that town centres play, and the fact they will have a vital role to play in the future. So, in that sense, I think it's more positive, albeit I think we're at the very beginning of travelling down a route that involves how we respond to that change, and I think there's some great work that's beginning to come through, and I think there's a fantastic opportunity from some of the work streams that are working their way through in Wales for us to learn from what's been driven by the Welsh Government. But it's kind of early days yet, and I think we'll come across that later in discussions.

[175] **Joyce Watson:** You mentioned there that there are certain things being driven by the Welsh Government in light of those challenges. In which areas do you think that the Welsh Government has made the most progress?

10:45

[176] **Mr Godfrey:** I think where it is ahead of the curve, relative to how the Governments in Scotland, Northern Ireland and England have responded, is probably in recognising that part of the response that's necessary is to be targeted around some capital expenditure, as well as, if you like, supporting the principles of responding. So, I think some of the capital work has been particularly valuable. And I think also, probably, Wales is further forward in recognising that there needs to be some sort of framework in place if we are going to see an effective response to this agenda and we can't just leave it to local communities and local authorities to sort it out for themselves.

[177] **Joyce Watson:** So, you're suggesting then that the Government is leading the way, and you've said that there's a framework coming in place and some targeted funding. Are you able to give any examples where you feel that that has particularly made a difference?

[178] **Mr Godfrey:** Yes. I think if you look at the way, for instance, that you've— I know

we're going to come on to things like business improvement districts later on, but I think some of the work that you're doing around business improvement districts, to recognise that, actually, to get them off the ground, particularly in smaller communities, you need some sort of support from the centre—. I think, on some of the work and some of the questions that you were challenging the Minister with in the previous session, around where this might go in terms of business rates and in terms of planning, you're asking those kinds of questions that recognise that, actually, unless the centre, unless Government, provides some support to that framework, then it's unlikely that some of these issues can be tackled any other way. Whereas I think if you take and compare with, say, where we currently are in Westminster, there is still a tendency, too often, to say, 'Let's leave it alone for the local communities to deal with and let's not recognise the need for that degree of central direction.'

[179] **Joyce Watson:** Thank you.

[180] **William Graham:** Thank you. Jeff.

[181] **Jeff Cuthbert:** Yes, thank you. Good morning. Following on from the points that Joyce Watson has just made, I note that the paper that we've had from the Welsh Retail Consortium does say that Wales needs to tackle the issue of high street decline with even greater urgency than the UK as a whole. But it also goes on in their paper to talk very much about the importance of partnership and working with the Welsh Government and other partners so that it's more of a team effort. Now, you'll be aware that, through Vibrant and Viable Places, the Welsh Government is targeting £100 million and that's been awarded to 11 town centres across Wales. Do you think that that is a sustainable approach, and do you have any other comments about the way in which we're also linking this to helping the overall tackling poverty agenda?

[182] **Mr Godfrey:** Right. So, three things: first of all, to say that, absolutely, we welcomed the recommendations within the original report and the work stream that followed on. Our head of country, Sian Wilton, who, again, apologises for not being able to be with us today, is part of the ministerial group, representing the retail sector on that group, and we very much want to support the work stream that that's pushing through and learn from that work stream, crucially, in terms of where it goes to.

[183] In terms of the broader issues with regard to tackling poverty, yes, I think, when we're talking about the town-centre agenda, we need to recognise that what we're talking about here is communities. Now, personally, as a retailer, I believe that retail has an important part to play within that, and town centres have an important part to play within that. But I think we need to be seeing this as a very much community-driven initiative, because I believe that communities want to have town centres; they want to have hearts to their communities and they want to have something to identify with. So, I think the two should be seen as very much one and the same. Sorry, have I missed an element of the question?

[184] **Jeff Cuthbert:** No, not at all. But, if I may, Chair, clearly there are some aspects of high-street regeneration that are beyond the scope of the Welsh Government or any Government, such as the growth in internet sales. There's not a lot that we can do about that, and that will probably grow over the years to come. So, there's a need, which was certainly mentioned by the Minister, for greater diversity on the high street, not only retail, but I appreciate that that's your particular concern. Do you feel that this vision is shared, particularly with local authorities, and that there is a good partnership at that local level between what the business community and organisations like yourselves can do with local authorities as well as the Welsh Government?

[185] **Mr Godfrey:** Yes. How do I tackle this question? I think I have two initial observations—apologies for a fairly long answer here, but then you can pick from those. I

think, when people challenge me around the town-centre vitality issue, I always try and keep it as simple as possible in terms of the response. The response I see is threefold: one is around a need to address the issue of the costs of operating and that the actual cost base for operating in town centres has changed because the role that they play has changed. Instead of demand exceeding supply, supply is now exceeding demand; that's number one. I think the second area is the issue around the attractiveness to invest in town centres, almost putting on my British Council of Shopping Centres hat, and recognising that we need to be finding ways of encouraging and challenging investment into our town centres rather than elsewhere. And the third is the issue of the pace of change, which I think is faster than ever before. We need to recognise that that pace of change needs to be managed—it won't just happen on its own. So, I think that those are the three key areas of focus, whether we are talking about central Government or local government. Clearly, at local level, there are some things that are already available for local communities and local authorities to use to deliver those three work streams and there could be other opportunities for more authority and powers to be given to them.

[186] **Jeff Cuthbert:** When you said 'managing the pace of change', what do you mean?

[187] **Mr Godfrey:** On the one hand, and I listened to the previous session, I think we've got to recognise that retailers always change at a fantastically fast pace. I did a piece of work many years ago that looked at something like the major 10 operators on the high street in 1990 and then looked at who they were in 2000; so, just 10 years later. Listening to the Chairman's comments in the previous session, people like Radio Rentals, C&A and Dewhurst butchers were in that top 10, but they were gone in that 10-year period. So, I think we've got to accept that there's always going to be this—. Retail is a fast-changing environment. I think the difference with where we are now is that, whereas there were new businesses tipping in—new retailers tipping in to replace the old businesses historically—now we are looking at a different role for the high streets to play and it partly involves a broader range of leisure, retail, cultural, civic and so on. But also, even within retail, it is recognised that the role that town centres will play in delivering the element that's going to be—if we like to call it 'digital'—is still absolutely vital, but different. It's going to be a different role that a shop plays over the next 10 years than it was potentially 10 years previously.

[188] **William Graham:** Mr Godfrey, I wonder if I might just press you a little bit on your previous answer from the point of view of Boots. It's widely admired as a fairly pragmatic retailer. Without being too subjective, I remember in Newport, particularly, when the first floor was the lending library. That's all gone and there have been all sorts of changes within the group, but the group remains a prominent retailer. As you said, others have gone; Woolworths, in particular, which you think of being everywhere, and Boots is probably the same. What do you think have been the significant factors in enabling your group to continue and to continue so profitably?

[189] **Mr Godfrey:** Yes, we have over 100 stores in Wales—110 stores and 2,000 employees. I'll be honest with you here: if you look at the impact of digital on the health market—health and beauty particularly—it has been much, much less than almost any other area of the retail economy. So, in fairness, we've probably had it slightly easier than most. So, if you're looking at areas like books and music, they've actually come through that stage and it's interesting to see how book retail, particularly, is beginning now to turn the corner and provide a new set of services for the modern consumer rather than previously. So, I think they've had to go through that change at a faster pace than we have. Maybe we're just in that sense—if you want to see it as that—lucky.

[190] **William Graham:** So, the pharmacy side of it, again, is an anchor—the group traditionally being a manufacturing and a retailing chemist. That has all underpinned it. Surely, it must be more than just that, because you are still on every high street.

[191] **Mr Godfrey:** Yes. To be honest, the nature of our business is community—we are a community pharmacy. Your typical Boots store will not be what you see here in Cardiff; it will be a small shop—a small pharmacy serving a local community. Therefore, we absolutely want to, we need to, but have to operate within communities, which I think has helped us in the work we've done over the years around, initially, town-centre management and, more recently, business improvement districts, because what we really about is, from a business point of view, if we have a thriving local high street, it's got to be good for Boots. So, let's get the high street right and not worry too much about what that means for Boots, because, actually, if the footfall's there, it's bound to be good news for the Boots pharmacy.

[192] **William Graham:** Thank you very much. Eluned.

[193] **Eluned Parrott:** Thank you, Chair. I wonder if, from your experience, not just in Boots, but actually through the consortium, as you'll have heard me mention in the last session, we've seen retailers, or some retailers, leaving the out-of-town destinations, and we've also seen the emergence of a lot of smaller stores from the larger supermarket chains popping up in high streets. So, there seems to be another change in consumer behaviour, which appears to be abandoning the out-of-town developments. I'm wondering—obviously, Boots is a retailer both in out-of-town and in high street locations—whether you're seeing another change in the pattern of the balance of the business there.

[194] **Mr Godfrey:** Yes, we have. Our portfolio is dominated by the high street, but we do have some edge-of-town and out-of-town representation. I think there are two things here. In some cases, town centres move, and in some cases town centres have moved away from where they have traditionally been to a new centre. So, if you take somewhere like Swansea, although it's all in the city centre, you know, when I was manager down there at the Marks and Spencer store, the High Street is actually as you come out of the station, and there are hardly any shops on it, and then it moved down to the area where Marks and Spencer currently is and then it moved on into the shopping centre. So, that's moved, and I think you can think of some locations where high streets have moved, and, actually, there's been a need for them to operate somewhere differently, potentially because the land has been more available where they have gone. So, that's fine.

[195] On the other side, I am frustrated. I think we've had the right language around planning and around sequential test. I'm not sure that it has always delivered effectively, and I think that, if you look at some of our town centres, they have suffered because there hasn't been enough focus on making sure that the investment that's going in is going in for the long term rather than the short term. It is frustrating to see that, in some cases, business has been drawn away from city and town centres, only to find that that kind of format is now changing and, potentially, not able to support itself, returning to town centres. I think we're fortunate, perhaps, in most cases that we've still got time to react to that change and deal with it in a different way maybe than in the US, where you can still see some downtown communities where there is virtually no business community left, and that's a great shame.

[196] **Eluned Parrott:** Clearly, particularly, local government policy and planning decisions have a massive impact on this phenomenon of town centres or the locus, if you like, of a city centre like Cardiff, which has moved from near the railway station. When I was a little girl, it moved to Queen Street. Since the time I came here to university, it seems to have been moving back in the direction of the railway station, because of the St Davids 2 development, and we see that happening because of planning decisions that are taken. But do you think that there's enough information, so that the planning decisions that are taken are well informed and planned and managed around other infrastructure, like transport and things like car parking?

[197] **Mr Godfrey:** I think, in honesty, if we look at issues like car parking, and if we look at the issues around the planning policy as well, my generation hasn't focused enough on what will attract investment and business into town centres. We've ended up with a situation where, often, it makes more sense for businesses to be operating away from town centres, rather than within them, and I really do hope that, looking forward over the next 10, 15, 20 years, amongst other areas of focus, we have a real focus around developing a strategy that will create incentives for businesses to choose to be operating and for investors to choose to be investing in our high streets, rather than choosing to go elsewhere. I think we're going to have to do that, because the choice is much greater than it was probably when I was a kid, when, actually, most of our retail shopping happened with the local town centre almost by mistake. There was no alternative, so you naturally gravitated towards your local town centre.

11:00

[198] **Eluned Parrott:** Can I ask you to be explicit about what those incentives might look like? If there are things that we can do that will make a town centre make more sense than an out-of-town destination, or even retail online, what do those look like?

[199] **Mr Godfrey:** I do think we're feeling our way here. We are at the beginning of this journey. If you look at— What I'm getting at, there is, that if you look at the kind of principle that's behind issues like enterprise zones, that kind of actually says, 'Look, this is really where we want you to be operating businesses. We want you to be investing. Let's start looking at what we could do to encourage you to choose to be operating in that area, in terms of the cost base, in terms of the planning opportunities.' At the moment, potentially it's been more attractive to choose, from a cost and planning point of view, to operate away from town centres and create new retail parks in areas where they don't naturally serve the community.

[200] **Eluned Parrott:** You heard me, I imagine, ask the Minister about the idea in your paper that Wales needs a clear vision for its high streets. Do you think that we have one? In which case, that would suggest that you think we don't.

[201] **Mr Godfrey:** I think there is a very clear vision. The challenge now is how we deliver that vision. Increasingly, as I spend time across the UK, there is an absolute recognition of the importance of town centres, the importance of communities, the importance in terms of jobs and growth and housing et cetera. The challenge now is: how do we deliver for that vision? How do we get to the end point in terms of creating a set of policies to deliver what we want from that vision? I think the vision's there. It's more a matter of how we, if you like, address it now to make it happen.

[202] **Eluned Parrott:** Okay. Thank you.

[203] **William Graham:** Would you then agree with the Minister, and you heard some of her evidence this morning, that our town centres cannot depend on retail alone as they look to the future?

[204] **Mr Godfrey:** Yes and they should never have done in the first place. We can all probably think, if we went back 20 years— I can think of going into Redditch, I think it was, and it was just a shopping centre and it was so boring and soulless. That is not what I think we mean by town centres. Centres should always have had that breadth of retail, leisure, culture et cetera. Perhaps we took it for granted and maybe they naturally did have it because that's where demand was. So, if you like, the retail demand also pulled in the other elements as well because that's where the footfall was. Maybe we need to be addressing it in a slightly different way now that footfall is under that kind of pressure. Potentially, there are options for consumers and us as individuals in terms of how we operate. We need to potentially be addressing it in a different way, but there's always been a need for that breadth. And when



that breadth hasn't been there, there's no real reason to visit. If you like, one of the great opportunities for town centres, going forward, is that, even despite what's happened, there is still the structure and the basis there for some great experiences that cover—again, listening to the earlier session—and look at where the river is, where the castle is, where the history of the town is, and using the overall offer to a much greater extent. The challenge that some other retail operators are finding now is, if all you have is a large shed, it's not a very exciting experience to choose to do that rather than to order online, for instance.

[205] **William Graham:** We touched on parking and transport; what are your views? How vitally important—well, clearly, it's vitally important—what I mean is: how can it be enhanced to meet particularly what you were saying that the retail experience is beneficial?

[206] **Mr Godfrey:** Again, I listened to the earlier session in terms of the officials' response. My challenge there would be, I think accessibility and car parking has been seen as a traffic management issue. You have to go through this committee and that committee and the other committee and it becomes a kind of local issue, but it's a process rather than actually recognising that, in both cases, accessibility and parking is an attractor. It is one of the reasons you will choose to do something rather than something else. Or equally, you will choose not to go. So, there are centres near where I live where I just don't go because they are not welcoming in both terms. So, they don't get a visit from the Godfreys. They might be glad of that, but, you know—. We have to recognise it really is important to see car parking as one of the tools to attract people to choose to visit the centre, rather than go elsewhere. Whereas, potentially, all too often, at the moment, the incentive is to go in the other direction.

[207] **William Graham:** And would your consortium agree with the broad consensus of the evidence that I've read recently, that availability rather than prices is one of the main criteria?

[208] **Mr Godfrey:** I think, in fairness, it's availability, pricing and quality. Again, I'm going to talk in very general terms, across the UK, and I could take you to different centres where different issues apply. So, I think the work that's been done in Swansea, for instance, to really focus on the cost issue and the availability issue, and to encourage customers to choose certain times of the day to be shopping—and Wrexham, indeed—is to be commended and is addressing that side of it.

[209] The quality issue, I think, is one we do need to beware of. In too many centres now, the car parks that exist are becoming extremely dated, and I'm not sure they are very nice experiences to go into. In some cases, when you look at how many columns there are, you just kind of drive around and think, 'Where am I going to park without scratching the car?' So, quality is a real issue and, I think, going forward, we will need to address this because we can't just live off car parks that are, in some cases, becoming quite historic and dated and are maybe in the wrong locations within towns as well, of course.

[210] Equally, in fairness, in pricing, there will be some centres I could take you to—and, I have to say, I don't know a Welsh example here, so maybe you haven't got one, but certainly I could take you to some grim examples in England—where the price is just ridiculous. If you're choosing to travel into a city centre, and you are paying an £8 or £9 precept before you even start shopping, why would you choose to do that?

[211] **William Graham:** One suggestion—well, not a suggestion, but a reality—is that the Welsh Government were keen to use alternative means other than the car and, therefore, the pricing of car parking was part of that. Would you subscribe to that view? Is that relevant?

[212] **Mr Godfrey:** I think that we always need to be looking at alternative ways in terms of whether there are—and there will be, in some cases—opportunities for the car parks to be

situated away from town centres to make it a more attractive experience when you actually get to the town centre, rather than finding yourself surrounded with cars. So, in some cases, such as the Cardiff park and ride, the use of public transport does provide some opportunities. But I do think that we also need to recognise that the car will always be a really integral part of the experience, both in terms of convenience but also in terms of the fact that, if you're carrying bulky goods, it's probably far easier to put them into your boot and drive home with them, rather than choose to use the other forms that you could use of transport.

[213] **William Graham:** In terms of your consortium, you'll be aware of proposals for a metro here in south Wales. It's some years away, but the foundations are being laid—let's put it that way. Has that been the experience of your consortia, where metros work to—

[214] **Mr Godfrey:** In terms of trams? I'm smiling because, of course, I'm sure you know that Edinburgh had plenty of challenges in the evolution of their tram system. We probably won't go there. No, I think they have a useful role to play. I, actually, normally use a tram when I fly into Edinburgh and want to get into the city centre. On the other hand, I think we do need to recognise that it's one route; it's of use to those people who choose to be travelling down that single route, but it may not answer the question of how communities reach their town centres or city centres, in that case, and use them. So, it can assist, but the numbers using it need to be put in the context of the total numbers travelling into and out of the city centres. In Nottingham's case, which is much closer to home with Boots, we are just in the process of seeing tram two about to open in September. Again, I think it will be very, very useful for people on the route and people using some of the district centres like Beeston. But, equally, there will be other areas of Nottingham that it won't have much relevance too.

[215] **William Graham:** And then we come on to business rates. No doubt, the consortium has a view.

[216] **Mr Godfrey:** Yes. I think there is a lot where we, in business, can provide greater support to the policy agenda. So, I'm going to park that for a minute, because it would be wrong for me to be coming in just with a great big long list of asks and saying, 'It's nothing to do with us. It's all, you know—.' So, I think there's a lot I can say in that other area, and let's not lose sight of it. But clearly, in business rates' case, going back to that point I made earlier, the cost of operating is a fundamental issue that faces businesses large and small in choosing, first of all, to operate in bricks and mortar full stop, and, secondly, having chosen to operate in bricks and mortar, to be encouraged to be operating in a town centre rather than choosing to go elsewhere. At the moment, the rates system deals with neither.

[217] So, there is, I think, a general recognition, and I have to say, across business far more broadly than retail, that the present system is dated, is broke and needs some degree of significant redress, whether that's fundamental reform or whatever language that we use. But I think that there is a need for the review that many people have been arguing for for a considerable time. If you take the relationship between, for instance, business rates and corporation tax, you know, for every pound that retailers are paying in corporation tax we're paying £2.40, £2.50 nearly in business rates. So, actually, it's a really, really important issue that is leading to businesses choosing not to open in bricks and mortar and not choosing to open in town centres.

[218] I think from a young person's point of view, from an entrepreneur's point of view, we do need to address this. To go away from the UK, I was in some discussions recently in Brussels, where the Italian business community was saying, 'Look, before we open a shop in an Italian city centre, 60p in the pound is going in terms of taxation'. Now, if that's the case, they're just finding that young people are not choosing it as a career and a path they wish to follow. I think that's a great shame. So, we do need to look at the cost base and make sure that if we want young entrepreneurs to be coming into our town centres that we create an

environment that would encourage them to do so.

[219] **William Graham:** Does your consortium plan to publish their ideas at a current level?

[220] **Mr Godfrey:** Yes. There have been a number of publications already around the nature of the problem and the options that could be used. It is always one of these problems where, on a personal basis, I represent Boots on the business rate agenda, but I am not pretending to be an expert when it comes to taxation—thank goodness. So, while we can identify the failings in the present system and identify that there is a real need to be addressing it, what option is chosen by Government to address that issue, I think, to be honest, I'm not sure is my job to do. There are lots of ways that it could be tackled, but I'm not sure necessarily that I, as a retailer, am best placed to provide that answer.

[221] In broad terms, I think we need to recognise that there are three kind of routes that could be followed. Number one is a stake in the ground that says, 'Look, when business rates started, they represented 32p in the pound; they now represent 48p in the pound'. They can only go up. The way that the system is set, the way that the system works, is you can't see business rates going down, as things stand at the moment. Therefore, as a starting point, if you just put a stake in the ground that said, 'Look, we're getting as much as we can from business rates, we can't see the 48p become 50p, 55p, 60p', actually, that would be a really important step forward.

[222] There is then something in the short-term to medium-term issues that can be addressed. I think we can be looking at more frequent revaluations than the five-year term at the moment. To be basing our current rates system on where we were in 2008, and in Northern Ireland's case where they were in 2002, can't be right. There is a need, and I think most people, including larger businesses like Boots, would recognise that actually a huge amount of effort is put into gathering money from small businesses in particular that we then give back in reliefs and subsidies. That's very inefficient and it may well be an opportunity to look at pulling out some of the smaller businesses from the system altogether.

[223] The actual system itself is terribly antiquated and dated. As someone who is not a rating specialist, I look at it and think, 'We've moved on, we don't work through paper in almost any other area of the way that we do business these days; there has to be a more effective and efficient way of working'. So, there's that issue. Then, beyond that, there may be the opportunity for looking at the actual basis that we work. On a personal basis, I say, 'Let's, at least to start with, get to a stage where we are recognising that business rates are already being expected to take up too much of the cake'. Let's get to that stage and if it takes longer for us to identify an alternative system, then that may be the case. But there's a lot we could do in the short-term to medium-term and I think there's a really good opportunity, if I may say so, as business rates are devolved to Wales, for Wales to lead the rest of the UK in terms of addressing this issue.

11:15

[224] **William Graham:** Thank you. Joyce.

[225] **Joyce Watson:** I don't think you'll be able to provide the answer, but you've got a situation where business rates are applied because you're doing business in a specific place at a specific time, and you're up against the internet, which is doing business somewhere else and not paying business rates. I haven't heard any conversation about those two elements of business, where one is clearly having a negative impact on the other. I know that profit is sometimes taxed—I won't say too much about Boots—and, other times, it's not taxed. Do you think that there's a conversation that needs to be had about levelling that playing field,

really, where the small business is always taxed at source against, maybe, a different business that is doing their business through the internet and not paying any business rates, or maybe even tax, at all?

[226] **Mr Godfrey:** Yes. Obviously, putting on my WRC hat here, I will answer that with care, but what I would say is, I think, in fairness, the reason you haven't heard that conversation is because, actually, going back to my previous answer, it falls into that third category. Really, if you're going to address that issue, you need to be looking at, actually, the basis for the business rates system—remember, the business rates system is based on bricks and mortar. It is based on space. Retail tends to require a lot of space relative to other industries, so, despite the fact that we are 5 per cent of gross value added, we're paying 28 per cent of business rates. That's why we exist in that situation. If you created a change to the fundamental system, it might well end up a much fairer, equitable system that would work across industries and within industries. That is a bigger jump and a bigger step. I think the reason that the conversation hasn't got to that stage yet is because we haven't yet, really, got to the stage of saying, broadly—you know, whether we are talking about the Treasury or treasuries—that, actually, we want to see that fundamental reform. Once that's accepted, actually, what you're describing would naturally be addressed.

[227] **Joyce Watson:** Thank you.

[228] **William Graham:** And then, with your other expertise, business improvement districts. You know, except for Swansea, the others are much more modern. It does seem a major way forward: a great deal more community involvement.

[229] **Mr Godfrey:** I'd encourage the committee, maybe, to have a look at the—. There are now 207 BIDs across the UK. I think it's 207. I know the Association of Town and City Management are on next and they can correct me if one more has appeared in the last week. I think there is a huge opportunity for that number to continue to grow. In many cases, they are playing a really valuable role in bringing the business community to the table at a local level and helping it to play an active role in focusing on variety out of high streets. I think my challenge would be: BIDs are growing fast, and you need to make sure that their quality and their transparency are there as well. Whilst I support—have done since day one; I was a member of the national BID pilot back in 2003-04 or whatever—and we've always championed the principle, I think we do need to make sure that the quality, the transparency and the ability to ensure that, to be honest, the worst 10 per cent are moving forward and are being given the support to move forward, and if not support, are being insisted on moving forward, are an important element of BIDs to make sure that, actually, the quality of the overall principle of BIDs is maintained. So, business does support, but I think we do, potentially, need some greater safeguards.

[230] I think, interestingly, in terms of providing the committee with extra information on both business rates and business improvement districts, of course, there is currently consultation out with the Government in Westminster. In terms of looking at BIDs, that consultation is very much around how we give BIDs more powers on the one hand and, equally, how we make sure that the quality and the transparency are there.

[231] **William Graham:** Any further questions? Yes, please, Joyce.

[232] **Joyce Watson:** I don't know whether I heard you right, but I was listening about your involvement in BIDs, and you mentioned retail, but you also mentioned property, which fits, of course, if we're going to use the town centres differently. Have we got sufficient time for you to just tell us a little bit more about that?

[233] **William Graham:** Certainly.

[234] **Mr Godfrey:** Right, okay. It will be a little bit, but I'm really happy to spend time on more detail. At the moment, the only property owner BIDs that we can have in the UK are within central London, because in central London you've got a supplementary business rate, which is Crossrail. So, it's for a technicality, really; it's just the legislation it was linked to. That being the case, we are going to be seeing the first property owner BID launched in central London in the Heart of London area within the next three or four months. Without prejudging the ballot, I think you'll find very large support for that. It's focused on some of the broad issues that occupier BIDs are face with, but I think it's also looking more long term, more strategic, and probably more around issues of how you market and promote the area, rather than maybe the clean, green and grime side of some of the issues that need to be addressed from an operator's point of view, which are more day to day.

[235] In central London, not only will occupiers be paying a 1p precept, which then goes into the occupier BID levy, but owners will also be paying a 1p precept, and that will allow us, over each of the next five years to have £3.5 million additional investment into that area of London, which is a very strong message to give, both in terms of directly providing some services, but also in terms of bringing the business community together and having a clear voice for an area of London that, to be honest, has not really had that clear a voice, historically. I mean, in the past, too often, our area's been seen as a sort of throughput between Regent Street and Trafalgar Square, and people haven't recognised the offer that's there below Regent Street. I think that's really what we're very much about: delivering for Heart of London.

[236] Outside of London, property BIDs cannot currently be established, and there will be some challenges with the present rate system. The present rate system means that BIDs are actually very easy to administer. The rates system is easy to administer, and therefore a penny precept is easy to deliver. When looking at property owners, there isn't a list of property owners in the same way as there exists for occupiers through the rates system. Therefore, to actually identify owners and levy them will be more difficult. I think, at least initially, there's a real opportunity in larger destinations—whether there's a role for that in smaller destinations, I'm not so sure. Sorry.

[237] **Joyce Watson:** Thank you very much.

[238] **William Graham:** Thank you very much, Mr Godfrey, for your evidence today. It was very helpful indeed, and we're most grateful for your attendance. Thank you very much for coming.

[239] **Mr Godfrey:** Thank you.

11:23

### **Adfywio Canol Trefi The Regeneration of Town Centres**

[240] **William Graham:** Good morning and welcome. Our usual practice is for you to give your names and titles for the record, and then we'll go into questioning. If we could start with Ms Kingsley.

[241] **Ms Kingsley:** Good morning. I'm Rhiannon Kingsley. I'm the chair of the Association of Town and City Management in Wales. I'm also the town centre manager for Bridgend County Borough Council.

[242] **Mr McDonald:** Good morning. I'm Ojay McDonald. I am the public policy manager for the Association of Town and City Management, and I work across the UK on all policy issues to do with town centres.

[243] **Ms Pompa:** Good morning. I'm Antonia Pompa. I'm the business improvement district co-ordinator for the Big Heart of Merthyr Tydfil.

[244] **Mr Greenslade:** I'm Russell Greenslade, chief executive of Swansea BID.

[245] **William Graham:** Splendid, thank you very much. We'll go straight to questions, if I may. Joyce Watson.

[246] **Joyce Watson:** Thank you, and thank you for being here. I want to just take some views from you on the Welsh Government's approach to targeting the main Vibrant and Viable Places funding on a small number of town centres, and how effective you think that has been.

[247] **Ms Kingsley:** Yes, as you said in the previous session, there are 11 town centres that have received the funding. When VVP was first launched, its aspirations were for transforming town centres, so a transformational change. As the Ministers changed, that agenda changed slightly. So, it's become a housing-led regeneration scheme for the town centres. I think it is important to focus on a fewer number of town centres and ones that have good regional links, good transport links, and that can offer employment opportunities. Being able to deliver affordable housing in a smaller number of town centres, I think, is better because you can plough more money into it. If you spread the pot of money over 22 town centres—say, for each local authority—then I don't think you're going to achieve the vision that is expected of VVP.

[248] **Joyce Watson:** Okay. Would you like to tell us about the degree of progress that's been made by the Welsh Government in that regeneration of town centres programme?

[249] **Ms Kingsley:** It's the first time that town centres have ever had consolidated funding just for town centres. There have been lots of funding pots in the past, which you could bid into and match, but this is the first time it's ever been targeted at town centres, which is welcomed by, I think, all town centres across Wales, and especially by ATCM. It's showing a real commitment from Welsh Government to town centres, so that, in itself, is massive progress.

[250] **Joyce Watson:** Okay. Ojay?

[251] **Mr McDonald:** Yes. I just want to firstly echo that and to say that, in terms of our members in Wales, they are really pleased to see the intent of the Welsh Government in terms of supporting town centres through VVP and through this sort of consolidated, co-ordinated funding, which is a great start. However, there are some challenges in the way the funds are administered for them, which I'm sure, if prodded, I can go into more detail on.

[252] **Jeff Cuthbert:** Be prodded. [*Laughter.*]

[253] **Mr McDonald:** There are a number of issues in terms of the way the funding is structured, one of which is that, when we're talking about transformational change, when we're talking about capital infrastructure, which is being invested in, some of these things take a long time to actually come to fruition, and some of the funding programmes are between three and five years. We're not sure whether that's to do with, say, European funding bodies or the election cycle, but, sometimes, three to five years for these types of projects just isn't long enough, especially in terms of monitoring and evaluation, where we might not be

seeing and understanding some of those positive outcomes for years to come yet.

[254] Also, there are some other issues with some of the other funds. There is an example that was given to me about the nature of some of the funds being exclusively for capital programmes and no revenue spending for local authorities, when we know local authorities are quite strapped for cash. What that means is that, while there is a great investment in terms of, say, property and local infrastructure, the simple things like promoting some of the changes that are happening to businesses, or maybe with some of the disruption that's been caused by some of these capital programmes, sometimes, businesses may need support on something like business rates to help them through, and that money just isn't there. That money just isn't available. So, you don't get that sort of comprehensive support that is needed to make sure that, while this change is happening, businesses are able to continue to trade through that and continue to survive through that. So, while the funding is good—a big thumbs up—the way it is delivered, the way it is administered, could be better.

[255] **Keith Davies:** What about the paragraph in your letter that says that Cardiff city regeneration is taking the money out of all the Valley towns?

[256] **Mr McDonald:** It's not that Cardiff city is taking the money out of the other towns, but, sometimes, in terms of some necessary changes, there can be a Cardiff-centric focus, which isn't necessarily always helpful to some of the surrounding towns.

11:30

[257] I think that one of the examples that was given to me was the Valley metro upgrade, whereby there are some towns that won't necessarily see the upgrade because they don't, themselves, have the money available, but that upgrade will be essentially around the Cardiff area, and the benefits of that aren't always spread. So, there can be a concern there about a Cardiff-centric focus. It's the same thing we have in England. We have a lot of regeneration work happening in and around London, but some of the surrounding areas don't necessarily always see the same support. So, it's an issue that we have across the UK when we look at capital cities.

[258] **Keith Davies:** We, as a committee, actually went to Manchester to look at the metro in Manchester. The surrounding areas to Manchester city actually benefited from being involved.

[259] **Mr McDonald:** Yes. I think Manchester might be a slightly different case. I think one of the things Manchester has benefited from is that there is a great co-ordination around that greater Manchester area to develop a comprehensive transport plan, which has been really important for Manchester, and Manchester is now getting further powers devolved to it in terms of business rates retention and economic powers, but go outside greater Manchester and you see some of the areas that fall outside that, which don't benefit from some of what's happening in greater Manchester, or some of what's been concentrated in London. It's a similar story.

[260] **Joyce Watson:** Can I go back to—

[261] **William Graham:** Just before we do, Joyce, could we hear a bit from Merthyr and Swansea?

[262] **Ms Pompa:** Well, I think, from the perspective of Merthyr, I think the town's gained enormously. The word I used in my letter was 'consistency' of support. I think we've really benefited from that, back from 2008 through until now—and it may go further back than 2008, for all I know. I think that's given confidence to people to pursue these projects,

whether it's from the business side or it's from the local authority side. So, I think that's been really important for us.

[263] As I mentioned in my letter, there is a remaining piece of the jigsaw: the bus station. Public transport and those facilities are something that hasn't yet really been addressed in Merthyr and is pivotal, I think, to the success of the town in the future.

[264] I would also pick up on the issue about revenue. I think that's really important, and maybe that's where business improvement districts have slightly come in. We're not here to do what local authorities should be doing, but we are a very good interface between businesses and local authorities when public groundworks are going on. We've had substantial roadworks in Merthyr over quite a lengthy period, and that clearly impacts on business. So, the BID has been able to work well with the local authority in getting those messages across and, if you like, minimising the damage. It's not to say that it wasn't damaging to business during that period. It was, but we minimised that. So, I think there's a role there, which we can fulfil, and I think, probably, it's the same with you in Swansea.

[265] **Mr Greenslade:** Yes, definitely in Swansea. It's very much welcomed. Back when the City and County of Swansea successfully applied for it, that's been, really, the kick start of the proposed regeneration plans in our city centre, which, again, are very much welcome. I think, when roadworks are going on and disruption et cetera, et cetera, that's where the BID comes in because, in Swansea, there are 843 hereditaments that we have, and every one will be independent and national. It could be an office block or it could be anything. They all have different schedules, deliveries et cetera. So, it's really about getting those messages out. We work very closely with Swansea local authority to make sure that we all sing from the same hymn sheet, because if you can't stack the shelves, you can't sell it. We need to make sure that we get the footfall in as well.

[266] There's one thing about the Vibrant and Viable Places funding from our point of view, which is that, because we were successful, and it was very welcome because it was a big amount of money, we were unable to apply for the town centre partnership funding, which is up to £50,000. I understand it was given to X, Y and Z, but as a private sector organisation we could have matched that with £50,000 of private sector money as a private sector company to have a £100,000 pot, which then we could have used on different projects that help to drive footfall, economy and vibrancy. So, that's our feedback from that, particularly Vibrant and Viable Places, really.

[267] **William Graham:** Joyce.

[268] **Joyce Watson:** If I can stick with Merthyr Tydfil, for the moment, the Minister suggests that town centre regeneration will help tackle poverty. If I've read the papers and remember them right, it was Merthyr that had a criticism of factors outside of your control, in the local authority moving their offices et cetera. I hope I've remembered the right place.

[269] **Ms Pompa:** You did. That was an observation that I made.

[270] **Joyce Watson:** We read a lot of papers last night. So, whereas you just said that BIDs were good in terms of working strategically, if you like, with partners, how do you propose, then, to work strategically with partners in tackling poverty, because what you've demonstrated might not be the best outcome?

[271] **Ms Pompa:** Well, I think, possibly, it wasn't related to the actual recommendation that I indicated in my letter, just to be clear, but there has been a loss of people from Merthyr Tydfil town centre in recent years—the Hollies Health Centre; the police station, although police stations are a wider issue because of people's access to that valuable facility now; and



also the council's policy of moving offices out of the town centre down to Pentrebach, which is obviously—. So, that seems to fly in the face of wanting to diversify the offer in the town centre to attract more businesses and offices, as opposed to retail and things like that.

[272] I think, strategically, the quality of that space is a problem in Merthyr Tydfil at the moment. We have some good office space. We have some good retail space, but we have a lot of units, for whatever reason, that are not fit-for-purpose and that's a problem for us. So, that's about longer-term investment into the town centre. So, strategically, we and the local authority, obviously, continue to work with the shopping centre and the other sort of big potential vacant spaces at the moment—the Keir Hardie office space and things like that.

[273] So, it's a slightly tricky one, but I think it's actually really important to the success of the town centre that some of that footfall from office-based workers comes back, and it's very noticeable as well. You know, it's particularly noticeable, I have to say, at lunchtime trade; just to say it how it is, it can be really empty compared to how it used to be, and that's a serious issue for those businesses.

[274] **Joyce Watson:** So, the question is: do you all agree with the Minister's suggestion that if you regenerate a town centre, you will, at the same time, help tackle poverty?

[275] **Mr Greenslade:** I would say 'yes', because there are more people living there. Tackling poverty is about providing jobs—putting people into employment, training. You know, all these are linked, and certainly from an economic and vibrancy point of view, the foot-flow is the lifeblood of any town or city centre in the UK—more people living and working there. But, again, in answer to your question, I would say 'yes', because it would offer the opportunity for jobs, aspirations, et cetera, et cetera.

[276] **Ms Kingsley:** I would agree as well. We were talking earlier, and something like 11 per cent of the employment sector of the UK is retail. It's 11 per cent. If you're regenerating your town centre, you've got opportunities for new businesses, for start-up businesses, and for offices and, as Russell said, employment and training is your starting step out of poverty. So, investing in that town centre, making sure that it's accessible and that there are opportunities is really important. So, I would agree. It's a start.

[277] **Mr McDonald:** I would also agree, and I'll give you another angle to that. Whilst our urban and rural centres are critically important for us for a number of reasons, and people who go there should be visiting for all manner of different reasons, the flipside to that is people can also congregate in town centres for things that aren't as desirable—anti-social behaviour, homelessness. These problems can manifest themselves in town centres and so, by having co-ordinated action in town centres, you can help support people with those social issues and social problems. It is another way in which you can help to tackle poverty through different means, through town centres—not just boosting employment but also looking for those people who are long-term unemployed and homeless, for whatever reason.

[278] **William Graham:** Thank you for that. That brings us to Jeff Cuthbert's questions.

[279] **Jeff Cuthbert:** Thank you very much. Good morning—it's still 'good morning'. You may feel that you've answered this in part already, so please don't feel the need to repeat that. On the main challenges facing town centres in Wales—you would have heard us discuss earlier things that are beyond any Government's control, like the growth of internet shopping, which is undoubtedly going to increase over the next years and therefore the need for greater diversity in what is actually there in the town centres. Would you say that these challenges have changed significantly since 2012, which is when the committee's first report was issued, and formed the basis of an action plan? And, where would you say the most progress has been made so far?

[280] **Mr Greenslade:** From our point of view, yes, we have seen growth, shall we say, in that aspect of it, but then it's down to the businesses and to us to see how we can react in order to futureproof it for the people we need to come into the shops and into the city centre. We introduced click and collect spaces, working with the local authority, which was one of the first to happen. We're in the process of hopefully introducing more of those around so that we're working with the businesses in that, yes, they can buy online, but they have to come and collect it in our city centre, and at the same time, they may pick up a pen, a piece of paper, I don't know. So, I think it's changed in the way that we need to become a bit more savvy with how we can use our assets in order to capitalise on the people who are buying online, to get them into the city centres, or the town centres, I should say. Certainly, from our point of view, we've looked at it as an opportunity to see how we can capitalise on it, if I'm honest, as well.

[281] The majority of retailers these days offer online facilities for people to have it delivered or collect it from the shop. So, we're actively trying to engage with that, but it's only ever going to increase. I listened to Andy, and Waterstones is a prime example, HMV has just recently gone back into profit as well, against Amazon. So, you know, there are some positive signs there, but there's always more that can be done for that, as well. I think it's just thinking a bit differently how we can capitalise on it.

[282] **Ms Kingsley:** Public sector cuts have had a big impact on the town centre since 2012. Just for example, in Bridgend, we've moved our library out of the town centre, because we can't afford to maintain it. It's gone into the local leisure centre, but that was a critical building and service for the town centre. There were discussions earlier about diversification and having public services in the town centre is very important. It's not just about retail—and retail is changing at such a fast pace with internet sales and out-of-town, and UK consumers are the largest growth in m-commerce, which is using your mobile phone to buy. So, there have been changes.

[283] We saw a peak in vacant properties in 2012, and that has decreased since, but it's still higher than the UK average. Other challenges that we're seeing are some of the anti-social behaviour that Ojay mentioned earlier. Also, we're seeing some of the smaller businesses struggling because of business rates. So, yes, there has been a change. I don't think it's been dramatic, as it had been prior to 2012, but there is a change.

[284] **Ms Pompa:** One thing I'd just say is that because of the BID development process with the nine BIDs that are going through at the moment, it just struck me last night that an awful lot of consultation has been done with probably some 2,000 businesses across town centres in Wales in quite an intensive period over the last few months, and it would be really interesting to pull that together, rather than look at it just as individual town centres and see what businesses are saying are now the main challenges to town centres in Wales. So, it would be interesting if somebody did that work to pull that together.

[285] One of the biggest challenges, as well, in my experience—and this is a terrible thing to say as a BID, but Russ will probably agree with me—is around business engagement and communication with businesses, and it is extremely difficult. I think it's one of the things that probably has improved in recent years, but there's a lot to go with. It's also the level at which businesses enter into a town centre. You get some extremely clued-up businesspeople coming in; they've got it all sorted, they know what they're doing, it's spot on and, probably, they've got board experience, and then you get, you know, some people whose knowledge of how to operate a business is fairly limited. I think that one of the big challenges facing town centres and dealing with this vacant unit issue is how we enable people to have the skills to make sure that their business survives.

11:45

[286] **Mr McDonald:** In terms of my perspective, there are a lot of commonalities with this in terms of the wider UK circumstances of where we are with town centres at the moment. For me, it usually boils down to there being three key challenges that any Government needs to get to grips with in order to create that environment where town centres can flourish, and flourish on their own terms. Those three key challenges are, first of all, the tax and investment regime, and making sure that is supportive of both the public and private sectors to invest in their town centres. I think one of the biggest examples I can give is the business rates regime as it is at the moment, which is a significant burden for both businesses and local authorities, and I think it's doing a lot to suffocate urban regeneration at the moment. Effectively, the way business practices have moved over the past 20 years now means that the business rates system we have across the UK is obsolete, and I would think, in the next few years, serious modernisation of the tax regime is going to be needed to make sure that both funding for public services can be secured and business investment can be secured.

[287] So, there's that and then there's the planning regime. I think, across the whole of the UK, we've had constant comments from members telling us that the town centre first scheme, the town centre first planning policy, is fairly ineffective and has no teeth. We are constantly stuck with this, sort of, confrontation between developers wanting to put things out of town and local authorities, which do not necessarily have the resource to fight off those proposals. We are even hearing examples, as Rhiannon and Antonia have just said, of local authorities actually moving their own assets out of town. So, there's a real issue there. I think, in terms of planning policy, maybe Scotland is somewhere to look at, because I know they're introducing planning policy that is really interesting in terms of strengthening town centre first, which I can go into more detail on.

[288] Then, finally, that other major thing that we do need to look at is the management of our town centres, and supporting those management functions. At the end of the day, each town centre has its own specific, unique challenges, and without co-ordinated action, you are not going to be able to bring that vision forward that is going to allow the town centre to flourish in the long term. So, both looking at local government support for town centres, through town centre management, and also, where the location fits the particular businesses there, having a BID, because that BID will shape that private sector voice. It will help give a shape and influence to some of the activities that go on there, and, as Antonia says, it's a great interface for local government to have when bringing forward certain initiatives. So, I'd say: tax regime, planning regime and management of local centres.

[289] **William Graham:** Thank you very much. Eluned.

[290] **Eluned Parrott:** Thank you for those answers—very, very interesting. One of the things that strikes me is that Wales persistently has a higher vacancy rate in terms of town centre properties than England, and yet for many of the challenges you've just identified, like, for example, business rates, the regime is similarly applied across the UK. Are there things that are specific to Wales, which are different in Wales, that are causing us to have a worse position here, do you think?

[291] **Mr McDonald:** One of the challenges with a question like that is that I always take the view that every town centre is, actually, quite unique in terms of its own geography. So, it's sometimes difficult to have those universal answers for why Wales might be different from England, whereby there might be some towns in Wales that have more similarities to towns in England than they do with other towns in Wales. Every town centre is different, everywhere.

[292] One of the things that may be different in Wales is that, generally speaking, towns

tend to be a little bit smaller than they are in other parts of the UK, and, in terms of the general population, what that means is there is less spend available. However, that has not necessarily stopped the growth in Wales of out-of-town retail in previous years. As we've seen with the growth of internet shopping, there's only so much money to go around, so, when you increase retail space, say, out of town, the long-term impact of that, when internet shopping starts to take some of that share away, is a lot of the space you have will then just become redundant. As Andy said earlier, it is, maybe, a case of there being more supply now than there is demand, and because the population of Wales obviously doesn't compare to the population of England, and you will find differences in the scale of certain towns, the damage that will do because of the loss of spend for those retailers that do survive will be greater in Wales than in alternative areas. So, that's possibly one of the things I can point to, but you go from town to town and it might be something completely different, which means there's a higher vacancy rate here than there is over there.

[293] **Eluned Parrott:** Okay. I was just wondering: we were talking about the Town Centre First policy and how it's been, in some ways, so ineffective that even the local authorities are ignoring their own policy and moving their own resources out of the town and city centres. Can I ask, with regard to that, do you think there's been a danger that local authorities have really only applied that rule to retailers?

[294] **Mr McDonald:** Yes, I think that's a fair assessment, and I think one of the limitations we've got with planning policy at the moment is, when we talk about Town Centres First, we refer to it as retail planning policy, and it absolutely shouldn't be anymore. I think things have moved on. When we're talking about the diversification of town centres, if we're going to have true diversification, well then planning policy needs to match that. When we submitted a consultation response to the Northern Ireland Executive on planning policy we said, 'Look, we need to broaden this out from more than just retail. We need to look at a broader list of things that we consider to be main town-centre uses—things like leisure, and cultural and civic activities. Anything that generates footfall that has a natural fit with town centres, that should be part of the Town Centres First regime. I think, in terms of what they have announced in Scotland—and it will be interesting to see how it works when they bring it forward, but they're looking at broadening that even further to say all major private and public sector investment that happens needs to think about Town Centres First, so what will be the impact on the town centre as our primary place for work, for leisure, for shopping. So, it looks at taking it beyond more than just planning policy, certainly more than just beyond retail planning policy, and thinking about the impact on town centres from a broad range of investment activities that happen. I think that will be a really positive step forward, but it's just about seeing how that works going forward in Scotland, and what we can do to support Westminster, the Welsh Government and the Northern Ireland Executive to do a similar thing with planning policy.

[295] **Eluned Parrott:** Coming back to retail planning more specifically, I think if there's one thing that's more depressing than a high street with a lot of vacant shops, it's an out-of-town development with a lot of vacant shops, and the dereliction that that creates. We've seen over the last 20 years the doughnutting effect in our towns and cities, where developments have been dragged to the edge. They're not served by public transport well, and they have dragged jobs and footfall out of our town centres. What can we do to bring that back into town centres more proactively? I'm guessing, Rhiannon and Ojay, your priority is proactive town-centre management: to bring people in to provide activities, to provide that kind of diversity of experience for people. Is people's behaviour changing back towards the town centres? Are we seeing a move away from out-of-town retail? Have we been in some ways beguiled by the big retailers saying that they'll act as an anchor? If we look at Wolverhampton, for example, and the St George's development on the royal hospital site, there's a massive impact there where both of those have withdrawn, leaving a large area of dereliction on the edge of a city centre. Have we been too reliant on playing for that one big,

key, anchor company?

[296] **Ms Kingsley:** Yes, I think we are seeing a shift in consumer habits. I think people are starting to think local, and that's a message that anyone in town-centre management is doing—'buy local'. To encourage people to stop going out of town we need to make sure that in-town replicates that out-of-town experience. So, it goes back to everything we've said, and what was discussed with Andy is that you go to out-of-town, you've got good parking, it's normally free, you've got leisure activities, you've got restaurants, you've got cafes and you've got shopping, so you've got an experience, even though it is soulless, but then internet shopping is also soulless, and that's increasing, increasing and increasing. I think some people are coming back into town, and we need to capture that, but we also need to ensure that we don't end up with these great big empty shopping malls on the edge of town. Again, you've seen that in America. They've gone from the doughnut, as you say, and now they're going back into town as well. I think BIDs have an important part to play with that kind of shift in consumer shopping habits as well.

[297] **Ms Pompa:** I think Merthyr's about to go through a very interesting time—we were just touching on this before we came in here. The two biggest supporters of town centres and town-centre management amongst the big players were originally Marks and Spencer and Boots. They put quite a lot of funding into supporting town-centre management over the years. Interestingly, we already have a large Boots at Cyfarthfa retail park, and we'll soon have a very large Marks and Spencer as well opening, presumably, in the autumn, if it runs on time. I think it's very interesting to see what impact that has on the town centre. The wider arguments about the benefits it brings are easy to have, but will it have a knock-on effect, and more importantly, in a way, for the town centre, will it draw out other of our businesses—primarily from St Tydfil shopping centre, but also from Beacons Place, or will they stay? That's quite a challenge in Merthyr and a battle that's going to be fought over the next few months.

[298] The other thing I would say, though—and I don't know if you've noticed this—is there is more interest in vacant units at the moment than there has been in the last two years. We seem to have turned a bit of a corner.

[299] **Mr Greenslade:** It's more positive, from our point of view. There are still a lot of empty units, as you rightly say; I'm not taking away or detracting from that. I think, with the out-of-towns, as far we're concerned, let's have a level playing field. Because everything links back to two things: rent and rates. We touched on car-parking; I'm not saying that free car-parking is going to bring loads of people in, but, if you have a level playing field, personally, I think you'll get more retailers coming back in. For instance, if we use Currys PC World as an example, their policy, from what I was told, was to move out of town and city centres because their products were getting bigger—the tvs were getting bigger. Now, the products—. If you look in other towns and cities, they've got smaller shops selling the smaller items. So, the businesses are thinking a bit more savvily. Now, obviously, it goes back to the internet shopping as well, and goes on from there. But a level playing field, I think, from a BIDs point of view—and I'm sure she'll agree—would be welcome, but it does all go back to rents and rates at the end of the day as well, and how quickly things can be done.

[300] **Eluned Parrott:** Okay, thank you.

[301] **Mr McDonald:** In terms of the example of the US and the creation of the doughnut effect they had there, I think it gets at its most frustrating when you see the damage out-of-town can do to a town centre, but then also further down the line. I think, in the US, something like 50 per cent of their shopping malls in recent years have gone bankrupt simply because of the change to internet shopping. So, in the long term, they were never ever really viable. So, instead of having one commercial district that is on its knees, you've now got this

new commercial district that is also on its knees. So, why it wasn't the job of planning policy somewhere to centralise that development and make sure it was viable in the long term, I do not know. But I think we've seen problems in terms of the grocery sector here, especially Tesco recently, in terms of the problems they've now got with their out-of-town expansion, and there is a possibility we could go through the same thing just because of how we've relied on retail-led regeneration, which has not left a lot of places resilient to changes in commerce and business practices. It's one of the reasons why we need to diversify town centres. When we start anchoring on specific sectors and specific institutions, then any change leaves that town centre vulnerable. So, having a mix of activity is important, and we do need to get to grips with planning policy.

[302] **Eluned Parrott:** That's very helpful; thank you.

[303] **William Graham:** Can we move on to business rates and your opinions there?

[304] **Mr McDonald:** Business rates? Don't get me started on business rates. [*Laughter.*] I was actually in Caerphilly on Friday with our members, discussing the issue of business rates, because the Treasury has announced its review of the business rates system—specifically for England, but I'm very much keen to make sure that that reform has UK-wide implications, and I hear that the Welsh Government will be making a representation to the Treasury, which is very positive.

12:00

[305] The problem I see with the business rates system is that, effectively, you have a revenue-neutral system, and so what that means is that all the businesses do that have property is shift the liability of tax from one to another. And that used to be fine in an era where most business used to happen through property, because then you couldn't have a big impact on investment; there was very little distortion. But, today, because of the digital economy, you don't need your office space business, you don't need that retail store, and you don't need that service to be offered through property; there's a lot of things that can move online. So, because of that revenue-neutral system, what we've seen is that the value of almost all properties across the UK, apart from some very limited areas such as the west end of London—all the value of those commercial properties—have actually gone down, but, because it's a revenue-neutral tax system, that tax system is still taxing them at a high level. And that's why we get this huge distortion in terms of where investment is going. So, I think for most start-ups now, and for a lot of multi-national retail businesses, why would you invest heavily in property in the UK when the tax system is quite clearly over-valuing the role of property?

[306] **William Graham:** But isn't that only because of the lack of frequency?

[307] **Mr McDonald:** The lack of frequency of what, sorry?

[308] **William Graham:** Revaluation.

[309] **Mr McDonald:** No, not necessarily, because this is a permanent system, so those properties will be permanently valued at a high level, and properties are only really valued lower. So, all the revaluation does is shift the liability amongst the different businesses; that's all it does. So, businesses over here will pay a little bit more when their rental values are going up, and businesses over here will pay a little bit less when their rental values are going down. In a scenario where everybody's rental values are going down, then there's no change, if you see what I mean. So, because of that revenue-neutral system, there is no relief for any of the businesses at all, revaluation or no revaluation. It would help if revaluations happened more frequently, because then you shift that liability a little bit more quickly, but, effectively,

in an era where property permanently across the board is not as valuable as it used to be, that tax system has to change from one that is always revenue-neutral, if that makes sense—it's a complicated system. I hope I've done it some justice.

[310] **William Graham:** Well, I see what you're saying, but then how do you find that enormous revenue presently generated by business rates? All Governments are highly reliant on that.

[311] **Mr McDonald:** Very highly reliant, as we've seen, and I think there is an assumption that corporation tax is the main form of business tax across the UK. I think business rates are now close to, or might have already overtaken, corporation tax. And, actually, I've seen a number of academic papers going all the way back to the early 1990s that say we have a fundamental problem with our business tax regime in the UK. So, one of the major issues we have is that, when it comes to shifting mobile capital in terms of profitability through corporation tax, we see huge tax competition across the world. And what it means is, for the UK, we are losing a lot of tax revenue through corporation tax, and some of those academic papers actually argued that the impact of that, the result of that, is that all Governments in devolved nations will be a lot more excessive in terms of their taxation of those assets that don't move, one of which is commercial property. So, it could well be that we need to think quite broadly in terms of how we modernise our tax system. One of the easiest examples is that, if that value is ebbing away from commercial property and going into the digital economy, then we have to find new forms of taxation that tackle the digital—

[312] **William Graham:** So, on that note, do you have an alternative?

[313] **Mr McDonald:** We're consulting with members at the moment. There are different ideas for alternatives, so—

[314] **William Graham:** When would you hope to end that consultation and publish?

[315] **Mr McDonald:** We hope to end it—. It will be completed by the second week of June, which is when—

[316] **William Graham:** Right. Oh, that's good.

[317] **Mr McDonald:** That's when our submission is due to the Treasury. And then I think throughout the summer we will be going out to the different administrations—

[318] **William Graham:** So, we can look forward to seeing a copy of that very soon.

[319] **Mr McDonald:** Absolutely; we'd be more than happy to share that. We're really happy that the Welsh Government is taking a close look at business rates, given now that business rates have been devolved to Wales, so we think there is the opportunity—

[320] **William Graham:** That's very helpful, thank you. I'd imagine that's your own experience in Merthyr and in Swansea, that business rates are becoming—

[321] **Mr Greenslade:** It's No. 1.

[322] **Ms Pompa:** It's the No. 1 issue.

[323] **Mr Greenslade:** No matter what businesses you speak to—national, or local manager national, or independent—it's always No. 1. Rents, with good relationships with the landlord, such as, through the Minister, there's been a £1,000 rate relief, which has been fantastically well accepted, and I would like to thank for that; long may it continue. Others are

homes above retail premises—that's developing—and business enhancement programmes. Those are all great and the BID uses the business information centre to get that. But No. 1 is always rates. I wish we had the answer.

[324] **Ms Pompa:** It's twofold, isn't it? It's a burden on existing businesses and it's really difficult to fill those vacant units when business rates are perceived to be high.

[325] **William Graham:** Yes, it's very true; with a tax also on vacant premises.

[326] **Ms Pompa:** Exactly.

[327] **William Graham:** Okay. Thank you. Keith, on business improvement districts?

[328] **Keith Davies:** What's the big advantage, then, in Swansea and Merthyr of having a business improvement district or not having one?

[329] **Ms Pompa:** You go for it first.

[330] **Mr Greenslade:** In Swansea, we've been going since 2006, so we're quite well established now; we're nearly 10 years' old. I think the biggest thing with BIDs is that they help make the area a better place to shop, visit, stay and do business as well. They're all interlinked. For instance, we do car parking offers; we do a safety, security offer, rangers et cetera. And the stats that we have are that we're bringing more people in through the car parking. We're reducing retail shrinkage, anti-social behaviour and crime through the offer we do. Additional police officers as well. It's the private sector mentality. The board of directors are businesses as well. We also have representation from the local authority at a very high level, such as the leader and cabinet member. It's just making the place better, more accessible, and also the 'go-to', the business, because they don't understand where to get information about the demographic, our shopper leakage, the next thing coming up, events, promotion, marketing. Our loyalty card has 100,000 in circulation, 28,000 active users, and 60 offers on it, driving foot-flow all the time. So, I think that's what a BID can do. It's that urgency and also listening to the businesses and feeding back information to committees such as this. And being the 'go-to', I think, is the biggest thing, in answer to your question there, because I think that might have been lacking before. And the development and new fresh ideas as well, to bring in foot-flow and to help the economy.

[331] It's not all about retail; you need leisure as well. You need the vibrancy to come back in. We develop new projects working with the University of Wales Trinity Saint David, through entrepreneurship schemes. We take empty units. We do pop-up shops. We do creative bubbles. The list goes on, if I'm honest, but I'm more than happy to send you more information, if you so wish.

[332] **Keith Davies:** But you have a large number of businesses and they all contribute.

[333] **Mr Greenslade:** Yes.

[334] **Keith Davies:** Because, I think, when we saw one of your board of governors, or whatever you call the—

[335] **Mr Greenslade:** Board of directors.

[336] **Keith Davies:** I remember her saying that all the businesses actually contribute, so you can employ cleaners to clean the streets and stuff like that.

[337] **Mr Greenslade:** Yes, we have done in the past, yes.



[338] **Keith Davies:** And that's because of the size. So what's the difference in Merthyr, then?

[339] **Ms Pompa:** Just before I answer that, I just want to add one point, which is that I think the other great thing is that it's a five-year plan.

[340] **Mr Greenslade:** It's consistent funding.

[341] **Ms Pompa:** It's consistent. We touched upon even the three years of Vibrant and Viable Places, and that's quite a short—. It's almost like a snapshot in time in the life of a town centre. Five years is a little bit better. So, I just want to say, that's another benefit.

[342] To be honest, we do things on a smaller scale than Swansea. The issues that arise in Merthyr, whether it's business, crime, or it's running exciting events programmes, or it's marketing the town, or making it a more attractive place to come and shop, or car parking, are the same; it's just the scale of the BID is very different. We're relatively small and a lot of the upcoming potential BIDs are relatively small. But we still get all the same issues; the importance of the interface with the local authority and making business as easy as possible to do in our town centre.

[343] **Keith Davies:** You mentioned some issues. The local authority moving out from the town centre is a real issue. So, what are the main issues that somebody who was setting up a BID would face?

[344] **Mr Greenslade:** Communication and getting everybody on board, understanding it. BIDs are quite simple in what they can deliver; I think it's that communication and engagement to say 'This is what BIDs can do'. Cyngor Tref Llanelli are in the process, so Neath and Llanelli—the list goes on. That was what came out of the original 2012, wasn't it, when I came to committee last time? Luckily enough for those two areas, they're quite close to Swansea; they share the sort of the same media, so when we do stuff, it's picked up. There will be businesses based in these different places that will be paying a BID levy already. It's the buy-in, I think.

[345] **Ms Pompa:** It's interesting, isn't it? Newport, obviously, is the third BID now in Wales and in spite of, I think, an excellent process of communication with the businesses in the city centre, the actual turnout for the vote was 23 per cent. That was in spite of intensive activity, so it just shows how difficult it is to engage with businesses. I think that one of the problems that comes with BIDs is the manner in which the BID levy is collected. This causes some confusion with businesses because, obviously, it's collected via the business rates system.

[346] **William Graham:** I find it very simple.

[347] **Ms Pompa:** It's extremely simple, but for some reason, people, therefore, think that it's in some way linked to the local authority—

[348] **William Graham:** Okay, because of the levy.

[349] **Ms Pompa:** For businesses, and not all businesses are keen on local authorities, this can cause quite a problem. Certainly during my first year, I must have been spending an awful lot of time explaining how this worked.

[350] **Mr Greenslade:** I've been with the BID since 2009 and every year we have the majority of phone calls, if any at all, when the levy goes up at around this time of year: 'Why

have you sent me this?', because it says on it 'demand notice', and that instantly makes them think, 'What's this all about?' You're right—it has come from the local authority and it's collected by them as well and then, obviously, we invoice to get the money back. It's that demand notice and local authority charging again that make people think, 'Is this a stealth tax?' But, obviously, as an established BID, we know the retailers and the businesses and we go in, they understand the BID and if they have any problems, they give us a call.

[351] **William Graham:** So, it's about communication again.

[352] **Ms Pompa:** I think the other upcoming challenge, which I think Rhiannon touched on earlier, is the reduction in local authority services in town centres. As we know, BIDs are there to provide additional activity and not to provide what people think a local authority should be providing. I'm just beginning to start hearing things from businesses about concerns about, 'We're not going to be putting our money into this because the local authority has withdrawn its funding from it', and things like that. So, I think that's an issue that's going to be teased out over the coming years, to be honest, and, as I say, it's just starting to rear its head now. I don't know if you've encountered that in your—

[353] **Ms Kingsley:** Yes. We're also in a big development at the moment and the businesses do say, 'Are we just paying for local authority services?', and obviously we're making cuts in our local authority in line with austerity measures and businesses see that but think, 'Well, I'm not paying. Why should I pay for extra cleaners? That's the local authority's job.' So, in terms of engaging communication about a BID, it's still seen as quite a council-led initiative. I think, because the money has come through the council, we're having a little bit of difficulty in persuading businesses that we are just facilitating it and that we're not putting any extra taxes on them or trying to get them to pay for the local authority services. So, in terms of engagement of communication, that's one of the issues that we're facing.

[354] **Keith Davies:** So, what should Welsh Government do? How effective is the support from Welsh Government? What continued support might be needed from Welsh Government?

[355] **Mr Greenslade:** I think, from our point of view, we welcome the seed funding—the same as what's happened in Scotland. In going forward for BIDs, we do need more support from Welsh Government in order that we can develop and grow; maybe when we get more BIDs, you can have an arm's-length set-up, like they've had in Scotland, which will handle all the different information-gathering for BIDs and clear through this communication that we have. Also, from our point of view, and I'm sure that of other BIDs when they set up, we pay the administration cost to collect the levy. To us, that's £15,000 a year—£15,000 that we could be spending on an event that could bring in 25,000 people. So, I think there's a need to support BIDs going forward and to provide an opportunity for us to access additional funding to cover that administration cost for us. I think that would be a good way forward for Welsh Government as well. Indeed, that would be the first step in supporting BIDs as they hopefully grow in Wales, in other town and city centres. Every BID is different though; I think that's very clear—there are different demographics and different areas et cetera.

[356] **Ms Kingsley:** One of the issues that we think we might face is that the funding for the BID stops on the day of the ballot. So, if it goes through, then there's going to be a length of time before there's any cash, because, obviously, the collection will then be once that company has been set up.

12:15

[357] So, in that interim period, the BID company won't have any finances. So, I think, for businesses—and I think maybe you two could expand on this—once you're voted in, you'd

expect a project to happen the next day or the next week. If there's a period of three months, maybe even more, when nothing is going on, then there can be disillusionment, and then businesses may not feel that this is the right thing for them.

[358] **Keith Davies:** So, the funding for the preparation of the BIDs you've got. I mean, you might not have spent it all by the day of the ballot, but you just lose it then.

[359] **Ms Kingsley:** Yes.

[360] **Ms Pompa:** Certainly, in Merthyr, which was obviously a bit of a pilot in terms of a smaller town-centre BID in Wales, we did receive additional Welsh Government support for that period immediately afterwards. When we set up the management of the BID, we looked at the cash flow issue, and just the initial raft of projects that happened, and we were fortunate in that we voted in July and set up in October. So, quite quickly, some obvious Christmas-type projects presented themselves that aren't particularly costly to do, but at least could get the bid up and running in a sort of constructive way, where businesses could see that we were serious that we were going to do things. So, that additional piece of Welsh Government funding that we received was extremely valuable. We did have a discussion about this at the Welsh BIDs meeting recently, about the cost of the ballot, which local authorities are currently, I think—are you?—having to meet. The cost of levy collection: some of the ICT costs around the levy collection are a real problem as well. So, there are a number of issues floating around there, between ballot and setting up, or just pre-ballot and setting up, which aren't easily resolved at the moment.

[361] **William Graham:** Thank you very much. We're just about coming to the end now. Any other particular points that you'd like to make to the committee?

[362] **Ms Kingsley:** I think, for me, talking to other ATCM members in Wales, obviously, all this funding that's coming through is fantastic, but we feel that, perhaps, it could be better delivered if practitioners were involved, because we're on the ground, delivering the schemes. And so, for example, with the town centre partnership funding, there are some tweaks that could be made to make it easier to deliver. It would be good if we could have representation when you're discussing these types of funding, to make sure that the delivery, when it gets to the ground and the people that we are working with, actually works seamlessly.

[363] **Mr McDonald:** I would echo that, and in terms of the ministerial advisory board, maybe that's the right place to have an existing BID in Wales, and also, possibly, a town-centre manager who works with a local authority to be represented on that board, to ensure that, when these funds come through, they are well structured to make sure it works for delivery in town centres.

[364] **William Graham:** Okay, thank you very much for your attendance today. Your evidence has been most helpful to the committee. Thank you very much. The public meeting is now closed.

*Daeth y cyfarfod i ben am 12:18.  
The meeting ended at 12:18.*