

Cross-Party Group on Towns and Town Centres

Wednesday 8th June 2022, 12:45-13:45

Minutes

Present

MSPs

Neil Bibby MSP
Siobhian Brown MSP
Fiona Hyslop MSP
Gillian Martin MSP
Marie McNair MSP
Evelyn Tweed MSP

Invited guests

Mhairi Donaghy	Scottish Futures Trust
Ken Ford	Beyond Retail Property Fund
Andrew Meehan	Rettie & Co
Phil Prentice	Scotland's Towns Partnership

Non-MSP Group Members

Ainsley Hunter	Lavemill Larder
Ed Archer	Association of Local Voluntary Organisations
Lauren Arthur	Heritage Fund
Rob Arthur	Paguro Ideas
Grant Ballantine	Midlothian Council
Grant Baxter	Clackmannanshire Council
Elaine Bone	Scotland's Towns Partnership
John Boyle	Rettie & Co
Katie Briggs	Perth and Kinross Council
Chic Brodie	Confederation of Economic Development Ayrshire
Diane Brown	Alloa First
Rhona Brown	Scotland's Towns Partnership
Hollie Bruce	Scotland's Towns Partnership
Peter Bye-Jensen	Destination Dufftown
Pete Cheema	Scottish Grocers' Federation
Ross Christie	On Fife

Sarah Christie	South Lanarkshire Council
Laurence Clark	Glasgow City Council
Trish Connolly	Scottish Borders Council
Kirsty Conti	Moray Council
Andrew Corletto	Glasgow City Council
Peter Coyne	
Julie Cunningham	Woodhill Residents' Groups
Michelle Docherty	North Ayrshire Council
Tom Donaldson	One Dalkeith
Mark Dowey	CoMoUK
David Dunlop	Glasgow City Council
Louise Dunn	Moray Council
Patrick Dunne	South Ayrshire Council
David Ferguson	Observatory for Sport in Scotland
Barry Fisher	Keep Scotland Beautiful
John Forbes	Communities Housing Trust
John Foster	Glasgow City Council
Malcolm Fraser	Malcolm Fraser Architects
Alistair Gemmell	North Ayrshire Council
Diane Gray	Heritage Fund
Mark Greaves	South Ayrshire Council
Richard Greenwood	East Renfrewshire Council
Eva Groeneveld	Levelling Up - UK Government
David Grove	Fife Council
Claire Hallybone	Argyll and Bute Council
Gregor Hamilton	Dundee City Council
Jackie Harvey	
Gregor Henderson	Rosemount Trust
Stephen Hughes	Green Action Trust
Keith Johnstone	Clackmannanshire Council
Phil Jones	Wee Cycle Cumbernauld
Alison Jones	Scotland's Towns Partnership
Gary Kenhard	Scottish Business Resilience Centre
Fraser Kerr	East Ayrshire Council
Gary Kerr	Paisley Community Trust
Louise Kirk	North Ayrshire Council
David MacDougall	Stobswell Forum
Ian Macgregor	The Eskdale Foundation
David Main	Bathgate Community Council
Jacqueline McArthur	Falkirk Council
Debbi McCall	Midlothian Council
Graeme McCormick	
John McCrone	Perth and Kinross Council
David McKay	Workman

Katey McKay	Angus Council
Ross McKay	
John McLaughlin	New River
Barbara Mcnaughton	East Ayrshire Council
David Melhuish	British Property Federation
Janet Miles	Gairloch and Loch Ewe Action Forum
Elizabeth Miller-McEntee	EDAS
Diane Milne	Dundee City Council
Caroline Mitchell	Scotland's Towns Partnership
Neil Moran	Glasgow City Council
Amanda Muller	Loch Lomond Trossachs
Rosemary Munro	
Brenda Murray	Perth and Kinross Council
Tracey Murray	East Ayrshire Council
Richard Napier	
Bill Pagan	Cupar Development Trust
John Park	
Nairn Pearson	West Lothian Council
Carole Racionzer	Linlithgow Trust
Grant Riley	North Lanarkshire Council
Sanne Roberts	Scottish Borders Council
Maria Rybaczewska	Stirling University
Laura Scott-Simmons	Benton Scott-Simmons
Nikita Shah	East Dunbartonshire Council
Sophie Shannon	New River
Alistair Shaw	Falkirk Council
David Shea	Scottish Community Safety Network
Billie Skene	Cyrenians
Tom Sneddon	Development Trusts Association Scotland
Leigh Sparks	Scotland's Towns Partnership
Rozina Spinnoy	BIDS Belgium
Donald Stavert	Bathgate Community Council
David Stewart	Scottish Land Commission
Gaynor Sullivan	Dundee City Council
Elaine Templeton	Paisley First BID
Malcolm Thomas-Harley	Hamilton Our Town BID
Richard Todd	East Dunbartonshire Council
Nicola Tomkinson	Improvement Service
Anna Tozer	Scottish Futures Trust
Barbara Vecchione	New Practice
Neil Watson	Renfrewshire Council
Julia Whitaker	East Renfrewshire Council
John Whitelaw	Lenzie Community Development Trust
David Williams	Church of Scotland

Heike Wolkerstorfer
Ali Wood
Alison Woodhouse
Patrick Zvirinsky

Entertainment Solution Services
Midlothian Council
Loyal Free

Apologies

Doug Flett
Gregor Graham
Euan Ryan

International Christian Chamber of Commerce
East Dunbartonshire Council
RICS

Agenda item 1

Welcome and Opening Remarks – Siobhian Brown MSP

Convener Siobhian Brown MSP welcomed all to the meeting and noted MSP attendance and apologies. She noted the meeting would focus on Town Centres Beyond Retail.

Agenda item 2

Minute of last meeting and Matters Arising – Siobhian Brown MSP, Convener
Minutes accepted. Proposed by P Prentice. Seconded by T Sneddon. There were no matters arising.

Agenda item 3

Overview: Phil Prentice, Chief Officer, Scotland's Towns Partnership

PP introduced today's theme, Town Centres Beyond Retail. Referring to the Town Centre Action Plan 2, the need for a mixed use approach beyond retail is evident. Led by Professor Sparks, it outlines the need for different uses such as residential and leisure, green considerations. Towns should be prioritised across policy areas; a need for fiscal rebalancing and rewarding good behaviour; for long term sustainable financing e.g. place based investment fund. There are now substantial plans and resources in place to invest in our towns.

All presentation slides from today's contributors are available on the Scotland's Towns Partnership website with summary points below.

Agenda item 4

Town Centre Living and Housing: Mhairi Donaghy, Associate Director, Scottish Futures Trust

The issues of town centre living merge across place, housing and economic investment. Scottish Futures Trust (SFT) are looking at the issues around town centre living (TCL).

Context

- Strong policy support – TCAP, Housing to 2040, Cities Task Force
- How should we invest for social, economic and environmental sustainability – actively building out future ‘failure demand’?
- Aligning with net zero/climate challenge priorities
- Creating opportunities for catalytic investment
- Affordable living – moving beyond affordable housing. Access to key services.

What’s happening now (or not) in 10 years will be seen as a missed opportunity? There is strong policy focus but we are still not delivering against those for a number of reasons.

A short life working group has been established with a number of key stakeholders. Looking at, how we increase TCL, what are the blockages in delivery, what type of place is attractive for TCL and what lessons can we take from city centres.

At the start of the process, we asked what do we think we already know? –

- Positive drivers – TCL benefits people, place, business climate. There is unmet demand for TCL
- Negative drivers – private sector is not (or less) interested in TCL; it’s difficult, expensive, risky, lengthy and bureaucratic; financial returns from residential development are better elsewhere; housing targets drive volume development, making it harder to address other policy aims.
- Other drivers – community and social benefits are difficult to account for in project appraisal; attribution from activity to outcomes is impossible – no evidence base.

The group has adopted a case study based approach to gather evidence based on real project experience – about 40 – 50 projects across the country. Seeking examples from north west and islands. Initial learning:

- Finance – VAT for building restoration versus new build
- Funding programmes focus on heritage asset restoration
- Property values constrain redevelopment due to future hope/aspiration
- Market capacity (SME developers/contractors) and workforce (size/skills)
- Organisational – projects are often driven by someone with a special interest
- Projects are often firefighting a specific (typically a building) issue
- Queries around the policy focus:
 - o affordable/mid market supply – does this constrain interest at market level?
 - o stimulating demand rather than supply – is this a fair assessment of policy?

Initial Findings:

- Heritage asset renewal is a major driver – funding is available
- Housing for older people – Registered Social Landlord (RSL) sector is active

- Town-wide approaches are limited
- Lots of different (bespoke) approaches
- Strong interest in what other places are doing
- Gaps:
 - o Living over The Shops (LoTS) type property redevelopment/reuse of upper floors is limited
 - o Major site/asset redevelopment for mixed-use and residential
 - o Limited private sector commercial-led outwith cities.

The group is still at the stage of looking at key drivers and constraints.

- Gaps in knowledge:
 - o Why do projects happen – what are the key drivers/constraints?
 - o How important are individual place strategies to support/drive activity
- Do you recognise the initial learning and findings?
- Are you aware of any other TCL projects in towns?

Mhairi Donaghy would welcome thoughts or evidence as described.

Agenda item 5

Analysis of Town Centre Living – New Data and Report: Andrew Meehan, Associate Director, Rettie & Co.

The company were approached by SFT to look at TCL strategy, particularly demand. Approached in a case study basis. The following sets out initial findings.

The brief set out to look at towns across Scotland and narrow down detailed case studies, using a range of data sources and measures; then conducting a detailed cluster analysis by certain attributes, e.g. older family vs single person households. Considered different settings, geographies, types of tenure in different areas, lifestyle patterns for housing.

Seven typologies were created across a range of measures. This initially allowed to narrow down those that would be studied in detail – Kilwinning, Forres, Stonehaven, Galashiels, Fort William, Airdrie. Lerwick, North Berwick. Studies looked at what drove demand differently in different locations.

The first step was to define a town centre using, then looking at the attributes. Certain indicators began to emerge. Then looked at demand and affordability drivers e.g. earnings and the spread of earnings. Sales values indicated affordability and demand and contrasts between areas. There was often limited supply within certain markets, notably more successful town centres have a more diverse housing stock. In rental market, very limited supply stock and often low level of market churn, especially compared with more urban environments. There was a variation in council quality and size. The age of the stock showed stark contrasts between areas, dating from 1950s-1990s to modern.

Indicators of demand showed differentials in vacancy rates across areas; the commercial space as driver for locating e.g. office vs retail or lifestyle offer.

Emerging Findings

Limited residential activity

- Many town centres lack active property market with depth and choice
- Constrained housing options limited opportunities for in-migration/residency
- Many town centres are not established residential destinations which have the economic base to support a vibrant service/retail sector, therefore rely on those travelling in for work or recreation.
- The challenge for the TC if employment is declining, or the town centre has a narrow economic focus, then activity may be insufficient to support a healthy retail and recreation economy.

Housing Supply, Quality and Aspiration

- The residential stock in many town centres lack quality, lifestyle and /or aspirational value.
- Many TCs are relatively affordable, with low average sales values and rents. These low values can reflect the low quality of the available stock and limited demand within the market area.
- Often town centres may be competing with higher quality/larger/more modern stock a short distance from the town centre.
- Where the quality and aspirational value of the town centre is limited, affordability becomes the central driver for town centre living, rather than positive pull factors.
- The challenge with an affordability driven local market is the constrained spending power to support TC businesses.
- Successful TCs have a tier of wealth and spending power from residents or visitors to spend within town centre businesses.
- Most successful areas have graduated housing market allowing market entry and movement.

Pull Factors Driving Housing Demand

- Successful town centre economies offer strong pull factors which drive demand both locally and stimulate in-migration. Such drivers may include employment, amenity, recreation, lifestyle, retail etc or more typically a blend of factors.
- Towns such as North Berwick or Stonehaven offer coastal locations, with quality housing stock, accessible locations, strong retail and recreational offerings making them desirable residential destinations.
- Town centres with diversified uses eg. tourism, residential and retails – report indicators of higher demand, such as average price, lower vacancy, higher owner occupation, high rate of second home ownership.

Regional Position and Economy

- Towns are located in varying geographical locations and can fulfil different practical functions with a region.

- Location can shape demand. Town centres with high amenity in high demand areas – such as the North East and South East of Scotland, can benefit from economic vibrancy of nearby cities.
- Towns such as Lerwick and Fort William act as regional economic centres providing a mix of commercial functions.
- Town centres have often been superseded by edge of town retail and business locations.
- Many town centres are local economic hubs where the main commercial employment is civic ie. Council or health board.
- Where these employers are moving out/scaling back or relocating then this can leave a hole in the town centre economy but council ownership can also provide the opportunity for redevelopment.

Future Demand for TCL

- The pandemic has sped up long term changes relating to their role as centres of retail and commerce.
- Residential use is being adopted as a key method of creating an economic base to support a cluster of services and businesses not just in town centres, but in 20 minute neighbourhoods.
- The town centre is often competing with other neighbourhoods in the same town, or other regional towns. Therefore, a compelling value proposition – in terms of lifestyle quality, housing and economic opportunity have to be offered to attract an economically active resident profile.
- There is potential for higher levels of town centre living –
 - o Brownfield first strategies in many local authorities
 - o 20 minute neighbourhoods
- Residential use will be a major factor in reviving TCs if you can attract a range of target markets which then drives a range of housing options.

Agenda item 6

Case Study: Paisley Shopping Centre - The Future... Beyond Retail, Ken Ford, Beyond Retail Property Fund.

K Ford set out ideas and ambition for Paisley Shopping Centre.

Paisley is Scotland's largest town, it is historic, with good transport links, adjacent to airport and has a passionate and engaged community. It also has a motivated council and stakeholder group – see Paisley Vision document.

The centre was acquired at a good price; it is 30 years old this year and has over 200,000 square feet, adjacent car park, and 40 retail units. They have acquired Marks and Spencer. The Co-op store is now occupied by Outspoken Arts for a range of community activities.

It is an income producing development site. Pre purchase research identified demand for a hotel, residential and health and wellbeing centre. The masterplan respected the spirit of the Vision and sustainable development of the site. Units will be demolished but structure retained.

In March, the planning consent was achieved following extensive consultation and established a development framework. It is framed within a public realm investment for a new square around Paisley Arts Centre and reintroduces historic street patterns in surrounding area.

Delivery is in advanced stage of negotiations with hotel operator. The residential is a challenge. The large format department store will ideally become a health or education hub.

Agenda item 7

Discussion

The Convener asked K Ford, what key fiscal or policy levers would make town centre living more deliverable?

K Ford responded, saying it is about viability. Even if KF were to donate the site, it would be challenging. It relates to the capital value of end product and construction costs are challenging too. Town centre living is at the heart of these initiatives. Getting people back living in town centres into multi-purpose, multi use, leisure and work spaces is what should be happening. The will of the vendor to disinvest at a realistic price and Beyond Retail's will to invest, was a fortunate opportunity. Rebasement of value is a prerequisite to bringing forward these kinds of initiatives.

David Main's question: How do you ensure a measure of equity between competing town centres and what criteria ought to be employed?

K Ford: A masterplan is a good approach which Paisley has done.

Deputy Convener, Neil Bibby MSP, commended K Ford for his input and his work in Paisley. Also commending Gary Kerr, Paisley Community Trust (in attendance) for the work in Paisley to develop the town centre.

The convener asked, does the housing to 2040 policy focus enough on incentivising town centre housing?

Mhairi Donaghy responded, saying, the policy environment is there but it's about how we deliver appropriate levels of housing and town centre living for individual places. The wellbeing agenda will play a critical role and the short life working group is trying to understand financial viability. We are effectively taking a short term view of the financial and individual viability of project proposals. We are not fully taking account of wider benefits that town centre living will bring to the place. In terms of the health and wellbeing agenda, there is a long term cost saving opportunity associated with town centre living that we are taking no account of in terms of financial viability and appraisal. We need to get a better balance and understanding of all of the full range of benefits that we can achieve.

The convener asked, will the National Planning Framework 4 (NPF4) help encourage town centre living?

M Donaghy believes it won't discourage but whether it will actively encourage returns us to the point of ensuring a good balance between the things that we want to see and to discourage more harmful developments, even if those are more financially viable in the short term. We need to consider long term wider benefits. In so doing, we create things now that will cause problems for us in the future. Which returns to MD's point in her presentation – what are the things we are doing now that we will regret in 10 – 15 years having spent so much time on. Or will regret not having done.

Peter Coyne asked, in relation to the de-risking of the residential units, is the model of selling to residential social landlords (RSLs) an inevitability, where there is little market evidence that the market is ready to take the risk?

K Ford: agrees, private residential developers like the prospect but are not prepared to take the risk when they forecast the return on their investment. It is a fundamental element of these proposals to have people return to living in town centres.

The Convener thanked speakers for valuable contributions and all present.

Agenda item 8

Any Other Competent Business

The economy committee is undertaking an enquiry into town centres. You can catch up on Scottish Parliament TV if interested.

There was no further business.

Agenda item 9

Close of Meeting

The meeting was closed with a note that the next meeting will take place Wednesday, 7th September, 12:45-13:45.