



The Scottish Parliament  
Pàrlamaid na h-Alba

Published 29 November 2022  
SP Paper 268  
12th Report 2022 (Session 6)

## **Economy and Fair Work Committee**

# **Inquiry into Retail and Town Centres in Scotland**



**Published in Scotland by the Scottish Parliamentary Corporate Body.**

---

All documents are available on the Scottish  
Parliament website at:  
[http://www.parliament.scot/abouttheparliament/  
91279.aspx](http://www.parliament.scot/abouttheparliament/91279.aspx)

For information on the Scottish Parliament contact  
Public Information on:  
Telephone: 0131 348 5000  
Textphone: 0800 092 7100  
Email: [sp.info@parliament.scot](mailto:sp.info@parliament.scot)

# Contents

<b>Membership changes</b>	<b>1</b>
<b>Conclusions and Recommendations</b>	<b>2</b>
<b>Introduction</b>	<b>8</b>
<b>Scottish Government Strategies and Policies</b>	<b>10</b>
<b>The New Realities of retail</b>	<b>12</b>
Upskilling for Diversifying Retail	14
Fair Work and Gender Impacts in the Retail Sector	17
<b>Living, Resilient Town Centres in Scotland</b>	<b>19</b>
Regulatory Barriers to Redevelopment and Repurposing Town Stock	22
Cost Barriers to Town Centre Businesses and Developers	28
Funding and Support for Town Centre Regeneration	31
Scotland's Towns for Communities and Living	35
<b>Summary</b>	<b>40</b>
<b>Annexe A - Extracts from minutes of Committee meetings</b>	<b>41</b>
<b>Bibliography</b>	<b>45</b>

# Economy and Fair Work Committee

To consider and report on matters relating to the economy falling within the responsibility of the Cabinet Secretary for Finance and the Economy.



[economyandfairwork.committee@parliament.scot](mailto:economyandfairwork.committee@parliament.scot)

# Committee Membership



**Convener**  
**Claire Baker**  
Scottish Labour



**Deputy Convener**  
**Colin Beattie**  
Scottish National Party



**Maggie Chapman**  
Scottish Green Party



**Jamie Halcro Johnston**  
Scottish Conservative  
and Unionist Party



**Fiona Hyslop**  
Scottish National Party



**Gordon MacDonald**  
Scottish National Party



**Graham Simpson**  
Scottish Conservative  
and Unionist Party



**Colin Smyth**  
Scottish Labour



**Michelle Thomson**  
Scottish National Party

# Membership changes

1. The following changes to Committee membership occurred during the course of this inquiry:
  - On 28 September 2022, Graham Simpson MSP replaced Alexander Burnett MSP.

## Conclusions and Recommendations

2. **As the inquiry progressed, it became clear that it would not be possible to consider all issues raised. This year, the Scottish Government made a number of announcements and commitments designed to start to address some of them. The actions, focus and solutions needed to achieve the vision for Scotland's towns are multi-faceted and will require to be owned and driven over successive Parliamentary Sessions to reverse the decades-long decline.**
3. **The Committee welcomes the Scottish Government's policy re-fresh and renewed focus on Scotland's town centres and the retail sector. With so many inter-linked strategies and initiatives now, policy cohesion and a shared direction of travel across all relevant Scottish Government portfolios will be vital. This is particularly important given the long-standing challenges facing Scotland's town centres.**
4. **The Committee calls on the Scottish Government to set out (1) how cohesion of its cross-portfolio policy will be achieved to ensure and maintain the necessary direction of travel, (2) who will have overall responsibility for ensuring that, and (3) how "silo-working" will be avoided.**
5. **The Committee welcomes the Scottish Government's retail strategy, its three heads for action and the establishment of the Retail Industry Leadership Group co-chaired by the Minister for Public Finance, Planning and Community Wealth and the Chief Operating Officer of the John Lewis Partnership. The Committee looks forward to sight of the finalised retail strategy delivery plan.**
6. **Retail is an extremely important sector for Scotland's economy. The sector is experiencing a significant period of change, hastened by the pandemic. In particular, the independent retail sector is playing an increasingly important role. Many retailers, including independents, do already operate a "multi-channel" model and more of Scotland's retailers are looking to diversify and embrace new channels for selling.**
7. **The Committee applauds the retail sector for the support it provided during the pandemic and its agility to pivot quickly, where possible, to online offerings. Looking ahead, it will be crucial to ensure, in return, that appropriate national and local government support is available to the retail sector, and its workforce, to help it adjust to what is expected to be continuing and evolving long-term change to business models and shopping habits.**
8. **The Committee recognises that the Retail Industry Leadership Group will play a crucial role in leveraging Government support to ensure the sector is equipped to meet current and longer term challenges and build strength and resilience.**
9. **There is strong demand amongst Scotland's smaller retailers for more and**

**better support to build their online presence and be able to take advantage of platforms and expertise that already exist. The Committee sees it as vital that there is a broader range of opportunities made available to upskill, strengthen and future-proof our retail workforce.**

- 10. DigitalBoost was well-received but significantly oversubscribed. The Scottish Government is asked to confirm whether DigitalBoost grants will be relaunched next year or, if not, what is intended to replace them and what assessment will be made of demand.**
- 11. The Committee understands that the VAT registration requirement to access higher Scottish Government grants was in place to prevent fraud. The Scottish Government is asked to consider the evidence from WES about structural inequalities and bring forward proposals to address these and remove structural barriers to women accessing business support.**
- 12. If, as suggested by Business Gateway, there is a reluctance on the part of small businesses to take up existing opportunities, the Committee asks that research is now undertaken to establish why that is and what can be done better or differently. This unmet need must be addressed, to ensure Scotland's smaller retailers are not left behind. The Scottish Government is requested to identify measures to increase uptake and consider how its offerings can be expanded and improved.**
- 13. The Scottish Government has committed £100 million to help businesses improve their digital skills, capacity and capability. It has also committed to support improved broadband capacity and mobile connectivity in towns and town centres to improve local digital platforms. The Committee asks for more detail on how this £100m will be allocated and to whom. The Committee recommends that this funding is directed towards providing support to businesses to develop omnichannel models. The Scottish Government is asked to comment on why Scottish businesses are so much less likely to trade online compared to the rest of UK business and how this money will close that gap.**
- 14. The Committee recognises the value of, and increased demand for, online and e-commerce activities and the importance of increasing the use of technology as a driver of increased productivity. In addition to the request for further detail on the £100m fund, the Committee would welcome the development of a strategically driven action plan to support the take-up of training and capacity building to support Scotland's e-commerce activity.**
- 15. During summer recess, the Minister wrote to advise there would be an independent review of skills delivery, focussing on the function and remit of Skills Development Scotland and its interface with the wider skills delivery landscape. The Committee welcomes this announcement and that the review will be carried out independently of Government. The Committee seeks assurance that the scope of the review includes consideration of how appropriate skills development opportunities will be made available to the workforces of businesses of all sizes and across all sectors in**



**Scotland.**

16. **The Scottish Government is asked to consider what equalities expertise the Retail Industry Leadership Group has and advise how equalities will be taken account of, as the Group develops its work programme and priorities for action. The Committee seeks assurances that the Group's work will be future-proofed and that there is a recognition that barriers, associated with traditionally gendered roles within retail, need to be removed.**
17. **The Committee welcomes the development of a Fair Work agreement for retail. The Committee highlights the evidence received about ensuring fair work considerations, in the retail sector, are adequately gendered. The Scottish Government is asked to provide a timescale for development of the new agreement.**
18. **The Scottish Government's retail strategy includes a commitment to develop a Just Transition Plan for the retail sector. The Committee notes that the newly established Retail Industry Leadership Group has been tasked with this. The Committee calls on the Scottish Government to ensure that Fair Work considerations are embedded in this plan.**
19. **The Committee recognises that Scotland's towns are individual with their own distinct identities, communities, histories and futures. Every town has its story and communities can be and are motivated and inspired by the expression of that unique story to drive forward change and improvement. We know this works where there is a common purpose and community drive to shape the town and we highlight that as a lesson for other towns.**
20. **There is no one blue-print that can, or should be, imposed. What is important is that every town and its community is empowered to create a vision to focus on achieving, through a long-term Town Plan. To support this, barriers must be removed and appropriate advice and support, including financial support, is available at all stages of development. The Committee notes that funding from local authorities and Creative Scotland, as well as Historic Environment Scotland, through culture and heritage grants has already, and can continue to, act as as a catalyst for regeneration projects.**
21. **The Committee asks the Scottish Government to review funding mechanisms and consider how additional support can be provided as seed funding to assist the setting up and ongoing work of community-led groups, as they become established and develop plans and projects for their town centres. People and community groups need to know where to find support and funding, and the right people need to be at the table from the outset. These issues are addressed in more detail in the following sections.**
22. **The Committee is grateful to 4-Consulting for producing the Town Centre Comparative Study and to the tight timescale requested. The Committee draws attention to the Study report and findings, commends them to the Scottish Government and asks the Scottish Government to reflect on how**

the findings can be incorporated into its own work and highlighted to partners.

23. **The Scottish Government has stopped short of putting the "town centre first principle" on a statutory footing in NPF4. It has been in place as a "principle" since 2014. In that time, progress has been limited. Without the principle being strengthened, the Committee would have concerns that the vision for Scotland's towns may not be realised.**
24. **Members of the Committee hold differing views on whether a moratorium on out-of-town development in NPF4 is the solution. All members are agreed that implementation of NPF4 must be sufficiently robust to ensure any new proposed developments can demonstrate town centre sites have been pursued and thoroughly evaluated, that development will have no adverse impact on town centres and will not compete with town centre provision.**
25. **The Committee agrees that the overarching principle must be rebalancing the cost of doing business in town centres versus out of town sites. Approaches that could be considered include giving Councils the power to levy an out-of-town development premium or a business rates surcharge which could then be used for town centre regeneration. Town centre regeneration funds from Councils or Government could be used to incentivise use of brownfield sites in town centres for retail, housing or culture and leisure purposes.**
26. **The Committee welcomes the Scottish Government's consultation on permitted development rights and intends to support the creation of a new general town centre use class.**
27. **The Committee notes that transparency of beneficial ownership of town centre property and land and absentee owners can still be a problem, particularly where an individual lives or is based overseas. The land register of Scotland records ownership of land and property in Scotland. In the case of leased commercial property or land, there is no requirement for a lease shorter than 20 years to be registered. It is the Committee's strong view that all property and landowners should be contactable and there should be clarity on who the owner is. The Scottish Government has said its focus is on Compulsory Purchase Orders. The Committee is of the view that the Scottish Government's actions may be insufficient and that more may need to be done to address this problem. As a first step, the Committee asks the Scottish Government to undertake research on what the position is elsewhere with regard to transparency of beneficial ownership of commercial property and land.**
28. **The Committee notes that local authorities have a range of powers available to them to tackle derelict or dangerous buildings but they are not used as frequently or proactively as we would like. There can be a reluctance to resort to those statutory powers, in part due to a lack of resources to carry actions through. The Committee welcomes the Scottish**

**Government's commitment to reform and modernise the compulsory purchase orders and consider compulsory sales orders.**

29. **The Committee also notes the Scottish Government's intention to introduce legislation on this later this Session. It is acknowledged that this will be a complex piece of work. The Scottish Government is asked to set out a timetabled plan for taking this work forward and how it will engage with stakeholders and local authorities to develop this policy.**
30. **The Committee recognises the reforms underway to business rates which are not yet fully implemented but it was clear from the business community's evidence and the Scottish Government's own Town Centre Action Plan Review Group that the non-domestic rates system is perceived as inequitable and unfair.**
31. **The current NDR system acts as a disincentive when trying to attract businesses back to our town centres. For businesses already located in town centres, the current NDR system acts as a disincentive to invest in already occupied property, as any investment leads to an increase in NDR. The Committee consistently heard that the current system works against investment and growth in town centre retail and that the NDR system should be rebalanced to support town centre development.**
32. **There is a need to address the cost imbalance between out-of-town development and town centre regeneration and to lower the barriers for town centre development if the vision for regeneration of Scotland's towns, particularly the aspiration to bring back good quality town centre living, is to be realised. Current VAT rules add to the imbalance and create further disincentive. The Scottish Government is asked to set out what discussions it has had to date with the UK Government on VAT.**
33. **The Committee recognises that the driver for an online sales tax is to level the playing field between in-store retail and online sales. Online retailers are seen to have an unfair competitive advantage which discourages retail footprint. At the same time, the opportunities for business growth and benefits to businesses developing online should not be hampered or discouraged. An online sales tax would have to be sufficiently sophisticated to be directed towards the businesses that make no contribution to high streets and undermine their viability.**
34. **The Committee notes that the Scottish Government is considering the findings of the Fraser of Allander Institute (FAI) on the Small Business Bonus Scheme and that a short-term working group has been established to look at the collection and availability of data. The Committee would be grateful for regular updates on the work of this group. The Committee takes this opportunity to indicate that the operation of the Small Business Bonus Scheme will be a focus of its pre-budget scrutiny next year.**
35. **The Committee asks the Scottish Government to set out the resourcing it will provide to support NPF4 and TCAP2 and, specifically, what incentives will be available for repurposing unused or long-term vacant town centre**

**buildings and to encouraging and co-ordinating owners to actively manage their assets.**

- 36. The Scottish Government is asked to set out how support will be provided to towns and communities where there is no BID and without any local community resource.**
- 37. The Committee notes the different remits and delivery focus of the three enterprise agencies. The Committee is concerned that there is a gap in place-based support available for towns and communities not covered by either HIE or SOSE. The Scottish Government is asked to respond to this concern and set out the mechanisms, for towns and communities not covered by HIE or SOSE, to access support and funding.**
- 38. The Committee supports every town having its own development plan. The Committee also supports the calls for a central resource of expertise to which every town development partnership or community would have access to when taking forward the development plan. The Scottish Government is asked to consider how best this could be set up and where, organisationally, it should sit.**
- 39. The Committee recognises that NFP4 has signalled intent but calls on the Scottish Government to ensure that NPF4 clearly aligns with, and supports, the Scottish Government's stated long-term vision for Scotland's towns and addresses the imbalance between out-of-town and town centre development.**
- 40. The Committee heard that the impetus and drive for town centre regeneration can be established by cultural, tourism and social initiatives. It must also be recognised that the measurement of the success of town centre regeneration is not just increased financial value for business and council revenues but also in quality of life and social and environmental improvements for the people who live, work and enjoy their town centres. A well-being and inclusive approach to wider value should be at the forefront of these measures.**
- 41. The Committee recognises that creating a vibrancy around "place" for all of our towns must involve Scotland's culture bodies and organisations "being at the table". We agree and recommend that they must be designated statutory consultees.**
- 42. To support town centre living, the Committee asks the Scottish Government to set out (1) how it plans to incentivise social landlords to take on empty town centre properties and to provide the quality mixed tenure accommodation that is needed, and (2) how the resource available in the housing budget will be made available for town centre living projects.**

# Introduction

43. Many of Scotland's town centres have been in decline for decades. Across the country we have seen the departure of larger retailers from our high streets, leaving vacant town centre buildings that can be difficult to repurpose. That departure has been due in part to the ease and lower cost of re-locating to out-of-town shopping parks but also our changing shopping habits. The change in shopping habits was accelerated by the pandemic.
44. Due to a decline in affordable or appropriate housing in town centres, there has been a shift to out-of-town housing estates. During the pandemic and associated travel restrictions, many of us began to focus on what was available locally. There has been a renewed discovery and appreciation of our local places and towns and their potential. The Committee recognises that this has presented an opportunity to focus on the future for Scotland's towns and identify the actions needed to ensure the vision of connected, relevant, vibrant town centres is achieved. Towns matter. Their value is not just economic, it is social and cultural. As such, the actions and responses needed are wide-ranging and housing needs and accessibility considerations must be central.
45. The retail sector will always have a key role in vibrant, living, resilient towns. The Committee wanted to consider what is needed from the Scottish Government and other key players to support that sector, given the changing economic landscape and shopping habits and as part of a renewed focus on town centres.
46. Global supply chain disruptions, shortages of goods and labour and rising energy costs are creating pressures across all sectors. These are on top of the significant impact of the pandemic on the retail sector, accelerating changes already underway. Technological advances and a shift to online shopping call for sharper attention on, and urgency around, building and maintaining the digital capabilities of businesses. Online shopping is here to stay and attention needs to be given to how it can complement and support high street activity and investment.
47. The Committee launched this inquiry with a call for views in [February 2022](#) . Sixty-five written responses were received, many from individuals wanting to highlight specific challenges faced by their own town centres, improvements they want to see and the barriers to making those changes. Scotland's towns are unique places with their own specific communities, strengths, challenges and potential. There is not one "off the shelf" solution for what a town should look like or be that can be centrally imposed. Regeneration of our town centres must be community centred, with appropriate support and resourcing.
48. In March, the Committee held an informal virtual roundtable session with small businesses, development trusts, business improvement districts and community representatives. Attendees suggested the following for consideration:
  - e-commerce skills and support for businesses to build them
  - business and VAT rates
  - town centres as experiences

- vacant/derelict or abandoned town centre buildings
- the planning system and local council support for town development
- access and flexibility of funding

The Committee's public oral evidence sessions ran through March to June.

49. The Committee commissioned external research to provide [case studies](#) of successful town centre regeneration projects across the UK and beyond to identify features and actions that could be applied in Scotland. In addition, the Committee enjoyed fact-finding visits to Dumfries, Fraserburgh, Inverurie, Hamilton and Burntisland where members were briefed on local initiatives and met with some of those involved. The Committee appreciates and thanks the organisations and individuals for their time and contributions to this inquiry, all of which helped inform this work.

50. **As the inquiry progressed, it became clear that it would not be possible to consider all issues raised. This year, the Scottish Government made a number of announcements and commitments designed to start to address some of them. The actions, focus and solutions needed to achieve the vision for Scotland's towns are multi-faceted and will require to be owned and driven over successive Parliamentary Sessions to reverse the decades-long decline.**

# Scottish Government Strategies and Policies

51. In 2020, the Scottish Government established the Town Centre Action Plan Review Group, chaired by Professor Leigh Sparks, to review the progress and scope of the existing national Town Centre Action Plan. The report of the Group, [A New Future for Scotland's Town Centres](#) was published in February 2021. It made three headline recommendations:
- Towns and town centres to be included in [National Planning Framework 4](#) (NPF4) with a requirement to create and implement town plans. Refocus and re-emphasise Town Centre First and place towns and town centres at the core of NPF4. Prioritise and direct resources to them.
  - The Scottish Government should review the current tax, funding and development systems to ensure that wellbeing, economy and climate outcomes, fairness and equality are at their heart.
  - Expand and align funding of Demonstration Projects in towns and town centres. Funding for town centre activities should be substantial, multi-year and cover revenue and capital spend. <sup>1</sup>
52. In April 2022, not long after the launch of this inquiry, [the Scottish Government and COSLA published their joint response to the Review Group's report](#) including a revised Town Centre Action Plan (TCAP2). They adopted the Review Group's vision:
- ” Towns and town centres are for the wellbeing of people, planet and the economy. Towns are for everyone and everyone has a role to play in making their own town and town centres successful. <sup>2</sup>
53. Again, shortly after the launch of this inquiry, the Scottish Government's strategy for retail, originally expected in 2021, was published. [Getting the Right Change](#) (the Retail Strategy) focuses on 'sector, people and place'. The aim of the strategy is to deliver a 'successful, resilient, sustainable and profitable' retail sector. It included a draft delivery plan. A Retail Industry Leadership Group has been established and given responsibility for finalising the delivery plan.
54. Under **sector**, the aim of the retail strategy is “a successful and profitable sector, by being more productive and innovative, and encouraging, promoting and celebrating entrepreneurial activity and business growth.” Under **people**, the aim is “the right skills to have rewarding and secure careers and grow businesses as we reorient our economy towards wellbeing and Fair Work to significantly reduce poverty.” Under **place** the aim is “to strengthen the vital contribution that retailers make to the economic and social success of our local communities.” <sup>3</sup>
55. The retail strategy is underpinned by the [National Strategy for Economic Transformation](#), the [Strategic Framework update](#) and the [Covid Recovery Strategy](#).
56. In November 2021, the Scottish Government published a draft of its fourth National

Planning Framework (NPF4). The Scottish Government states that "NPF4 will provide updated planning policy on retail, recognising its role in the economy and communities, linked to 20 minute neighbourhoods." <sup>4</sup> Earlier this month, following consultation on this draft, the Scottish Government published, and laid in Parliament, a "much clearer and stronger" NPF4 and the first iteration of the NFP4 delivery programme.

- 57. The Committee welcomes the Scottish Government's policy re-refresh and renewed focus on Scotland's town centres and the retail sector. With so many inter-linked strategies and initiatives now, policy cohesion and a shared direction of travel across all relevant Scottish Government portfolios will be vital. This is particularly important given the long-standing challenges facing Scotland's town centres.**
- 58. The Committee calls on the Scottish Government to set out (1) how cohesion of its cross-portfolio policy will be achieved to ensure and maintain the necessary direction of travel, (2) who will have overall responsibility for ensuring that, and (3) how "silo-working" will be avoided.**
- 59. The Committee welcomes the Scottish Government's retail strategy, its three heads for action and the establishment of the Retail Industry Leadership Group co-chaired by the Minister for Public Finance, Planning and Community Wealth and the Chief Operating Officer of the John Lewis Partnership. The Committee looks forward to sight of the finalised retail strategy delivery plan.**



## The New Realities of retail

60. According to the Scottish Retail Consortium (SRC), around 233,000 people work in retail, Scotland's largest private sector employer. In a statement to the Parliament, the Minister for Public Finance, Planning and Community Wealth, stated that the retail sector contributes £5.8 billion gross value added (GVA) to the Scottish economy and acknowledged its contribution to "the fabric of our communities and our society" and as a "cornerstone of our communities as demonstrated during the pandemic."<sup>5</sup>
61. Joanne Cairns (USDAW) agreed that one of the lessons from the pandemic had been the importance of retail in communities. She pointed out "for many people, the shops that did remain open provided the only interaction that they had with anyone during the pandemic."<sup>6</sup> Professor Sparks pointed to the number of independent retailers opening up, the demand for them and the opportunity presented by larger retailers pulling out-of-town and city centres and reducing their property portfolio.<sup>7</sup>
62. The pandemic accelerated changes in the retail sector, in particular the shift to online shopping. The SRC said the last two years had been the most challenging period for Scotland's retailers in decades. Many retailers did not survive, and others face an uncertain future. As we emerge from the pandemic, the retail sector is now facing the further challenges of the current cost crisis and a pull-back on consumer spending.<sup>6</sup>
63. Even before the pandemic, the retail sector and shopping habits had been evolving, moving away from local high streets to out-of-town shopping centres and retail parks. Out-of-town developments, with cheaper, simpler buildings have been an easier option for developers, compared to the cost and technical and regulatory complexity of repurposing older, existing retail or other town centre buildings. The popularity of out-of-town shopping is seen to be due to ease of parking and wider customer choice with a concentration of different outlets and amenities.
64. The convenience and ease of online shopping are seen by some as presenting an existential challenge to traditional "bricks and mortar" retail outlets. The rising cost of living, and now the energy bills crisis, compound that challenge.
65. Retailers are looking to adapt to the new reality; fewer sales in physical outlets and fewer physical retail outlets. However, SRC observed that even during the global pandemic, the majority of retail sales still took place in shops (when permitted to open) and the [National Hair and Beauty Federation](#) and the [Scottish Grocers' Federation](#) (SGF) pointed out that certain business models cannot be delivered entirely online.
66. SGF highlighted that a proportion of the convenience sector's offering was being digitised. It pointed to Our Scottish Local Shop Report 2021 showing that of the convenience stores that offered home delivery or click and collect services: 39% offered home delivery for customers who order over the phone, 28% offered home delivery for vulnerable customers, 15% offered home delivery through a third-party app, 10% offered home delivery through a store website and 8% offer a click and collect service. Of stores offering these services 71% had no minimum spend and

82% had no delivery charge.<sup>8</sup>

67. Participants at the Committee's roundtable session discussed the 'bricks and clicks' model and its ability to combine a local footprint with wider exposure to products. The SRC told the Committee that almost all retailers now use a multichannel approach. The British Federation of Small Businesses said a high proportion of its members were still developing in the area of e-commerce and most see on-line as supplementing a traditional outlet. Peter Mowforth (Indez) pointed out:

” This whole thing is being put forward almost as a combative problem between e-commerce on the one hand—which uses different techniques, skills and approaches to trade—and traditional businesses on the other, but that really is a complete misnomer. It used to be the case that a business's shop window was a large sheet of glass. These days a high street retailer's window is very often people's phones.<sup>9</sup>

68. Similarly, Paul Gerrard (the Co-op) observed that in stores with an online platform, revenues had grown by 30 per cent. He stated, "we are not cannibalising our existing customers; we are adding new customers."<sup>6</sup>

69. Recognising the moves to online retail, the most consistent issue raised in response to the Committee's call for views and during evidence sessions was the cost of doing business. This was a key issue for retailers, particularly what was seen as an "uneven playing field" in favour of online retailers, compared to traditional retail outlets required to pay business rates for their bricks and mortar outlets.

70. The Scottish Government's finalised delivery plan, to support the strategy published in March, is still awaited. One of the strategy's key actions is to "develop a Just Transition Plan for Retail to protect jobs and contribute to net zero emissions by 2045 through developing local supply chains, reuse of materials and sustainable travel choices by staff and customers." This is expected in 2023.

**71. Retail is an extremely important sector for Scotland's economy. The sector is experiencing a significant period of change, hastened by the pandemic. In particular, the independent retail sector is playing an increasingly important role. Many retailers, including independents, do already operate a "multi-channel" model and more of Scotland's retailers are looking to diversify and embrace new channels for selling.**

**72. The Committee applauds the retail sector for the support it provided during the pandemic and its agility to pivot quickly, where possible, to online offerings. Looking ahead, it will be crucial to ensure, in return, that appropriate national and local government support is available to the retail sector, and its workforce, to help it adjust to what is expected to be continuing and evolving long-term change to business models and shopping habits.**

**73. The Committee recognises that the Retail Industry Leadership Group will play a crucial role in leveraging Government support to ensure the sector is equipped to meet current and longer term challenges and build strength and resilience.**

## Upskilling for Diversifying Retail

74. The Committee was told that although Scots like to shop online, Scottish businesses do not necessarily like to sell online. There were several reasons suggested; a gap in skills, fear of technology, lack of understanding of how Google and Facebook could help local businesses, and not enough Government support for eCommerce training and skills development. There were concerns that Scotland's retailers and small businesses were being left behind.
75. Gillian Crawford (Lily Blanche) said although financial support was important for small businesses, support from others by getting together to learn was important. She advocated peer-to-peer spaces and the opportunity to learn from larger, more experienced companies. She said, of Google and Facebook:
- ” It would be great if Scottish Enterprise, or whoever, at least had access to senior people in the big companies in the UK that have a lot of input in e-commerce, such as Google and Facebook, as a conduit. <sup>9</sup>
76. The Committee heard many small businesses do not have the time, resources, or expertise to properly develop an online offering, whether an online store or social media presence. The potential was recognised, but it was felt there was a lack of available support to help small businesses diversify. It was also observed that not all high streets in smaller towns had reliable broadband connections, limiting what businesses could do online and impacting their ability to accept card payments.
77. Stuart Mackinnon (FSB) said it "offers a whole stack of support" for its member businesses to expand into e-commerce but said, on the support provided through Government enterprise support programmes "traditionally, our enterprise support models have been reluctant to support retailers." <sup>9</sup>
78. Women's Enterprise Scotland (WES) highlighted sessions it had delivered, funded by the Scottish technology Ecosystem Fund, for 433 participating businesses and said the e-commerce sessions had been particularly well attended. Carolyn Currie (WES) concluded:
- ” That shows when you make training available to a community that wishes to engage, the engagement is absolutely there. <sup>9</sup>
79. Government support for business, of any sector, is through the Business Support Partnership (BSP) between Scottish Enterprise and Business Gateway alongside the other enterprise agencies, Skills Development Scotland, local authorities and others. The aim of the BSP "is to make it easier for businesses to navigate the support system and for the public sector to deliver services more efficiently and collaboratively." Scottish Development International, the Scottish Government's trade and inward investment agency, is not involved in the BSP. It acknowledged a nervousness about public sector intervention in the retail sector and being seen to support one local business in competition with another.
80. The BSP delivers Find Business Support, "an overview of all funding and services offered by public sector organisations across Scotland", a signpost service for businesses to information, advice, support and funding, including [DigitalBoost](#), the Scottish Government's national digital engagement programme.

81. DigitalBoost is delivered through Business Gateway and Highlands and Islands Enterprise and provides access to webinars and support from a digital consultant. DigitalBoost Development Grants of up to £20k for technology, training or consultancy support had been available. The response to the Grant was exceptional and was oversubscribed. As a result, applications for DigitalBoost Development Grants are currently closed and not due to re-open until the next financial year.
82. DigitalBoost was described by the Federation of Small Businesses as "an excellent initiative that we would like to see retained". The Scottish Chamber of Commerce said DigitalBoost had increased the digital capacity, expertise and knowledge within SMEs but called for additional funding, expansion and reform of the application system. Gillian Crawford (Lily Blanche) said she had benefited from the DigitalBoost programme and concluded "It was a great thing for my business. It was not perfect, but it was one of the best grants out there."
83. Hugh Lightbody (Business Gateway) emphasised that support is provided to the retail sector. He said around 9 per cent of start-ups supported the previous year by Business Gateway, and 7 per cent of DigitalBoost clients had been from the retail sector. He highlighted a webinar on building online sales and coaching sessions about different sales platforms. He suggested businesses had been reluctant to take up the opportunities on offer.
84. WES told the Committee there were structural inequalities in the digital boost grant framework. Due to the requirement for a business to be VAT registered to access higher threshold grants, and with only around 20% of VAT registered businesses owned by women, a disproportionate number of women-owned businesses miss out on this support.
85. In a [letter to the Committee of 12 July 2022](#), the Cabinet Secretary for Finance and the Economy advised that DigitalBoost applications made by women accounted for 34% of all applications and the same proportion of grants awarded. The Cabinet Secretary added that if the Scottish Government was to launch the DigitalBoost grant again, it should be looked at to consider any improvements that could address barriers to access for women-led businesses.
86. The Committee [asked Skills Development Scotland \(SDS\)](#) what action it was taking to address the lack of digital skills training and promote opportunities for small businesses. [SDS said](#) this was a shared responsibility with several organisations. It pointed back to the DigitalBoost gateway service, DigitalBoost Grants (currently unavailable) and Digital Development Loans.
87. Skills Development Scotland also highlighted the Flexible Workforce Development Fund that enables SMEs to apply for funding to access college training and work with University of Strathclyde to develop an e-commerce scale-up course and with City of Glasgow College, Edinburgh College and Borders College to develop and test an online e-commerce course. SDS said it was developing a Digital Economy Skills Action Plan for Scotland which would "analyse the evidence base on the supply and demand of skills for the digital economy."<sup>10</sup>
88. Peter Mowforth (Indez), observed there was no SQA qualification focussed on e-commerce, and said his view was:

” We are the worst part of the UK for online trade. We have 8 per cent of the population and 1.9 per cent of the e-commerce jobs. The key reason why Scotland has underperformed is that, at all levels—business ownership, investment, e-commerce manager, specialist skills and junior skills—we have not provided the right kind of skills training.”<sup>9</sup>

89. **There is strong demand amongst Scotland's smaller retailers for more and better support to build their online presence and be able to take advantage of platforms and expertise that already exist. The Committee sees it as vital that there is a broader range of opportunities made available to upskill, strengthen and future-proof our retail workforce.**
90. **DigitalBoost was well-received but significantly oversubscribed. The Scottish Government is asked to confirm whether DigitalBoost grants will be relaunched next year or, if not, what is intended to replace them and what assessment will be made of demand.**
91. **The Committee understands that the VAT registration requirement to access higher Scottish Government grants was in place to prevent fraud. The Scottish Government is asked to consider the evidence from WES about structural inequalities and bring forward proposals to address these and remove structural barriers to women accessing business support.**
92. **If, as suggested by Business Gateway, there is a reluctance on the part of small businesses to take up existing opportunities, the Committee asks that research is now undertaken to establish why that is and what can be done better or differently. This unmet need must be addressed, to ensure Scotland's smaller retailers are not left behind. The Scottish Government is requested to identify measures to increase uptake and consider how its offerings can be expanded and improved.**
93. **The Scottish Government has committed £100 million to help businesses improve their digital skills, capacity and capability. It has also committed to support improved broadband capacity and mobile connectivity in towns and town centres to improve local digital platforms. The Committee asks for more detail on how this £100m will be allocated and to whom. The Committee recommends that this funding is directed towards providing support to businesses to develop omnichannel models. The Scottish Government is asked to comment on why Scottish businesses are so much less likely to trade online compared to the rest of UK business and how this money will close that gap.**
94. **The Committee recognises the value of, and increased demand for, online and e-commerce activities and the importance of increasing the use of technology as a driver of increased productivity. In addition to the request for further detail on the £100m fund, the Committee would welcome the development of a strategically driven action plan to support the take-up of training and capacity building to support Scotland's e-commerce activity.**
95. **During summer recess, [the Minister wrote](#) to advise there would be an**

**independent review of skills delivery, focussing on the function and remit of Skills Development Scotland and its interface with the wider skills delivery landscape. The Committee welcomes this announcement and that the review will be carried out independently of Government. The Committee seeks assurance that the scope of the review includes consideration of how appropriate skills development opportunities will be made available to the workforces of businesses of all sizes and across all sectors in Scotland.**

## Fair Work and Gender Impacts in the Retail Sector

96. The Fair Work Convention describes fair work as "work that offers all individuals an effective voice, opportunity, security, fulfilment and respect." In 2020, the Fair Work Convention highlighted retail as one of the sectors not performing well across multiple dimensions with wages, trade union membership and job-related training all showing comparatively low scores. Research by the Living Wage Foundation has found that 18% of retail employees are in low-paid, insecure work with some employees on contracts as low as four hours a week.
97. Women and young people make up the majority of the retail workforce. Labour force data from 2021 shows women accounted for 64% of sales and retail assistant roles and 73% of retail cashiers and check-out operator roles. Women and young people are disproportionately impacted by the poor performance of the retail sector, when assessed against the Fair Work measures.
98. The British Retail Consortium estimates that around 60% of jobs in the retail sector are at risk from automation and the Office for National Statistics estimates around 65% of retail cashier and check-out operator time could be automated. The structural shifts in this sector towards online shopping, automation and more "back-room" roles, mean a loss of customer-facing roles, mainly held by women; accelerated by the pandemic.
99. Ruth Boyle (Close the Gap) said that the increasing logistics, order fulfilment and other technical roles associated with online retail, were more likely to be taken by men. She concluded:
- ” That underscores the point that women's jobs in retail are disproportionately at risk from the rise in the prominence of online retail. Overall, the rise in online retail is likely to create jobs for men but result in job losses for women. <sup>6</sup>
100. Insecure work in retail, as in any other sector, can mean a reduction or loss of employment rights. It can mean not receiving basic maternity entitlements including time off for antenatal appointments, health and safety protections and the right to request flexible working. Research by the USDAW found that during the pandemic, there was a lack of understanding among some employers about pregnancy and maternity rights, with some failing to conduct risk assessments or provide alternative work for women. <sup>6</sup>

101. Women in retail do not always have equal access to training and development opportunities. Close the Gap observed—
- ” ...women working in low-paid, part-time jobs [are] less likely to participate in training which allows them to progress or secure a pay rise, and more likely to have to do training in their own time and contribute to the cost. <sup>11</sup>
102. The SRC said that the retail sector was making progress. Women account for 30% of retail board and executive committee positions and "84% of retailers say diversity and inclusion is a priority, with 89% either having, or forming, a diversity and inclusion strategy." <sup>12</sup>
103. USDAW has been working with bigger retailers and other employers to improve pay and conditions in the sector and emphasise the right to be in a union but highlighted increasing violence and abuse towards retail workers. This had been seen particularly during the pandemic, when front-line staff implemented social distancing measures and also more generally when making age-related sales.
104. In 2019, the Scottish Government published its gender pay gap action plan. It reports annually on progress. Ruth Boyle (Close the Gap) acknowledged the gender pay gap action plan but pointed out that the Scottish Government's Retail Strategy contained no specific actions for explicitly promoting fair work for women. She called for equalities organisations to be more involved in the Retail Strategy and its implementation.
105. The Committee notes that the Retail Strategy commits the newly formed Retail Industry Leadership Group, to develop a Fair Work agreement for retail and then encourage employers to sign up to it.

- 106. The Scottish Government is asked to consider what equalities expertise the Retail Industry Leadership Group has and advise how equalities will be taken account of, as the Group develops its work programme and priorities for action. The Committee seeks assurances that the Group's work will be future-proofed and that there is a recognition that barriers, associated with traditionally gendered roles within retail, need to be removed.**
- 107. The Committee welcomes the development of a Fair Work agreement for retail. The Committee highlights the evidence received about ensuring fair work considerations, in the retail sector, are adequately gendered. The Scottish Government is asked to provide a timescale for development of the new agreement.**
- 108. The Scottish Government's retail strategy includes a commitment to develop a Just Transition Plan for the retail sector. The Committee notes that the newly established Retail Industry Leadership Group has been tasked with this. The Committee calls on the Scottish Government to ensure that Fair Work considerations are embedded in this plan.**

# Living, Resilient Town Centres in Scotland

109. In February 2021, A New Future for Scotland's Towns - the report of the Town Centre Action Plan Review Group was published. The report followed six months of evidence gathering, public surveys and research. It is unsurprising that the evidence heard by the Committee echoed the findings of the Review Group:
- ” Sixty years of decentralisation (development away from town centres) and disaggregation (separation of uses) has removed many activities and assets and reduced reasons to visit and dwell. The operating costs in town centres are higher than in competing channels such as out-of-town sites and the internet. The lack of organisational and ownership differentiation means that local stakeholding can be limited. <sup>1</sup>
110. The Review Group made three overarching recommendations. It called for the prioritisation of towns and town centres in stronger planning policy through NPF4 and for town centre plans to be co-produced and implemented with communities. It called for a review of the current rates and taxation systems to ensure it is more attractive to operate in town centres and less so to operate out of town. The Review Group's suggestions included amendments to Non-Domestic Rates (NDR) and VAT, the introduction of a digital tax, an out-of-town car parking levy and a moratorium on out-of-town developments.
111. The third headline recommendation was about funding; it must be substantial, multi-year revenue and capital and should be directed towards projects focused around four themes: Town Centre Living Expansion, Digital Skills and use in Towns, Enterprising Communities - a Strategic Acquisition Fund and Climate Change Response.
112. A [joint response from the Scottish Government and COSLA](#) was published in April this year, including the Scottish Government's Town Centre Action Plan 2 (TCAP2). The joint response described itself as "a national call to action" stressing the need for national and local government to work with business. It adopted the Town Centre Action Plan Review Group's vision for Scotland's towns and recognised an increased focus on the climate emergency and health and wellbeing.
113. TCAP2 has four areas for action: putting the right policy framework in place, ensuring the right kind of support, providing a framework for investment and working closely with partners. Stated intentions include to:
- reform the compulsory purchase system in Scotland;
  - explore the taxation of digital sales in Scotland;
  - provide multi-year funding through a number of existing programmes; and
  - establish a new fund for local authorities to bring empty homes and potential empty homes back into residential use.
114. The Committee welcomes TCAP2. The Committee agrees with Professor Leigh



Sparks who said:

” The pandemic accelerated and exacerbated some trends, but those trends themselves are long standing. They will not be reversed without concerted effort over a number of years, and that effort needs to start with all of us agreeing to stop doing harm to our town centres.<sup>7</sup>

115. In his evidence to us, Professor Sparks described "the capital flight from many town centres" to out-of-town developments on greenfield sites and observed that housing, schools, cinemas, football grounds, offices, retail and others had left towns and that this exodus had "increased disparities in society."
116. The Committee acknowledges that work to reverse the damage and address the societal disparities has been underway for some time. Scotland's Towns Partnership (STP), funded by the Scottish Government, aims to provide a single voice for Scotland's towns. STP delivers the Scotland Loves Local Campaign and is responsible for business improvement districts (BIDs). A BID is a partnership between local businesses, statutory authorities and local groups to deliver services and projects beyond those delivered by the local councils. They are funded by a local business levy. Currently, there are 38 BIDs throughout Scotland.
117. The Committee wanted to see for itself some of the good work already happening in our towns and their communities, consider the challenges faced and the actions needed to overcome them. We chose towns with and without a BID.
118. The first visit was to Dumfries and the [Midsteeple Quarter](#) project. Every town is different. Dumfries has its own unique story and experience which had led to challenges facing the town but also to the development of distinct responses. Midsteeple Quarter was conceived by the Stove Network, a group of local artists who, in 2012, took over an empty town centre property. They ran a number of artist-led events and activities in the town, with a focus on culture-led regeneration. Feedback from those events described frustration with the number of empty premises in the town centre, properties in poor condition, high rents, a lack of diversity and almost no housing. It became clear that one of the barriers to change was that many owners of town centre properties were absent landlords. The group established Midsteeple Quarter, a co-operative model with the aim of "buying back" the High Street and bringing empty properties back in to use. The project is a "community benefit society" set up and run by the people of Dumfries who can buy a "share" for £1. The group worked in partnership with Dumfries and Galloway Council and were granted ownership of a High Street property through a Community Asset Transfer. The building is being developed as a mix of affordable retail and living spaces.
119. The Committee met with a number of those involved and saw what had been achieved. It discussed some of the challenges the project had faced including cost, frustration around time taken to secure funding and that funding had not been available during the development phase and a lack of expertise and knowledge in areas such as insurance. The key messages from this visit were the recognition of the need for a grassroots-up approach, that ownership matters, particularly ownership by those with a stake in the town centre, the importance of housing, and the financial barriers and higher costs when developing town centre sites. The town has tried to refocus its footprint, not without some debate, but a common purpose and community drive to shape the town has been a lesson others can learn from.

120. The Committee then visited Hamilton and met with members of [Hamilton Our Town](#), the local BID. There, the discussion included the cost of town centre parking, how to create town centre "experiences", the opportunities of being a university town and what more could be done to develop a vibrant night-time culture. The introduction of more restaurants, the use of free WiFi in the town centre and offering links to discounts, and the conversion of an empty retail store to a climbing centre have helped bridge the gap between the day and night-time economies.
121. This visit also highlighted the lack of clarity when changing the use of existing town centre spaces, the challenge of empty town centre properties, bringing back town-centre residential areas, and access to funding and support to achieve the town's vision.
122. The Committee then visited Fraserburgh and Inverurie. Members were told Fraserburgh town centre had a high occupancy rate of retail, particularly due to its distance from other retail centres. The Committee heard about the harbour, its importance to the community as part of the town's cultural identity and the plans to develop the area around it. The discussion included business rates, utility costs, seagull blight, an ageing population and what more the local authority could do to bring people and businesses together to develop and communicate a clear vision and strategy. Fraserburgh does not have a BID and there was no suggestion that it was under active consideration.
123. In Inverurie, we met members of [We Are Inverurie](#), the local BID and heard about the Inverurie 2030 Vision Group and its focus on: recreation, community development and ensuring stewardship of the natural environment. There were very few empty premises. The discussion included business rates. While 60% of Inverurie businesses do not pay business rates, the current rate is still seen as a disincentive to invest for those businesses that do pay. Transport links, the shortage of skills in the hospitality sector and a lack of accommodation for visitors were also identified as barriers to growth. Consistent with our other visits, we heard there was a lack of clarity on where to go for support and, it was felt, a lack of finance to support implementation of national strategies.
124. The Committee's final visit was to Burntisland where members met with local businesses to discuss the role of eCommerce in their high street outlets. One business owner described how she had successfully diversified into "click and collect", setting up a website using her own coding experience. She was aware of Business Gateway but had been unaware of the Small Business Bonus Scheme. Another business owner was successfully operating an omnichannel model. He had used digital boost funding to commission a specialist company to design and manage a high quality website for the business, leaving him to concentrate on the retail side. Business owners talked about the advantages of offering both online and in-store sales, supporting their high street presence, while also recognising the investment, skills and time needed to do this successfully.
125. In addition to our visits, the Committee was keen to consider case studies of success further afield to identify common features, skills or behaviours or lessons to be shared. [The Town Centre Comparative Study \(the Study\)](#) commissioned by the Committee highlighted a number of projects including in Clonakilty in Ireland, Opotiki in New Zealand and Roubaix in France.
126. The Study highlighted:

- design at the heart of successful projects;
- the right people with the right experience in the right seats;
- the value added by a town architect playing a central role in decision-making and seeking out and supporting individuals who bring creative or entrepreneurial spark;
- supporting a town's long-term vision with a funding framework;
- strong mutual influence between national and local systems; and
- being bold and ambitious, risk aware but not risk averse.

127. **The Committee recognises that Scotland's towns are individual with their own distinct identities, communities, histories and futures. Every town has its story and communities can be and are motivated and inspired by the expression of that unique story to drive forward change and improvement. We know this works where there is a common purpose and community drive to shape the town and we highlight that as a lesson for other towns.**

128. **There is no one blue-print that can, or should be, imposed. What is important is that every town and its community is empowered to create a vision to focus on achieving, through a long-term Town Plan. To support this, barriers must be removed and appropriate advice and support, including financial support, is available at all stages of development. The Committee notes that funding from local authorities and Creative Scotland, as well as Historic Environment Scotland, through culture and heritage grants has already, and can continue to, act as as a catalyst for regeneration projects.**

129. **The Committee asks the Scottish Government to review funding mechanisms and consider how additional support can be provided as seed funding to assist the setting up and ongoing work of community-led groups, as they become established and develop plans and projects for their town centres. People and community groups need to know where to find support and funding, and the right people need to be at the table from the outset. These issues are addressed in more detail in the following sections.**

130. **The Committee is grateful to 4-Consulting for its work in producing the Town Centre Comparative Study and to the tight timescale requested. The Committee draws attention to the Study report and findings, commends them to the Scottish Government and asks the Scottish Government to reflect on how the findings can be incorporated into its own work and highlighted to partners.**

## **Regulatory Barriers to Redevelopment and**

## Repurposing Town Stock

131. In 2014, the Scottish Government and COSLA agreed a "town centre first principle" to put the "health of town centres at the heart of decision making." The principle was not a statutory planning duty or requirement but the aim was to ensure that reasons for locating, other than in town centres, were transparent and backed by evidence.
132. Phil Prentice (Scotland's Towns Partnerships) gave some examples of where the principle had translated into decisions:
- ” In Barrhead, decent-sized retail was put back into the town centre alongside council headquarters and health and leisure facilities...Kilmarnock has done a lot of good work around the town centre first principle by putting a college and council headquarters in the town. Dumbarton has done likewise recently by moving council offices from an out-of-town location. <sup>13</sup>
133. But overall, we have not seen enough evidence that the principle has impacted decision-making. Professor Sparks and others told the Committee that the "town centre first principle" should now be made statutory and "run through NPF4". Professor Sparks added that councils should "live the talk" pointing out that the current system was being manipulated. He gave an example of developers who, he said, had:
- ” built the site by putting elements of it together such that the site could never be built in the town centre. If those elements had not been put together, every one of them would still be available on a separate site in the town centre. People are playing and gaming the system. <sup>7</sup>
134. Putting the focus clearly on town centres by reshaping and repurposing existing building stock and land can be complex and costly. Alongside creating a statutory priority for town centre development and a moratorium on out-of-town developments, the Committee inquiry heard a number of other specific asks of the Scottish Government, local authorities and the planning system to remove some of the barriers.
135. The Scottish Property Federation (SPF) explained that retail space in shopping centres can often be easier to "reshape" than traditional high streets where there can be a range of different types of owner. Fragmented ownership of buildings and difficulties in either securing the agreement of all owners to a course of action or an outlay or, in some cases, identifying who the owner is and being able to engage with them, can be barriers to town redevelopment. Alison Orr (Glasgow University) and others, asked:
- ” How can the stakeholders work together and collaborate if the landowners are unknown? Transparency is a major issue in the Scottish property market. <sup>14</sup>
136. David Grove (Fife Council) gave an example of difficulties he faced, even when an owner was known:

- ” A listed building on Kirkcaldy High Street has been the bane of my life for nearly 15 years. I cannot get the owner to do anything with the building, and there is nothing much that I can do to make him do anything about it unless things start falling off it. <sup>13</sup>
137. Dr Orr said her research data on Glasgow and Edinburgh city centres showed that larger institutional owners had been replaced by "smaller companies, overseas vehicles and a lot of overseas investors, particularly private investors in self-invested personal pensions." Dr Orr suggested the picture was likely to be similar for towns. She said the issue was not properties lying empty because an owner was holding out for more rent, rather that property is regarded as a long-term investment and held as "opportunistic capital. They are waiting to develop the units." <sup>14</sup>
138. Where a town centre is characterised by the sort of fragmented ownership described, it will undoubtedly be significantly more challenging to co-ordinate owners, agree a shared vision for a town centre and ensure co-ordinated action.
139. However, Dr Orr said that large institutional property owners with assets, skills and expertise were being proactive with vacant property or property requiring refurbishment. She suggested it was other types of investors who are unable to be proactive, either because they do not understand what is expected of them or do not have the resource, at a time when banks were nervous about lending. But she concluded:
- ” I think that the market has changed. I just think that people cannot find occupiers that are prepared to take on the burden of business rates, which landlords cannot do anything about. <sup>14</sup>
140. The cost burden of doing business in town centres, particularly non-domestic rates and other taxation, was the issue raised most frequently with the Committee during this inquiry. This is considered in the next section of this report.
141. Aside from the cost burden to town centre regeneration, much of the Committee's evidence pointed to regulatory barriers in Scotland's planning and consent system and building standards. We heard calls for more streamlining of planning processes, greater flexibility around "change of use" criteria, for local planning authorities to be more directive and have greater powers where owners were either not maintaining their buildings or not engaging.
142. At present, the [Town and Country Planning \(Use Classes\) \(Scotland\) Order 1997](#) sets out 11 broad use classes. Generally, any building or land being used for a purpose that falls within a use class can be used for any other purpose within that class without the need for planning permission.
143. Local authorities have several discretionary statutory powers available to tackle derelict and dangerous buildings including:
- **Amenity notice** (also known as "waste land notice"). An amenity notice can be issued to an owner, requiring them to take specific actions to improve the condition of an area of land or building. Local authorities have powers to undertake the action set out in a notice, if the required work is not completed within the specified time. Local authorities can experience problems identifying

an appropriate person on which to serve a notice.

- **Defective Building Notice.** This specifies defects in a building that must be rectified by a specified date. Failure to start or complete the necessary building work by the specified date is an offence. Where an owner fails to comply, a local authority can carry out the work and recover the costs from the owner.
- **Dangerous Buildings Notice.** A local authority is required, where it appears to it that a building is a danger, to serve a notice or carry out any necessary work. This can include demolition. Any costs are to be recovered from the owner.

144. Local authorities also have a wide-range of powers of **compulsory purchase** under several statutes. For example, section 188 of the Town and Country Planning (Scotland) 1997 Act gives local authorities power to acquire land for a legitimate planning purpose by agreement. However, where land cannot be purchased by agreement, section 189 of the 1997 allows the land to be compulsorily purchased where it is suitable for and is required to carry out development, redevelopment or improvement.

145. The Committee heard suggestions that under-resourcing of planning departments had also become a barrier to town centre redevelopment. Research by the Royal Town Planning Institute (RTPI) Scotland in June 2021 found that budgets for local authority planning services had been reduced by 42% since 2009 and nearly a third of planning department staff cut.

146. The Committee took evidence from some of Scotland's local authority planners and was told that although "there is a national crisis as regards planners coming in to the system" the problem for town development was more the viability of the development and property industries. Craig Iles (South Ayrshire Council) said:

” We try to be as flexible as possible to allow the right sort of development in our town centres, but such developments are not necessarily being brought through because of the financial side. Development companies are businesses and they need to make a profit. <sup>15</sup>

147. We asked those local authority planners their views on the sufficiency of powers. There was a difference of view. Bill Lindsay (Fife Council) said they "are probably sufficient" but the problem was one of resources (finance and personnel) to implement the powers and take follow-up action. Craig Iles (South Ayrshire Council) disagreed and said "the expectation of the powers is greater than what the powers actually are." He observed that if a council wanted to undertake work on a building it must demonstrate that there is a plan for the building, that it is in the public interest and that the council can afford to pay for the proposals. He noted that a building could not be acquired simply due to it being in a poor state of repair. He summarised:

” We almost have to front load the whole system and be able to demonstrate what we intend to do with the piece of land or building before we can start the compulsory purchase process. We also have to demonstrate that we have the funds in place. It becomes a very complicated situation for the council. <sup>15</sup>

148. Given these requirements, the approach taken by local authorities is to try to work

with owners to encourage them to take responsibility. The barrier can then be an economic one for an owner, particularly where there is no return to be made on any investment. This is a particular problem for some rural towns with low demand and low property values. Accordingly, there were calls for more to be done to incentivise investment by owners. This is addressed in more detail in a later section of this report.

149. The Scottish Government said it was taking action on a number of fronts and that the retail and town centre strategies "will be further augmented via the forthcoming National Planning Framework 4.". The Minister for Public Finance, Planning and Community Wealth also pointed to the work of the high level group on planning performance on how to increase the number of planners and retain existing people already working in planning.
150. The Committee asked the Minister whether the Scottish Government was considering a moratorium on out-of-town developments and whether the "town centre first principle" would be placed on a statutory footing. The Minister responded that the planning system must operate within legislation and said the direction of planning policy was clear. He concluded:
- ” Ultimately, decisions have to be made by planning authorities, and those decisions have to be consistent with their local development plans, unless material considerations suggest otherwise. The specific issue of limiting out-of-town developments and promoting town centres first is explicit within the draft National Planning Framework 4. <sup>16</sup>
151. The Scottish Government has now laid a revised NPF4 with a detailed Explanatory Report setting out the changes made to the draft. The Explanatory Report states that the town centre first principle is no longer a standalone policy and is now incorporated into the Revised NPF4 Policy 27 'City, Town, Local and Commercial Centres'. <sup>17</sup>
152. On action being taken to address the problem of absentee owners and landlords and specifically the creation of a register, the Scottish Government said it had been attempted before and "has not taken us far". The Scottish Government's main policy focus, in this regard now, is devolving empty property relief to local government. The Minister said:
- ” The first and most immediate thing is that we will devolve empty property relief to local government. That will happen from April next year. The second thing is the commitment in the programme for government to reform compulsory purchase orders and to consider compulsory sales orders...we intend to introduce legislation later in this session of Parliament. <sup>16</sup>
153. In [later correspondence](#), the Minister highlighted that Registers of Scotland holds details of all property ownership in either the Land Register or the Register of Sasines, from whenever a property was last sold. Where it may not be clear from either of those sources who makes decisions about land and property, from April there has been a requirement to register that information in the Register of Persons Holding a Controlled Interest in Land (RCI). The Minister added also that local authorities already hold details of ownership and occupation of commercial properties as billing authorities for NDR. Local authorities should hold contact

details for all relevant property on the Valuation Roll within their area. <sup>18</sup>

154. Midway through the Committee's evidence-taking, the Scottish Government launched a [consultation on permitted development rights](#)(PDR). The consultation sought views on proposed changes to PDR and the use classes order. In particular, it proposed a new "general town centre use class" to bring together different uses. The consultation closed during August and the Scottish Government has committed to laying regulations "in Autumn".

155. **The Scottish Government has stopped short of putting the "town centre first principle" on a statutory footing in NPF4. It has been in place as a "principle" since 2014. In that time, progress has been limited. Without the principle being strengthened, the Committee would have concerns that the vision for Scotland's towns may not be realised.**

156. **Members of the Committee hold differing views on whether a moratorium on out of town development in NPF4 is the solution. All members are agreed that implementation of NPF4 must be sufficiently robust to ensure any new proposed developments can demonstrate town centre sites have been pursued and thoroughly evaluated, that development will have no adverse impact on town centres and will not compete with town centre provision.**

157. **The Committee agrees that the overarching principle must be rebalancing the cost of doing business in town centres versus out of town sites. Approaches that could be considered include giving Councils the power to levy an out-of-town development premium or a business rates surcharge which could then be used for town centre regeneration. Town centre regeneration funds from Councils or Government could be used to incentivise use of brownfield sites in town centres for retail, housing or culture and leisure purposes.**

158. **The Committee welcomes the Scottish Government's consultation on permitted development rights and intends to support the creation of a new general town centre use class.**

159. **The Committee notes that transparency of beneficial ownership of town centre property and land and absentee owners can still be a problem, particularly where an individual lives or is based overseas. The land register of Scotland records ownership of land and property in Scotland. In the case of leased commercial property or land, there is no requirement for a lease shorter than 20 years to be registered. It is the Committee's strong view that all property and landowners should be contactable and there should be clarity on who the owner is. The Scottish Government has said its focus is on Compulsory Purchase Orders. The Committee is of the view that the Scottish Government's actions may be insufficient and that more may need to be done to address this problem. As a first step, the Committee asks the Scottish Government to undertake research on what the position is elsewhere with regard to transparency of beneficial ownership of commercial property and land.**



160. **The Committee notes that local authorities have a range of powers available to them to tackle derelict or dangerous buildings but they are not used as frequently or proactively as we would like. There can be a reluctance to resort to those statutory powers, in part due to a lack of resources to carry actions through. The Committee welcomes the Scottish Government's commitment to reform and modernise the compulsory purchase orders and consider compulsory sales orders.**
161. **The Committee also notes the Scottish Government's intention to introduce legislation on this later this Session. It is acknowledged that this will be a complex piece of work. The Scottish Government is asked to set out a timetabled plan for taking this work forward and how it will engage with stakeholders and local authorities to develop this policy.**

## Cost Barriers to Town Centre Businesses and Developers

162. More than any other issue, the cost of doing business in town centres (primarily business rates / non-domestic rates (NDR) but also VAT) was raised with the Committee during this inquiry. From a retail perspective, and linked with NDR there is now seen to be "an uneven playing field" between physical retail outlets and online retailers. These are not new issues and were addressed in the report of the Town Centre Action Review Group and formed one of its headline recommendations. The report stated:
  - ” The NDR system is widely perceived to be operationally broken and unfair, but some form of property use tax makes sense. It needs an overhaul and aspects of the Barclay Review should be revisited and reconsidered. <sup>1</sup>
163. The Committee heard repeatedly that business rates were higher in town centres than out-of-town sites and created a disincentive for town centre investment and regeneration. The Committee was told that the NDR system was "not fit for purpose" and in "urgent need of reform." The Committee's evidence was strongly in favour of the Scottish Government reconsidering its position on business rates and for councils being encouraged to use their discretionary rates relief powers.
164. It is worth briefly setting out some background. In 2015, the Scottish Government announced a review of business rates. The independent Barclay review group was established and its [report published in 2017](#). The [Non-Domestic Rates \(Scotland\) Act 2020](#) made legislative changes to implement recommendations from the Barclay review.
165. The Local Government, Housing and Planning Committee has considered the issue of non-domestic rates this Session in the context of [its work on the Non-Domestic Rates \(Coronavirus\) \(Scotland\) Bill](#) and related subordinate legislation. It intends to look at local taxation and is likely to look again at non-domestic rates.
166. One of the Barclay Review recommendations was for an evaluation of the

effectiveness of the [Small Business Bonus Scheme](#) (SBBS). SBBS provides business rates relief to non-domestic properties in Scotland under a certain size, measured by rateable value. Many businesses benefit from SBBS.

167. The [Fraser of Allander Institute](#) (FAI) undertook this review. Its report "[An Evaluation of the Small Business Bonus Scheme](#)" was published in March 2022 with the following findings:

- coverage of the SBBS is broad and usage has increased;
- no empirical evidence identifies the SBBS as supporting enhanced business outcomes, but there is evidence that businesses perceive benefits;
- businesses with similar rateable values – the primary criterion on which eligibility is determined – vary substantially;
- “bunching” around the eligibility thresholds of the SBBS; and
- numerous data-related challenges which limited the ability to draw robust conclusions. <sup>19</sup>

168. Our evidence highlighted the changes to Scotland's economic and policy landscape since the Barclay review but also since the 2020 Bill was passed. These were reasons given by Professor Sparks for his reiteration that the NDR system must now be redesigned. He emphasised that the current NDR system does not favour climate friendly developments, or appropriately dis-incentivise those with negative climate impacts.

169. Professor Sparks acknowledged that the Barclay review had not been fully implemented but pointed out its recommendations had, to some extent, been overtaken by events and that deeper reform of local taxation was required. He observed:

” With non-domestic rates, we are trying to run a system that started in 16-something in a changed economy and setting, and I do not think that that is sustainable in the long term. There have been two recent developments, the first of which is the Barclay review. Work on its recommendations has been constrained by things that have happened subsequently—the pandemic and the declaration of a climate emergency—so we need to rethink non-domestic rates from the ground up...We cannot wait for a couple of years to allow the Barclay review to work through. <sup>7</sup>

170. The SRC said despite invaluable rates relief during lockdown, business rates had now reached an all-time high, during a time of other rising costs. The SRC pointed out that due to exemptions and reliefs, a minority of premises paid the majority of NDR rates. It said businesses were happy to pay their fair share but:

” Something needs to be done to level that playing field between online and physical retail, which is why we welcome the idea of an online sales tax that is hypothecated to reduce the business rates burden on physical retailers. <sup>6</sup>

171. Furthermore, as described by the FSB, linking taxation to property values (as NDR currently does) can inhibit the repurposing of existing underused or vacant units,

making it too onerous for a small business to set up on the high street. The Co-op gave the example of its stores adding an ATM machine or CCTV to protect staff and customers. These improvements had increased the value of the property but also increased the NDR bill.

172. Many respondents and witnesses wanted to see an online sales tax considered as part of a wider review of NDR. The Co-op group suggested a revenue neutral approach by applying a small tax to online sales and reducing NDR which it suggested would go some way towards levelling the playing field. However, the FSB cautioned that due to the pandemic, many of its members had only recently started trading online and would be concerned about adverse impacts of the introduction of any online sales tax.
173. In its retail strategy, the Scottish Government committed to exploring the introduction of a new national digital sales tax in Scotland and considering whether this could help make the tax burden fairer. In February, the [UK Government launched its consultation](#) on proposals for a new online sales tax, noting that questions arose over what form the tax might take and how an online sale would be defined. The UK Government's consultation responses and findings are awaited.
174. Another issue raised with the Committee, and seen as a disincentive for town centre redevelopment, was existing VAT rules; a higher VAT rate is applied to redevelopment of existing housing stock than to new build. This was also highlighted in the report of the Town Centre Action Plan Review Group:
- ” Consideration should be given to the chargeable VAT rate by location and by development type. In particular it would be beneficial to be able to zero-rate developments and/or operations in a town centre, or even a high street. It would also be sensible to reverse the perverse incentive that has a lower VAT rate on new build than on redevelopment.<sup>1</sup>
175. In its joint response with COSLA, the Scottish Government said it would engage with the UK Government to review VAT treatment for refurbishment of existing building and "how this reserved tax lever can help contribute towards net zero targets and town centre recovery".<sup>2</sup>
176. When he appeared before us, we asked the Minister firstly for his reflections on the calls for a review of NDR. The Minister told the Committee it was important to recognise the reforms already underway and that some of the Barclay review recommendations would not come in to effect until next year. He observed:
- ” As for the call for full-scale reform, I note that, beyond Barclay, the United Kingdom Government recently had a review of non-domestic rates in England. Ultimately, it landed on, in effect, what we have already introduced—for example, moving from five-year to three-year valuation cycles.<sup>16</sup>
177. The Minister stressed the importance of stability for the business sector:
- ” Our immediate priority will be completion of the implementation of the Barclay reforms, and the short-life working group will consider the Fraser of Allander Institute's report. Any considerations beyond those that take place specifically at budget time would have to be taken in line with our tax framework, which we published in December last year.<sup>16</sup>

178. The Minister stated that he was considering the findings of the FAI report on SBBS and that a working group would be established to consider the data-related challenges that had limited the ability of the FAI to draw robust conclusions.

179. **The Committee recognises the reforms underway to business rates which are not yet fully implemented but it was clear from the business community's evidence and the Scottish Government's own Town Centre Action Plan Review Group that the non-domestic rates system is perceived as inequitable and unfair.**

180. **The current NDR system acts as a disincentive when trying to attract businesses back to our town centres. For businesses already located in town centres, the current NDR system acts as a disincentive to invest in already occupied property, as any investment leads to an increase in NDR. The Committee consistently heard that the current system works against investment and growth in town centre retail and that the NDR system should be rebalanced to support town centre development.**

181. **There is a need to address the cost imbalance between out-of-town development and town centre regeneration and to lower the barriers for town centre development if the vision for regeneration of Scotland's towns, particularly the aspiration to bring back good quality town centre living, is to be realised. Current VAT rules add to the imbalance and create further disincentive. The Scottish Government is asked to set out what discussions it has had to date with the UK Government on VAT.**

182. **The Committee recognises that the driver for an online sales tax is to level the playing field between in-store retail and online sales. Online retailers are seen to have an unfair competitive advantage which discourages retail footprint. At the same time, the opportunities for business growth and benefits to businesses developing online should not be hampered or discouraged. An online sales tax would have to be sufficiently sophisticated to be directed towards the businesses that make no contribution to high streets and undermine their viability.**

183. **The Committee notes that the Scottish Government is considering the findings of the FAI on the Small Business Bonus Scheme and that a short-term working group has been established to look at the collection and availability of data. The Committee would be grateful for regular updates on the work of this group. The Committee takes this opportunity to indicate that the operation of the Small Business Bonus Scheme will be a focus of its pre-budget scrutiny next year.**

## **Funding and Support for Town Centre Regeneration**

184. The Scottish Government and COSLA joint response committed to several new actions designed to fund and support town centres including to deliver the Place Based Investment Programme, including the Regeneration Capital Grant Fund, establish a new fund for local authorities to bring empty town centre homes back

into use and to convert suitable properties, and bring forward a Community Wealth Building Bill.

185. Although not new actions, there was also a commitment to deliver the Empowering Communities and Scotland Loves Local Programmes, support the Community Ownership Support Service and support and encourage organisations, such as the Enterprise Agencies, to collaborate working with and for businesses and communities. However, the Scottish Government also said it could only do so much itself, explaining that it "can set the direction, provide encouragement, frameworks and some funding. Yet towns are essentially local and our role at that detailed level is necessarily limited." <sup>2</sup>
186. TCAP2 is strongly reliant on joint working and collaboration between Government agencies, local councils, local communities and the private sector. It would have been helpful if the joint response or the TCAP2 had given an indication of the overall Scottish Government funding to be committed and from which funding streams.
187. Currently, the Scottish Government has four capital funds focused on urban regeneration; the Place Based Investment Programme, the Regeneration Capital Grant Fund, the Vacant and Derelict Land Investment Programme and the Vacant and Derelict Land Fund. The UK Government also offers funding through its Levelling Up Fund Round 2. One of its investment themes is regeneration and town centre investment. The Town Centre Action Plan Review Group Report noted challenges in relation to funding:
  - ” Often though it is based on short-term funding that is limited in comparison to the scale of the problem. Even then most such opportunities are capital-only projects and organisations often struggle due to the lack of revenue to get going and survive the initial years. This is particularly the case for community and volunteer based projects, where the lack of revenue, time and expertise can restrict their potential. Those that succeed often do so despite the situation and system, rather than because of it. <sup>1</sup>
188. This year, saw the Scottish Government's first [multi-year spending review](#) since 2011. The enterprise agencies face real terms cuts in resource funding. Between 2022-23 and 2026-27, funding for the enterprise agencies (Scottish Enterprise, HIE, SOSE and VisitScotland) is planned to decline by £42 million (19%) in real terms. Subsequent to the spending review, the Scottish Government announced more than £500m of cuts to planned spending in response to the current cost crisis. It is unclear how this announcement will impact on service delivery across all areas of Scottish Government policy.
189. The Committee recognises that long-term stable funding, capital and revenue will be needed to realise the vision for Scotland's towns. The Royal Town Planning Institute suggested that NPF4 should be linked to a capital investment programme. The Committee was told this approach that had worked in Ireland. <sup>20</sup>
190. Participants in our roundtable session emphasised the crucial role for local authority funding and support that will be needed to drive the transformation being looked for in many of our towns. They asked, if local authorities did not invest in their town centres, why would anyone else? One suggestion was for a funded town

development officer to be provided for every town. There was a feeling that too much was expected of volunteers and small businesses and that central support and resourcing would be required.

191. Development trusts are community organisations, owned and managed by the local community with the aim of achieving the sustainable regeneration of a community or addressing a range of economic, social, environmental and cultural issues within a community. They are independent and seek to work in partnership with private, public and third sector organisations. Pauline Smith (Development Trusts Association Scotland) said her members had been involved in discussions about a community wealth building bill and what that might mean. She spoke about the opportunities for community organisations and the contribution they could make in forming and realising a town's vision but she cautioned against being overly reliant on community organisations, saying:

” If we do not move things forward, people lose interest and it is hard to regain momentum in a community because it is hard to get in the first place. <sup>14</sup>

192. The Committee recognises that much store will be placed on local communities to shape their own towns. Some towns already have organised and committed community groups but others do not. Euan Leitch (SURF) expressed some reservations about what would be expected from communities themselves, saying:

” When it comes to community development workers, there has been catastrophic troughing. We need people in a community who are paid. We can rely on volunteers, but if we do that, we must rely on people who have the time, not people who have two jobs and caring responsibilities for their children and their ageing parents, as well as perhaps their own health barriers. <sup>20</sup>

193. Martin Avila (Community Enterprise Scotland) said he would like to see investment in "allowing community development trusts and social enterprises to gain a bigger stake in asset ownership that dictates action. He wanted to see more work in Scotland where "special vehicles are set up between the relevant actors in any one locality in order to develop economic assets and take the town forward." <sup>14</sup>

194. The Committee acknowledges that a number of Scotland's towns already have a BID. The purpose of a BID is to harness local business resource and acumen to improve the community. In order for a BID to be established, a clear majority of local businesses must vote in favour. Once established, they operate for up to five years and are developed, managed and paid for by the businesses through a compulsory BID levy. But many towns do not have a BID and there may not be a ready, engaged business community able or willing to work together or, importantly, resourced to do so.

195. For communities, particularly those without capacity and resources, the Committee was keen to understand what support and assistance would be available. The Committee heard calls for a central pool of expert advice, available to every and all towns. Although Scotland's Towns Partnerships provides a hub for resources, it does not have the central pool of expert advice that was being looked for.

196. Scotland's three economic development and enterprise agencies (Scottish Enterprise (SE), Highlands and Island Enterprise (HIE) and South of Scotland Enterprise (SOSE) together provide support for businesses, sectors and

infrastructure projects in Scotland and have a wealth of expertise and resource. HIE and SOSE each have distinct geographical remits and an additional remit to support communities. Their focus and funding decisions differ from that of Scottish Enterprise. Scottish Enterprise is the national economic development agency, supporting businesses to innovate and scale. Derek Shaw (Scottish Enterprise) explained how its national remit was delivered locally:

” Scottish Enterprise has dedicated senior leaders who are allocated to the seven regions in our area. They work with partners, including local authorities and leadership groups, to identify, develop and, we hope, deliver economic opportunities that are specific to that area. <sup>15</sup>

197. The remits of HIE and SOSE mean that they, by design, have an emphasis on place-based and community approaches - the approaches that will form the basis of the TCAP2. The Committee was interested to explore with Scottish Enterprise whether that difference in emphasis and approach could mean that community development projects in towns or areas, not covered by either HIE or SOSE, would find it more difficult to access funding and support delivered through the economic development agencies.

198. Derek Shaw (Scottish Enterprise) set out the support that Scottish Enterprise provides for businesses, wherever they are located but clarified:

” The responsibility and budget for town centre regeneration and sustainability moved from Scottish Enterprise to local authorities several years ago. It is not currently our area of focus or indeed our remit, but absolutely, where we can support businesses, we do, and we hope that the wider impact of supporting businesses makes a positive contribution to town centres. <sup>15</sup>

199. When considering the support available for towns and communities, and the problems caused by derelict land and buildings, the Committee noted that neither Scottish Enterprise nor HIE had used their compulsory purchase powers and that SOSE did not have compulsory purchase powers. The Committee wanted to understand why compulsory purchase powers had not been used.

200. Scottish Enterprise said it regarded the powers as very much a last resort and that it had always been able to agree favourable terms for land or buildings it wanted to purchase. Similarly, HIE said it had never seen the need to use compulsory purchase powers to deliver its economic community development. To the Committee, it sounded contradictory however when Douglas Cowan (HIE) said:

” We have never seen the need to use CPO powers. There are derelict buildings in many of our towns. Our primary purpose is to work with businesses and specific community organisations to deliver their social and economic outcomes. <sup>15</sup>

201. The Committee heard repeated calls for some sort of financial incentive for repurposing unused or long-term vacant town centre buildings and to encourage and to co-ordinate owners to actively manage their assets, particularly if CPO powers cannot or are not being used. Dr Allison Orr (University of Glasgow) told the Committee that growing fragmentation of ownership in town centres, with financial institutions moving out of those markets had seen a shift to independent owners. Many independent owners had been stung by the pandemic and were now sitting

on debt, with banks now more nervous about lending.<sup>14</sup>

202. The Committee recognises that funding and support to deliver on TCAP2 is essential. It is not clear what Scottish Government funding will be available and it is not clear how local government and other public sector partners funds will be pooled and shared either. Much in the way of delivery and funding detail still needs to be set out to enable progress to be measured.

**203. The Committee asks the Scottish Government to set out the resourcing it will provide to support NPF4 and TCAP2 and, specifically, what incentives will be available for repurposing unused or long-term vacant town centre buildings and to encouraging and co-ordinating owners to actively manage their assets.**

**204. The Scottish Government is asked to set out how support will be provided to towns and communities where there is no BID and without any local community resource.**

**205. The Committee notes the different remits and delivery focus of the three enterprise agencies. The Committee is concerned that there is a gap in place-based support available for towns and communities not covered by either HIE or SOSE. The Scottish Government is asked to respond to this concern and set out the mechanisms, for towns and communities not covered by HIE or SOSE, to access support and funding.**

**206. The Committee supports every town having its own development plan. The Committee also supports the calls for a central resource of expertise to which every town development partnership or community would have access to when taking forward the development plan. The Scottish Government is asked to consider how best this could be set up and where, organisationally, it should sit.**

## Scotland's Towns for Communities and Living

207. The Committee has already acknowledged that the retail sector has a key role in the vision of our future towns. The Scottish Government retail strategy seeks to strengthen the contribution of the retail sector to the economic and social success of local communities, linking to the goal of 20-minute neighbourhoods and supporting Scotland's towns.

208. The Committee recognises that the vision for our towns does not look the same across Scotland. Professor Sparks noted that the 20-minute neighbourhood concept works "nicely in urban areas but becomes more difficult when it is applied to a rural or island area."<sup>7</sup>

209. Euan Leitch (SURF—Scotland's Regeneration Forum) said that 20-minute neighbourhoods had been part of Scottish planning policy since 2002 but necessary policies had not been fully implemented. He pointed to research that showed 70% of urban Scotland falls within the 20-minute neighbourhood definition and almost



100% of areas of multiple deprivation partly met the definition. For him, the issue was about:

” Care and maintenance of our buildings and the public realm by a range of stakeholders from the public and private sectors is key to making somewhere attractive, and that is one of the major areas where we are falling down.<sup>20</sup>

210. Central to rebuilding local communities and 20-minute neighbourhoods will be town centre living. The Scottish Government / COSLA joint response and the TCAP2 commit to:

- deliver more town centre living via Housing 2040;
- encourage stakeholders to adopt housing approaches across all tenures that facilitate greener, healthier and more connected communities;
- establish a new fund for local authorities to bring empty homes and potential empty homes back into residential use and to convert suitable empty properties in neighbourhoods and town centres.<sup>2</sup>

211. Alongside housing, new ways of bringing people back to town centres are needed to replace the previous model of large retail stores attracting smaller businesses to an area or shopping centre. Anchor institutions are a way of doing that, for example, colleges, health centres and arts organisations.

212. Many of the Committee's submissions and witnesses talked about the contribution hospitality, leisure, tourism and culture can make to revitalising and bringing vibrancy back into our town centres, creating the anchor institutions needed. People want Scotland's towns to be more "experiential". Professor Sparks explained:

” Town centres are about experiences, and we should bring experiences—theatre, cinema, museums, art galleries and so on—into town centres. Those assets tell a story about a place.<sup>7</sup>

213. Phil Prentice (STP) pointed to ways this is already being done, for example through stories of a place's history. He cited Campbeltown and the collaborative work there to bring alive the stories of the Campbells, the history of whisky making, the Kintyre trail and to put on events and festivals. He spoke about Oban, saying "Fifteen years ago, Oban was almost like a Saga tour destination with old, dusty hotels. Now, it is genuinely a hipster location with lots of new investment and restaurants."<sup>13</sup>

214. Other witnesses spoke to examples of their towns. Anthea Coulter ([Clackmannanshire Third Sector Interface](#)) highlighted the work in Alloa, where there was ageing population. She said they had to "use a completely different lens" and spoke about a town centre dementia-friendly housing development and other changes made in the town centre to improve accessibility and repurpose older buildings. Alongside that, they were linking to Alloa's heritage and story through the Clackmannanshire tapestry.<sup>13</sup>

215. [Love Oor Lang Toun](#), an independent community organisation in Kirkcaldy, told the Committee about its vision for "a different and contemporary town centre of independent retail, cafe culture, market spaces, leisure, living space and an active waterfront." Danny Cepok described the projects and actions being taken forward

there with the local community. However one of the problems experienced acutely by Kirkcaldy has been the exodus of large retailers from anchor locations in the town centre. The town has been left with big empty retail units and the BID was not renewed.<sup>13</sup>

216. The SRC and Jennifer Hunter (Culture Counts) both emphasised the importance of considering not just a town's daytime offering, but also what could be offered in the evening. Comedy, music or cinema nights and book clubs were all suggested. Jennifer Hunter summarised "if you have a vibrant cultural place, it attracts more partnership projects, so it works both ways."

217. However, Ms Hunter called for closer working between BIDs and the culture community and called for culture bodies, such as Creative Scotland, to be included as statutory consultees to ensure their inclusion from the outset. She emphasised:

” if we are at the table, we can do a lot more to put forward what we can offer. The problem is that, quite often, we are not at any of the tables, which means that we are not able to bring forward our ideas for what could actually happen in a town.<sup>13</sup>

218. VisitScotland pointed out that tourism need not mean visitors from elsewhere. With the renewed interest in local, it saw an opportunity to "capture the hometown tourist, getting them to engage with their towns, businesses and to encourage them to engage in doing more for their towns."<sup>21</sup>

219. Woven through the vision for all of our towns must be accessibility. Traditionally, town centres were places for social connection. When looking afresh at our towns, they must be reimaged to work for everyone, of every ability. We know that shared spaces can create challenges for people with sight loss or mobility issues. For example, an increase in cafe culture can mean tables and chairs turning a previously familiar high street into a more difficult area to navigate. Nicoletta Primo (Sight Scotland) welcomed the pavement parking legislation but said:

” From a policy perspective, there is a lot more work to be done. However, that needs to be coupled with an awareness-raising campaign so that the public know what it is like to try to navigate when you have lost your sight.<sup>14</sup>

220. On accessibility more generally, Ian Buchanan (Disability Equality Scotland) called for better enforcement and awareness of [the Equality Act 2010](#). He asked:

” How often do we see disabled access to a building round the back next to the bins and through a shabby door that has not been maintained?...disabled people want to see Government and stakeholders on their side, supporting them to access the services and provisions in their town centres, in order to save them from having to get in their cars and drive to shopping centres, such as Braehead or Silverburn.<sup>14</sup>

221. Ian Buchanan stressed that town planners, architects and civil society as a whole need to bring disabled people into their processes, concluding " If you get it right for disabled people, you get it right for everybody else."<sup>14</sup>

222. Transport links to high streets and town centres will also be key. We know that

some older and disabled people can find themselves isolated in their homes and neighbourhoods without easy access to amenities and services and, more generally, out-of-town developments and a car culture have taken people away from town centres.

223. Age Scotland have said that many older people would prefer to live nearer to shops and services, that there is an appetite for town centre living but the right type and tenure of housing is not available. For example in Cupar, sheltered accommodation, near the railway station and the main street, had been in high demand.
224. At the same time, some town centre buildings are lying empty but, without careful repurposing and significant investment, would not be suitable for housing. Danny Cepok (Love Our Lang Toon) pointed to Kirkcaldy town centre and said 50 per cent of properties above the retail level were empty:
- ” They are not even being used as storage space and are just felt to be not necessary. In the 30, 40 or 50-year retail boom that we had, that space was worthless, because the focus was on the retail space. We now have lots of empty properties that could provide great living spaces.<sup>13</sup>
225. Alison Orr (University of Glasgow) described the "chicken and egg situation" of attracting people to live in town centres and providing the different services and amenities that would be needed there. She pointed to investor nervousness and the importance of de-risking investment.<sup>14</sup>
226. The Committee asked the Minister what was being done to incentivise social landlords to take on the types of properties referred to by Danny Cepok, and provide good quality mixed-tenure in our town centres. The Minister referred to the empty homes audit, due to be completed next year, but did not address what the Scottish Government would do to incentivise social landlords.
227. The Minister emphasised that "the direction of travel is there: compact design, 20-minute neighbourhoods, limiting out-of-town development and taking a town centre first approach area all in the draft NPF" and added that updated guidance on the strategic housing investment plans were due to be published shortly.<sup>16</sup>

**228. The Committee recognises that NFP4 has signalled intent but calls on the Scottish Government to ensure that NPF4 clearly aligns with, and supports, the Scottish Government's stated long-term vision for Scotland's towns and addresses the imbalance between out-of-town and town centre development.**

**229. The Committee heard that the impetus and drive for town centre regeneration can be established by cultural, tourism and social initiatives. It must also be recognised that the measurement of the success of town centre regeneration is not just increased financial value for business and council revenues but also in quality of life and social and environmental improvements for the people who live, work and enjoy their town centres. A well-being and inclusive approach to wider value should be at the forefront of these measures.**

230. **The Committee recognises that creating a vibrancy around "place" for all of our towns must involve Scotland's culture bodies and organisations "being at the table". We agree and recommend that they must be designated statutory consultees.**
231. **To support town centre living, the Committee asks the Scottish Government to set out (1) how it plans to incentivise social landlords to take on empty town centre properties and to provide the quality mixed tenure accommodation that is needed, and (2) how the resource available in the housing budget will be made available for town centre living projects.**

## Summary

232. The Committee acknowledges the myriad strategies, action plans, reviews, consultations and working groups that are informing and directing the work needed to support Scotland's retail sector and our towns. There is much to do and sustained focus on action will be necessary to bring about the changes needed.
233. The Committee is disappointed that the Scottish Government's recently published Programme for Government - A Stronger More Resilient Scotland, makes no mention whatsoever of towns. We have not yet seen anything that assures us of the relative priority Scotland's towns will be given, alongside the Scottish Government's wider programme of work across all policy areas. Much of the work that needs to take place will be cross-cutting. It is not clear to the Committee how all the various strands of work are to be co-ordinated, driven forward and to what timescales. The Committee asks the Scottish Government to set this detail out.
234. Ultimately, the success or failure to deliver on the Scottish Government's strategies for the retail sector and the the Town Centre Action Plan 2, will depend on long-term funding and partnerships and a consistent communication and vision. The Committee will seek regular progress updates from the Scottish Government.

# Annexe A - Extracts from minutes of Committee meetings

- [1st meeting, 2022 \(Session 6\) Wednesday, 12 January, 2022](#)

**Work programme (in private):** The Committee considered an approach paper for its next inquiry and agreed to continue consideration to its next meeting.

- [2nd meeting, 2022 \(Session 6\) Wednesday, 19 January 2022](#)

**Work Programme (in private):** The Committee considered arrangements for its next inquiry and agreed to not seek the appointment of an adviser.

- [3rd meeting, 2022 \(Session 6\) Wednesday, 26 January 2022](#)

**Work programme (in private):** The Committee considered arrangements for its next inquiry and agreed on the call for written views.

- [4th meeting, 2022 \(Session 6\) Wednesday, 2 February 2022](#)

**Work programme (in private):** The Committee considered arrangements for its next inquiry.

- [5th meeting, 2022 \(Session 6\) Wednesday 9 February 2022](#)

**Work programme (in private):** The Committee considered arrangements for its inquiry, it agreed to visit Dumfries, to hold an online roundtable event and to consider arrangements and further options at a future meeting.

- [9th meeting, 2022 \(Session 6\) Wednesday, 30 March 2022](#)

**Town Centres and Retail:** The Committee took evidence from—

Professor Leigh Sparks, Deputy Principal and Professor of Retail Studies, University of Stirling.

**Town Centres and Retail (in private):** The Committee considered the evidence heard earlier in the meeting.

- [10th meeting, 2022 \(Session 6\) Wednesday, 20 April 2022](#)

**Town centres and retail:** The Committee took evidence from—

Jennifer Hunter, Executive Leader, Culture Counts;

Roddy MacDonald, Director, Industrial Communities Alliance Scotland;

Phil Prentice, Chief Officer, Scotland's Towns Partnership;

David Grove, Lead Officer, Town Centre Development Unit, Fife Council;

and then from—

Danny Cepok, Development Manager, Love Oor Lang Toun;

Anthea Coulter, Chief Officer and Business Manager, Clackmannanshire Third Sector Interface;

Gemma Cruickshank, Manager, Embrace Elgin; and

Mark Darragh, Vice-Chair, ONE Linlithgow.

**Town centres and retail (in private):** The Committee considered the evidence heard earlier in the meeting.

- **11th meeting, 2022 (Session 6) Wednesday, 27 April 2022**

**Town centres and retail:** The Committee took evidence from—

Paul Gerrard, Campaigns and Public Affairs Director, The Co-op;

David Lonsdale, Director, Scottish Retail Consortium;

Martin Newman, Member, KPMG/Ipsos Retail Think Tank;

Maxine Smedley, Head of Stores, Boots;

and then from—

Ruth Boyle, Policy and Parliamentary Manager, Close the Gap;

Joanne Cairns, Head of Research, Union of Shop, Distributive and Allied Workers; and

Bryan Simpson, Industrial Organiser, Unite Hospitality.

**Evidence Session (in private):** The Committee considered the evidence heard earlier in the meeting.

- **12th meeting, 2022 (Session 6) Wednesday, 4 May 2022**

**Town centres and retail:** The Committee took evidence from—

Gillian Crawford, Managing Director, Lily Blanche;

Carolyn Currie, Chief Executive, Women's Enterprise Scotland;

Stuart Mackinnon, Head of Communication and Public, Federation of Small Businesses;

Dr Peter Mowforth, Chief Executive, Indez;

and then from—

Hugh Lightbody, Chief Officer, Business Gateway;

Neil Francis, Managing Director; and

Siobhan McDermit, Team Leader, Digital Trade Services, Scottish Development International.

**Town centres and retail (in private):** The Committee considered the evidence heard earlier in the meeting and agreed to invite further witnesses to give evidence.

- **13th meeting, 2022 (Session 6) Wednesday, 11 May 2022**

**Town centres and retail:** The Committee took evidence from—

Craig McLaren, Director, Royal Town Planning Institute in Scotland;

Euan Leitch, Chief Executive, Scotland's Regeneration Forum;

Stephen Lewis, Vice-Chair, Scottish Property Federation; and

Adrian Watson, Chair, Association of Town and City Management.

**Evidence Session (in private):** The Committee considered the evidence heard earlier in meeting.

- **14th meeting, 2022 (Session 6) Wednesday, 18 May 2022**

**Town centres and retail:** The Committee took evidence from—

Martin Avila, Interim Chief Executive, Community Enterprise in Scotland;

Dr Allison Orr, Senior Lecturer in Real Estate, University of Glasgow;

Pauline Smith, Chief Executive, Development Trusts Association Scotland;

and then from—

Ian Buchanan, Equality and Access Manager, Disability Equality Scotland;

Nicoletta Primo, Research and Policy Officer, Sight Scotland; and

Adam Stachura, Head of Policy and Communications, Age Scotland.

Maggie Chapman informed the Committee that she used to be the Chief Executive Officer of the Scottish Council for Visual Impairment.

**Evidence Session (in private):** The Committee considered the evidence heard earlier in the meeting.

- **15th meeting, 2022 (Session 6) Wednesday, 25 May 2022**

**Town centres and retail:** The Committee took evidence from—

Douglas Cowan, Director of Communities and Place, Highlands and Islands Enterprise;

Bryan McGrath, Director of Enterprise and Place, South of Scotland Enterprise;

Derek Shaw, Director of Innovation and Place, Scottish Enterprise;

and then from—

Craig Iles, Service Lead in Planning and Building Standards, South Ayrshire Council;



Bill Lindsay, Service Manager Policy and Place in Planning Services, Fife Council; and  
Steve Rogers, Head of Economy and Development , Dumfries and Galloway Council.

**Town centres and retail (in private):** The Committee considered the evidence heard earlier in the meeting.

- [16th meeting, 2022 \(Session 6\) Wednesday 15 June 2022](#)

**Town centres and retail:** The Committee took evidence from—

Tom Arthur, Minister for Public Finance, Planning and Community Wealth;

David Cowan, Head of Regeneration Unit; and

Catherine Brown, Head of Retail and Cities Unit, Scottish Government.

**Town centres and retail (in private):** The Committee considered the main themes arising from evidence received during the inquiry, to inform the drafting of its report and agreed to write to the Minister for Public Finance, Planning and Community Wealth for more detail about its engagement with the UK Government about an online sales tax.

- [18th meeting, 2022 \(Session 6\) Wednesday 29 June 2022](#)

**Town centres and retail (in private):** The Committee considered the main themes arising from the evidence received during the inquiry, to inform the drafting of its report and agreed that a draft report will be brought to the Committee at a future meeting.

- [23rd meeting, 2022 \(Session 6\) Wednesday 26 October 2022](#)

**Town centres and retail (in private):** The Committee considered a draft report and agreed to consider a revised draft at a future meeting.

- [26th meeting, 2022 \(Session 6\) Wednesday 16 November 2022](#)

**Town centres and retail (in private):** The Committee considered a revised draft report. Various changes were agreed to, and a revised draft report will be circulated to committee members before publication.

- [1] Town Centre Action Plan Review Group . (2021, February 3). A New Future for Scotland's Town Centres: Town Centre Action Plan Review Group Report. Retrieved from <https://www.gov.scot/publications/new-future-scotlands-town-centres/documents/>
- [2] Scottish Government and COSLA. (2022, April 13). Town Centre Action Plan Review - Joint response from Scottish Government and COSLA. Retrieved from [https://www.parliament.scot/-/media/files/committees/economy-and-fair-work-committee/correspondence/2022/20220412\\_town-centre-action-plan-review-joint-response-from-sg-and-cosla.pdf](https://www.parliament.scot/-/media/files/committees/economy-and-fair-work-committee/correspondence/2022/20220412_town-centre-action-plan-review-joint-response-from-sg-and-cosla.pdf)
- [3] Scottish Government. (2022, March 24). Getting the Right Change - A Retail Strategy for Scotland. Retrieved from <https://www.gov.scot/publications/getting-right-change-retail-strategy-scotland/>
- [4] Scottish Government. (2021, November 10). Scotland 2045 - Our Fourth National Planning Framework draft. Retrieved from <https://www.gov.scot/publications/scotland-2045-fourth-national-planning-framework-draft/>
- [5] Scottish Government. (2021, October 26). Ministerial Statement by Minister for Public Finance, Planning and Community Wealth. Retrieved from <https://www.gov.scot/publications/scotlands-retail-sector-ministerial-statement-26102021/>
- [6] Scottish Parliament. (2022, April 27). Economy and Fair Work Committee Official Report. Retrieved from <https://www.parliament.scot/chamber-and-committees/official-report/what-was-said-in-parliament/EFW-27-04-2022?meeting=13717>
- [7] Scottish Parliament. (2022, March 30). Economy and Fair Work Committee Official Report. Retrieved from <https://www.parliament.scot/chamber-and-committees/official-report/search-what-was-said-in-parliament/EFW-30-03-2022?meeting=13691>
- [8] Scottish Grocers' Federation. (2022). Call for Views - written submission. Retrieved from [https://yourviews.parliament.scot/efw/towncentres/consultation/view\\_respondent?uuld=89274960](https://yourviews.parliament.scot/efw/towncentres/consultation/view_respondent?uuld=89274960)
- [9] Scottish Parliament. (2022, May 4). Economy and Fair Work Committee Official Report. Retrieved from <https://www.parliament.scot/chamber-and-committees/official-report/search-what-was-said-in-parliament/EFW-04-05-2022?meeting=13731>
- [10] Skills Development Scotland. (2022, June). Letter from Skills Development Scotland to the Economy and Fair Work Convener. Retrieved from [https://www.parliament.scot/-/media/files/committees/economy-and-fair-work-committee/correspondence/2022/20220608\\_sds-to-convener.pdf](https://www.parliament.scot/-/media/files/committees/economy-and-fair-work-committee/correspondence/2022/20220608_sds-to-convener.pdf)
- [11] Close the Gap. (2022). Written submission to the Economy and Fair Work Committee. Retrieved from [https://yourviews.parliament.scot/efw/towncentres/consultation/view\\_respondent?show\\_all\\_questions=0&sort=submitted&order=ascending&q\\_\\_text=close+the+gap&uuld=41827161](https://yourviews.parliament.scot/efw/towncentres/consultation/view_respondent?show_all_questions=0&sort=submitted&order=ascending&q__text=close+the+gap&uuld=41827161)
- [12] Scottish Retail Consortium. (2022, March). Written submission. Retrieved from [https://yourviews.parliament.scot/efw/towncentres/consultation/view\\_respondent?sort=excerpt&order=ascending&b\\_index=60&uuld=615745577](https://yourviews.parliament.scot/efw/towncentres/consultation/view_respondent?sort=excerpt&order=ascending&b_index=60&uuld=615745577)

- [13] Scottish Parliament. (2022, April 20). Economy and Fair Work Committee Official Report. Retrieved from <https://www.parliament.scot/chamber-and-committees/official-report/search-what-was-said-in-parliament/EFW-20-04-2022?meeting=13700>
- [14] Scottish Parliament. (2022, May 18). Economy and Fair Work Committee Official Report. Retrieved from <https://www.parliament.scot/chamber-and-committees/official-report/search-what-was-said-in-parliament/EFW-18-05-2022?meeting=13761>
- [15] Scottish Parliament. (2022, May 25). Economy and Fair Work Committee Official Report. Retrieved from <https://www.parliament.scot/chamber-and-committees/official-report/search-what-was-said-in-parliament/EFW-25-05-2022?meeting=13779>
- [16] Scottish Parliament. (2022, June 15). Economy and Fair Work Committee Official Report. Retrieved from <https://www.parliament.scot/chamber-and-committees/official-report/search-what-was-said-in-parliament/EFW-15-06-2022?meeting=13830>
- [17] Scottish Government. (2022, November 8). National Planning Framework 4: explanatory report. Retrieved from <https://www.gov.scot/publications/national-planning-framework-4-explanatory-report/>
- [18] Scottish Government. (2022). Letter from the Minister for Public Finance, Planning and Community Wealth. Retrieved from <https://www.parliament.scot/chamber-and-committees/committees/current-and-previous-committees/session-6-economy-and-fair-work-committee/correspondence/2022/town-centres-and-retail-response-from-scottish-government>
- [19] Fraser of Allander Institute. (2022, March 8). An Evaluation of the Small Business Bonus Scheme. Retrieved from <https://www.parliament.scot/bills-and-laws/bills/non-domestic-rates-coronavirus-scotland-bill>
- [20] Scottish Parliament. (2022, May 11). Economy and Fair Work Committee Official Report. Retrieved from <https://www.parliament.scot/chamber-and-committees/official-report/search-what-was-said-in-parliament/EFW-11-05-2022?meeting=13742>
- [21] Visit Scotland. (2022, March). Written submission. Retrieved from [https://yourviews.parliament.scot/efw/towncentres/consultation/view\\_respondent?sort=excerpt&order=ascending&\\_b\\_index=60&uuld=435721902](https://yourviews.parliament.scot/efw/towncentres/consultation/view_respondent?sort=excerpt&order=ascending&_b_index=60&uuld=435721902)

