

Housing, Communities and Local Government Committee

Oral evidence: High streets and town centres in 2030, HC 1010

Monday 22 October 2018

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Members present: Mr Clive Betts (Chair); Bob Blackman; Helen Hayes; Kevin Hollinrake; Andrew Lewer; Teresa Pearce; Mr Mark Prisk; Mary Robinson; Mr Tanmanjeet Singh Dhesi; Liz Twist; Matt Western.

Questions 121 - 180

Witnesses

[I:](#) Edward Cooke, Chief Executive, Revo; Mark Williams, Director, Hark Group; Roddy Bushell, Former Estate Manager, Fitzwilliam Malton Estate; Dominic Williams, Director, Hewdon Consulting.

[II:](#) Harry Burchill, Planning Policy Officer, Royal Town Planning Institute; Craig Rowbottom, Development Planning Manager North West, Birmingham City Council; Dr Julian Dobson, Director, Urban Pollinators.

Examination of witnesses

Witnesses: Edward Cooke, Mark Williams, Roddy Bushell and Dominic Williams.

Chair: Good afternoon and welcome to our evidence session on high streets and town centres in 2030. Thank you very much for joining the Committee this afternoon. Before I come over to the witnesses, I must ask members of the Committee to put on record any particular interests they have that may be relevant to this inquiry. I am a vice-president of the Local Government Association.

Teresa Pearce: My interests are as registered. I also employ a councillor in my office.

Liz Twist: I employ a councillor in my office.

Mr Dhesi: I am a councillor, as per the register of interests.



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Helen Hayes: I employ a councillor on my office and I am also a vice-president of the Local Government Association.

Matt Western: They are as per the register of interests.

Bob Blackman: I am a vice-president of the LGA.

Kevin Hollinrake: They are as per the register of interests. I have an association with a couple of hundred retail properties around the UK, and I also employ a councillor in my office.

Andrew Lewer: I am a vice-president of the LGA as well.

Mr Prisk: I am a non-executive director of Stanfords, the travel and photography retailing business.

Q121 **Chair:** That is us on the record. Over to you now. Can you just go down the table and say who you are and the organisation you represent today?

Mark Williams: I am Mark Williams, director of the Hark Group asset management business and also president of Revo.

Edward Cooke: I am Ed Cooke; I am the chief executive of Revo and our members are retail property, investor developers, retailers and other occupiers and increasingly local authorities and local enterprise partnerships, and the advisers who service those three principal parts of our market.

Roddy Bushell: I am Roddy Bushell. I am a chartered surveyor and I was estate manager for Fitzwilliam Malton Estate, in the town of Malton in North Yorkshire, for 21 years, until the end of last month. I have lots of experience in the small towns aspect of this subject.

Dominic Williams: I am Dominic Williams. I am wearing several hats. I am a director of Hewdon Consulting, which mainly advises local authorities and LEPs on the wider implications of economic regeneration, the impact on business rates, town planning and so on. I am also a chartered surveyor and wrote the RICS information note on future-proofing the high street. I am also a member of the Federation of Small Businesses and lead on matters to do with housing, communities and local government, and my family owns a small portfolio of shops.

Q122 **Chair:** You do not have to answer every question with a different hat on; otherwise, we will be here for a long time. Thank you very much for coming this afternoon. I will just say, because it is quite a large panel, if you find you have agreed with something that somebody has already said, just say, "Agreed." It is not necessary to repeat everything.

Could you first of all give an overview of the situation in terms of the ownership of commercial properties in the high street and town centres? Who actually owns our high streets and how has that changed in recent years? Has it changed, in fact?



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Mark Williams: In terms of scale, pension funds, insurance companies, private equity that is owned by pension funds typically own large assets, so shopping centres or part of a town, if you are lucky enough. Institutions traditionally own single-let high street shops but, over the last 10 to 15 years, they have been reducing that holding in most places, shrinking down to what we would call cathedral towns and cities. The majority of smaller towns and medium towns—probably 75% of the market—are migrating on individual shops with individual owners. It could be in their SIPP—its pension funds—or individuals such as the local dentist who has bought it, or it could be bought through auction and multiple ownership. Large assets, though, are held by what are called professional commercial owners.

Edward Cooke: To add to that, in the last two or three years we have seen more and more ownership from within local councils. In the first half of this year, there were about seven purchases from local authorities. In the last five or six years, about £4 billion of commercial real estate was purchased by local councils, of which about £1.1 billion to £1.2 million was retail. They are a growing investor in the sector.

Roddy Bushell: Small towns are really a huge mix. They are very diverse. There are quite a few owner-occupiers, some owning them via their self-invested pension fund. Also local businesses buy a separate property for their pension fund. There are family property companies, usually with some sort of local connection, but very few professional corporate funds in smaller towns, unless for the one large supermarket, say.

Dominic Williams: I would agree. The main point is that most shops on the high street, particularly in smaller towns, are too small to be attractive to large investors. If you have a £2 billion or £3 billion portfolio, buying a £500,000 shop in a small town is just not what you want to do, even if you could find a retailer who would be financially solvent enough to interest you.

Q123 **Chair:** Some of the major investors now tend to come from overseas rather than the UK. Does that mean they are more distant, less hands-on and less interested in the details of what goes on?

Mark Williams: Where international investors have invested in the UK, they have done it either in a joint venture with a UK REIT, property company or pension fund, or by having an operational office in the UK. I cannot think of an example where an international investor has bought an asset outright and continued to run it from overseas. They either have local operations based in the UK with specialism or they joint-venture with specialists in the UK, which have a part-share in the building.

Edward Cooke: I would agree with that, especially for the bigger lot-size investments we are talking about. On the smaller property investment side, it may well be the case that there are more disparate and less engaged ownerships, but I would agree on the bigger stuff.



Roddy Bushell: I do not have anything to add on small towns.

Q124 **Chair:** Is UK commercial property still seen as an attractive proposition generally for overseas investors and the big investment funds generally? Are they still making money out of it?

Edward Cooke: Broadly speaking and especially in the City of London, commercial real estate continues to be a pretty fertile place for international investors, despite what is happening at a supranational geopolitical level. There is nervousness, clearly. On the retail side of the market, given everything we have seen over the last eight months with things like CVAs, there is more nervousness than there was from the international investment community into retail, and it is probably the worst-performing sector in the market at the moment.

Chair: We will come on to CVAs in a minute.

Mark Williams: It is wrapped up into the points that Ed has just made. UK plc, for retail investment by international investors, is considered almost toxic, with a few very rare exceptions. Central London would be one of them but, for the vast majority of assets held outside there, international investors are nervous about the retail market in the UK, primarily through CVAs, as well as the general change through the internet, but that affects not just the UK.

Q125 **Kevin Hollinrake:** Two of you, Roddy Bushell and Mark Williams, mentioned ownership of commercial property through SIPPs. One of the ways to regenerate our town centres and high streets is by getting more people living in them, yet SIPPs preclude those essential elements. Is the fact that we have landlord-only SIPPs for commercial property with floors above that are empty, preventing suitable redevelopment of certain parts of the high street and town centres?

Roddy Bushell: I would say there is an element of that. Since there is a great mix of owners, there is a great mix of circumstances. For some that will be a factor, yes.

Mark Williams: That is a great question. It had not occurred to me, until we had a past presidents lunch at which it was raised. I had not appreciated the nuance that you cannot convert the upper parts to residential, because they are held in a SIPP. We do not have those types of investments, but I am told it does prevent that from happening, yes.

Q126 **Mr Prisk:** How interested are landlords in the health of their tenants' business, on a month-by-month basis, and that of the surrounding area? Could you each give an example of a landlord whose intervention has actively helped in a particular instance?

Edward Cooke: The answer to the first question is generally speaking pretty easy, because landlords are very interested in the trading performance, both of their occupiers and also the wider environment, because they have a lot of capital tied up in their physical investment.



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Clearly they are motivated to try to support those retailers in their operations. However, as you know, it is not always that easy, because the transparency of information available to investors on things like sales performance is variable. Leases, although they can increasingly be structured with the turnover relevant, generally speaking are not. There are barriers to a better understanding between owners and occupiers of those operators' performance.

In terms of examples of where landlords are supporting retailers, as a membership organisation, we probably should not identify one over another in our thinking about it. There is a good example from the F&B side in Leeds and Landsec. It introduced a model called Trinity Kitchen, where they retained an element of the space within the F&B part of the scheme for flexible occupancy, so six-month terms in and out, giving them a trial, supporting them in their business operations, whether through marketing, finance, merchandising or other. That is a good example of a landlord identifying startup businesses and giving them that level of support.

Roddy Bushell: In smaller towns, the tenants have a lot less resilience if things are not going well. A landlord now has to be interested in helping, because if he is not, he will end up without a business paying rent in the property, and he may not have many options for somebody to take it on. He knows his real position is that he needs to be helpful to that tenant.

Landlord and tenant is a partnership by any other name, trammelled by a lot of historic terminology that is unhelpful. One of the parties is called a "land lord". That is not helpful. When the tenancy comes to an end, it is "surrendered". It is a partnership. That stuff needs to be consigned to history. People need to understand that it is just a business partnership, and if one of your partners is struggling you need to get involved and help.

There is an example from Malton Estate where, very often, the new tenants are beginners. They may be very passionate about what they do, but previously landlords would have the property, the shell, and then hand it over to them and say, "There you go; get on with it." Do you say to an expert in baking, "Here's a property. Would you like to get it through planning, through building consent and the environmental health officer's approval, then agree a contract with a contractor to fit it out?" The chances are they will not be very good at that if they are good at baking, so the estate moved into doing that for them. It worked out what they wanted, learned how to deal with the planning and with the environmental health, if it is a food-related business. It had some experience in running contracts and would do an agreement for lease and fit it out, so a tenant could start and do what they are good at, which is baking. In that way, it reduced the number that fail early on because they had made a mistake in some other part of the world they knew nothing about.



Dominic Williams: It is helpful to distinguish between town centres and high streets. Most town centres will have a shopping mall in them, which is owned by one landlord. They are usually very active and usually have a local centre manager, who will run marketing initiatives, support the tenants and maybe use some of the service charge to provide additional security and helpful things like that. The high street, because it is more fragmented, has less opportunity for a single landlord to do helpful things away from the actual shop. Some of them are supportive in encouraging tenants to join BIDs and so on, but they generally have less leverage.

Q127 **Mr Prisk:** Do you have any thoughts about a good example that we ought to bear in mind?

Dominic Williams: A lot of the London landlords of the old estates—Grosvenor, the Crown Estate and so on—make major efforts. They will contribute to maintaining open spaces and improving the street furniture. The Crown Estate organises the Regent Street lights and so on, so they are very active.

Mark Williams: I have two examples, because this is the business I am in. One is Basildon town centre. No disrespect to Basildon, because we love it, but it is not the prettiest of towns. We have the shopping centre, but we work with the local authority and the other stakeholders, and we facilitated moving the market on to land that would create a new market. That freed up space to bring the college into town and the NHS is going to take up space next to it. We are working with the local authority, releasing land to allow them to bring in a cinema opposite our centre. We are then master-planning for intensive residential, so we are looking to shrink the total amount of retail floor space in Basildon.

I am not going to say it will be easy. It is absolutely fundamental that you work with the local authority and other stakeholders. The best towns are the ones that have mixed use in them, from colleges to the NHS to other businesses. Therefore, we are helping that. We are doing it because our health is reliant on that being successful. It is not just the shopping centre that we own, but everything else around it. It is a fundamental part. We delivered it in Liverpool. We are working with Liverpool City Council. We took a failed two-level shopping centre right in the heart, in Clayton Square, reduced it, got rid of the upper level and created a triple-height mall. We opened Boots' largest single-floor store, and converted the mall to more predominantly high street and simplified it. To do that, we landlocked and froze out some 35,000 square feet because, although there was demand for it, the rates that would have been assessed on it were higher than the rent someone would pay for it. That space still exists, but it is completely landlocked, because we would have to subsidise the tenant to go in, which is madness. That is another subject, which no doubt we will come on to.

Q128 **Mr Prisk:** Thank you for that. Again, going back through the panel on the same basis, we have heard quite a lot of evidence, certainly written evidence, around the CVA process. Perhaps I might start with Mr Cooke



again. From a landlord's point of view, how does this impact?

Edward Cooke: Before giving others a chance to talk about it, I would like to start from a wider perspective, because it is not just a landlord's issue. As I mentioned earlier, our members are retailers, owners and local authorities. Each of those three principal parts of our market is affected by the current use of CVAs in retail. Owners are affected because, ultimately, despite being a significant creditor, they do not get the same voting rights as other creditors through the process. Local authorities are affected, because retailers can leave large spaces empty by breaking their contracts. As we all know, currently they are very hard to fill. About 46% of retail at expiry or when a shop closes takes a quarter or longer to be refilled, very often much longer.

Importantly, as a lot of our retail members have said to us, retailers are disadvantaged because their competitors have a competitive advantage by reducing their rent in certain places. Actually, the reason they are able to do that is that they are failing businesses. I will let others talk about the specific impacts on landlords, but what we have said to the Chairman and you, as Committee members, in our initial written evidence is that this is a much broader issue than just for owners of commercial real estate.

Roddy Bushell: There is relatively little impact in smaller towns because it is a creature of multiples. On a more global basis, developed economies rely on security of contract. The way CVAs are being operated threatens that, and that is a big point that should not be lost.

Dominic Williams: First of all, CVAs are hastening the inevitable in the sense that, across the country, a large number of retailers are sitting on these things, waiting for them to expire, and then they will pack up and go. CVA is accelerating that process. To that extent, there is not much you can do about it. From a small landlord's point of view, they have virtually no power in any of this. You are grateful if they turn round and eventually take a lease renewal from you, rather than just walk away, so it could be worse in some circumstances but, as you say, it is a big business thing and small people have no power in it.

Mark Williams: Nobody wants to see businesses fail and landlords that are pension funds want to support retailers resurge and come through, if they can. However, this legislation, which was clearly well intended, has been misused by retail companies. The impacts are several. The first is that, as we heard directly from international investors—so this is not hearsay—they are concerned about investing in the UK, because of the nature of the contract, which is the most established thing in any western economy, is broken. An occupier can willingly rip up the contract and the voting system is such that the affected landlords only account for about 25% of the vote. Other people who are voting, which are not impacted such as the banks, can vote on it. Why would they not? Then landlords are outvoted and it goes through. That puts off international investors.



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Secondly, it has an impact on the banking system. In meetings we have with the Bank of England forum, the banks have clearly said that they have to measure risk, but they cannot if they do not know the value of a contract. Is that contract going to get ripped up? That undermines the economy. It impacts other retailers for the reasons that Ed has just said.

To give you some specific examples, to name and shame, the Chief Executive of Carpetright has been very open publicly and said that, when he was told about the possibility of a CVA, he asked his lawyers if it was true. "Is this possible?" He could not believe that this system was legal. He talked to his international investors who said, "You've got to be joking. Can you do this?" and they could. It is perfectly legal. Only last week, we were contacted by Regis, which is a hairdressers. I would like to understand how the internet has impacted that, but anyway, they have 900 stores and they proposed to go down a CVA. We asked them outright, "If you do not do this, are you going to go bust?" No; it is an opportunity to right-size their portfolio.

I am sure all of us have entered into contracts that, with hindsight, we would perhaps like to change. Great, but we have entered into them and the fact is this has completely broken that system. That has a huge and damaging impact on the whole economy. It may accelerate the inevitable, but in some cases, as we have seen with New Look, which was well publicised, the landlords have gone back to them and said they are going to kick them out, so they have changed their terms and increased their rent. It is being abused and it is causing a great strain to the sector, over and above the internet, which we will no doubt come on to in a second.

Q129 Kevin Hollinrake: Is that not an illustration of the problems with an upward-only rent review? You should surely be able to negotiate a rent in the marketplace, rather than simply having one that is set in tablets of stone that can only go north.

Mark Williams: In fairness, when I started work, it was a 25-year lease with five-year rent reviews upward only. They went out in the 1990s. There are long leases for department stores and that is for different reasons, partly because of the investment payment, but for most shops we are granting 10-year leases with a tenant break in year 5. Remember the tenants have security of tenure under the 1954 Act, so most leases are effective shop units typically; let us ignore central London or the prime, prime areas. For the vast majority they are 10 years with a break at five. Upwards-only rent reviews become irrelevant; the tenant has the ability to break.

Edward Cooke: To reinforce that with a bit of evidence around it, the annual MSCI lease events research, sponsored by BNP Paribas, draws that same conclusion. In retail, average lease lengths are now seven years and there are more breaks being offered than there were before as well, and rent-free periods are up on average by a couple of months, in the last 10 years, so there is more flexibility being shown on that. That



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makes the upward-only rent review less of an issue than perhaps it was historically.

Q130 Kevin Hollinrake: Will it not make the CVA less of an issue going forward? Are you talking of historical situations here, because that is the obvious opportunity to deal with it?

Mark Williams: The CVA is simply allowing them to walk away from towns that they may eventually walk away from, but it is happening so quickly. Remember, over half the BHS stores remain empty today, two years on. It is the acceleration of it all happening so quickly and the number of retail jobs. It is the sector that has lost the greatest number of jobs. When Carillion went, there was uproar, but there were fewer jobs lost in that than there are through the retail sector, so it is the acceleration. Property is not the fastest-moving sector, because it takes time to plan and build. When that change is happening so rapidly and you have no control over it, you cannot plan for it.

Q131 Kevin Hollinrake: My actual question was around the separation of interest and mutual interests in shops and other things in the town centre. I spent yesterday afternoon in York, out of my patch. It is great to have somebody from Malton, in my patch, come to give evidence to the Committee. It cost me £11.50 to park for five hours, yet there are out-of-town shopping centres only a few miles away where you can park for free, because there is a separation of interest between the local authority that owns the car parks and the people who own the shops and therefore collect the rent. The Malton Estate has a combined interest. I just want to talk about what you have done in Malton, in terms of concessions around parking, and how important they have been to the vitality of the town centre.

Roddy Bushell: In 2009, the estate took back the main car park in the marketplace at the centre of a lot of the shops from the local authority, which had had a lease, and made that parking free. It is managed and free for two hours. If anybody stays over two hours, they risk getting a penalty, but it is managed to minimise the number of penalties; we do not want people to come to town and have a bad day. It is managed purely to make sure that people do not stay all day. That had a big effect on the town. Parking is a really difficult issue in towns, but it is really important and has to be confronted.

People do not like paying for parking, and it is not logical; it is an emotional thing. They do not want the inconvenience of finding change, walking to the machine and walking back. They want to pull up, park and go into whichever shop or service they want to use. Retailers in out-of-town shopping centres realise that; they do not charge a fee. They are commercial people. If it was a good idea to charge, they would charge. I learned very early on that this was a very important thing to provide. It is a signal both to the people who use the town that things have changed—"We want your custom"—and for us it was a signal to the retailers and service providers in the town that the estate was business-like, on their



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side, and understood the things that impacted on them. For those two reasons, it was a very effective move for the town to make.

Having said that, I understand how difficult it is for most towns. The money local authorities make from parking is, very often, the only free money they have. Most of their funding is directed as to what to spend it on. If councillors want to say, "We have done this for you," the money they get from parking is very significant, and far more significant than most of their funding. That is a political problem and I do not know what the solution is, but it would be very helpful if politics could come up with a solution to get around that, so local authorities do not feel so sure they have to continue charging. It would make a big difference to town centres.

Q132 Chair: I have one point about CVAs. You said they were being misused and you clearly gave some examples. What change of the law would be needed to stop the misuse, but allow genuine circumstances when a CVA is necessary to keep a business going that otherwise would fail?

Mark Williams: The first is that you can only vote if you are impacted by it. At the moment, everyone can vote. All creditors can vote, but actually you are voting on one small sector that is directly impacted. Banks and shareholders have no impact and come away scot-free in certain situations, when the pension funds take the hit.

Another aspect is to look at the rules and regulations concerning the transparency of information. We do not get information on whether all stores are profitable or not; we only see that related to the one we are being asked to vote on, so we have no context to consider the overall business. We do not have full transparency of information about the retailer.

Dominic Williams: With my FSB hat on, the law is quite clear: local authorities should set parking charges for reasons of car parking policy not as a revenue-raising exercise. They can only spend that money within the practical part of their budget. We have had occasions when people have not been doing that and we have had to pick up on it. It is a particular problem in small districts with small market towns, where the local authority is, in effect, the monopoly provider of parking. It is less of an issue in big cities.

Mark Williams: Recognising legislation is difficult to enact, one recommendation we made is that, in the absence of legislative change to CVAs, companies that go through it should sit in front of your Committee and explain why they have gone through it and faced the scrutiny of MPs. That has shown in other examples how effective you can be with that inquisitive approach.

Q133 Chair: Are there any companies in particular that you would like us to invite?

Mark Williams: I have named a few.



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Chair: We are happy to take examples, if you think there are some bad examples out there. Are there?

Mark Williams: The companies that have gone through that should explain.

Chair: Are there particular companies that you think should bear some scrutiny?

Mark Williams: Yes, they are retail companies that have gone through it, so Carpetright, New Look and Regis are examples.

Q134 **Chair:** What about House of Fraser?

Mark Williams: In the end it went into administration. It didn't go there. It is to face the scrutiny of MPs, in terms of challenging and questioning. It may not change the outcome, but you and other Committees have demonstrated that you can be quite inquisitive in the way you put things to people. I think a few reputations have changed as a consequence of facing Committees.

Q135 **Mr Dhesi:** Gents, let us delve a bit into fragmented ownership. In your opinion, is high street and town centre ownership fragmented? If so, what are the implications for improvement within our high streets and town centres?

Mark Williams: Fragmented ownership is not great. It is a fact of life. The great estates of London look after those estates over a 200, 300 or 400-year period, with that in mind, and do a fantastic job. When you have single ownership, you can take long views and views in the interest of the estate management. Fragmented ownership means you cannot do that. There are ways in which you can try to tackle that, and we are doing that in Newcastle, with Pat Ritchie as the chief executive, by getting together the stakeholders in Northumberland Street, the side streets and universities, and trying to pull together a master plan to work together. The values are quite high there. The stakeholders have a big interest in it and are working with the local BID to pull that together. If property owner BIDs came through, that would assist where you have fragmented ownership, to try to bring together owners so they can look at it more as a master plan, but it will never be the same as having a single owner. That is just a fact of the market we are in.

Edward Cooke: If the question is whether high streets are fragmented, the answer is probably sometimes. Is fragmented ownership a problem for the future of our town and city centres? The answer is probably always. Trying to find ways, as Mark just described, of bringing different partners from different parts of the built environment and retail operations together—whether through a business improvement district, the partnership that Mark mentioned up in Newcastle, chambers of commerce or FSB networks—has to happen for people to coalesce around a shared vision and interest of what that high street and town centre might look like in the future. Put a plan together, find out how it is going



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to be paid for where money is required, which it inevitably will be, and then work together to deliver it.

Property owner BIDs, which were about to be introduced beyond London through the Local Government Finance Bill a couple of years ago, were eventually dropped. The Committee should give serious consideration as to whether one of your recommendations might be to bring that back, because that would be enormously helpful. As I mentioned earlier, that organisation has members that are property investors as well as ones that are retailers, and is asking for something that ultimately means they might pay a bit more money, but if they have more control and are working with those partners, it will be worthwhile in the long term.

Roddy Bushell: Smaller towns are much more fragmented and the nature of the owners is very diverse, so trying to motivate them is difficult. Contacting them is bad enough, but finding something that speaks to them all is almost impossible. They are as diverse as all of us. Some are capable, some are incapable, some are motivated by money and some not. It is really difficult to work with them in any sort of cohesive way. While you might do that through a BID, it will take a long time. The most important thing, if you are going to change these towns, is to get going. If you wait for the owners, you are going to wait too long. I would recommend focusing on the occupiers initially. Get going, show what can be done and then the most responsive owners will get on board, once they see some opportunities. You rely on their instincts. Some will and some will not even notice, but I hope enough will. I would not hold back from doing anything while waiting for the owners.

Dominic Williams: The point I made earlier is that within town centres there will be shopping malls that are not fragmented and then individual ownerships that are. I strongly favour a collaborative approach involving occupiers and owners. Within that, shopping centre or shopping mall owners can play a part. The traditional people like Boots and John Lewis, which always punch their weight locally, are also very helpful. There have been suggestions that there should be a long-term move to compulsorily merge ownerships into some enormous entity but, from a small business perspective, the idea that you should set out to create a monopoly landlord on top is something we are not keen on. Collaboratively, yes, there is a lot to do.

Q136 **Mr Dhesi:** Dominic Williams, you have touched on the issue, but I would like all of your good selves to answer this. How is it possible to overcome fragmented ownership? What interventions, from the likes of us or generally, are needed to facilitate this, if any?

Mark Williams: Where you have a failing town, and we can come up with examples, in fragmented ownership the reality is the private sector system has broken. Therefore, some form of intervention will be needed. We have seen some local authorities intervene, in councils in places like Bolton and Wigan. There are a lot that are now intervening in order to create. They are doing it through private treaties there, rather than



through compulsory purchase. Ultimately, it may well need compulsory purchase to bring these assets into public ownership and to regenerate them.

Also, the regeneration is incredibly expensive. It is brownfield land. We talk about the housing need and we are looking at master-planning of housing, but we have assets in the north-west of England. As much as I would like to put housing there, there is a mismatch in the cost of doing it versus the value. It is not that there is no need, but it is not viable. The reality of delivering this is not that the public sector has to pay for all of it, but there has to be some form of intervention. I personally would strongly advocate and be very supportive of local authority intervention to regenerate some towns and cities, when the private sector clearly cannot do it.

Edward Cooke: Just very simply, and touching on Roddy's point and conversations that I have when going up and down the country, meeting with people who are responsible for bringing people together in town and city centres, first you have find out who they are. Who are these owners?

Mr Dhesi: I will be coming on to that.

Edward Cooke: I am sure you will. Yes, it takes some time but, once you do that, the value you get is significantly more than the time you have spent, so it is worth doing. I have experience of that.

Roddy Bushell: As I said before, you need to get going and that will speak to them. It is very difficult to talk to them when there is nothing happening. I was fortunate to work in a town where one family owns a substantial part of the town centre. We were able to get going with that substantial ownership but, without that, it would be very difficult, unless some sector of local government provides some leadership. They just need to start. It would be better if it was in partnership with others. I have seen it be unsuccessful when a local authority steps up to do something and everybody else heaves a sigh of relief and says, "Let them get on with it, then." They do not want to be part of it. It needs to be done in partnership with others, in some sort of area partnership, through a BID scheme, possibly a community interest company. The initial leadership to get going, for a small town with fragmented ownership, can only come from the local authority.

Q137 **Mr Dhesi:** Dominic Williams, you mentioned the need for collaboration but, in your opinion, what are the best interventions that national or local government could make to make it a better situation?

Dominic Williams: First, local authorities do have powers under the Planning Acts to assemble land in the interests of good planning. It is the power they use when they are assembling land for comprehensive demolition and replacement with a shopping centre. They have the powers, but they do not have the funds at the moment, and they do not



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have the capacity in terms of staff, because times are hard. In better times, they would be able to do that.

One of the best examples would be Grainger Town in Newcastle. This is going back, probably to the year 2000. It is an old Georgian Grade I or II listed area of shops, and the council set about encouraging the owners to do up their shops, do the frontages and restore them properly, but it is grindingly slow. It was unit by unit by unit, so it is a tough thing to do.

Q138 Mr Dhesi: In towns like Slough, which I represent, people often complain about not being able to find out who owns places within our high streets and town centres. Given that Mr Cooke has touched on this, I will let him lead on this question. In particular, do you think that a public register of landlords would help? It is definitely “yes” or “no” on that one, but you can answer the wider question.

Edward Cooke: It is not as easy as it sounds. There are sources that you can go to, clearly through the Land Registry and others, as a starting point. It is not as easy as it sounds but, in principle, having a much more transparent open register of ownerships, whatever it might look like, would be enormously helpful for town centres.

Roddy Bushell: In a small town it is a lot easier. Local knowledge is pretty good. If you are talking about a national register, and setting out to do it nationally, it sounds like a long and slow process. If some leadership gets going and a team gets going to deal with a small town centre, it could work out who owns what relatively quickly. There is the Land Registry online, or the tenants tend to know who their landlords are, so you could get that information very quickly on a local basis.

Q139 Mr Dhesi: You do not think a public register of landlords would be helpful.

Roddy Bushell: It would not be for this purpose, no. You could do it much more quickly locally.

Dominic Williams: *Private Eye* readers will know quite a bit about this. The issue is you can go to the Land Registry and it will give you the name of the entity that owns the property. It may be registered offshore or in the UK, but you have no idea who is behind it. Equally, if it is a fund management vehicle, it tells you who is running it; it does not necessarily tell you who the investors are. It is very difficult to resolve that in a way that would give you accurate information.

Edward Cooke: There is precedent in London with property owner BIDs. I know central London is a unique part of the country in terms of its ownerships, but there is precedent there. Yes, it is not easy, but it is not beyond the wit of man or woman.

Q140 Mr Dhesi: In your opinion, would a public register of landlords help or not?



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Dominic Williams: You would presumably get the same information as you would from the Land Registry. It would tell you who the legal entity is; it would not tell you who was actually pulling the strings.

Q141 **Mr Dhesi:** What you are saying is that if there is a myriad of companies, offshore or whatever, we need to know who actually owns it, rather than just the blank information.

Dominic Williams: You need to know the beneficial owner, and that would affect not just property but all kinds of ownership in the UK.

Mark Williams: Yes, I am in favour of a public register. They have it in places such as the States. There are issues with finding out who the beneficial ownership is. However, most of us cannot avoid the tax system so, if the property owner has to pick up the empty rates bill, who pays it? That is a good starting point, and a very quick and easy way, to follow the money. Who is the route to? Who is paying that cheque? If you had that register that says, "This is the owner and this is who would have to pay the tax if it fell empty," at least it would be a better starting point than we have at the moment through the Land Registry.

Q142 **Liz Twist:** On this business of co-operation or local authorities taking the lead, we have talked about in the sense of, "We have a problem; what are we going to do about it?" Would it not be better to have a proactive approach, thinking of the future high street, and say, "Okay, this is what we need to set up. Landlords are a part of that, with all the interested parties together"? Should we not set up some kind of system that means we have a bit of strategy and look forward to how we can keep going?

Edward Cooke: It undoubtedly requires someone to take a leadership role in order to kick the thing off, on the points that were just discussed. Every successful town has some kind of vision of what it is trying to achieve, and leadership behind it. The council has to be part of that. Very often it is leading it, working with the public sector. Those two ingredients are absolutely critical, so investment strategies for town centres aligned to the local plan and those kinds of things are absolutely critical.

Liz Twist: They must involve all other parties.

Edward Cooke: For sure they must involve the third sector, the private sector, the public sector and the community that benefits from the services that are provided by the towns. Trying to get their voices into those plans is also important.

Q143 **Liz Twist:** Is there a model? It seems to me that the impetus is coming when there are problems on the horizon. How could we make it a model that works for the future to prevent further erosion of the high street?

Mark Williams: In every town or city in which we invest, even before we invest, we go to see the local authority, irrespective of whether the local authority has an interest in the land. However good I might think we are, we are transient owners. We are there for a period of time, whereas the



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local authority represents people who are there forever. Whatever view we have of the town—and I would like to think it is a very good and well informed view—if it is completely in opposition to the views of the local authority, then we will not invest. It is not because I think they are wrong; it is just that it is their town. No. 1 is to have a good working relationship with the local authority and build it out from there.

Good owners and investors do just that, irrespective of whether the town is performing or not. Then you work it out with the stakeholders. Occupiers then go by size. A large department store, such as Fenwick and John Lewis in Newcastle, will be heavily involved, because they have a big stake. A small retailer in a small shop is not really interested, because it is one of 900 shops in their portfolio and it does not have the time. Actually, it does not need to, because the local BID there, NE1, has a very good understanding of what it wants. Stakeholder engagement is absolutely fundamental and, I agree, it does not matter whether it is successful or not but, right now, we are dealing with an environment in difficulty. Leadership must come from the local authority, for the reasons I have said: it is their town and it should give very clear direction as to what it wants. If the private sector does not like it, either move out or get taken out.

Q144 Matt Western: All countries face the same challenge of the internet and online shopping. Are other countries taking a better approach in terms of their strategy with town and city centres, because the way their planning systems work allows them more flexibility over land assembly and so on? That is an open question to all of you.

Mark Williams: The No. 1 difference is that the UK is the most heavily property-taxed country in the world. Property tax is a major detriment to the investment. We have assets and units that we cannot let for zero rent, because the rates payable are higher than the occupier will pay. Theoretically, rates represent 50% of the rent. There are many examples. You mentioned that you have been to York. York BHS is sitting empty in Coney Street. We went to Grimsby last week. They have let the BHS temporarily and they are subsidising the rates, so it is still costing a negative sum. Rates are a major detriment to the health of the UK high street.

Dominic Williams: In the US there is a much closer relationship between local business and local authorities. BIDs there have a much wider focus than just crime and grime, if you like, and that model has its advantages. You get more done. Sometimes that relationship is too close to be comfortable and we might not like it, but it is worth looking at.

Edward Cooke: Going back to the earlier point about bringing people together, in the States the BID levy is paid by owners and not by occupiers, because they have this visibility of ownership in a way that we do not here. The legislation, when initially brought to the UK, was intended to be that way round. For reasons of opaque information on ownership, it is paid by the occupiers.



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Q145 **Mary Robinson:** I have a few questions about the impact of leases. We have heard different things about lease lengths. Some can be as long as 25 years or as short as seven. How long is the average retail lease and how do landlords determine the length of a lease and its terms?

Edward Cooke: The average length of a retail lease, as published by MSCI in 2017, is 7.1 years. That has come down from about 15 years, 10 or 15 years ago.

Q146 **Mary Robinson:** How is that determined?

Edward Cooke: I will leave that to the landlords on the panel.

Mark Williams: In the vast majority of cases, it is determined by the occupier, as to how long a lease they are willing to take. The typical terms for a standard shop unit or even a large unit, leaving department stores to one side, would either be five years or 10 years with a tenant break at the fifth year. That would be a typical transaction, but increasingly we are doing transactions of two or three years of length, then rent-free accordingly. When department stores were taking space, they wanted 25 or 35-year leases. It is ironic that some of the department stores, such as House of Fraser, which went into administration, did sale and leasebacks of its own freeholds on 35-year leases. It is reported that it was saddled with 35-year leases, but it took a lot of money, nearly £100 million, out of its freehold and took those leases, then went bust. What a surprise.

Edward Cooke: Some of the F&B operators are taking longer leases as a result of fairly capital-intensive investments in those units in the first instance, which they are looking to pay back over a longer period of time. It very much depends on the operator's business model.

Roddy Bushell: In the smaller towns, it comes down to the customer, who has to have what they want. There is no point in saying to a small business owner, probably a startup, "You must have a 10-year lease." If they do not want 10 years, they will not take one. The important thing is that they are successful at what they are doing. They are really not interested in the property; they just want to get trading. They are not interested in the lease and its terms. They just want to get in and get going. If they are successful, the landlord will get his rent, and if they are not, the landlord will not. You can have the tightest, strictest lease you like but once he decides he can no longer keep going, the terms of the lease are irrelevant.

If you are familiar with the way serviced offices have gone and are familiar with WeWork, providing office space, the legal property interest from the tenant or occupier is minimal. They really just want to turn up and do their business. The landlord has to provide space on that basis, as near as they can. In larger towns where larger values are at stake, perhaps landlord and tenant rules and the statutory code are more



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relevant, but in smaller towns, if you are going to be a successful landlord, you need to be a lot more flexible than that.

- Q147 **Mary Robinson:** Is that commonplace? You talk about smaller towns, but how do landlords respond when a tenant comes along and says they want to undertake different restrictive covenants in the lease or they want to change the lease?

Roddy Bushell: As I said before, landlords are people. They are as diverse and their responses are as diverse as all of us. Some will and some will not, depending what their views are and what is driving them. I would contend that if you want to be successful in nurturing tenants who stay and pay the rent, flexibility is important. Some covenants are good to enforce. If you have covenants to do with the aesthetics of the property and know that high amenity levels are helpful to attract footfall to the town, then carrying on to enforce that covenant is a good thing. There is a full range of responses there, I am afraid.

- Q148 **Mary Robinson:** If the lease comes to an end or the tenant leaves, how good are landlords at reletting? Do they try to relet as quickly as possible?

Roddy Bushell: Again, there are people who are good at being landlords and people who are not so good. I am talking now about landlords who are not necessarily professional landlords, and the full range applies. You see a property on the high street and you think, "Why is that not being let?" Behind that are multiple reasons why there is indigestion. There is not one reason. All things being equal, the landlord wants the rent to flow and would be looking to fill that property as soon as possible, but there could be lots of reasons why that does not happen.

Mary Robinson: There will be lots of reasons, but people who see empty shops on the high street wonder why they have been left.

Roddy Bushell: They do; we all do.

- Q149 **Mary Robinson:** Would it be helpful to elucidate some of the reasons?

Dominic Williams: We have over 3 million square feet. I would love for all 3 million square feet to be occupied. We are not keeping a single square foot empty because we choose to keep it empty. It is down to tenant demand. First, the number of tenants looking for space is shrinking. Particularly in the fashion area, the number of towns they will go into is shrinking. I am sure you will all have experienced that in some of your own constituencies. The fact is that the world is changing, whether we like it or not. Right now, some of our assets do not like it, but that is happening.

Therefore, and I am sure I speak for every owner, we want space to be occupied, and occupied by the right type of uses. There are uses that we will not allow, either because we have restrictions in other leases that prevent us from having multiple representation or uses that are



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inappropriate, whether charity uses, bookmaking, sex shops—you name it; we have covenants that block it, and rightly so, but we want a diverse mix of uses in there. When people go up and down the high street and see empty shops it is either because there is a lack of demand or because the property taxation—the rates payable—is so high that you cannot get occupiers to take that space, even if you gave it to them for nothing. I can assure you there are many businesses for which that is the case. I have just cited a few off the top of my head, but there are others. That is a big issue and is really why you are sitting here discussing it.

We have the issue with online retailers. We try to work through the omni-channel system, but our occupiers are paying for the schools, roads and systems that have been delivered, but the online retailers are not. We strongly advocate, as do our members, an online sales tax to allow customers to decide. It is like when we go into a coffee shop: "Are you eating in or taking out?" You pay the VAT or not. It is very simple. That extra revenue raised then goes back to help subsidise the high street and uses there. It is an unlevel playing field. Amazon pays a fraction of the tax that any other retailer pays. It is not that I have anything against Amazon; it is very successful and the internet exists, but it pays very little towards the taxation system. The high street retailers are having to pay that burden and it is too much.

Edward Cooke: I have a couple of additional points, back to your point about why they are not occupied and Mark's response that often it is the tax system. We published a piece of work with Intu, one of our members, at the beginning of last year, in which we interviewed 50 international retailers. The biggest impediment to them investing in the UK—and this is not necessarily all of the markets we are talking about here, but when they do come many of them expand—was property tax. They have a negotiation with a potential landlord through their advisers and then, all of a sudden, they see an extra charge they have to pay that they had not calculated. That is the thing that stops them from investing.

On online turnover, we entirely agree with the sentiment. It is not about penalising innovation or success. It is about modernising the tax system, so that it accounts for where wealth is being created. Any adjustments to the tax system that we would like to see come out of the Budget next week or afterwards need to be hypothecated so that there is a consequential reduction in the business rate, so that retailers can continue to trade in town centres.

Chair: I can see them squirming in the Treasury at the word "hypothecation".

Q150 **Mary Robinson:** I have just one last question. Should there be a responsibility on landlords to do something about the damage caused by empty shops on the high street? Should we be looking at landlords to have responsibility for this?



Mark Williams: At a personal level, on behalf of my investors, if you are investing in a town you have a social as well as fiduciary responsibility, and we exercise that. We go into places because we are passionate about improving and fixing them, and that is what we do. To the best of my knowledge, the vast majority, if not all, of the large investors have that same attitude. While I might think I am better, the reality is they all have that attitude. We are penalised when a shop is empty. We are picking up the rates. We are paying a tax for leaving it empty, so we are already contributing and we are doing the best we can in terms of investment, trying to remodel or bring in different uses. We have a big financial interest in trying to do something.

The pension funds have a social responsibility and a lot of them publish that. The issue is when you have a single high street shop. A dentist buys a shop as an investment, not because they have a social view on that particular town. It is a straightforward investment and I am not saying it is wrong, but multiply that by all the others and you have an issue where the collective owners, not acting together, do not take that attitude. I can understand it; it is not great, which is why collective ownership is a better model for town centre investment.

Q151 **Matt Western:** I want to pick up on this business about rent reviews, in terms of the various elements of costs that retailers and high street businesses face. I totally get what you are saying about business rates. It is the same across the UK, whether it is a manufacturing business on an industrial park or a retailer. Business rates do not work. They are a very heavy burden that businesses in the UK face, but the property costs in the country are very high as well and the rent reviews seem to go in one direction. I do not hear of dramatic reductions in rents in retail. We heard the other week about a particular business that had a 40% hike in their rents. How can we ensure that there is a true market in high street rents, so that the market, as they say in the ads, goes up and can just as easily go down?

Edward Cooke: Can I make one point on the evidence before I let in others? We produce a report through an organisation called the Property Industry Alliance. Retail rents have not increased in the last decade, year on year, whereas business rates have increased, on average, by 2.9%. There will of course be circumstances where, for local and specific reasons, some retailers will, at review, be asked to pay more. That will be the local market but the data tells us that retail rents have not increased year on year for the last decade.

Q152 **Matt Western:** They have not increased but they have not significantly gone down.

Edward Cooke: They have adjusted down slightly.

Q153 **Matt Western:** When you compare that to what is going on in retail margins, which are sinking—they are very thin, we are hearing from evidence—surely they should have fallen.



Edward Cooke: But on the Next case study, they negotiated a 28% average reduction in rent.

Mark Williams: Next is a good barometer for good high street shops in good towns. The average change is a 28% reduction in rent. That is their published statistic, and they are forecasting that to continue. The reality is that rents are falling in most locations. There will always be the exception but they are truly the exception, not the norm, and the reality is that costs are rising. Staff costs are going up. Costs of production and costs of goods are going up as a consequence of whatever happens with Brexit, but we are seeing a rise in that. Rates are rising. The only element that is flexible at the moment is rent, and that is falling.

Dominic Williams: We talked earlier about the fact that leases now depend on the statutory right of renewal under the Landlord and Tenant Act. I sit on a cross-industry group with occupiers and landlords, including Revo, devoted to reforming that renewal process because it is convoluted and arbitrary, it is full of traps for the unwary and it encourages an adversarial approach. Small businesses on both sides are particularly vulnerable to making a mess of it and either being forced out or forced to renew their lease at too much rent. The industry would like to do something. The Government, so far, have said they do not have the time, so we are still pushing that.

Q154 **Helen Hayes:** We have been told by one witness that there is no innovation from property owners and there is no interest in innovation amongst property owners. Is this always the case? What does property-owner innovation look like in the retail sector?

Mark Williams: You have heard from all the witnesses here that there is, first of all, scale. If you have a single shop, the point has been made very well about SIPPs and about innovation in terms of converting upper parts to residential. If it is in a SIPP, you cannot legally do it. A lot of individual high street shops are owned by people in their pension funds; you only have to look at the auctions to see that a lot is bought in that way. Changing the law around that would facilitate conversion by individuals of the upper parts to flats, which is great, because we need housing accommodation, and it frees that up.

Innovation is in our collective DNA. We have to adapt our centres in terms of mixed use, in terms of leisure, in terms of co-working office space—we have a project in Bristol where we are working with the universities and the local authority—or in terms of residential. It comes down to viability. The industry is incredibly innovative, but property takes time. Planning is not an issue per se—local authorities are very supportive—but we do have the issue about affordable housing, both in London and outside, in terms of, when you are changing these centres, working with very expensive pieces of land. I am not talking about creating land value but just working with the physical fabric. When there is a moratorium on a certain level of affordable housing, whilst we are very supportive of having mixed housing there, it means that it is not



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viable. I get it on the greenfield sites—I get 50% there and it works—but in terms of where we are master-planning a change in shopping centres into residential places, it is expensive. Therefore, the viability does not necessarily stack up in the same way as the affordable requirement.

I am sure we do not have time now, but there are plenty of examples of innovation. People are crying out for it. It is down to time and viability.

Edward Cooke: We could point to lots of examples and maybe we can supply some information to the Committee on where property companies and their advisers are investing in technology, both internally and also in terms of improving the customer experience and drawing people to their scheme. Of course, very important also is managing costs. That is probably as important at the moment for retailers and for property owners—that they use technology to manage costs. That is happening, so perhaps we can provide some examples for you.

Roddy Bushell: The owners of smaller properties are mainly not professional property managers. They are facing the change that you have explored: that the nature of the use of these properties has changed radically. Some of those owners are struggling with that. That is not what they invested in and that is not what they thought they were going to have to do, and perhaps they will sell when they finally come to the realisation that the investment that they bought is not what they thought they could deal with. Perhaps new owners will come in who are willing to innovate and who are willing to be more directly involved and, as I was explaining earlier, to deal with more flexible leases and to get involved more in the tenant's business. Perhaps that will happen but they are struggling with the change in the way that everybody else is. They are people at this level. They are not corporations and they are often not professional at being landlords. Some will and some are innovating. I suspect some will leave the market to others who will later.

Dominic Williams: From a landlord's perspective, if someone wants to define a shop as being a roof held up by two party walls, what you are selling to tenants is space, and it is empty. In a sense, it is not the landlord that needs to be innovative; it is the people who can think of a use for that space. I am always amazed, walking around now, at the really whacky things that people have found to put in shops. Some of them require a change of use in planning terms, which can be difficult, or capital investment, which can be difficult. On the whole, the majority of landlords now are open to anything that will generate revenue and give them a better income.

Q155 **Helen Hayes:** You mentioned the need for reform around SIPPs. Are there any other legislative or policy reforms that are needed to enable both landlords and tenants to be more innovative in our high streets?

Roddy Bushell: Yes, plenty. Town centres were not always focused on retail. That was the 20th century and it was a good party for landlords, for retailers and for the community. Town centres became places where



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value could be extracted at this retail party that was going on, and also where a lot of restrictions were placed. Now that they are going back to being what they were, which was mixed-use residential/business, with a little bit of retail and some production, and they are not hugely producing a lot of value, it would be helpful to review some of the restrictions. If you are managing property in a town centre, there are a whole load of things that get in the way of doing that, which were imposed in the 20th century and which are no longer relevant.

That deregulation thing is very boring and laborious but it would be really helpful. If you are managing property in an out-of-town business park, you do not have to deal with scaffold licences and streetworks licences, which are all terribly slow and expensive. All of that stuff could be wound back. There are a lot of yellow lines in town centres, restricting parking. Some of them date from before the town was bypassed and are no longer relevant, but if you said to the local authority, "Can you review those?" they would say, "We would have a terrible notice period and it would be expensive," and they just do not do it. They could look at town centres differently and say, "We need to be fleeter of foot," allowing them to adapt more quickly, looking at those regulations and just enabling the thing to revert to something that is more flexible and easier to manage.

Dominic Williams: One of the classics is that a lot of towns built a new shopping mall and, in effect, trashed the quaint old town centre. They then said, "It looks quaint. We will make it a conservation area so that people cannot change it." Wakefield is a classic example of that. That is something that local authorities ought to be looking at: is that the right way of encouraging that part of the town to adapt?

Mark Williams: We have said that there are many instances where the local authority needs to intervene in some shape or form. The reality is that local authorities do not have the resource. These issues are complex, and if a local authority had a team for every town, ready to contemplate and work these things through, you would be questioning why they were sitting there, because it is once-in-a-generation change. It is about having some form of central resource from Government that allows local authorities to tap into expertise that they need for specific areas and, once it is done, they do not need that resource again, and also better education on the local authority borrowing requirements. Size is no measure of whether a local authority has an understanding. Some local authorities are incredibly innovative in the use of borrowing to facilitate change; others have an incredible level of ignorance as to how it is. Giving some Government policy as to what is available and how they should use it would be really helpful for them, so that they can then respond in the way in which they wish to. The 1954 L&T Act is an incredibly expensive piece of legislation for landlords and tenants. Given that the system has now changed, landlords and tenants need to collaboratively look at how that should change, particularly in the areas of security of tenure.



Q156 **Kevin Hollinrake:** Very briefly, just one innovation from Malton was giving the town an identity, making it Yorkshire's food capital. How important has that been in terms of revitalisation of the town?

Chair: Is this an advertising session?

Kevin Hollinrake: No, it is really important. It is partially, but it is really important in terms of that town.

Roddy Bushell: Towns need to look at what they can do well. It is an image change. A lot of towns are very dispirited and very scruffy. They have lost their way since the primary retail use has receded. Part of it is leadership. They need to perk up, work out what they can do well, do it and wave a flag. Malton chose food, because it had credibility in food production and food retail, and that has been incredibly helpful for people to understand what is going on; otherwise, it is very difficult to focus people on doing that.

Chair: We all know where to go for our Sunday afternoon shopping experience. Thank you all very much for coming and giving evidence to the Committee this afternoon. It is appreciated.

Examination of witnesses

Witnesses: Harry Burchill, Craig Rowbottom and Dr Julian Dobson.

Q157 **Chair:** Thank you very much for coming and being our second panel this afternoon. Could you just say who you are and the organisation you represent?

Harry Burchill: Harry Burchill, planner and planning policy officer at the Royal Town Planning Institute.

Dr Dobson: I am Julian Dobson. I run a research consultancy called Urban Pollinators.

Craig Rowbottom: I am Craig Rowbottom. I am from Birmingham City Council, from the planning department.

Q158 **Mr Dhesi:** Let us look into planning practice within our high streets and town centres. Can you explain how planning can be used to support and improve our high streets and town centres? How widespread is good practice?

Harry Burchill: There is a tendency sometimes to think of planning as simply use classes and regulation. Certainly, that is the bare bones and skeleton of what planning does, but really there is a much wider picture. I start with the local plan, for example, which manages not only what happens within a town centre in terms of mix of uses and managing policy through development control, but also competition between town centres and managing that. Increasingly and more frequently, we are seeing more targeted interventions through planning departments. We



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mentioned earlier the idea of partnerships with local business interests, etc. Those kinds of bespoke things that planning departments can do through local authorities are quite impressive.

In terms of how widespread that practice is, it is quite a difficult thing to quantify, given that there are about 5,000 high streets out there and no two high streets are the same. One thing that we do at the RTPI is invite examples of best practice. Over the last two years, I know that we have had at least 30 that relate to town centres, so I would be very happy to share that with the panel afterwards. Just to pick a couple of those examples, Croydon has a good place review system up and running, which joins up planning and place-making to address the more holistic mechanisms. Other examples include Swindon, and we have a really good example from Thame high street in Oxfordshire as well.

Q159 **Mr Dhesi:** Are there any good examples from Slough, perhaps?

Harry Burchill: No, but there are some from Gravesham.

Teresa Pearce: Well researched.

Harry Burchill: Gravesham is not without its challenges, of course, but being by the Thames Estuary and having a significant heritage base as an anchor for development and regeneration really has helped, as far as we can see, to improve in the case of what are quite challenging external things that have happened.

Dr Dobson: Planning can do two things. It can be strategic and it can be specific. What planning does well is the strategic stuff, when it does it well: thinking about place as a whole, thinking about how place can be shaped and thinking about how the various stakeholders in a place can be brought together. That is very much about not just the high street and the town centre but the high street and the town centre in relation to the rest of the place.

The specific is more problematic, often because the specific tends to come down to the implementation of things like use class orders and specific applications that may be more or less controversial within particular places. Often, what planning struggles with is when it becomes seen as something that is restrictive and regulatory primarily; it is about stopping things happening or stopping too many bad things happening.

When planning works well, it is facilitative. That is what we need to be looking for in our high streets. If you are looking at examples of good practice, often the good practice is when the planning is not really visible at all because it is part of a facilitative arrangement where you have many stakeholders involved. We should be looking at successful places rather than just successful examples of planning.

Craig Rowbottom: Planning has a really important role in terms of the viability and vitality of our town centres and high streets in the future, but it can do this in a number of ways. A localised response is sometimes



the most important part of it, but it can be done at a strategic level, at a local level and also at a neighbourhood level. Planning probably has, more traditionally, always been involved in that strategic approach that is needed in these places, but sometimes that can provide the leadership that is needed. Sometimes local and neighbourhood-based approaches are where the detail comes into play, which is then adding that next level of detail down, because it is sometimes around the delivery. Sometimes it is the approach that the local planning authorities take to planning in its broadest sense. If you mention the word “planning” on the street, some people think of it in one way but to other people it can mean something else. It can offer that leadership, as required.

Thinking about some examples in the Birmingham context, back in 2005, at Longbridge, when the MG Rover plant closed down, the development of a new town centre and regeneration in that way was part of the social and economic response to the massive challenge that happened at that time. That was set out in an area action plan for the area. That was very much around bringing all the various partners together and getting community buy-in to the long-term approach that was needed. That town centre is still under development today. While it has taken quite a traditional approach to a retail offer as part of it, it is trying to create a place that has a high-quality environment and the reasons for people wanting to visit and spend time there, and to spend money as part of that offer. It is very much seen as part of the community approach that is needed.

Q160 Mr Dhesi: Having served as a local councillor for the last decade, the likes of me have been talking about the huge impact of local government cuts. That is reflected by the evidence that we received in terms of the cuts overall but also to the council planning departments. As a two-part question, first, how has that affected the resourcing of town centre improvement projects? Secondly, given the changes that are going on within the retail sector, do you think that planning officers themselves have the required skillsets to be dealing effectively with those changes?

Harry Burchill: At the RTPI, we are very concerned about the impact of resource cuts. We did some research, which you may have read about, looking specifically at the north-west. We found that planning staff in departments in the north-west have been cut by around a third. A surveying of everyone involved in the planning process says that this is absolutely having an impact on delivery.

To answer your question, yes, there has been a significant impact. We would say that, with the latest findings that we have had, looking at the south-east and north-west, the impact has really been on the wider role of a local planning authority—the place-based intervention, partnership-building and land-assembly function that they could otherwise have carried out, because the officers who they have, who are extremely capable, have been put in to prioritise things against national metrics, such as development control and speed of decisions, etc.



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As to whether planners have the skills, we think that they absolutely do, but some of the roles that they are being put in probably prevent them being able to use those to their full potential. It is probably incumbent on local authorities particularly to address that and realise the opportunity that they have in their existing officers.

Dr Dobson: Clearly, the effect of the cuts has been substantial in terms of reduced funding and reduced personnel. There is another aspect that often goes unnoticed, which is about institutional capacity. What I mean by that is the ability of planners to work with other stakeholders across the piece, to take time in terms of things like consulting communities, and to think strategically. Local government austerity has resulted in a very target-driven culture, not just in terms of national targets for things like housebuilding, but in terms of people being very focused on the particular job that they have in hand. What that means is that the local priorities that are set by their immediate line managers and by local councillors remove the capacity for thinking creatively. We are going to see the results of that for many years to come.

Q161 **Mr Dhesi:** Do you think planners have the required skillsets?

Dr Dobson: Many of them have the required skills. Whether they have the opportunity to use those skills effectively is the question.

Craig Rowbottom: Staff resources and capital funding have both been cut and that has had a massive impact on what the planning authority can then do. Using Birmingham City Council as an example, we used to have regeneration teams and funding programmes in place; they no longer exist. That role still needs to be there. Planning has been asked to step in to make sure that that function can still continue. Again, it has to be prioritised, and that then also requires separate funding bids to be made to other providers to make sure that that money and investment can come in. That takes more time and effort to get that in place. There is less to do, even though there are fewer resources as well. It is around partnership working that has to be put in place, which we will come on to later, but particularly around business improvement districts, combined authorities and LEPs in terms of what role we should all have in this modern governance world and who needs to step up to the mark and get some leadership in these areas.

In terms of other skills and the evidence, I would support what Harry said. Planners definitely do have those skills. We are quite multidisciplinary people who are trained in that way, so we can definitely rise to that challenge.

Mr Dhesi: Well said.

Craig Rowbottom: It is partly around the evidence that we have to make the best decisions we can. Traditionally, local authorities have tried to monitor in terms of what the impacts of our policies are. With all the funding cuts that have happened, it is almost seen as a non-statutory



function, so it should be pulled back. Even then, the way we have monitored in the past is not necessarily how we need to monitor in the future, so there probably should be a lot more focus on some of those longer-term trends that are happening in our centres, so that we understand what makes a place rather than just necessarily what percentage of shops in there are retail or restaurants. You do not really get to the heart of why these are places that communities go to and want to spend time.

Q162 **Chair:** There was an idea that came up in the previous session. In Birmingham, you have lots of planners, if not enough, and people with a different range of skills. For small authorities that may get a significant ask about a retail development only once every few years, should there be somewhere they can go to tap into expertise, whether through a Government Department or maybe through the LGA, to try to ensure that, where expertise exists within the planning family as a whole, a small authority could tap into it?

Harry Burchill: There are lots of good examples and practice out there that they can tap into. Off the top of my head, as well as the CPD offered by RTPI, there is the Planning Advisory Service out there. There is a good network of people out there who know how to do these things, so that stuff is available. Whether it is a case of making expertise more available somehow is another question, but that is how I would address that issue.

Dr Dobson: The provision of evidence is one thing; the use of it is another. There is a lot of evidence out there, as Harry has been saying. When I have spoken to planners, the reaction I get is not, "We need more guidance on X, Y or Z"; it is, "We need more time to be able to understand X, Y or Z, to absorb the guidance and information that is out there and to talk to people to understand what that means in the particular context in which we are working." One of the things that has come out of academic research is very much that face-to-face dialogue, meetings, discussions and visits are hugely important in terms of people's learning and understanding about how to apply evidence, and that that is what is needed much more than the provision of another website, another compendium or another set of policy guidelines.

Craig Rowbottom: Just to finish this off, whilst Birmingham might have resources, we have 74 identified centres across our hierarchy, which includes the city centre, which takes up significant resource. Being able to look after each one of those centres would be a massive undertaking, which we just do not have the resources any more to undertake. At the same time, we do a lot of cross-border work with our neighbouring local authorities, so there is always the opportunity to have that conversation around how we best share the resources that we have in place. We do not always have the experts or specialists in certain fields who we had five years ago.

Q163 **Liz Twist:** I want to ask about the revisions to the NPPF. The NPPF now states that local planning authorities should allow town centres "to grow



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and diversify in a way that can respond to rapid changes in the retail and leisure industries". You have already referred to that. Has this revision future-proofed the NPPF? In practice, will it influence how local planning authorities develop their local plans and supporting documents?

Harry Burchill: As with any revision to national planning policy, we need to give it a bit of time. It has only just been published. In terms of whether it will filter down, I have no reason to think it would not. The NPPF is important but it is one part of how these decisions are made locally, so it is equally incumbent on local plans and stakeholders in high streets to get on board with that as well.

Dr Dobson: It is a step in the right direction. It recognises that change in town centres is very rapid and that planning needs to adapt to that. One of the problems that we have with the local plan system at the moment is that, by the time you have come up with your local plan, things have moved on; often the best that you can get is a local plan that is geared to the market as it was five years ago.

We definitely need more flexibility. Just in terms of the way that people are using town centre space, there needs to be a recognition of a much more fluid mix of retailing, leisure, residential, office and temporary uses. Temporary uses—meanwhile uses—have a lot to contribute to town centres, so we need that flexibility in there. We need to be thinking of how planning can assist the evolution of town centres rather than what is a fixed vision for the town centre for decades into the future. We do not know how things are going to change but we do know that digitalisation, climate change and demographics—issues for sustainability—are all really big challenges for the future of high streets and communities. Planning needs to be sufficiently elastic to be able to cope with those.

One thing that is missing from the NPPF, which ought to be in there and is relevant to this, is a recognition of the importance of the public realm and the public space—the spaces between buildings and the use of the space outside the buildings. Planning is often very building-focused and is interpreted in a very building-focused way: what goes on within the walls. It is about what kind of space you can create in a town centre that will allow this flexibility of uses and will create the anchoring functions that will make that a space for a community to have a stake in it and to develop as a community sees fit in ways that planners may not be able to plan for.

Harry Burchill: Just to add to what Harry and Dr Julian have said, there are good principles in there. It has not fundamentally changed what was in there before. There is a line around mixing and a diversity of uses within there, but it is then how that is reflected in the local plan and having a localised response back to that. There are still references in the NPPF to the primary shopping area, and that still seems like almost a traditional approach, which does not reflect the other wording that you have referred to. It is the main activity centres where there is focus in those areas and where people want to spend their time, dwell, visit,



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spend money and hang around for a while, and how that is then reflected to that local level. That needs a bespoke response for those centres because not all centres are the same. Some have similar strengths and attributes, but what role and function do they then need to perform in that local area?

I am just thinking of an example of that in Birmingham. We have the Balti Triangle area, where people go because it is around food and restaurants, and it is more around an evening economy. It still needs to have a daytime function but it clearly has a certain role within that wider network of centres within Birmingham.

Q164 **Liz Twist:** It is a useful change but not a game-changer for town centres and high streets.

Harry Burchill: Yes.

Q165 **Liz Twist:** To what extent does planning through the local plans and through other means look to the future and aim to create high streets and town centres that can be sustained with much reduced or even no retail? You have touched on a bit of this already in your comments.

Dr Dobson: Yes, I have had my say on that.

Harry Burchill: My observation on this is that, in terms of shifting away or diversifying more and not relying as much on retail, there is probably a bit of catching up to do on local plans. There are some really interesting ideas out there and we have seen a lot of innovative ways of local authorities dealing with the diversification of high streets—I am thinking particularly of some areas in Liverpool that I know—but that is not to say that it will not catch up. The future does look positive in that respect.

Craig Rowbottom: Just to add to that, traditionally through the local plan-making process, we have always had to prepare needs-based assessments for retail, office and leisure-type growth as much as possible, and some of those topics were a bit easier than others to forecast in a more accurate manner. In the future, it has to be more focused on place-making: how do we get places that function? With all the best projections in the world, we still do not know what is going to happen with retail in the next five years, let alone the next 15, on which basis local plans are meant to be prepared. A lot more thought has to go into the type of place that we are trying to create here.

Q166 **Liz Twist:** Just touching on that point, are local plans reviewed regularly enough to reflect the need to keep the high street vibrant and to respond to changing use?

Harry Burchill: This issue has been addressed not just for high streets but for housing as well in the NPPF regularly, so the general thinking is perhaps not, but it might be more to do with embedding more flexibility in a local plan that does not need a formal review as regularly. I do not know what the others think.



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Dr Dobson: All the evidence would suggest not. Again, that comes down to the first question that was asked about capacity in the planning profession. It is a very clunky process. It is very time-consuming. It tends to be quite adversarial in terms of everyone wanting to have their particular say in how the local plan is put together, and then object to it once it is there. There must be a better way of doing it.

Craig Rowbottom: To add to that, the local plan is really important for taking a long-term, overall, strategic direction, but that does not have to be where the details are kept in place for the future of town centres. In Birmingham, we have a number of supplementary planning documents and informal frameworks that are used to promote the inclusive growth of our town centres. Not all of them are covered and we have to prioritise in terms of where we feel the need is or where the demand is to set that agenda going forward.

In terms of the process side of it, our Birmingham Development Plan sets out that the boundaries in these primary shopping areas for our local centres can be set in a supplementary planning document. It is almost structuring those policies in the right way to give you some flexibility within that, and the current system does allow you to do so. It is about trying to think in advance how you are then going to apply your policies in the future, and not just about getting something through the examination process.

Q167 **Liz Twist:** Not something set in stone but something that should be a living document, but through other, associated documents. Have I understood that right?

Craig Rowbottom: Yes.

Q168 **Liz Twist:** When you are doing the plans for high streets and town centres as planners, how closely do you work with other organisations and other stakeholders?

Harry Burchill: Just to give a broad picture, it varies. I hate to say it again but resourcing is such an issue here. In any planner's education is embedded the idea of planning being an integrated discipline, so the idea of working with other stakeholders and people involved in the built environment and the natural environment generally is an intrinsic instinct. Whether they are allowed to do that or empowered to do that is another question. That depends on resourcing.

Dr Dobson: As someone who sits outside planning departments, what I observe is that they do their best. Planners are very frustrated by their inability to achieve the standards that they would like to because of the resource limitations they face.

Craig Rowbottom: It is really around stakeholder analysis to make sure that the right people are involved in those discussions at the very start. Going back to one of the points you have just been discussing around the fragmented ownerships that are present in town centres and who we



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need to talk to in order to make sure that the right vision or delivery programme is put in place as part of that, it does not have to be everyone but who do you need to target to deliver those big improvements in that area and unlock the growth of that centre? One of the things that we do quite well in Birmingham is work with our business improvement districts. We have over 10 of those and most are focused around our town centres. We have four within the city centre and others in some of our larger district centres outside of there. I always find it useful, if you have an established group, to go to talk around some of these issues. They are always a good stakeholder to identify in that list and they do tend to have some good localised knowledge that planners probably do not have access to straightaway, or that they cannot get hold of in an easy manner. They are key in terms of that.

It is partly around the changing landscape that we have in terms of the various governmental and non-governmental partners as part of this process. There are local enterprise partnerships, combined authorities, and parish, district and town councils that all have a role and involvement in this, but it is about having that discussion up front to understand what everyone's role needs to be as part of setting the agenda.

Q169 Liz Twist: Finally, Mr Rowbottom, I want to ask about the West Midlands Combined Authority and what impact that has had on planning for your high streets and town centres.

Craig Rowbottom: Interestingly, the Mayor does not have devolved planning powers in the West Midlands. He has CPO powers but they are, in effect, the same as Homes England. They allow for housing and regeneration projects. Potentially, there are some powers that can be used by the Mayor to help support town centres. They are still very much in their infancy and trying to find their feet in terms of what role they should have but there is definitely interest and we are having ongoing conversations with him at the moment in terms of what programmes they can support to grow our town centres in the future.

Just on that point too, in terms of the Greater Birmingham and Solihull Local Enterprise Partnership, our interest is in town centres because they have a big role in terms of the wider economy of the West Midlands. One of the challenges is that the combined authority area and the LEP area are different geographies, so how do they then set the agenda for the wider area? It is really about establishing what everyone's roles are within this process that we are now working towards and who needs to do what as part of that.

Q170 Liz Twist: There is no formal rule but an influence, as the LEP, as you said, has an influence.

Craig Rowbottom: Exactly. With that partnership, they might bring their own resources. That might be additional staffing or some capital programmes as well. That has that potential.



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Q171 **Chair:** I just have one follow-up on local plans: you have talked about local plans quite rightly being potentially around a vision for the future five or 10 years ahead. Indeed, our inquiry is about what the high street will look like in 2030. Realistically, if I went round most local plans in most authorities today, they do not really look to the future. They do not even recognise the past, do they? They probably have the same amount of retail space allocated as they had 10 years ago; it has not changed at all. Is that a fair criticism of the process as it exists?

Harry Burchill: Linked to that is how many up-to-date plans there are out there. It is improving but we are still just over 50%. This links to the under-delivery of local plans, and if they were updated more regularly, then we would probably see a more—

Q172 **Chair:** An up-to-date plan could have been done four years ago and it still counts as being up-to-date.

Harry Burchill: Yes. I think it is an unintended consequence of the under-delivery on housing preventing local plans coming forward. That is just an observation on that issue. This is why the areas of housing and town centres are interlinked as far as the local plan process is concerned, but I will probably leave it there.

Dr Dobson: The thing about local plans is that they are very risk-averse. They are trying to be all things to all people, and that results in a very conservative approach to spatial planning. From a planner's point of view, you do not want to upset too many people, so you end up with something that is pretty much what you have always had. We do need something, in many places, which sets out a much bigger vision and possibly a riskier vision, and puts that out for consultation. Maybe that needs to sit somewhere separate from the local plan process as it currently exists. Maybe what is currently in the local plan, as Craig was saying, needs to move into the supplementary documents and you need something that is much more punchy and visionary for your towns and communities as a whole, that says, "This is the direction we aspire to go in. We realise that all sorts of things might happen on the way that will derail that vision and it will need to flex and accommodate those." You need something that sets a goal and an aspiration, and the local plans, because they are trying to do so many things in such detail, are not able to do that.

Craig Rowbottom: It is about getting a balanced approach. There is always going to be a role for the local plan, at least in setting out what housing growth means in terms of the impact. There will be some additional spend from those new houses coming in. What that ultimately ends up being needs to be more spatial and to focus on those local areas. That is why, in Birmingham, we have always tried to identify what is needed to deliver successful growth for those places, which is why we have prepared those informal, non-statutory frameworks and planning documents to make sure that we are being clear on what the vision and the agenda needs to be for those areas. In some cases, it is about promoting those places; in other cases, it is about targeting investors and



getting them interested in why that place is low-risk but high-potential for them to come in and make a positive contribution towards that place, as well as making their profit on that investment. It is about understanding what the local place needs to deliver positive change.

Q173 Andrew Lewer: We have heard from retailers about use classes and that they are not fit for the 21st century and need to be more flexible. Is that an observation that you agree with? What sort of changes to the system, in terms of flexibility in use classes or new use classes or fewer use classes, would you like to see in a revised system?

Harry Burchill: My experience is that the A1 retail use class is quite broad, so I probably would need to go back and do a bit more digging and talk to retailers about what it is that they do not like about that. There is a criticism that it is too broad. You get some uses that some people may define as a café getting away with an A1 because it does not cook food on site. There are those kinds of issues. I am not entirely sure that we need new use classes; in fact, it is quite the opposite, in the sense that, if you create more use classes, that means more types of planning applications that you have to put in and more so-called red tape that everybody seems to think that the planning system is all about. I probably do not see the need for new use classes.

Dr Dobson: I would question whether use classes are the right way to think about the future of town centres. My planning friends would probably take issue with me on this but we need to be thinking of the flexibility and range of uses within a place and not within a particular building. The planning system needs to have the flexibility to say, "If you have x number of uses for retail at this particular point, maybe we need something that is a bit different here," but 18 months down the line that might change. We need a lot more flexibility and maybe we need to rewrite the use classes order from scratch in order to achieve that.

Craig Rowbottom: Picking up on what Harry said, there are some examples that do not always make sense to someone out there on the street in terms of whether certain cafes and what appear to be almost fast-food places are actually A1 uses. That does not, at face value, look like a sensible approach with that. Clarity is really important in this regard, because those use classes are there to serve a purpose and there are different impacts from different uses. That has to be considered through planning, like local amenity impacts or where you have over-concentrations of various uses. Those are the sorts of things that planning needs to make sure are being considered in appropriate ways. You would not want them grouped too widely; they have to have a focus where necessary.

Part of this should be around how the wider industry participates in the plan-making process. I have been involved in a few preparations of local plans, and I struggle to recall a time when all retailers participated when we were trying to set the right mix of uses within a town centre in order to make sure that they had their say on what that policy should be. That



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will ultimately inform that vision. The Government promote a plan-led system, so we need to make sure that the industry is participating as part of that.

Q174 **Andrew Lewer:** Is it possible that they do not want to participate because they find it too confusing and bureaucratic?

Craig Rowbottom: You are best asking them what they struggle with on that.

Q175 **Andrew Lewer:** On a similar theme, I wanted to ask about the permitted development rights for conversions of offices and retail to residential. With that as an example, is more or less control over conversions in high streets and town centres needed? If I could just add an additional element to that, we heard in the previous session something that the Committee will find quite interesting for this, which was about pension schemes preventing people converting upstairs in shops to residential. Would you see a change to enable that to be more possible as being helpful for town centres?

Harry Burchill: This should really be a matter for policy rather than permitted development rights. We are not convinced that PD rights as a policy mechanism is the right way forward, not least because of the longer-term unintended consequences that it can have, notwithstanding the impact on retail. Some recent research by a professor at UCL talked about a lot of the residences—around 30%—that are being permitted through office-to-residential not meeting space standards, so there is that issue. I will probably pass that on.

Dr Dobson: It seems from the evidence, particularly around London and the south-east, that permitted development was maybe a good idea in theory but was fairly disastrous in practice in terms of the quality of development that has resulted from that. I would suggest that if you are going to have permitted development, it should be decided by the local authority at a local authority level and there should be that local sensitivity to what sort of permitted development is going to be helpful within that location. It needs to be much more place-sensitive.

Craig Rowbottom: There are a number of challenges that this promotes in terms of PD rights turned to other uses. It is partly around making sure that there is a variety of space available for businesses to function out of rather than people just capitalising on the investment opportunity to change the use to residential and make a quick bit of money. There is a quality concern that the RTPI has already covered. For me, it is around how those PD rights do not always have reference to the spatial element and what we are trying to achieve in these town centres. Potentially, if they did match that, as well as the quality perspective, then there is a conversation to have in terms of whether that is the right approach to take. It should really contribute towards the overall vision that should be set for those places.



On pension funds and the issue they have raised, this is something that I have not been aware of previously. You could have the best vision that sets that agenda out, but if it cannot be delivered because you have these stumbling blocks, it is about knowing why those stumbling blocks are there. I would imagine that, with the potential for build-to-rent in the future, I am sure that pension funds are being attracted to that as a potential investment opportunity for them. I do not know if that is a historical matter that has occurred rather than what is needed in the future but it is something that I am going to take away from this session and look into.

Q176 **Chair:** In terms of Birmingham, you use CPO powers for some of your regeneration schemes. Could you say a bit about how successful that has been? One of the complaints that we had at a previous inquiry on land-value capture was about the complications and time taken by CPO powers, and we suggested that they should be simplified and made faster. Is that something that you would be looking to achieve as well?

Craig Rowbottom: Yes, we really have to focus on the plan. When preparing plans, we have to make sure they are deliverable. All the land-ownership patterns and complexities that we have in the UK can be quite challenging in that regard. In Birmingham, we use our CPO powers and we have used them to bring forward town centre developments as well. That includes the city centre, where we have used it quite a few times, but also in some of the smaller centres outside of the area. Some of those have been led on by private sector interests sometimes. We have had a number of supermarket schemes over the past 10 years, where they have not been able to negotiate with the landowner and it has fallen to the local authority's CPO process to get the land purchased. There are examples in Stirchley and the Swan Centre in Birmingham where we have done that process.

There have also been regeneration-focused CPOs, which include the Meadway shopping area and regeneration, which is just starting on site and has taken quite a while to go through. That was very much a 1960s shopping centre and tower blocks with residential in there which are not really fit for modern-day purposes. The CPO process has been used because there were a number of long-term leases in those premises that had to be brought back into the freehold that the city council owned anyway. We have had to make sure that that does go through. It is really important, in terms of what the wider public interest is in terms of bringing these schemes forward, to make sure that the vision is achieved overall.

Q177 **Chair:** Do you want to simplify the process?

Craig Rowbottom: Yes, always simplify the process if possible.

Q178 **Helen Hayes:** I just want to ask about the issue of out-of-town retail development, which perhaps we do not hear so much about these days. I would be interested in your view on the threat that it still poses to our



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town centres and high streets now. Is out-of-town still a big consideration or has it been overtaken by the issue of online as far as competition for our high streets is concerned?

Harry Burchill: As you say, it is not as much of an issue as it was perhaps in the '80s and early '90s. The threat has been overtaken by internet shopping, etc., but, like all these issues, the local authority has a balancing act to play. In the same way that planning would have had to respond to those market demands back in the '80s, we have to do just as much of that today.

Dr Dobson: With out-of-town retailing, the damage has been done. There is no significant new out-of-town retailing going on but there are established centres that have become hubs in their own right. If you take Meadowhall in Sheffield, there is lots of pressure there for expanding that as a centre. It is now an established centre with established patterns of shopping. People are not going to change that, so, in effect, it is too late to change the damage that was done to Sheffield and Rotherham town centres from Meadowhall.

Retailing, as you have noticed, has moved on. Internet retailing is threatening both out-of-town and in-town shopping. The question then is about what kind of shopping centre is of value in terms of creating town centres in the future. The "town centre first" principle is right. It has been helpful and should stay. There are very few people who would disagree with that, but the reality is that retail is going to shrink, and that some of the retail that remains will be out of town. The question then for town centres is about what other uses we need within the town centre to make it a viable place. When we think about those, we should be thinking about the public facilities and public services that should be in town centres, what should be there in terms of health and education facilities, what should be there in terms of public space, and what other things that make up the town centre would give it viability and vitality in the future.

Craig Rowbottom: Just adding to the points that have been raised, the out-of-town shopping centres that exist at the moment are trying to repurpose themselves and retrofit in those additional uses to give that experience to people, so they are as convinced to stay there as the other facilities there. That might threaten some of the other town centres in that area, so that has to be a balanced approach. The "town centre first" policy should still definitely be the right policy approach overall. The back-up challenge of that is having the other sites available to make sure that they are directed to those town centres, which requires land acquisition and funding challenges that we have already spoken about today.

Q179 **Helen Hayes:** Is there a need for a new articulation of the "town centre first" policy for the 21st century to address some of those issues—for example, to secure public services in town centres, to fend off the threat of expansion of existing out-of-town shopping centres and to address the conversion of agricultural buildings into distribution centres? Are there a



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set of new challenges that could be dealt with by a new articulation of the “town centre first” principle?

Dr Dobson: It is well worth looking at. Clearly, what is changing retail is also changing other services as well. Public services are also affected by digitalisation and going online. We then have a question around what things really bring people together. You start with the people: what things will bring people into a place? You can have any vision that you like, but without the people, the vision perishes.

Craig Rowbottom: It has to be around what communities need and where those facilities need to go in the future. There might be some challenging conversations around out-of-centre retail parks and whether that is the best strategy for that area. Those are the conversations we need to have.

Just in terms of how the “town centre first” policy is working, we have some figures for Birmingham. Between 2011-12 and 2015-16, 20% of retail development completed was out-of-centre, and only 20% of leisure was in-centre, so there are different demands in the marketplace for that space. If we are promoting, for example, education uses to go in-centre, they can be quite land-hungry in terms of the associated facilities such as playing fields, parking and drop-off. There might be some synergies in terms of having them in the town centre as well but they will bring their own challenge in terms of what sites they need.

Harry Burchill: I agree with colleagues.

Q180 **Teresa Pearce:** You were all here in the room with the earlier witnesses, and one of them said that retail-heavy high streets and town centres were a 20th-century party that is now over. Given that that could well be the case, what specific changes to planning and practice do you think would help high streets and town centres meet future challenges and stay busy and vibrant? If you had a wish list, is there something that you would want to see?

Harry Burchill: We would probably want there to be a bit of a halt on more policy changes. There have been a lot in recent years and our members feed back to us that that is hampering their ability to get on with the job. Looking at examples that I am very happy to share with you of authorities and planning working in partnership to take a much more holistic role outside of their traditional planning functions—building partnership or place-branding, etc.—the best thing that we can do is to share that best practice out there. On behalf of our members, I would say, “Please, no more that is going to hamper the ability to get on with the job”.

Dr Dobson: My wish list would not be of things so much as principles. The kinds of principles that we would need are principles of sociability, so you need people in a place; sustainability, so you need town and city centres that are fit for a climate-changed world; affordability, so you



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need places that are affordable for everyone, not just for high-spending people; and accessibility, so thinking about transport in and out of town centres and getting to grips with some of those issues that drive people nuts about public transport and parking. That ties in with the issue of sustainability because we are going to have to completely rethink transport in many ways.

Nottingham is a good example of how that is starting to happen, with the biggest fleet of electric buses outside London and a tram system. It is much easier to get around than many city centres that I know, and much more walkable. That is quite a good example of how you could start to create the town centre for the future.

Above all, you need to have the flexibility to allow people to do whatever is needed to make it a good space to be in, and there will be any number of aspects to that. There will be social, cultural and public services. There will always be some retailing, particularly the kind of incidental retailing that goes with going to a place to enjoy yourself, such as cafés and food. When you are thinking of traditional shopping, which bits of that still need to be in the high street or town centre? They are probably personal services most of all.

Craig Rowbottom: It is really around having a bespoke approach that is locally driven to make sure that town centres can be successful in the future. That is not necessarily always about the local planning authority leading on that; it can be about other partners contributing towards it. The local planning authority needs to make sure that there is strategic direction where needed.

In Birmingham, we are currently preparing a framework for our centres overall, mainly to provide a strategic direction and put support in place to make sure that change is managed positively. I am happy to share it with you later in the year, once the draft has been approved.

Chair: Thank you all very much for coming to give evidence to the Committee this afternoon. We appreciate that.