



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Economy and Fair Work Committee

**Wednesday 25 May 2022**

**Session 6**



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Pàrlamaid na h-Alba

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**Wednesday 25 May 2022**

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**ECONOMY AND FAIR WORK COMMITTEE**

**15<sup>th</sup> Meeting 2022, Session 6**

**CONVENER**

\*Claire Baker (Mid Scotland and Fife) (Lab)

**DEPUTY CONVENER**

\*Colin Beattie (Midlothian North and Musselburgh) (SNP)

**COMMITTEE MEMBERS**

- \*Alexander Burnett (Aberdeenshire West) (Con)
- \*Maggie Chapman (North East Scotland) (Green)
- Jamie Halcro Johnston (Highlands and Islands) (Con)
- \*Fiona Hyslop (Linlithgow) (SNP)
- \*Gordon MacDonald (Edinburgh Pentlands) (SNP)
- \*Colin Smyth (South Scotland) (Lab)
- \*Michelle Thomson (Falkirk East) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

- Douglas Cowan (Highlands and Islands Enterprise)
- Craig Iles (South Ayrshire Council)
- Bill Lindsay (Fife Council)
- Bryan McGrath (South of Scotland Enterprise)
- Steve Rogers (Dumfries and Galloway Council)
- Derek Shaw (Scottish Enterprise)

**CLERK TO THE COMMITTEE**

Anne Peat

**LOCATION**

The James Clerk Maxwell Room (CR4)



## Scottish Parliament

### Economy and Fair Work Committee

Wednesday 25 May 2022

*[The Convener opened the meeting at 09:30]*

### Decision on Taking Business in Private

**The Convener (Claire Baker):** Good morning, and welcome to the 15th meeting in 2022 of the Economy and Fair Work Committee. Our first item of business is a decision on whether to take in private item 4, which is consideration of our annual report. Are members content to do so?

**Members** *indicated agreement.*

## Town Centres and Retail

09:30

**The Convener:** Under our second item of business, we will continue our evidence gathering for our town centres and retail inquiry. I welcome our first panel. Derek Shaw is director of innovation and place at Scottish Enterprise; Douglas Cowan is director of communities and place at Highlands and Islands Enterprise, and Bryan McGrath is director of place and enterprise at South of Scotland Enterprise. As always, if members and witnesses could keep their questions and answers as concise as possible, that would be helpful.

I will start with a general opening question about the town centre action plan. I am interested in the witnesses' views on how their agency will be supporting the town centre action plan and what they see as their role. I will bring in Douglas Cowan and then Bryan McGrath. I have an additional question for Derek Shaw, so I will bring him in at the end.

**Douglas Cowan (Highlands and Islands Enterprise):** Highlands and Islands Enterprise has long had a communities remit as well as a business support and economy remit. We see town centres as being really important to our economies and our communities; they underpin much economic activity, including tourism activity. We support a number of businesses across the Highlands and Islands, many of which are located in our town centres. We work with between 130 and 140 social enterprises in a bit of depth. Many of them are place-based organisations—some of them are in town centres and many others are in rural and island locations. We will continue to work with businesses and community organisations that are active in town centres, where they deliver economic and social benefits for us.

Over the years, we have been involved in a number of specific regeneration projects across the Highlands and Islands. There are a number of examples that I could mention now or touch on later.

**The Convener:** We will come back to that later; other members will be interested in some of the examples. Bryan McGrath, can you say anything about the new action plan, which is a refresh since we have passed the 10-year point? Are there ideas or proposals in the new action plan that you welcome and think will make a difference or that you think need expansion?

**Bryan McGrath (South of Scotland Enterprise):** SOSE is very focused on places. Since our inception, places have been at the heart of our place-based approach. Town centres, as

the heart of places, are really important in that context. That has helped to shape how we approach the topic.

As you know, we also focus on working with businesses and community organisations. In order to move forward, we need to collaborate and work in partnership. That crucial message comes through strongly in the town centre action plan. Everything that we have learned so far during SOSE's short life has shown the centrality of partnership working.

SOSE already works very closely with local authorities on how we support town centres, regeneration and individual places. We work with third sector interfaces and others in the third sector, and we aim to support businesses in town centres, too.

We try to support places because, if a place is prosperous, and if the community in that place has a sense of wellbeing, the town centre will have a vibrancy and will reflect that good position.

We are currently getting our heads around the new town centre action plan and how we can feed into it. SOSE, including our chair, Professor Griggs, fed in directly to the town centre action plan review group, and we have the sense that the action plan includes a lot of logical, key steps. At regional and local levels, real partnership on the ground can make a difference.

**The Convener:** Mr Shaw, we recognise that Scottish Enterprise's role is different from that of the other two enterprise agencies in relation to supporting town centres and retail. It would be helpful if we could understand how Scottish Enterprise engages with the retail sector as opposed to town centres. Lindsay Methven from Scottish Enterprise is on the retail strategy steering group. What support do you provide to that sector, and how can that support town centres?

**Derek Shaw (Scottish Enterprise):** My colleague Neil Francis, who was at the committee a couple of weeks back, outlined Scottish Enterprise's approach to retail. That approach has not changed. We very much believe that a number of business support stakeholders, including Business Gateway, adequately and appropriately support retail.

On town centre regeneration, our focus is on supporting business growth. Often, the businesses are located in towns and cities, and that growth leads to employment and sustainability in towns.

We are very much focused on infrastructure and place, as Bryan McGrath indicated. We have a dedicated place team that works in partnership with regional and community stakeholders, including community planning partnerships and

regional economic partnerships. We are very much focused on how we can work with stakeholders in a particular place to benefit that economy and to provide that area with solutions and opportunities that will have a positive impact on local towns and cities.

**The Convener:** Scottish Enterprise has a role on the retail strategy steering group. What does it bring to the table? I do not quite understand how that matches with what you have said.

**Derek Shaw:** As you said, my colleague Lindsay Methven is on the steering group. I do not have specific information at hand about our role, but I would be delighted to follow up with a written response as soon as possible, if that would be appropriate.

**The Convener:** Thank you. Communities Scotland came to an end in 2008, but we recognise that Scottish Enterprise has a different role. SOSE and Highlands and Islands Enterprise play a role in those parts of the country. Who is playing the equivalent role in the rest of the country? We understand that it is not Scottish Enterprise, because it has a different remit. Is it local authorities? Is it a combination? Bryan McGrath talked about partnership working.

**Derek Shaw:** It is a combination of local authorities and other stakeholders in the regions. As I said, we very much take a regional, partnership approach. Scottish Enterprise has dedicated senior leaders who are allocated to the seven regions in our area. They work with partners, including local authorities and leadership groups, to identify, develop and, we hope, deliver economic opportunities that are specific to that area.

**Colin Smyth (South Scotland) (Lab):** I thank the witnesses for sharing their views. I will go back to Derek Shaw on the point about Scottish Enterprise's role being different from that of his colleagues in Highlands and Islands Enterprise and South of Scotland Enterprise. Douglas Cowan said that Highlands and Islands Enterprise has always had a community remit. Bryan McGrath will know that I spent many years calling for a similar arrangement in the south of Scotland, because I was struck by the fact that a business in Inverness town centre could receive support but a similar business in Dumfries could not receive such support. Now it can, because we have South of Scotland Enterprise.

The challenge now is that a business in Ayr cannot get the same support as a business in Dumfries because of Scottish Enterprise's remit. Does that put Scottish Enterprise at a disadvantage when it comes to providing support for town centre businesses?

**Derek Shaw:** No, I do not think that that puts it at a disadvantage. There are a number of support mechanisms in play, including through Scottish Enterprise and our partners in Business Gateway, who provide comprehensive support to a range of businesses, including trade businesses and professional services businesses in local areas. We are a national economic development agency, so we very much focus on opportunity-driven and place-based strategies at the national level but in a regional context.

We do not tend to support individual retail companies, but we support a number of other companies that have growth ambitions and can contribute to town centre and regional economies. From an account-management perspective, we provide wraparound support and bring expertise and financial support to the companies that we work with.

**Colin Smyth:** What kind of businesses are we talking about? If I was walking down my high street, what kind of businesses would Scottish Enterprise be supporting there?

**Derek Shaw:** We support small and medium-sized enterprises with more than 10 employees. We support large organisations that are indigenous to Scotland as well as companies that are looking to locate and invest here. We very much focus on companies that have growth potential and will make a positive contribution to the economy and, significantly, on where Scottish Enterprise can add the most value in a particular context. If other partners, stakeholders and organisations are better placed to support companies, we view it as their role to do so.

We also have the Find Business Support service, which is an online tool that is available to all companies in Scotland. It offers advice on all the public sector support that is available to companies, and it is a really quick and efficient way for companies to access information that they need when they need it.

**Colin Smyth:** That support is available in every part of Scotland. We can think about projects that have been supported by Highlands and Islands Enterprise and South of Scotland Enterprise. For example, we recently visited Midsteeples Quarter in Dumfries, which is very much a community project. Would it be fair to say that a similar project in Ayr would not be able to get such support, because it would be up to Scottish Enterprise to provide it, rather than South of Scotland Enterprise, which has a community remit?

**Derek Shaw:** I do not know the details of that project.

**Colin Smyth:** It is just a general point. You do not support projects that have a more community-directed remit.

**Derek Shaw:** We provide support through, for example, Co-operative Development Scotland, which is a part of Scottish Enterprise that works with organisations and companies to look at how we can increase employee ownership. Performance is very good in terms of the number of companies that, with our support, have transitioned to new business models of employee ownership. I would be happy to share some examples of that with the committee.

**Colin Smyth:** That would be helpful. Can I come to Douglas Cowan and Bryan McGrath? Because of that community remit, you are able to support projects that, it could be argued, will not make huge profits but are hugely important to the regeneration of our town centres in attracting people to support other businesses. I will ask Bryan McGrath about the Midsteeples Quarter example. How do you ensure that the support that you have provided ensures that the project becomes financially viable for years to come and will not keep coming back to look for funding?

**Bryan McGrath:** That is one of the crucial challenges that is faced by many or all types of capital projects. The committee saw Midsteeples Quarter, but quite a lot of other projects across the south of Scotland want to make similar improvements. The real challenge, as you highlight, is on-going viability and sustainability.

One of the new things that SOSE has brought forward in the south of Scotland is a focus on what we call enterprising communities. One of our teams is focused on working with community groups that can demonstrate capacity to become enterprising, and we can help them to build on that. It is that challenge: where can a revenue stream come from? It is about how to take a very good and ambitious idea to find a new use for a building, bring it forward, and make it viable in the longer term.

09:45

With Midsteeples Quarter, as well as working closely with the council, the Scottish Government and Holywood Trust as the key funders of the capital project, we have been helping the organisation to think about its business plan and how it can be viable into the future.

That is a great example of a pilot project, or a demonstrator-type project, because it is a test, and we will have to see whether it works out. That is fundamental across all the capital projects that we want to support that will transform towns and villages in the south of Scotland. They will only work if they keep going and do not fail after they have been running for two or three years.

That is a shift in the thought process around how such projects are developed. We might have

to say, "No, this project isn't going to work. We can't see where the revenue stream is, so let's try to reshape the project. Let's try to find a different end use for that key heritage building that we are looking at."

For example, SOSE has been involved in the new Whithorn town hall. SOSE came into that project quite late on to give support, and that has helped the community group to reshape the project and find some different ways of generating revenue to help to make it more viable into the future.

**Colin Smyth:** That is very helpful. On that point, Douglas Cowan, SOSE is very clear that the funding is linked to working with it so that it is financially viable. Does Highlands and Islands Enterprise take the view that even though those projects are obviously going to make lots of money, like SOSE, you link the funding to being able to make sure the project has a plan to deliver that financial viability?

**Douglas Cowan:** Absolutely. Long-term sustainability is a key issue in diligence on projects. I agree with much of what Bryan McGrath said on the approach.

One of the things that we do, and have done for some time, is provide early support to communities. Alongside the Scottish Government, we are funding approximately 40 local development officers in communities that are developing sometimes significant projects. That support is put in early so that there is a paid resource for work on business plans and looking at viability issues.

Sometimes those projects will get capital funding, but the viability and sustainability are not always there, so the capital funding will not come through. Capital funding is very much related to long-term sustainability. We can never ensure that projects will be sustainable, but they need to have a good prospect of being sustainable before capital funding is awarded. That applies not just to community projects, but to a range of projects that we are involved in.

**Colin Smyth:** I am sure that my colleagues have other questions on that, but I have been cut off by the convener.

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** I have a couple of areas that I would like to explore with you. In the evidence that we have received during this particular investigation, derelict land and buildings in town centres has consistently come up as a problem. Scottish Enterprise and Highlands and Islands Enterprise have never used the compulsory purchase powers that are granted to them by the Enterprise and New Towns (Scotland) Act 1990. I would like to ask why not. I will come to

Bryan McGrath first because I would like to check that SOSE has those powers.

**Bryan McGrath:** No. That was discussed during the bill process to create SOSE. It was agreed that it was not necessary and that SOSE would work closely with the local authorities in its area if the compulsory purchase process was required. That would be the approach that we would take in the south of Scotland, and it is different to the powers that the two other enterprise agencies have.

**Colin Beattie:** It is good to highlight that. I turn to Derek Shaw now and ask him that question: why have you never used the powers? Do you think that they should be used?

**Derek Shaw:** You are absolutely right, deputy convener, that we have powers over compulsory purchase, but we view them very much as an option of last resort. Over the years, we have been very fortunate in that we have been able to agree favourable terms for Scottish Enterprise and the taxpayer for land or buildings that we wanted to purchase. As an economic development agency, we have focused on delivering jobs and investment, and when that aligns with the regeneration of brownfield sites and derelict land to achieve place outcomes, that is absolutely great.

We have no overarching objective to tackle vacant and derelict land, but we can absolutely make a meaningful contribution to this through the delivery of some of our strategic projects. Examples are the Halo initiative in Kilmarnock and the Dundee waterfront, where there has been significant investment.

We also own a significant portfolio of land and some of that has been legacy operations. We are focused on looking at our strategic priorities and identifying where some of that vacant and derelict land can be brought back into economic use and regeneration in areas that absolutely need it, while being aligned with wider strategic priorities, including low carbon. It is certainly a focus of my team within Scottish Enterprise to ensure that we use our portfolio of land in a strategic way. Likewise, when there are opportunities to purchase land, where there is demand for it, that is certainly an option that we undertake through our capital funding.

**Colin Beattie:** Can I just clarify a statement that you made earlier, when you said that you had no plans to tackle derelict land and buildings? Is it not on your radar unless it comes up as part of a project that you are looking at or is it part of your long-term strategic plan? You seem to indicate you are not taking it into cognisance at all.

**Derek Shaw:** I apologise. We absolutely are taking that into cognisance in relation to the land that Scottish Enterprise owns. We are looking at

various strategies for bringing such land back into economic use. Some of the options involve development of Scottish Enterprise's land portfolio. On other occasions, we work with private sector partners who might be interested in purchasing land from Scottish Enterprise. There are a number of examples in the past few years where we have either sold vacant and derelict land, which has then gone on to be developed, or we have been in a process of looking at how we can develop it ourselves.

**Colin Beattie:** Douglas Cowan, how does Highlands and Islands Enterprise treat compulsory purchases and what is your plan for derelict land and buildings?

**Douglas Cowan:** I think that I am right in saying that we have never used our compulsory purchase powers, either. Much as Bryan McGrath said, our approach is very much place-based, working with communities and other partners across our geography. We have eight area teams covering our geography and they have detailed knowledge of what is happening across the patch. We have never seen the need to use compulsory purchase powers to deliver the economic community development that we have been delivering. We have managed to secure assets through negotiation, working with partners and other stakeholders.

**Colin Beattie:** However, community representatives have come before the committee and said how important it is that compulsory purchase powers be used in order to bring derelict properties into some sort of commercial or other use.

**Douglas Cowan:** We have never seen the need to use CPO powers. There are derelict buildings in many of our towns. Our primary purpose is to work with businesses and specific community organisations to deliver their social and economic outcomes. We have never seen the need to use CPO powers specifically for that.

**Colin Beattie:** Derek Shaw, do you have any views about community groups indicating that there is a need to use compulsory purchase as part of the regeneration of town centres? Do you think that it is something you should be involved in?

**Derek Shaw:** Ultimately, Scottish Enterprise's remit is the responsibility of the Scottish Government, but where there is alignment with our wider strategic priorities as a national economic development agency, there is a role for us to play. However, in relation to retail or town centres, I suggest that that would be for other partners, including local authorities, to deal with.

**Colin Beattie:** Broadly speaking, you do not see a specific role for Scottish Enterprise in the

regeneration of town centres, other than supporting the businesses where that is appropriate.

**Derek Shaw:** The responsibility and budget for town centre regeneration and sustainability moved from Scottish Enterprise to local authorities several years ago. It is not currently our area of focus or indeed our remit, but absolutely, where we can support businesses, we do, and we hope that the wider impact of supporting businesses makes a positive contribution to town centres.

**Colin Beattie:** Let me move on to my second question, which is related to digital skills and expertise. E-commerce has become quite a big thing and there is a need for small and medium-sized businesses to be skilled to work in that area. Other digital skills are also required. What is the enterprise agencies' role in improving those skills and giving businesses the confidence to move into e-commerce and related fields? Bryan McGrath, would you comment on that?

**Bryan McGrath:** I am happy to, deputy convener. We absolutely recognise the importance of digital and e-commerce for the future of all businesses, whether they are in the high street or not, but it is particularly important for retail to encourage that mix of bricks and clicks, if that is the buzz phrase. We are in the early days of our thinking about the support that we provide in this area. We are still shaping up our digital strategy and approach, but skills will absolutely be part of it.

In the south of Scotland, there is already support through Business Gateway and the DigitalBoost product, which is available nationally. SOSE provides the Business Gateway service in the Scottish Borders on behalf of the Scottish Borders Council, and there is a different solution in Dumfries and Galloway. The two colleges in the south of Scotland—Dumfries and Galloway College and Borders College—also play an important role in digital skills. We work with the colleges and the councils as part of the south of Scotland partnership, which looks at skills and other issues across the board. It feeds into the regional economic partnership that we have established.

**Colin Beattie:** Douglas, what is happening in your area?

**Douglas Cowan:** There are probably two key elements to our work around digital. The first one is digital infrastructure. We led and delivered the £140-odd million digital Scotland superfast broadband roll-out, which is now finished—there are just contract works clearing up across the Highlands and Islands. We continue to work with the Scottish Government on the R100—reaching 100 per cent programme—and the United

Kingdom Government on the project gigabit roll-outs. Digital infrastructure is a key issue for the Highlands and Islands, where coverage is poorer than it is in much of the rest of Scotland, so digital infrastructure is an important element for us. We recognise the importance of digital for businesses and communities.

I will not repeat what Bryan McGrath said about the business and skills side of things, but in addition to what SOSE has done, when Covid hit and we recognised that digital adoption across the Highlands and Islands was lagging slightly behind that in the rest of Scotland, we put in place an initial £500,000 programme to support businesses with digital adoption across a wide range of activities. That was oversubscribed very quickly. We increased it to around £1.5 million. That was also oversubscribed. We managed to get another £800,000 from the Scottish Government and we ended up with a £2.6 million project, which helped more than 213 businesses with their digital adoption.

10:00

The programme is still live. All the funding has been utilised and other funding is now in place. When we started there were no digital loans and DigitalBoost did not exist. Other programmes have started since we entered, but it clearly had a big impact.

**Colin Beattie:** Did that programme specifically include e-commerce?

**Douglas Cowan:** No, but it covered a range of digital skills, such as website development and e-commerce, and a number of strands around it.

**Colin Beattie:** Derek Shaw, what is happening in your patch?

**Derek Shaw:** Scottish Enterprise is absolutely focused on digital transformation including e-commerce, and supporting companies around that. Our international arm, Scottish Development International, offers e-commerce services to help SMEs both domestically and internationally.

We have a digital transformation team of digital specialists who offer companies advice and guidance on best practice in website design and analytical tools so that they can get the best from e-commerce and their own websites. The digital specialists within that team are trying to bridge the gap between a company's overall objectives on revenue and sales growth and how it can achieve that through technology and digital transformation, including e-commerce.

We have an international e-commerce programme that offers tools to businesses to trade internationally. That programme is open to a range of companies and, since April 2020, 2,000

companies have participated in it. It is an intervention that works well for companies that are looking to expand internationally. Overall, our digital transformation team helps companies, both domestically and those looking to expand abroad.

**Colin Beattie:** I have one final question. The figures I have seen show that Scotland has about 2 per cent of the e-commerce business in the UK. How does that relate to the fact that all those companies are getting training and so on in e-commerce? Why are we not at a higher percentage?

**Derek Shaw:** We probably need to do more business support to grow how companies can trade internationally, look at the support that we can provide through SDI and our exporting service, and also do more around digital transformation and e-commerce to increase and encourage more companies to trade internationally.

**Colin Beattie:** I was not talking internationally; I was talking about the domestic market.

**Derek Shaw:** That goes equally for the domestic market. We are looking for opportunities within the UK and identifying those markets that companies are best placed to go after, then working with those companies strategically through our account-management service to build a strategy for working with companies to achieve that, including through our e-commerce support.

**Gordon MacDonald (Edinburgh Pentlands) (SNP):** I have two quick questions, and I will put them to Derek Shaw first. There are 11,000 hectares of vacant and derelict land in Scotland and more than 79,000 empty properties. You have explained your views on compulsory purchase orders, but is there a need for compulsory sale orders to be introduced?

My second question is on VAT arrangements for residential conversions. We want to bring our town centres back to life, and we want people to live in our town centres. Much of the vacant space is above shops, and VAT on residential conversions and adaptations is at 20 per cent whereas, with demolition and new build, it is at zero per cent. Is there a need for the UK Government to address the VAT problem?

**Derek Shaw:** Could you clarify what you mean by the point around sale orders?

**Gordon MacDonald:** There has been a suggestion that there is a need for compulsory sale orders. Where land or property has been lying vacant for a number of years, there is an opportunity for an organisation such as yours or the local authority to force the owner to put it up for auction, at which it would be sold to the highest bidder.

**Derek Shaw:** We have not looked into that. I can certainly take that back to Scottish Enterprise and come back to the committee with our views on it, but we have not considered it to date. As I said in relation to compulsory purchase orders, we have not had to use those because, ultimately, we have good relationships with a number of developers and owners and we have reached agreement where we need to buy land or property on terms that are acceptable to Scottish Enterprise.

**Gordon MacDonald:** Do you have any views on VAT?

**Derek Shaw:** I apologise, but I do not.

**Gordon MacDonald:** Does anybody else want to come in on those two points?

**Douglas Cowan:** There might be a case for compulsory sale orders in special circumstances. There are a number of sites across our towns that are a blight. The specific mechanisms that the powers require is a secondary question that I do not have a view on. However, there are blights on our towns that those powers might help to address.

On VAT, to regenerate our towns and cities, we need to create more diverse uses. We need to bring more people and greater footfall into our towns, and part of that is about more housing and converting upper floors. Frequently, in towns where there is far too much ground-floor commercial space, it is about converting that space. Clearly the market is not delivering that. The costs of development are simply higher than the end values, which is possibly exacerbated by the needs around net zero and energy efficiency.

Therefore, there are potential fiscal measures that could be used to balance the equation to a degree. VAT is one area that is worth looking at, and there may well be others, such as non-domestic rates issues. There might be other mechanisms, but it would certainly be worth looking at VAT to deliver the outcomes that we want.

**Gordon MacDonald:** Bryan, I know that your organisation does not have compulsory purchase powers, but do you have any views on those two issues?

**Bryan McGrath:** Compulsory purchase orders are a powerful tool. The issue is the ability and capacity of local authorities to go through that complex process. The orders are an important tool in the armoury that probably needs to be used more often in sticky situations. Douglas Cowan made good points about blight and problem buildings.

**Maggie Chapman (North East Scotland) (Green):** Good morning to the panel, and thank

you for joining us. I want to explore in a bit more detail some of the issues around community and social development, how they are linked to economic development and how the economic development activities that you are all engaged in can support that.

I will start with Derek Shaw. How are you developing support for commercial enterprises that specifically have a for-good mission as their cornerstone?

**Derek Shaw:** Our remit is very much focused on delivering the Government's ambitions in the national strategy for economic transformation. We are appropriately plugged into a number of community groups and, as I mentioned, we are proactive in our regional economic partnerships and the partnerships that we have. We are cognisant of the role that we need to play at local and regional level. Indeed, the Scottish Government encourages all of the enterprise agencies to do so as part of a team Scotland approach.

Could you just clarify the question that you were asking?

**Maggie Chapman:** It was about commercial enterprises that have a for-good mission at their heart. How are you focusing support, if you are doing so, to enable them to develop and be commercially successful and to provide the social and community benefits that they seek to deliver?

**Derek Shaw:** It is an interesting model for companies and organisations to work with. We have a range of support for companies that operate in that space to develop their business models to ensure that they are commercially viable. Ultimately, through that commerciality, the profits that are generated can be reinvested into the good causes that they support.

We have a financial readiness team that is focused on working with companies to identify opportunities, including funding opportunities. Part of that service involves working with companies and organisations to look at their business plan and develop a plan that will secure investment—whether it is grant funding or commercial investment—and to look at the best way of generating income and, ultimately, profit. In companies that are focused on good causes, that profit is reinvested into the good causes that they support. We are certainly interested in and focused on that area.

**Maggie Chapman:** I ask Bryan McGrath the same question about support for commercial enterprises that have a for-good mission.

**Bryan McGrath:** I will take a slightly different tack. As I mentioned at the start, SOSE is very focused on a place-based approach, and all our

support is framed in that context. Whether it is a business, a community organisation or a social enterprise, when we work with clients and help them to think about their projects, we encourage all of them to think about the economic, community and environmental impacts that they have and the benefits that flow from their work. That is starting to move towards that community wealth building and community wellbeing idea.

As you will imagine, it is a challenge for my colleagues internally in the organisation to think in that broad way. However, we are working hard to get that economic, community and environmental thought process in everything that we do, which fits well into the place approach. That is what we are pushing for.

The for-good drive and community wellbeing issues are reflected in wealth building and community ownership opportunities, and in community asset transfers. That comes back to the earlier question about how SOSE can support an entity, whatever it is, to have a viable business plan and to think about sustainable long-term revenue streams.

**Maggie Chapman:** You followed my train of thought into the community wealth building space, so thank you for that. Are there things in that space that we—by which I mean the Scottish Government, enterprise agencies and all of us working together—should focus on slightly differently to maximise the benefits that social and community groups in our town centres, or the communities that live in and rely on them, need?

**Bryan McGrath:** I still cannot say properly, off the top of my head, what the five pillars of community wealth building are, but they are a helpful framework for that thought process. For SOSE, it feels as if we are in the early days of our thought process on that. We have appointed a dedicated strategy manager for community wealth building to help to form our thinking and drive the agenda in the organisation. I am positive that we will quickly get our heads around that strongly. Two years ago, fair work was a new agenda for us, and we have made great strides on that, so I am confident that we will be able to pick up on those thought processes and weave them into what we do as an enterprise agency.

10:15

**Maggie Chapman:** Will that support the resilience that we want, not only in our local town centre economies but more generally, and the circularity that we are able to deliver in the Scottish economy?

**Bryan McGrath:** There is a real opportunity to add to that resilience of individual places and with that, as I said, the resilience of town centres, if we

can help that wider prosperity. Particularly for a rural area such as the south of Scotland, the ability to retain value in the economy and recycle it within the economy is an important principle that we need to aim for.

**Maggie Chapman:** Douglas, I know that there is a lot in this, but I come to you for your comments on community wealth building, for-good missions, circularity and resilience—the whole lot.

**Douglas Cowan:** Okay—I will give it a go.

We have long had that community remit, and we have supported community asset ownership for probably in excess of 20 years. We currently deliver the Scottish land fund across Scotland, with the National Lottery Community Fund.

Assets and land assets are probably two pillars of community wealth building, and one is about plural ownership and supporting communities. Supporting local ownership is helpful and productive and helps to circulate wealth. The socially productive use of land and property is another pillar, as I understand it. That is about supporting communities to deliver their own economic and social value from a landholding. Some of the big estate purchases are good examples of how that has worked. Galson in the north of Lewis stands out as a cracking example, but there are other good ones.

We have supported the asset side, which is a critical pillar of community wealth building that plays into community resilience. Community-owned assets deliver direct economic benefit and benefits in terms of services and so on. We are fully behind that and have been active in that space for some time.

The other angle is the social enterprise space. Again, we have worked closely with social enterprises for many years. We work closely with the Government on the social economy action plan. We work closely with a number of clients across our portfolio. Around a quarter to a third of our clients are social enterprises, and many of them are community organisations and community-based social enterprises. We see the real economic value and the social and community value that they can bring, as well as the environmental value in many cases. Again, we are very supportive of that, and we work with a lot of clients in that field.

**Maggie Chapman:** What are the barriers, if any, to that close working with social enterprises?

**Douglas Cowan:** I am not sure that there are any. We deal with social enterprises and community organisations in much the same way as we deal with our business clients. Some of the outcomes are slightly different. We adopt a place-based approach. In some parts of the Highlands

and Islands, there is a lot more social enterprise activity. In the Highlands and Islands generally, there is more social enterprise activity and there are more social enterprises per head than elsewhere in Scotland, so we have a deeper base of social enterprises, and have had that for a longer period. We do not see too many barriers in that regard. Social enterprises do not necessarily deliver the same outputs in terms of jobs and turnover, but they deliver good local economy benefits and they help with the circulation of wealth.

**Maggie Chapman:** Derek, I realise that the conversation drifted into community wealth building and resilience, and I did not give you the opportunity to pick up on those.

**Derek Shaw:** We are on the Government steering committee on community wealth building, and we very much contribute to the thinking on that. I mentioned our Co-operative Development Scotland service, which is focused on working with organisations and companies that are looking at employee ownership as a model. That has been very successful in providing advice and guidance on different structures. There are great examples of distilleries that have 3,000 shareholders in the local community contributing to the success of those companies. We support other models that involve co-operatives and local businesses coming together. We are particularly focused on the local or regional market and how we can support such projects and initiatives to get off the ground.

The statistics on co-operatives in Scotland are interesting. In the UK, about 12 per cent of new co-operatives are in Scotland, compared to a population of 8 per cent of the UK and a business base of 6 per cent. Therefore, we are certainly punching above our weight on that approach and on the model of employee ownership and co-operative development.

**Michelle Thomson (Falkirk East) (SNP):** I am mindful of what Bryan McGrath has been emphasising. I want to ask a couple of questions about women in enterprise in the concept of place, as well as in their place—that is, as thriving, active entrepreneurs in which an equitable number of women and men in businesses contribute. Do you have a strategy for women in enterprise in your organisation? Do you routinely disaggregate data by women? How do you measure that? Do you publish that strategy and data? I am after a bit of flavour on that. If you do not have a strategy, just tell me. Derek Shaw is smiling—you can go first.

**Derek Shaw:** Female-led businesses account for about half of the participants in our entrepreneurship programme. Most of our programmes and interventions are open to all, but this year we dedicated our “Principally women” programme to three areas: Aberdeen in the north-

east, Ayrshire, and Glasgow and Clyde. We have supported partners investing in women ventures and Young Enterprise Scotland.

We are absolutely focused on women in enterprise in our approach and strategy. We collect data around the support that we provide to female-led entrepreneurs. Unlocking Ambition is our flagship entrepreneurial development programme. Almost half of its participants are female. The programme has been gender-balanced since it was established several years ago.

If we look at our high-growth ventures—that is, those companies with significant growth potential that we work with on a comprehensive and intensive basis, including through the provision of funding and investment—a third of those are female-led businesses.

There is opportunity to do more in that space in terms of our work on entrepreneurship and entrepreneurial activity. We are very much connected with relevant partners and stakeholders who are supporting female-led businesses and how we can work with them to help them to achieve growth.

**Michelle Thomson:** Do you have a specific strategy for women, or is consideration and cognisance of women part of your overarching strategy?

**Derek Shaw:** I would say the latter. That is very much a consideration and focus in terms of the support that we are providing, the type of companies that we are supporting and how we can do more to encourage start-up and early-stage growth companies that are female led.

**Michelle Thomson:** Bryan McGrath, what is your approach on women in place and women in their place in terms of their making a full contribution?

**Bryan McGrath:** That is really important in the south of Scotland context, given the gap that we have seen. We do not have a strategy yet, but we are framing our approach towards women in enterprise as part of our overall entrepreneurship approach, which will have a focus not only on women in business but on young people. We think that we can bring something fresh and new to the table in the south of Scotland through that approach.

We will use a coaching approach, which will feel slightly different to standard advice but is very much driven by the experience in our team. We are also working with other national partners. For instance, we have done some work with We Evolution, which is helping us to target some community-level support for women in business. Through Business Gateway, we are trying to

create a pilot start-up programme in Newcastle for women who are starting a business. You can see that we are making small moves at the moment, but women in enterprise is an important issue on our radar.

We are also looking at what we can do in terms of having more specific networking events. In a sparsely populated rural area, we are conscious of how we help link together people with similar interests and ambitions to help them move forward together and learn from each other.

**Douglas Cowan:** I do not think that we have a specific strategy around women entrepreneurship, but that is a consideration in what we do. If you look across our client base, I think that 45 per cent are female led. However, if you look at our significant social enterprise cohort, 54 per cent of them are female led.

We have a number of programmes. We are focused on two areas. The first is getting women into business and women entrepreneurship; the second is young people, given our demographic challenges across the Highlands and Islands. Our northern innovation programme supports young leaders. We have worked with about 100 young leaders and 59 per cent of that cohort were women.

We have also recently completed a transnational pilot programme around rural female entrepreneurship with partners in Sweden, Finland, Canada and Ireland. The support, which used coaching and online methods, was targeted at women only. I think that it was live from the end of 2018 to the end of last year. It was impacted by Covid to some degree. We worked with around 70 women entrepreneurs. I think that we piloted the project in Argyll and the islands, and it had positive economic outcomes. The programme was not universally supported by the client base. Some felt that women-only support was not the right answer, but I think that the majority felt that the programme was helpful. We need to work through the evaluation and how it plays into what our strategy for support looks like going forward. However, some positives certainly came out of that work.

**Michelle Thomson:** That probably leads on to my next question. When Carolyn Currie from Women's Enterprise Scotland was before us, she made an interesting comment about what constitutes a microbusiness based on our traditional measures. She mentioned that she is aware of a number of women-led businesses that are, in essence, microbusinesses but that have significant turnover. It is very often the case that agencies will not pick up such businesses because there is a threshold for support in relation to employee numbers. Of course, where their turnover is significant, they are typically using e-

commerce as a mechanism to trade, which is something else that we want to encourage.

Are you aware of that? Have you reflected how—almost back to front—e-commerce can skew the number of employees against turnover? That breaks the usual measures that we might choose to adopt? Have you considered that in terms of women-led businesses specifically?

10:30

**Douglas Cowan:** No is probably the honest answer.

**Michelle Thomson:** That is a very honest answer.

**Douglas Cowan:** I recognise some of what you have said. If a business with significant turnover is looking for support from us, we would not discount it because it was not employing sufficient people. We could provide additional advice, advisory support and maybe specialist advisory support in certain circumstances.

I am aware of the issues, generally. I am aware of a social entrepreneur on an island who set up a hub for online trading that pools together a number of small makers from across rural areas. They have provided an online e-commerce hub for that activity. We have supported that business; we are working with it.

**Michelle Thomson:** Without my leading you, it sounds like you are almost promising me that you will reflect on that as you develop your women's strategy.

**Bryan McGrath:** Interestingly, because of the place-based approach, we will work with any business of any size. It is about the place context that they are in, because a business in a really small place that employees two, three or four people can often be important. That is the approach that we take. We are consciously trying to avoid thresholds, numbers of employees and turnover levels because we recognise that the south of Scotland economy and the challenges in that area need SOSE to have that broad-minded approach.

**Derek Shaw:** As with Douglas Cowan, that is probably an issue that we need to look at more in relation to companies that are generating significant turnover but perhaps do not have the employee numbers relative to that turnover.

Scottish Enterprise's focus is around job creation, safeguarding jobs, and creating better and greener jobs. Where there is an opportunity to work with companies and microcompanies that have growth potential, our focus and priority is not necessarily on turnover but on employee growth. If there is limited scope for job creation, as I

mentioned earlier, wider support is available to those companies. Some of that might come from Scottish Enterprise, but some of it might come from other partners such as Business Gateway. Our primary focus is working with companies with good growth potential that will increase their employee base in Scotland.

**The Convener:** Derek Shaw, one of the pressures that high streets have faced is online sales. It is a number of years since Scottish Enterprise invested in Amazon—I recognise that that investment is now quite old. With Scottish Enterprise's focus on creating jobs and investment, Amazon was an appropriate company to invest in. However, it is one of the companies that has arguably led to pressure on high-street sales.

Although Scottish Enterprise's remit is different from that of other enterprise agencies, I think that you have just said that the overriding principle is still around investment and job creation. Is there an improvement in the synergy between your remit and other things that the Government is progressing, such as the town centre retail strategy? There is an agenda around town centres but Scottish Enterprise made a decision in Fife—I accept that that was eight or 10 years ago—that could be seen as having a direct negative impact on high streets.

**Derek Shaw:** We do not look at things in isolation. Although our primary lens is job creation and economic impact, both at regional and national level, we provide support, whether that is advice or guidance or funding through grants or commercial investment. We are looking at how much leverage we can get for that support and investment. That is not solely about jobs, although that is our primary lens. We are also looking at the place agenda and at where a company is investing. Is it in a location that needs expansion and growth opportunities? We also look at the supply chain. Therefore, if we are providing support to a large company, for example, we consider what its supply chain in Scotland looks like and how we can encourage it to look at using local suppliers.

We take an integrated approach that looks at how we get the most for the investment and support that we are providing. We will take into account a number of factors in doing so, including whether there is an international aspect; the types of jobs that are being created; the transition to net zero and how a company is aligning with that; and a company's commitment and how they are adhering to fair work principles. We look at things in the round, including around place in particular.

In 2018, in response to Government's focus on place, we established a place team in Scottish Enterprise. That is very much looking at how our

interventions and support have a positive impact on local areas. In summary, we are looking at things in a holistic way, at a macro level, through that primary lens of job creation and good jobs.

**Alexander Burnett (Aberdeenshire West) (Con):** Before I ask my question, I will make a brief observation on which you might want to comment. The word "place" is bandied around a lot. Douglas Cowan is director of communities and place, Bryan McGrath is director of enterprise and place and Derek Cowan is director of innovation and place. Why is there no consensus on where place sits in responsibilities and organisations?

What are you doing to ensure economic opportunities are available to everyone in our towns, including for older people and people with disabilities? We took some excellent evidence on that issue last week. What economic assessment do you undertake of those groups, and where are the success stories from your organisations?

**Douglas Cowan:** Equality impact assessments are a key part of our diligence process. We look at it from the other end—that is, from the perspective of the businesses and community organisations that we engage with, the projects that they are delivering and what the equality impact of that activity might be. That is right in the middle of our due diligence process—it sits alongside our work on net zero and fair work and is very much part of our process.

I do not think that we look at things from the other perspective—that is, from the perspective of those with disabilities, for example. We certainly do not look at that from a town centre perspective. How we look at it is very much from a client-led perspective.

**Alexander Burnett:** Would you point to any particular success stories that you have funded or supported to direct people to? We are short of examples on the ground.

**Douglas Cowan:** I am struggling to think of any right now. Part of the cohort that we deal with are social enterprises. Many of them have a specific remit and role to provide different services, some of which are aimed at those in the greatest need.

It is worth mentioning that, when Covid hit, we were at the heart of the community response to it. We worked with our community anchor organisations across the Highlands and Islands to ensure that funding was passed down from Government through us to them and from them to those in greatest need across the region. We have done a number of things. I am not sure that I could point to one specific example right now, but we can certainly dig something out and forward that to the committee, if that would be helpful.

**Alexander Burnett:** Yes, it would. Thank you.

**Bryan McGrath:** It is a really good question, which perhaps has two parts to it. As an enterprise agency, we are pushing businesses forward, helping them to grow and provide employment opportunities. We also help to attract businesses into the south of Scotland, working with colleagues in SDI around inward investment. There is a job opportunity element to that. However, we also work strongly in partnership, as I have mentioned, through team south of Scotland, with the two local authorities, Skills Development Scotland and colleges. Those partners have a powerful role in terms of employability, as they help to upskill people, which enables them to go into roles.

That partnership approach really makes the difference. As partners, we keep a close eye on the universal credit claimant count as well, which tracks people out of work and those who face various challenges getting back into the employment market. That is an important element. In a south of Scotland context, we are seeing the terrible impact of Covid-19 in that regard. We are only now starting to get back to the level that we had before Covid. We know there are still lots of challenges about how we can help people into the job market.

We recently supported a call centre business that provides posts in which people solely work from home. That new approach has been enabled by the changes that we have seen over Covid-19. As part of that process, we specified that it is people who were furthest from the workplace who are eligible for those roles. I think that falls within the territory that you were asking about.

**Alexander Burnett:** Would it be fair to conclude that, unless a business or an enterprise brings a project to you that improves economic opportunities for these groups, you are not actively looking for that?

**Bryan McGrath:** As a partnership, we very much have a focus on employability and those furthest from the workplace.

**Derek Shaw:** Scottish Enterprise is very much a champion of the fair work criteria, which requires a commitment from grant recipients to reduce gender pay gaps and to improve diversity and inclusion in the workplace. We are currently working with 310 companies that are taking action to tackle gender pay and improve diversity and inclusion in their recruitment processes. Furthermore, we are working with more than 80 additional companies that have committed to do that.

We have also led the development of the fair work employer support tool, which has 90 registered users across Scotland from the public, private and third sectors. The tool provides users with resources related to their development needs,

including inclusive recruitment practices, how they can calculate gender pay and best practice on inclusion.

I will point to a good example that ties in nicely with a number of the conversations that we have had this morning. Barclays has opened up a new campus in the south of Glasgow city centre. That area of land was lying vacant for a number of years. Through our colleagues in SDI, we worked comprehensively with Barclays to secure one of its main investment hubs into Glasgow. We were competing internationally with, I think, seven other countries for that, including countries that could provide a lower-cost solution. However, the quality of the workforce in Scotland won that business. As a consequence of that support of up to £14 million from Scottish Enterprise, we not only secured that facility in Glasgow and safeguarded 1,800 jobs; there is the potential to create up to 1,400 jobs more. Key to our discussions with Barclays was its inclusion policy. It is very focused on recruiting from people with disabilities and veterans. It has an inclusive approach to its recruitment and, indeed, we built that into our grant conditions.

**Alexander Burnett:** You are certainly talking about policies of inclusion and diversity and the like, but my question is: have you done any economic assessment of what opportunities are being missed by not including those groups? That could lead to a better strategy that unlocks those economic opportunities.

**Derek Shaw:** Not that I am aware of, no.

**Alexander Burnett:** Thank you. I have no further questions, convener.

**The Convener:** I thank witnesses for their contributions this morning, which is much appreciated. I will now briefly suspend to allow for a changeover of witnesses.

10:45

*Meeting suspended.*

10:53

*On resuming—*

**The Convener:** I welcome our second panel. Craig Iles, who is service lead in planning and building standards at South Ayrshire Council, joins us virtually. Bill Lindsay is service manager, policy and place in planning services, at Fife Council, and Steve Rogers is head of economy and development at Dumfries and Galloway Council. As I said to the previous panel, if members and witnesses can keep their questions and answers as concise as possible, that will help us to get through this morning's business.

I will ask an initial opening question. I will start with Steve Rogers. During our inquiry, we have heard about certain issues in planning that might present challenges for the redevelopment of town centres. Do you think that there is enough flexibility in the planning system to enable and support regeneration and investment in our town centres? We have heard about the pressures in planning departments, which include the lack of capacity. Could you also comment on that issue?

**Steve Rogers (Dumfries and Galloway Council):** Good morning, everyone. I will deal first with the question about the role that planning can play in encouraging and promoting town centre development and whether there are any issues or constraints that hinder that.

Before I go into more detail on the specifics, there is a wider point that I want to make, which is about the fact that planning is part of a much wider toolkit that is available to public bodies and agencies to address, tackle and promote issues in town centres. I do not think that the planning system has all the answers to those challenges. The key is how the planning system supports and interacts with a lot of the other tools that are available to us.

In recent years, as an enabler, the planning system has developed very strong approaches to supporting town centre development. I can point to our local development plan, "Local Development Plan 2", which includes a number of specific policies. ED5 is one of the policies that specifically encourages, promotes and supports town centre development.

It is inevitable that there are challenges with the delivery of development in town centres, especially in historic town centres, where there are challenges associated with maintaining their character and historical appeal. There may be challenges around ground conditions that mean that there are extraordinary development costs associated with redeveloping town centre sites. For example, there may be challenges around flooding. We sometimes need to work to overcome issues by dealing with the Scottish Environment Protection Agency or other statutory agencies, which might have their own priorities and agendas. We have certainly had experience of that in trying to promote and encourage reuse of buildings in the town centre.

Generally, the planning policy environment is very supportive and encouraging of town centre development. I do not think that the lack of investment and development in town centres is necessarily a reflection on the planning system. I think that it reflects wider issues around how to deliver and fund town centre development and how to overcome the many challenges around town centre development. Most developers prefer

to choose easier-to-deliver locations and sites. Part of the role of a planning system is to direct development towards those more difficult sites, but to recognise that that brings with it certain challenges.

**The Convener:** Because we are a bit pressed for time, I will pass over to Bill Lindsay to see whether he has anything to add, and whether he would like to comment on capacity in planning departments.

**Bill Lindsay (Fife Council):** Good morning. On capacity, I will touch on some of the points that Steve Rogers made. We are talking about a multi-agency, multi-council-service approach. There are well-recorded pressures on planning services and planning departments across the country, but the approach to town centres is so broad that planning is part of the solution.

Resources in planning departments and services might not necessarily be an issue in addressing town centre issues and their future. There might be issues around possible changes to permitted development rights and what those might trigger in terms of particular workloads and workstreams for development management colleagues. One part of the issue is the fact that there is a development plan-led policy approach to town centres. To touch on the point that Steve Rogers made, given that we are talking about a multi-agency approach, the pressures are probably spread. In my view, it is not solely planning departments that are affected.

You asked about flexibility. That is an interesting question, because local development plans that were produced as recently as five years ago did not anticipate the position that we are in now. We are in a global pandemic, we are into a second recession in about 12 years or so, and we now have the effects of a major European conflict. None of that was predicted. Local development plans are meant to look five to 10 years ahead, but none of what has happened recently could have been predicted.

11:00

We are in the same position now. The new round of local development plans that must be prepared under the Planning (Scotland) Act 2019 cannot possibly anticipate everything that will happen, so flexibility in the planning system will come through planning policy. They are used in a quasi-legal way, because of their statutory status. That is inevitable; it is part of the development management system.

There needs to be a balance between providing certainty when it comes to making planning decisions and avoiding the unintentional consequence of blocking something that we might

want to see happen. Such flexibility has been shown over the past few years. I can provide examples separately if you would like, but that is an overview in response to your question about flexibility. I will leave it there just now, but I would be happy to follow that up.

**The Convener:** Thank you. Mr Iles, is there anything that you want to add? During the inquiry, we have heard that there is sometimes frustration that planning will be restricted because of noise levels or other conditions. As Mr Lindsay has said, some of the restrictions are statutory and it is not possible for planners to make decisions that are counter to what the statutory position is.

**Craig Iles (South Ayrshire Council):** On the capacity of the service, I think that there is a national crisis as regards planners coming into the system. I believe that there are only two universities in Scotland that do planning courses and there is a shortage across the country. We are working hard to bring through graduates and grow our own planners, but there are staff retiring at the other end of the conveyor belt. There are definitely challenges there, in that we need more planners to come through university and into the system.

As far as the flexibility of the planning system is concerned, I would suggest that the policies are there to be flexible enough to allow development to go ahead. I do not think that there are any policies in our LDPs about which we would say, "If we just took that policy out or ignored it, everything would be fine from there."

The key issue is about the viability of the development industry and the property industry when it comes to town centres. There is a strong parallel here with the vacant and derelict land issues for industrial land, sites on which are constrained by contamination issues in old buildings. Town centres are in danger of falling into a very similar scenario, where we have shop units that are costly to convert into anything else, especially housing. Issues with multiple ownership make the process complicated, and each unit is of a size that makes it very difficult for any builder of scale to do anything with those properties, which will have been dealt with in a very piecemeal way.

I would suggest that the issue is the fact that the industry requires support, rather than the challenges that exist on the planning side in terms of what we can do. We try to be as flexible as possible to allow the right sort of development in our town centres, but such developments are not necessarily being brought through because of the financial side. Development companies are businesses and they need to make a profit. They look at town centre schemes and do not see them as viable from the point of view of delivering enough money. In my opinion, that is why such schemes are not coming forward.

**The Convener:** Mr Iles, you are not here as a VAT expert, so if you do not know the answer to this, that is fine. I understand that new builds are zero rated for VAT, but I thought that there was a rebate for the conversion of commercial buildings into residential properties.

**Craig Iles:** I am sorry—I am not aware of that, so I cannot comment. Anything that would help financially would help to take things forward.

**Colin Smyth:** An issue that has been raised extensively with the committee is the challenge of derelict buildings in our town centres. The committee visited Midsteeples Quarter in Dumfries recently, and our visit coincided with a certain street in the town being closed because a building on it had been deemed to be dangerous. It had been derelict for some years and it became so dangerous that the street had to be closed off. Craig Iles will not need me to tell him about a certain building in the centre of Ayr—the former Station hotel—that was closed because it was dangerous. That disrupted rail services in the town for months.

Something has clearly gone wrong when it comes to the action that we can take to prevent buildings in our town centres from falling into such a state of disrepair. Starting with Mr Rogers, will you tell us what you think has gone wrong? Do councils not have the powers or the funding that they need, or are they too slow to use their powers at an early stage to avoid town centre buildings getting to a point when they are closed because they are dangerous, with all the disruption that goes with that?

**Steve Rogers:** There are a number of dimensions to that. A range of statutory powers are available, but they tend to focus on crisis situations. You referred to the example on English Street in Dumfries. I believe that the committee visited Dumfries and experienced the inconvenience of the associated road closure, which was necessitated through the building standards system. The building had become so derelict that it was creating a danger to the public. On further inspection, we found that it was actually at risk of collapse, in part. We eventually managed to work with the owner on their taking responsibility, which is one of the key things. We always face the challenge that the responsibility for the maintenance and upkeep of buildings is the owner's. It is only in situations where the owner fails to take that responsibility that public bodies can step in and ensure that public safety is not compromised. We followed the process of engaging with the owner and we eventually used our statutory powers and co-operated with the owner to facilitate demolition of the building, which we accepted was the only solution to secure public safety in that situation.

However, that does not address the probably more commonplace cases where buildings have fallen into disrepair and become unsightly, essentially becoming a blot on the townscape. We have various powers available to us through listed building legislation and planning legislation but, again, we have to try to strike the right balance, working with building and property owners and encouraging them to take responsibility. That is where the resources issue comes in. We need to ensure that we have a range of positive incentives available to us, rather than just focusing on the big stick approach, so that we can offer support and help to address some of the issues of viability that Craig Iles mentioned.

One reason why people do not invest in buildings is that they cannot make a return on them. That is particularly the case in some of our rural communities, where we have low demand and low property values that do not generate the financial returns that people might get in Edinburgh, for example. There is a role for the public sector to play in providing gap finance or other incentives for building owners, developers and investors to start to invest in town centres.

An example is the town centre living fund that we have put in place. The council has determined that, every year, it will set aside £1 million from our second homes council tax income and use it as a fund to support town centre living projects. Over the past five years, we have supported a number of registered social landlords and private landlords to invest in either new-build properties or refurbishment of existing properties in order to make them available to support the supply of affordable housing in town centres. That is one example, but more could be done to incentivise investment and ensure that resorting to using our enforcement powers is the last resort.

**Colin Smyth:** We have heard about the town centre living fund before. It is a good idea and is of huge benefit.

Mr Lindsay, do your powers go far enough? Mr Rogers said that you can take action when a building is dangerous, but is it fair to say that not a great deal can be done in other cases, even when there are trees growing through the windows or the windows are not even there, unless it is a listed building. Should the powers be strengthened?

**Bill Lindsay:** The powers are probably sufficient. Again, it comes down to having the resources to be able to implement them and follow through, in my opinion. Similar issues have come up in the Local Government, Housing and Planning Committee's consideration of the draft national planning framework 4, where there have been discussions about derelict and vacant land.

There are resources issues to do with the funding and perhaps the personnel to follow through.

**Colin Smyth:** Are councils sometimes reluctant to use the powers because, once they start, to be frank, it will draw on their resources?

**Bill Lindsay:** It will vary across the country, but there may be no capacity to do a piece of work. Mr Rogers talked about enforcement. Enforcement officers across the country have been diminishing over the years, and they are dealing with everything from unauthorised felling of trees through to some serious breaches of use in buildings. The powers are there but, as is the case for many things that we discuss, it is important to have the resources, in terms of finance and personnel, to follow through.

**Colin Smyth:** Mr Iles, the high-profile case of the Station hotel in Ayr is an example that involves a very absent landlord. It is all very well to talk about working with landlords, but if the landlord is not willing, how do you make sure that action is taken?

**Craig Iles:** I will not talk specifically about the Station hotel given that it is a live case. In general, however, there are definitely challenges where there is an absentee landlord as the owner of a building, or people who show no interest or have no financial ability to engage in the process. In that situation, the council has limited powers. I would probably disagree with my colleagues on that. The expectation of the powers is greater than what the powers actually are.

The actions that South Ayrshire Council took in the particular case that we have talked about were taken under the Building (Scotland) Act 2003. They were about making the building safe and preventing danger, but that is as far as we can go. We cannot go in and do any more than that. We then have to move into other legislation. Under the planning legislation, if we want to undertake work on a building, we have to be able to demonstrate that we have a plan for what we will do and that it is in the public interest. We also have to be able to demonstrate that we are able to pay for the proposals that we bring forward. We cannot just acquire a building because it is in a poor state of repair unless we have a clear plan to follow that through and can demonstrate that to the court through the due process for the compulsory purchase. We almost have to front load the whole system and be able to demonstrate what we intend to do with the piece of land or building before we can start the compulsory purchase process. We also have to demonstrate that we have the funds in place. It becomes a very complicated situation for the council that is seeking to take that forward.

As my colleagues have said, there are issues of resource and expertise in being able to take some of these matters forward. We try our best to work with the property owners in all circumstances to deliver solutions, but quite often they are either absentee landlords or investment funds that have no interest in the property other than it being a line in a balance sheet somewhere. That makes it very difficult to engage with them because, generally speaking, they are not locals with an interest in the town who want to see betterment there. They just have the property as an investment opportunity.

11:15

**Colin Smyth:** You said that there is a need to look at the powers, as well as the resource issue. How would you change the powers?

**Craig Iles:** We tend to focus on big buildings in Dumfries, Ayr, Kilmarnock or wherever, but our town centres are full of small buildings that are in a poor state of repair—the former butcher's shop and other shops with units above them that are drawing the streets down to a lower standard than we would like. I would like to see whether it is possible for some local development company opportunities to be set up. There is a reference in "A New Future for Scotland's Town Centres" to a strategic acquisition plan. Something along those lines would enable councils to get a body together and have funding available to be able to go to landowners and look to acquire properties, or assist them in bettering their properties, in line with a master plan.

The three of us are planners, and we like to see things being planned out in a proper manner, with a master-plan approach that allows a strategic view of the street and how we are going to develop it. On the smaller scale, we might have a butcher's shop that has closed down. The owner has a unit that they cannot do anything with because it is too expensive to convert it to a residential unit, and the chap upstairs has a one-bedroom flat that he bought to get a small return from a private let. How can we join that together to get a reasonable conversion of the properties into, say, a townhouse? If we can do that and replicate it along our streets, we will start to bring people back into those areas and we will join things up. At the moment, there is no connection between those people. There are also situations where properties have been vacated, perhaps because someone has died and the property has fallen to relatives who have no interest in it. It is just a debt to them. The councils are trying to follow such cases through.

On the building standards side, we see buildings with dangerous chimneys and suchlike, which are commonplace problems. We do the paper chase and find that there are multiple owners of what are

relatively small buildings. When we scale that up for larger buildings, it becomes very difficult to coordinate it. That takes me back to the resources question that we discussed earlier, because that work is beyond the resources that we have at the moment. We have teams that deal with planning applications and the production of local development plans, but we do not have teams that can go in and do that research, acquisition and master planning. It would be a real benefit if we had powers on that side.

That also ties into the situation with vacant industrial land, which I mentioned earlier. There are reasons why development has not been brought forward there. Some of that is about problems with land acquisition and people not being willing to work together, as well as the contamination issues that blight those areas.

**Gordon MacDonald:** I have a question about change of use and the classification system—class 1 shops, class 7 hotels and so on. On our visit to Dumfries, we were shown a number of examples in the high street. One was a former menswear shop that had closed. Someone wanted to convert it into a restaurant, but the local development plan designates all of the main street as class 1. We also saw a couple of units that have lain empty for 20-plus years, if the information that we were given is correct.

In the rapidly changing situation where we have had the pandemic, we want to bring in 20-minute neighbourhoods and we have e-commerce, is the classification system flexible enough to accommodate changes of use? Are any changes required in the system? As I mentioned Dumfries, I had better put those questions to Steve Rogers first.

**Steve Rogers:** The planning policy in the town centre was changed some four or five years ago. What you have just described is, if you like, the traditional approach that used to be taken to planning policy in town centres. We had what was usually referred to as the core retail zone, and restrictions would be in place to protect the core retail offer of the town centre. We reviewed that five years ago when we were producing LDP2, which is the current local development plan, and we and members were keen to change that and introduce a lot more flexibility. The retail protection zone has gone and we now have a much more flexible policy that encourages and promotes different uses and mixes of uses in the town centre.

The two main caveats to that are that the uses must add to the vitality of the town centre and that they must not introduce amenity issues for existing residents. When you visited the high street, you might have noticed that there are more cafes and restaurants than there used to be. That is a

consequence of the stricter regime that used to be in place being changed.

**Gordon MacDonald:** Given that you are encouraging more mixed use, is there a need for a general town centre use classification that would cover some of these classes, so people would not need to apply for planning permission to change their use?

**Steve Rogers:** It is certainly an interesting proposal, and I am aware that it is out for consultation at the moment. I have a view that the use classes order is out of date. The classifications relate to the economy as it used to be 20 or 30 years ago. Probably, the time is right for an overhaul of all the classifications. However, whether it is a good idea to introduce a town centre use is another matter, because what you are trying to do there is to introduce a spatial element into something that is only intended to determine whether planning permission is needed for a use change anywhere. There could be unintended consequences from taking that approach. I am not sure that I understand how you could limit it to high streets or designated town centres. In other words, there would be situations outwith town centres—in neighbourhood centres, villages and smaller communities—where the ability for the village shop, for example, to suddenly change to being a hot food takeaway could introduce a lot of new problems and issues into that community. That could be an unintended consequence and we need to think long and hard about that. I would prefer the onus to be on a complete overhaul of the use classes system.

**Gordon MacDonald:** Bill Lindsay, is there anything that you would like to see changed in the classification system?

**Bill Lindsay:** I would underline the point that Steve Rogers made about the unintended consequences. If you change the use classes, it will apply everywhere, not just to town centres. We need to distinguish between what the use classes order is for and what permitted development rights would be there for—identifying where planning permission is or is not needed—as opposed to the planning policy-led approach that will be a facilitating and enabling mechanism to encourage and promote what we would like to see happen.

As I said earlier, we do not know what will happen in the future. Policy needs to be flexible enough to allow change to happen. That might involve requiring planning permission—if so, so be it; that is just the nature of it. The unintended consequences involve possibly opening up amenity issues and introducing problems into an area.

Another aim and objective of NPF and wider discussions around town centres involve

reintroducing a resident population. There are many benefits and advantages in that, but it brings with it problems and potential conflicts. We have to be quite careful about this.

Steve Rogers is right that these use class orders were written in an entirely different age, but we should not rush into these changes. We have to look at the whole package, rather than just individual parts of it.

**Gordon MacDonald:** Craig Iles, if it is the case that these use class orders were written for a different age 20 years ago, what changes would you like to see?

**Craig Iles:** I do not know. I have not given that consideration. I think the other witnesses are right that there is a need for them and we need to make sure they are applicable across the range of the communities that we have, not just the larger high streets. They need to be suitable for our towns and villages, because that is where challenges can come in, especially where there is close proximity to residential units, which we need to make sure that we protect.

Off the top of my head, I cannot think of any significant change that I would look for. Perhaps they could be updated.

**Gordon MacDonald:** Building standards are designed to promote sustainable development and protect the public, but are there any aspects of the building standards system that need to be changed to encourage redevelopment of our town centres?

**Craig Iles:** I think that the system is in good shape and it is a very vigorous thing that is required to ensure we deliver the sustainable goals. If we start trying to water it down in any way to facilitate development, that will be going in the wrong direction. What we require on the building standards side is resource. There is a distinct shortage in terms of surveyors coming through the universities and colleges to service all the councils. That is one of the challenges that we are working on just now.

The overall process is sound, and it is vital for the protection of consumers that we have that in place so that people get what they are expecting at the end of the day and we can drive forward our net zero aim. The regulations are good at doing that, and are also good in relation to issues such as accessibility, which is vital to ensuring that all members of communities can get about. That is an important thing but can sometimes be seen by developers as not necessarily a high priority. The regulations are vital to ensure that those things are brought forward.

**Gordon MacDonald:** Bill Lindsay, is there anything we need to change in building standards?

**Bill Lindsay:** Nothing that I have considered and want to put to the committee. I would just say that, in terms of sustainability, building standards, more than planning, can deliver that because it is a black and white issue—you meet the standard or you do not. Planning policy is too open and flexible in that way. It is hard to deliver and implement.

**Steve Rogers:** The issue is partly around the application of the system in order to support some of the challenges in town centres, such as those around the reuse of upper floors and conversions of older buildings, which require probably a flexible approach to be adopted.

Yes, there are regulations and building standards to be followed, but there also needs to be an element of discretion and flexibility to ensure that they are being applied in a proportionate fashion so that they do not act as a barrier to that safe redevelopment and reuse of older buildings in town centres.

**Gordon MacDonald:** How would you build that into the system?

**Steve Rogers:** I think that it is there in the system at the moment. There is that opportunity in some circumstances for flexibilities to be applied, which is why I suggested that it might come down to how you approach and implement the current system, rather than making any legislative or statutory changes.

11:30

**Maggie Chapman:** Good morning. Thank you for joining us and for your comments so far. Bill Lindsay, you have spoken a couple of times about flexibility in planning policy, both the need for it and the potential problems that flexibility can cause with regard to not being directive enough. What are your thoughts around the town centre first principle? I know that it is a principle rather than a specific policy. It is designed to support town centre development and regeneration, yet we still see planning departments giving permission to out-of-town developments that take social and economic capital away from town centres. Can you comment on that?

**Bill Lindsay:** The first thing to say is that it is planning authorities that give consent to out-of-town centres, not planning departments. There is a strong and consistent thread of planning policy supporting the town centres first principle. Fife's current local development plan was possibly the first to produce a town centre first policy, so it clearly advocates and promotes that. The difficulty will always be around implementation, for the

reasons that we have heard already. We have heard from Steve Rogers and Craig Iles that there are development economics and viability issues that come into this.

We also have a situation where the older model of retailing has continued to promote out-of-town locations, arguing that that is what the consumers want, and there has been an employment benefit in some areas as well. It is quite a difficult issue, and elected members have to juggle all these things and decide whether they will stick with the recommendation.

We should stick to the town centre first principle and we should promote it as the first port of call. We have learned over the past couple of years that people have started to "rediscover local". The approach might not involve having the same major stores, the same size of operation and the same mix in every high street. and all high streets are different. All town centres are different sizes and neighbourhoods within cities are all entirely different. The approach involves finding something that works for those individual locations so that you can encourage local businesses and entrepreneurship and local services, and attract people back into town centres where we have spaces vacant and boarded up just now for financial reasons.

Where you have people, you have activity. Where you have activity, there is opportunity for services and businesses to be created. You also provide a much healthier and more attractive environment. However, the town centre first principle is only one of the steps to get there. There are many other things involved. Town centre first is not just a planning policy; it has to be agreed and managed through economic development, working across the council services and community planning partners to, for example, locate health services in vacant shop units. If we are talking about having 20-minute neighbourhoods, let us start from the centre, which is where many people would go to congregate for a series of activities. A lot of those activities no longer exist because of the changes that we have had in recent years—structural economic changes and so on—but we have an opportunity to try to reverse that.

**Maggie Chapman:** You said in answer to question earlier that one of your roles is to facilitate and enable the implementation of the vision that you want to see. Following on from that point, how do we make sure that vision for the town centre, taking account of the town centre first principle, pulls in all the connections and resources? How do you make sure those processes are supported and sustained to create the blueprint for a town centre that provides a liveable space for everyone?

**Bill Lindsay:** It involves that wider corporate and interagency working. It requires money, some of which will come from the public sector, to pump prime and take the initial risk, after which the private sector can come in and invest, once there is some leverage in there. The approach must involve economic development agencies and housing agencies identifying opportunities in town centres—Fife and other authorities are looking at those opportunities. However, there are resource implications in that because, where you have people, you also need the services. Some services will be attracted because there is an attractive proposition there—there is a client and customer base for commercial activities to come in—but others will need there to be more planned investment to make sure that the public services and social services are available. The issue of delivery all comes back to resources within the private and public sectors.

**Maggie Chapman:** Steve Rogers, in one of your earlier answers you talked about the focus of the local development plan having a town centre regeneration development principle at its heart. How can we make sure that that is sustained in decision making, planning and in the visioning that we have talked about?

**Steve Rogers:** To come back on the point that you made about the application of planning policy and what has happened in the past around out-of-town retail, do not take this the wrong way, but we have historically tried to resist that but the applications have been overturned on appeal by the Scottish Government reporters unit. Two of the three developments in Dumfries were as a result of planning appeals, and that emphasises the need to have a robust policy framework that is resilient and capable of resisting development pressures in inappropriate locations.

My concern about the draft NPF4 is that it does not quite do that. I do not think that the policy wording that is put forward currently is robust enough to withstand planning appeals and, potentially, Court of Session processes. Certainly I think that Heads of Planning Scotland have reached out to the Scottish Government to say that it would be good to have some practitioner input to the refinement of those policies. The policy intent is very good, but how that is translated into robust policy wording is another matter. There is an art to it, and I think that that needs some further input from some colleagues to help with that.

Having said that, the role that planning policy can play is evidenced in our current local development plan. I mentioned the policy that we have around encouraging and promoting mixed-use development and other uses within town centres. To support that we also have another

policy, ED6, in our local development plan that requires a sequential testing approach. When developers come forward with development proposals that are outwith the town centre, they must have evidence that they have gone through a sequential test, starting with the town centre and working their way to edge of centre and finally out of centre. They have to evidence that there is no other suitable site or location for their development before their proposal will even be considered.

That is an important way that the town centre first principle can be put into practice. The policy was put to a fairly intense examination when we had a situation in Dumfries with Next wishing to relocate from the town centre out to one of the retail parks that has a restriction attached to it that limits it to the sale of bulky goods, white goods and electrical goods and expressly prohibits retail activity. The owner of the retail park was extremely keen to attract Next to locate there. The application to have that condition lifted was refused by us. We required the people behind the proposal to go through that sequential test and they found it quite hard to discount Next's current store in the town centre. The decision went to an appeal. We were supported on appeal, and it went to the Court of Session, where again we were supported. Therefore, you can see that that policy helped to prevent that out-of-town drift that you are talking about. It is important that those policies are robust enough to withstand those judicial and quasi-judicial processes.

**Maggie Chapman:** That is very helpful and a very good example. Craig Iles spoke about landlords working with developers. Is one of the missing pieces direct engagement with communities themselves, who either want to be or are already in town centres, to ensure that there is better understanding of things like the town centre first principle, so that there can be—the policy points that have already been made notwithstanding—delivery on that?

**Craig Iles:** The communities are an important part of what we do. We engage with them wherever we can and bring them into all the decision-making processes. The key thing in driving things forward is that communities have their own ideas of what they want, whether they are about local place plans that come in when they cover their town centres, or about the varying levels of change that they want. For me, we need to change what our town centres are and how we get people into them.

Sustainable transport has not been mentioned. Being able to get people into the communities and the hearts of town centres will encourage retailers to stay there. People will want to go there if there is a good public transport system that takes them into the heart of the community, rather than them

jumping in their cars and going to out-of-town centres. Drawing our communities in and setting them up with plans is important in helping them to shape what is wanted for their areas.

I will go back to the point about compulsory purchase that we touched on earlier. It is necessary to demonstrate that there is a final plan for the building that people wish to compulsorily purchase. To be able to do that and to generate a head of steam in a project and get funding, it is vital to have the communities on board. They have different channels available to them for additional funding that is not available to councils, to take things forward. It is important for us to ensure that we engage with community councils, but also with communities at other levels, because not everyone is involved in community councils. That is very important.

**The Convener:** Three members still wish to ask questions, so I ask people to be brief and as direct as possible in their questions and answers. That would be helpful.

**Colin Beattie:** I would like to explore a couple of areas with the panel. We are all familiar with the term “agent of change” and the principle behind that. Has there been any significant change in or effect on town centre development as a result of that concept? I ask Craig Iles to answer first. *[Interruption.]*

**Craig Iles:** The changes that have taken place in town centres have been a result of changes to all our methods of shopping. It has not been sustainable for units to be kept open in some areas, which is why we have all these vacant units in our town centres. That is the biggest agent of change that has impacted on communities.

**Colin Beattie:** As I understand it, the principle behind the agent of change approach is that if there is a development within a town centre, whoever is the principal mover in that is responsible for mitigating any impacts on the public from noise and so on. Has that had any impact on town centre regeneration?

11:45

**Craig Iles:** I have not yet seen anything coming through the system that demonstrates that. The majority of retailers coming into town centres will not have a significant impact on existing users. Nightclubs or whatever might do such mitigation, but I am not sure how much difference they make to town centres. I suggest that the majority of things that might come in would not use that principle, but I do not have a great deal of experience of that.

**Colin Beattie:** Steve Rogers, do you have a view on that?

**Steve Rogers:** Currently, there is not a huge amount of development interest in or proposals coming forward for our town centres. Most of the town centre development activity in recent years has been driven by RSLs, which tend, in my experience, already to have a wider community outlook in how they conduct their business. Issues that arise from development of affordable housing in town centres have been addressed through planning conditions or section 75 agreements, working with RSLs. I do not have a great deal of experience of private sector developers or issues that are similar to the ones that you flagged up.

**Colin Beattie:** Bill Lindsay, have you had experience of that in Fife?

**Bill Lindsay:** I am not familiar with particular examples. I would say that “agent of change” is a relatively new term, but it has applied for years. Many years ago when I worked in this city, just along the road from here, we had an area of established industrial use near Meadowbank where flats were introduced. There was the same issue: what is the impact of introducing residential developments in areas where they might be affected by long-established businesses? The same principle applies. We have a real balancing act to achieve—perhaps more in city centres than in town centres, although I might be wrong. We were trying to create a vibrant night-time economy at the same time as we were trying to bring people back in. Such conflicts have to be addressed and considered carefully.

We also have to understand the expectations of people moving into established town centres where there is a lot of activity and noise that they might find detrimental to their living standards. That applies not just to town centres; we see the same thing applying in the countryside. People move into the countryside and find that hens are clucking and cows are mooing early in the morning and stopping them sleeping. Those are not new issues.

Those are planning amenity issues. For town centres they are particularly acute because we are trying to achieve a number of things in relatively small areas. I do not have any examples to cite, but many of the potential issues are there to be seen. That brings us back to how we deal with the policy-led approach to changing our town centres and how they will be in the future.

**Colin Beattie:** Your responses have been informative on that.

I will take a slightly different angle. During the Covid-19 pandemic there was a big change in working practices and a huge increase in home and hybrid working. That has continued, has it not? We have not gone back fully to being in the office again. Consequently, there will be an impact

on our high streets, on the sandwich shops and the little retailers that have staff popping in from time to time. What might that mean for future planning policy?

**Craig Iles:** There are two elements to this. There is the work that people are doing at home and how it impacts on their neighbours, and there is activity in the street, as people are running businesses from home more and more. That is becoming much more acceptable, from the activities that we see. The high streets themselves will evolve.

Since people have been working from home, you might have seen, as has been reported, that people are rediscovering their local towns and areas, when previously they were commuters who just jumped on a train and went somewhere else. They are now discovering their own communities. If that can be embellished and built on, we will be getting back to building good local communities. If you can get people sustaining their local shops, that would be a positive thing.

Although that might have a detrimental impact on high streets and principal shopping areas, there is potential for it to improve smaller village and more rural residential areas, where there are shopping precincts that are now getting more support because people are popping down to the local shops to get things rather than going elsewhere. Planning policies will need to reflect that, as we go forward.

The flexibility that we have spoken about for town centres is vital. If we can get people in and out of towns—to go back to sustainable transport—on electric buses or whatever, they will do that if it is convenient for them. That will drive the whole agenda, which in turn will have an impact on out-of-town areas. If it can be seen that town centres are places that people will happily jump on a bus to get to, retailers will come back because they will see them as being where people want to spend their money, rather than their getting in their cars to go elsewhere.

**Colin Beattie:** One of the difficulties in looking ahead is that we do not know whether homeworking and hybrid working will continue, or at what level. It is difficult for people in planning to look ahead.

**Craig Iles:** Many councils are pushing towards hybrid working and homeworking, and towards being agile, to boost their zero carbon agenda. If that happens elsewhere, you should plan for it, as we go forward.

**Steve Rogers:** That is possibly likely to have more impact on cities and city centres, which are focal points for a wide range of office activity. From my perspective in Dumfries and Galloway, we need to be careful not to make too many

assumptions. If you look at the staff in my service in the council, for example, you will see that 80 per cent of them continued to work on the front line—not in offices—throughout the pandemic. A minority of our staff are office-based. All the folk who are delivering front-line services—whether that is emptying bins or keeping our streets, parks and urban areas clean and safe—have been out there working right the way through. That will continue. Any impact of the move towards homeworking or hybrid working needs to be seen in that context. We are talking about only a minority—certainly, from councils' point of view—of staff being able to do that, and doing it into the future, so the impact on our town centres is relatively limited.

I also suggest that there is a positive thing, which is that location—which has traditionally been seen as a disadvantage for places like Dumfries and Galloway—has suddenly become an advantage and a selling point. We are seeing people relocating because one of the consequences of being able to work remotely from anywhere is that they can sit somewhere like Castle Douglas, Gatehouse of Fleet or elsewhere in the countryside in south-west Scotland and work for a company that is based in London, Manchester or Edinburgh. We are seeing increasing numbers of people doing that. It is, in itself, a boost to some of our communities, towns and villages because it is bringing in new activity; it is bringing in visitors and it is bringing in disposable income. Whether the flexibilities exist in our planning policies to sustain that is something that we need to look at through NPF4 and the review of future LDPs, but I am pretty sure that the policies are already in place to support homeworking.

The other point to make is that we are already seeing the development industry responding and reacting to the changes. When you look at show houses now, for example, they inevitably contain an additional room or study that has been set aside for homeworking. Such things are already being adopted and built into future developments by the housebuilding industry. The flexibilities already exist.

**The Convener:** We have to make some progress. I have two members left and we are running out of time.

**Fiona Hyslop (Linlithgow) (SNP):** Good morning—it is still morning. National planning framework 4 encourages town centre living, including the reuse of vacant upper floors of commercial property and redevelopment of redundant retail units. Your answers to this question will have to be quite brief, but how have your authorities worked to support the redevelopment of such properties for housing? Is

there anything that the Scottish Government can do to support that redevelopment? It would be helpful if you could give us a sense of how much of your high street, for example, has vacant upper properties. We are very conscious of the issue from our Dumfries visit. I ask Bill Lindsay to give a reply to that first.

**Bill Lindsay:** On the practical work that is taking place, Fife Council has a well-established affordable housing programme, and the latest phase of that includes promoting town centre living. Again, it comes back to resources and making sure that we can work with owners who can see the sense in co-operating with the council or other housing agencies to deliver that housing in a way that is viable.

That brings with it the issues that I mentioned about the supporting services that are required. Through our review of our local outcomes improvement plan, I would expect to see more discussion of that. We are speaking with health services and we have education support to try to bolster the opportunity for residential accommodation. We have a long list of sites, but sites that are ready and can be delivered in the short term are few and far between without the need for additional funding. Those would be the resources that are required from the Government.

**Fiona Hyslop:** So it is funding and policy that are needed.

**Bill Lindsay:** Absolutely.

**Fiona Hyslop:** Craig Iles, do you have anything on that from South Ayrshire?

**Craig Iles:** No, I do not think so. The council is always looking to try to develop in the town centre and to bring people back in, but there are no specifics that I can offer to answer that question. On your question about how many units there are, I am afraid that I do not have that figure available.

**Fiona Hyslop:** Do you have anything on that question, Steve Rogers?

**Steve Rogers:** It depends how long we have, because there is quite a lot that I could talk about, but I will be brief because I am conscious of the time.

We need to have a look at the way in which RSLs are funded to deliver difficult-to-develop sites, including reuse of vacant and empty properties. There certainly needs to be a look at the way in which the funding is weighted and how it is geared towards supporting such developments. We find that we are having to use the place-based investment programme, for example, as well as our own town centre living fund just to try to help RSLs make some of those difficult sites deliverable. That is one aspect.

The other aspect that I will mention, which you have seen for yourself at first hand, is the work of Midsteeples Quarter. We have been working closely with Midsteeples Quarter to help it to develop the master plan for that part of the town centre, which includes good High Street frontage. When you look at its master plan document and what it is trying to achieve, you see that there were four residents in our High Street when the master plan was prepared. It has a target to increase that to something like 66 or 70 as a result of its development.

We are hoping that once people and developers understand what can be achieved in town centres by applying that master plan approach, other developments will come forward, particularly from RSLs, to help to address some of the issues that you have mentioned.

12:00

**Fiona Hyslop:** After the meeting, if any of you would like to let us know about any practical suggestions that you have, please do.

Local place plans are important for community involvement in supporting town centre regeneration. What do you provide now and what more could you provide to communities? You are experts in terms of your profession, but the communities are experts in their local place. How do you make the most of that and give them the skills that they need to realise their own expertise about their own communities?

**Bill Lindsay:** Last week, we invited community bodies to consider preparing local place plans. We have a website already established, through which people can ask questions, get advice and be pointed towards resources.

One of the points that we are making is that because the communities are preparing those plans, they will need resources. We are not necessarily in a position to provide all the resources and support that they will need, because they will be community-led place plans, but we can signpost to the information that they need.

We are working through the seven areas of Fife for community planning purposes. Each of those areas is reviewing its local community plan, which involves gathering information on how it sees its communities. All of that will feed into our work.

My role over the next year will be to prepare a new local development plan, which we are saying quite openly will be place based. We have to tap into that information. As you said, the people who know their place best are the people who live there, so we want to try to tap into that and see what we can do.

National planning framework 4 sets the policies, and we should not have to repeat that. We want to look from the ground up and see how we tie into that and synchronise with both the policy and the place-based approach.

**Fiona Hyslop:** Craig Iles, to you have anything to add to what Bill Lindsay said?

**Craig Iles:** Resource is the key thing for us to be able to support communities. The better-off areas will quite happily prepare their own local place plans, as they will have retired professionals who will happily be involved in that process. It is the communities that are not as well resourced that will need the support. The council will need to support them without trying to lead them too much because, as you say, the plans are meant to be their plans.

**Fiona Hyslop:** Steve Rogers, is the support that is needed more community development and not just access to planning officers and so on?

**Steve Rogers:** It is about capacity and capability building in the community, and we are certainly working on that at the moment. We are part of the Borderlands inclusive growth deal, and within that there is a place programme. In delivering that place programme, we have started work across five different communities in Dumfries and Galloway to facilitate them to prepare place plans. One of the benefits of doing it through the Borderlands process is that, ultimately, those place plans can generate investment in projects in those places, so there is a tangible end result and end product. We being careful to align that with the new LPP approach in the planning system, so that the place plans can be adopted as LPPs. It is an important principle that there should be only one plan for each place.

**Fiona Hyslop:** That is very helpful. Thank you very much.

**Alexander Burnett:** Steve Rogers, is converting unused commercial property in town centres into new homes commercially attractive and technically possible? Do you have any challenges with identifying owners or complex ownership structures of unused buildings?

**Steve Rogers:** The answer to the second question is simple: yes, there are a lot of challenges in identifying absentee landlords and property owners. That can take up a large amount of resource, because that has to always be the first port of call. We have to ensure that they are held to account for their ownership of that property.

On commercial development viability, it has been many years since we have seen any evidence of commercial house-building activity anywhere near our town centres. The challenge is

around the extraordinary development costs that are often associated with trying to redevelop town centre sites. How that can be overcome by the private sector alone is a challenging question, given that its driver has to remain making a return on investment.

I believe that there is a continued role for the public sector, in terms of gap funding to support such development. If we are trying to achieve wider societal benefits from public investments, I would argue that providing gap funding would support that.

**Alexander Burnett:** On the question on identifying ownership, do you have any solutions or do you see where the fault might lie?

**Steve Rogers:** I am not sure whether I have any specific solutions. I would like to see progress being made. One of the proposals that was floated in the previous town centres review was on compulsory sales orders. That might help to address some of the other issues that the committee has raised this morning, but I am not sure that it addresses the specific issue of tracing absentee landowners.

**Craig Iles:** I agree with Steve Rogers that it is very difficult to trace the owners of such buildings, especially when we get into the area of offshore companies and suchlike. That can be very challenging.

**The Convener:** I have a final question, and I apologise if you have already addressed it. There are a number of areas where councils can carry out work and reclaim the costs of the work from the owner. On paper that sounds very simple. Can it be difficult for councils to recoup expenses for work that it has carried out on defective properties and so on?

**Steve Rogers:** You are absolutely right and we do that. We have available to us a default power, which we have used, particularly in situations with dangerous buildings where, frankly, we cannot stand by and watch and we have to spend money in order to address a public safety issue. We have examples where we have, in the absence of an owner or co-operation of an owner, entered premises and either carried out partial demolitions or boarded them up and made them safe and tried to—I emphasise “tried to”—recoup the outlay from the property owner. As you can appreciate, there is a debt recovery process that has to be followed, which ultimately ends up in the courts.

Taking out charging orders is another way in which we can try to at least get some security regarding the premises that we have entered.

**The Convener:** Would the council take on the work only if it reached the point of being a public safety issue, because there is uncertainty about

being able to recoup the funds and having the owner be responsible?

**Steve Rogers:** No. It would not be fair to say that we do that only in public safety cases. I was talking there mainly about the building standards enforcement system. In the planning enforcement system, if there are situations where, for example, there is non-compliance with a planning condition or a breach of planning controls, we have the same default powers—depending on there being a proportionate view about the damage and impact that that is causing to the wider public—to go in and carry out works and ultimately seek recovery of those costs from the owner.

**The Convener:** I would like to thank all three witnesses for their contribution this morning. I move the meeting into private session.

12:10

*Meeting continued in private until 12:23.*

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Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

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