



In association with



The future of town centres

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Local identity is key to town centre regeneration.



Welcome

DWF and LGC (Local Government Chronicle) recently hosted a roundtable to explore how retailers, institutional investors and local government can come together to regenerate town centres for the 21st century. Topics discussed included models of private-public collaboration, retail overcapacity in town centres and barriers to redevelopment. This is our summary of the key discussions as well as perspectives from our own sector experts who explain the legal structures that are in place to support town centre development.

The advent of online shopping, coupled with the emergence of out of town shopping centres, has created fundamental challenges for many town centres in the UK. While we are seeing change across all areas of business and society, what is perhaps most startling across many towns is the pace with which change appears to be happening. Major retailers are closing at an alarming rate and vacant plots are appearing up and down key shopping streets and in some of the worst hit places empty space dominates the landscape. While some town centres continue to do very well and have no apparent need of intervention, at least for the time being,

local authorities, landlords and investors alike will be trying to anticipate the trends that are emerging in order to give themselves the best advantage in the future.

In our roundtable with LGC, local government representatives and private sector stakeholders, it was clear that common influencing factors such as the lack of taxation of online trading set against high business rates for “bricks and mortar” are having effects. However, what was equally clear was that there is no ‘one size fits all’ solution and every town has to play to their own local strengths and

develop pragmatic plans that factor in their particular economic, geographic and demographic circumstances. For those places in greatest need it is difficult to see a successful regeneration happening without strong public sector involvement to steer it, both in terms of impetus and energy but also in use of powers from site assembly to assistance in funding and/or risk sharing where most required. It was heartening to see so many local authorities so focused on the challenge and so well advanced in understanding the issues and developing solutions.

Jonathan Branton, Partner,
Head of Public Sector, DWF

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“For those places in greatest need it is difficult to see a successful regeneration happening without strong public sector involvement.”

Jonathan Branton, Partner,
Head of Public Sector, DWF

Meet the panel and contacts

On the panel



Alan Cavill,
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and Regeneration,
Blackpool Council



Jonathan Branton,
Partner and Head
of Public Sector
and EU
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John East,
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**Damien Jaines-
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Assistant Director
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North East
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Nick Golding,
Editor, LGC (Chair)



Teresa Lane,
Assistant Director
of Commercial
Property and
Regeneration,
Aylesbury Vale DC



Pat Lewis,
Assistant Director,
Regeneration,
Stevenage BC



Kate Martin,
City Assets and
Housing Director,
City of
Wolverhampton



Colin Murray,
Partner and Head
of Local
Government, DWF



Tom Stannard,
Corporate
Director,
Regeneration and
Economic Growth,
Wakefield MDC



Mark Robinson,
President, Revo



Melanie Williams,
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“When a town is anchored by four or five department stores and they lose all of those department stores, the purpose completely changes.”

Mark Robinson, President, Revo

The future of town centres

When the current owners purchased Blackpool's shopping centre, the price tag was a tidy £105m.

Today the centre is full and home to a variety of well-known retailers. Yet its most recent valuation was for a significantly lower figure. That means the proprietors are in a position where they owe at least as much money as their property is worth. And for Alan Cavill, Director of Communication and Regeneration at Blackpool Council, it is clear the owners are "not going to invest in it under those circumstances."

"In fact, the only people around the table who would seem to be the sensible owners of shopping centres under those situations are somebody with a very, very long-term view of where their town is going – and that principally is going to be local authorities."

Councils have long been investing in their local retail premises – agent Frank Knight has reported that 26 shopping malls have been bought since 2016. So it's not a new development, but nor is it one without controversy. What it does provide is a stark illustration of how councils' responsibilities are changing as officers and members seek to bolster struggling town centres.

The simple reality is that as online shopping has grown and consumer habits have changed, town centres have struggled. LGC Editor Nick Golding pointed out at the start of a roundtable on reversing that trend: "It's not just about empty shops – it sometimes feels like the character is ripped out of a place. So it's quite an emotive issue."

The roundtable, run in association with DWF, took place in advance of the LGC Future Places conference. The debate brought together a panel of experts from across the country to discuss what they have already done to regenerate their town centres; what more needs to be done; and what pitfalls need to be avoided along the way.

For Mr Cavill, quite how councils invest in regeneration of town centres will depend in a large part on the area. He is not advocating every council buys its local shopping centre. "But to me it's critical we get involved in some way, shape or form, whether that's buying in or whether it's helping your developments or giving loans," he suggested to fellow panellists.

The message was reinforced by Damien Jaines-White, Assistant Director for Regeneration at North East Lincolnshire Council. "The public sector has to lead this," he said. "But it's not just about the money. It's also about policy – policy being in place and working with the right people."

He pointed to Grimsby's town deal, the first stage of which was secured with central government last summer and will see £67m invested in the area.

"So it's how do you work at that strategic level with regional government, with local enterprise partnerships, with central government, to get the right support in terms of your area, but then how do you work at a lower level locally to bring that together, to give the confidence to investors?"

"I think you need to look across the wider public sector, the quasi-public sector at how we bring more usage back into those town centres."

Retail – the backbone to regeneration

Creating vibrant town centres while balancing the needs of retailers, landlords and local authorities is no easy task. There is no simple or quick fix for this complex issue but we are seeing innovation totally disrupting traditional models. Altrincham town centre and Boxpark are examples of how we can make our retailers and town centres fit for purpose, whilst taking into account local demands and demographics and engaging the community in the process. What is required is a holistic review to redefine centuries old paradigms to make them fit for the future.



Boxpark

Boxpark is the world's first pop-up shopping mall. Made from shipping containers, it sees artisan brands and independent food outlets set amongst global brands such as Crocs and Sloggi. Boxpark have created a space perfectly combining retail and leisure which is seen as a destination in its own right.

Altrincham

In 2010 Altrincham in Greater Manchester was said to be the UK's ghost town, with 30% of its shops empty. Regeneration was led by the local community who hosted events to attract people to the centre and were given backing by the local council which has helped drive forward regeneration of core amenities and the development of leisure destinations such as the food market. Loan schemes for small businesses make units more attainable, the 'self-funding' scheme means that when retailers pay back their loans others can borrow. Altrincham has since been crowned best high street in the country at the Great British High Street Awards.

Hilary Ross, Partner,
Head of Retail, Food and Hospitality, DWF

What might methods to bring back bustling town centres look like? Certainly when it comes to retail, the image might be that many larger, cookie-cutter chain stores are replaced with independent, artisan traders.

It's an understandably seductive vision after years in which many centres in the mid-sized to large towns have become more or less identical. But it's one which Mark Robinson, President of Revo – the membership organisation for the retail property and placemaking industry – argued should be treated with caution.

"What went on specifically in the UK is we created 300 clone towns anchored by mid-market department stores. And when a town is anchored by four or five department stores and they lose all of those department stores, or many of those department stores, the purpose completely changes."

The trick to town centre regeneration, he said, is to find the right purpose for the specific town. "It does worry me that people will think everywhere deserves an artisan baker and everywhere deserves a food hall. Because they won't work everywhere."

You need to find that special purpose – because that's what people are looking for.

"We're going to get rid of these clone towns that nobody likes, so let's not mourn that, but let's not try to create 300 clone towns that are all based around artisan bakers and food halls. Because that won't work either."

As Eve Fawcett-Moralee, Executive Director of Economic and Commercial Growth at West Lindsey DC, put it: "It's a utopia I think to have these artisan sort of shops when we are in an area where you haven't got the sort of demographic that can afford those sort of products."

It is an illustration of the importance of engaging local communities in conversations about just what a successful town centre will look like in an area, argued Colin Murray, Partner and Head of Local Government at DWF. "In actual fact, strange as it may seem, in certain parts of the world they're happy, they don't want regeneration, they see it as gentrification and see themselves as being moved out of their areas.

"I think that consultation piece is key to winning the hearts and minds, so you can actually engage in a proper conversation."

And if any proof was needed that quite where that conversation will go depends on the area, the roundtable panellists provided it. In Stevenage, for example, town centre regeneration is about (re-)embracing the swinging '60s, according to Stevenage BC Assistant Director, Regeneration, Pat Lewis.

"Stevenage was the first new town. It's tired, it's unloved, crucially the town centre isn't broken but it's about to fall apart. However, because it's the first '60s new town we're going to restore it, a lot of it, we're going to make the '60s cool again,"

Mr Lewis said. "We're going to restore an awful lot of it, which means we've got to think about how we use upper floors of commercial buildings. We've got one starting in September, we're sacrificing a shop on the ground floor, going through and then opening up the upper floors, in this instance for co-working."

In Wolverhampton, meanwhile, the focus is on both traditional and modern industries. "We have a clear marketing strategy, we've really pushed that, we've taken it internationally as well," said Kate Martin, City Assets and Housing Director for the city. "It's a balance between the heritage, so we've got the Black Country heritage and manufacturing, but then we're trying to balance it as a city of opportunity, so offering things like 5G, the digital economy."

Real Estate – investors are facing rising vacant and non-income producing assets

Town centres have traditionally comprised of retail assets but while store incomes have been decreasing driven partly by the rise of online shopping, retailers are faced with static rents and rates liabilities that do not decrease proportionately. This means that investors are faced with rising vacant and non-income producing assets as leases expire and are not renewed and/or as a result of the popularity of CVA procedures. This creates a vicious circle that is contributing to a decline in town centres both in terms of its fiscal contribution, economic and community value. While this creates a real challenge for town centres, we believe it is an opportunity for regeneration and place making.

Town centres need to embrace change and move away from a predominance of traditional retail stores and instead embrace technology. There is an opportunity to differentiate from neighbouring town centres and create a community solution by incorporating leisure facilities, homes, health and care provision and entertainment, providing community space for all age groups.

With specialist sector advice across local government, real estate, retail and transport, legal advisors such as DWF can help to effect real change in the future of town centres. But this will only be possible through the continued public and private sector collaboration and investment, which is essential to making our future towns a success. DWF advises all those invested in town centre regeneration - from local authorities and commercial property owners and occupiers to developers – to bring forward complex development projects as well as the regeneration of existing buildings and spaces through public/private partnerships.

Melanie Williams, Partner,
Head of Real Estate Sector, DWF

In Aylesbury it's been about embracing what the town already has – the market, for example, has been used as a testbed for new traders, some of whom have been supported by the council to move into their own units – while acknowledging what it will never be.

"We spent two years on developing a town centre plan," said Teresa Lane, Assistant Director of Commercial Property and Regeneration at Aylesbury Vale DC. "It wasn't a planning document as such – it was about the vision, the challenges and looking at how we could repurpose areas and buildings and getting everyone on the same page so we worked more collaboratively."

"But part of that vision was recognising that towns like Aylesbury, although they're a major growth area, and a garden town now, would never compete retail-wise with Oxford down the road and Milton Keynes on the boundary. So we're starting to shift our USP [unique selling point] to arts and entertainment."

She said the council was also keen to bring back town centre living, having just completed a scheme with 47 apartments.

Here, Ms Lane argued, was another opportunity for councils to rethink what a town centre meant – potentially seeking to support the move of GP surgeries to town centres, for instance.

Melanie Williams, Partner and Head of Real Estate Sector at DWF, reported also working recently on projects that involved placing healthcare services into the centre of towns. She suggested new retail collaborations could be a route here too.

"The retail sector is having to repurpose units. So what they're doing is they're looking at their stores and they're saying: 'how can I use my store?'"

"They're changing, they're evolving. And that's really quite an exciting thing. When you're deciding that you want health, it's looking at which retailers are embracing that. And Boots, for instance, do sometimes have drop in health centres."

But what tools can councils employ to encourage the sort of town centres most appropriate for their areas? Could taxation changes provide a means of encouraging traditional retail? Asked Jonathan Branton, Partner at DWF and Head of Public Sector and EU/Competition. "There is a massive differential in the taxation system based on business rates, which is hitting everybody's bricks and mortars, which is not felt in the slightest by internet sellers," Mr Branton said.

The concept provoked mixed feelings for Tom Stannard, Corporate Director for Regeneration and Economic Growth at Wakefield MDC. "If we're being place specific, [in Wakefield] we have the

"...it was about the vision, the challenges and looking at how we could repurpose areas and buildings and getting everyone on the same page so we worked more collaboratively."

Teresa Lane, Assistant Director of Commercial Property and Regeneration, Aylesbury Vale, DC



Virtual local market places are supporting thriving town centres in Germany

In Germany, local authorities have a mainly enabling function through planning, subsidies, infrastructure projects and public/private partnerships implementing Business Improvement Districts. However, organising communication of stakeholders via a quarter manager or inner city caretaker equipped with sufficient manpower and budget to facilitate effective cooperation, e.g. via a digital platform, is one central recommendation of a

report "New Perspectives in Retail – Recommendations for Action" published by the German Federal Ministry for Economic Affairs and Energy. Such digital platforms have taken off quite successfully in so-called digital city initiatives in Germany. To keep the physical local market place from falling victim to e-commerce, cities now create a virtual local market place twin to make retailers and their products visible online, attracting more consumers.

Some towns have introduced platforms that enable retailers to present their products, offer pre-order and home delivery options, provide information on services and restaurants, local events and opening hours. The aim is to align online and offline offers to avail both their benefits to consumers, a service level e-commerce platforms cannot accomplish.

Irene Schmid, Partner, DWF Germany

disbenefit in terms of retail blight but we've also got the benefit because one of our biggest industries outside of the town centre conundrum is logistics, distribution and storage. And rather ironically that's got a double benefit with the Brexit chaos, because everybody's stockpiling in Wakefield."

It all meant, he said, that an apparently simple change in taxation could have very complicated outcomes in his area. Care too was needed, many suggested, in the use of compulsory purchase orders, which it was felt could be both a blunt and time consuming object. Better, perhaps, to explore avenues afforded by planning policy – as John East said he and colleagues had done a few years ago.

"When I was working at Barking, we had a deliberate planning policy of requiring

every new development to provide affordable workspace on the ground floor, to be given over either to cultural or disartistic use and to be given to the council," he said.

Mr East, now Interim Corporate Director, Growth and Regeneration at Wycombe DC, added: "We were helping to change the town centre of Barking, actually populate it with the kind of uses you wouldn't otherwise have found. So that's just one example about how you can use the planning tools to actually change the dynamics of a town centre if you want to be bold."

Mr Cavill emphasised it was critically important the direction of such policies was decided at a local level. He gave the example of the national push to turn under-used offices into housing, which

he said was a poor fit for Blackpool. "At the moment no-one wants to live in the middle of Blackpool and those houses that are there are a very, very poor quality.

Changing that is something we're on with and trying to effect. But it means [the national policy] results in even poorer quality housing being available in the city centre."

He concluded: "One thing is clear from all of this is that we all have a slightly different solution and a slightly different problem [when it comes to town centre regeneration]. And trying to make one size fit all just isn't going to work."

Less artisan baker for all, then, than thriving town centre for all – which means a centre that looks different for all.

What legal powers do local authorities have to allow them to intervene for regeneration?

The roundtable shows the importance of local authorities working with other public sector partners (LEPs, combined authorities and health bodies), and the private sector to set a clear vision and purpose for their town centres and town centres. Whilst each vision is different (very much a product of each location's demographics, history and physical geography) and there is clearly no desire to promote an identical town centre across the UK, all local authorities looking to intervene will need to rely on the right public law powers, ensure that any process and procedural requirements are satisfied, and comply with any regulatory requirements (eg. State aid, fiduciary duty, procurement and planning).

The good news is that the current legal framework allows and promotes active public sector intervention to regenerate town centres. For example, Local authorities have the power to:

- (i) consult with tax payers, business owners, service users and other community groups to set a strategy for town centre regeneration and renewal (section 3 of the Local Government Act 1999);
- (ii) prudentially borrow and invest in their areas (sections 1 and 12 of the Local Government Act 2003);
- (iii) acquire and dispose of land to place shape an area (sections 120 and 123 of the Local Government Act 1972);
- (iv) do anything a person may do; including acting for a commercial purpose (section 1 of the Localism Act 2011);
- (v) loan monies and provide grant funding (significant funds are likely to come on stream over the next few years through the distribution of for example the High Street Fund and the UK Shared Prosperity Fund) to the private sector to deliver determined outputs; and
- (vi) set a planning strategy that supports regeneration and development.

As legal advisers to many public sector bodies, DWF is seeing all of the above powers being used on a daily basis by our clients across the UK to intervene and deliver successful regeneration, create or safeguard jobs and provide commercial income (please see our [Commercialisation report](#) with the LGC released in January 2019 for an assessment of what Local Authorities are doing across the UK to generate income). We find that it is important to listen carefully to our clients' vision before suggesting how it can be delivered, both in accordance with the law and internal governance procedures.

Colin Murray, Partner,
Head of Local Government, DWF



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