A Diverse Welsh High Street

Policy paper on high street regeneration in Wales
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>3</td>
</tr>
<tr>
<td>Introduction</td>
<td>4</td>
</tr>
<tr>
<td>Policy Summary</td>
<td>6</td>
</tr>
<tr>
<td>High Street Wales</td>
<td>9</td>
</tr>
<tr>
<td>A Diverse Town Centre</td>
<td>10</td>
</tr>
<tr>
<td>Bettings Shops</td>
<td>11</td>
</tr>
<tr>
<td>Libraries</td>
<td>12</td>
</tr>
<tr>
<td>Arcades &amp; Markets</td>
<td>13</td>
</tr>
<tr>
<td>Banks</td>
<td>14</td>
</tr>
<tr>
<td>Charity Shops</td>
<td>17</td>
</tr>
<tr>
<td>Pubs</td>
<td>18</td>
</tr>
<tr>
<td>Tackling Empty Properties</td>
<td>20</td>
</tr>
<tr>
<td>Effective Leadership</td>
<td>22</td>
</tr>
<tr>
<td>Business Improvement Districts</td>
<td>22</td>
</tr>
<tr>
<td>Ministerial Responsibility</td>
<td>23</td>
</tr>
<tr>
<td>Land Use and Access</td>
<td>24</td>
</tr>
<tr>
<td>Cycling and Walking</td>
<td>24</td>
</tr>
<tr>
<td>Parking</td>
<td>26</td>
</tr>
<tr>
<td>20mph Zones</td>
<td>28</td>
</tr>
<tr>
<td>Growth and Investment</td>
<td>30</td>
</tr>
<tr>
<td>Business Rates</td>
<td>30</td>
</tr>
<tr>
<td>Tax Increment Financing</td>
<td>30</td>
</tr>
<tr>
<td>Conclusion</td>
<td>32</td>
</tr>
</tbody>
</table>
Foreword

Healthy high streets offer something that shopping centres and internet sites cannot: they strengthen the social fabric of our communities.

There have been some suggestions that the decline of high streets is unstoppable and should be allowed to take its course. The Welsh Liberal Democrats reject this complacency wholeheartedly.

There is a future for the high street, but there must be a political will. Having a devolved government offers huge potential to be creative in supporting our local town centres, yet Wales continues to have some of the worst shop vacancy rates in the UK.

In this paper, the Welsh Liberal Democrats are offering fresh, innovative and enterprising ideas to revive our high streets.

We have not been afraid to think big. In government we would establish a major new body, named ‘High Street Wales’, that would transform the way communities think about the revitalisation of their high streets.

We would empower communities, ensuring they have the freedom and ability to work together to protect key local services such as libraries, community centres, playing fields, post offices or pubs.

We would improve access for cyclists and pedestrians, encourage local authorities to offer limited free parking schemes near the town centre to support struggling high streets, while offering business rate relief to properties that have been empty for over a year.

We would tackle the unwelcome upsurge of betting shops by giving communities greater say over where they are placed. We would develop a learning network for Business Improvement Districts to enhance their impact in identifying and tackling barriers to trade and growth, to give businesses the support they need.

It is time for fresh ideas to regenerate town centres. Welsh Liberal Democrats want to put enterprise right at the heart of Welsh Government.

Eluned Parrott AM
Introduction

High streets in Wales are struggling with the decline in shoppers using Welsh high streets significantly outpacing other parts of the UK. In 2014 footfall of shoppers in Wales was down by 2.2% compared to a rise of 2% in Northern Ireland and an increase of 0.6% in Scotland. This is of particular concern for Wales where the retail sector is the nation’s largest private-sector employer, with over 11% of the workforce.¹

It is clear that the Welsh high street is under threat, suffering from increased out-of-town, internet and mobile shopping, parking charges and changes in the way we shop. This is of deep concern because the high street is often at the heart of Welsh communities. With their decline town centres may become empty, crime-ridden and unkempt without an economic reason for existence, with shoppers unable to enjoy access to their local shops by foot.

Shop vacancy rates in Wales are consistently above the UK average, with a town centre vacancy rate of 15% compared to 11.6% in England and 11.8% in Scotland.² The figures show that vacancy rates in Wales have taken a turn for the worse with a rise for the first time in three years and the situation is predicted to worsen in the coming years. Online sales have more than tripled from 3% in 2007 to over 10% in 2014 with reports suggesting that internet shopping will take a market share of around 17% by 2020. Research on future store closures and vacancy rates suggests that over 4,000 stores in Wales may close by 2018, a decrease of 29%, which would leave town centres blighted by boarded up properties.³

The Welsh planning system appears to have embraced the concept of out-of-town shopping more enthusiastically than other regions of the UK, with disastrous results for the Welsh high street. In 2014 there were 95 out-of-town retail schemes in Wales, compared to only 80 in North-East England with a broadly similar population.⁴ Wales has had a greater proportion of retail out of town than the whole of the UK since 2008 and the gap has widened since.⁵ Furthermore, retailers suggest that a major change has taken place in the ownership of retail space in Wales, which has become more centralised and dominated by a few large landlords. This creates a problem as larger landlords can often tolerate a 15-20% vacancy rate without reducing rents.

¹ Welsh Retail Consortium: ‘Welsh Retail: Serving Our Communities’ (2015)
² Local Data Company: ‘Vacancy Report: H1 2015 Summary ‘Cautious Optimism’ (September 2015)
³ Centre for Retail Research: Retail in 2018 - Shop numbers, Online and the High Street
⁴ Trevor Wood: The Definitive Guide to Retail & Leisure Parks 2014
⁵ Welsh Government: Town Centres and Retail Dynamics: Towards a Revised Retail Planning Policy for Wales
The Welsh Government accepted the majority of proposals within the Business and Enterprise Committee’s 2012 report ‘Regeneration of Town Centres’ but were slow to act. It took a year to launch the Welsh Government’s ‘Vibrant and Viable Places’ scheme launched as part of the Welsh Government’s Regeneration Framework and which focuses on only 11 local authority areas. This includes a ‘Tackling Poverty Fund’, with £7m ring-fenced for town centre related projects in the most deprived locations. There are 9 new Business Improvement Districts (BIDs) in development across Wales, but Wales has lagged behind in their development and does not have a clear strategy to link them more closely to the needs and ambitions of other stakeholders. There is also a Town Centre Partnership Fund that will increase footfall, investment, support diversification and innovative approaches to regeneration. This provides £50,000 with an expectation that match-funding of at least 50% will come from other sources. This is a potentially important initiative but has tended to copy the high street Town Team “Portas Pilots” in England rather than be tailored to address specific challenges facing the Welsh high street.

The Welsh Liberal Democrats recognise that our high streets have to offer something new and different that neither shopping centres nor the internet can match. They need to offer an experience that goes beyond retail; the high street should be a destination for socialising, culture, health, wellbeing, creativity and learning, with schools, doctors’ surgeries and offices along with shops. This policy paper explores key policies to reinvigorate the Welsh high street and regenerate our town centres.

With thanks to policy consultant David Boyle

---

6 National Assembly Business Committee Reports
Policy Summary

The Welsh Liberal Democrats would:

Support high streets and town centres to adapt and change by:

➢ establishing ‘High Street Wales’ to collect and share access to research from around the world on how to regenerate town centres and high streets.

Support a diverse town centre with a thriving mix of uses by:

➢ commencing the provisions relating to Assets of Community Value contained in the Localism Act 2011 and ensuring that communities are given support and advice to implement the Community Right to Bid;
➢ acting on the recommendations of the independent Portas Review by amending the Town and Country Planning (Use Classes) Order 1987 to give betting shops their own use class;
➢ introducing legislation to amend the Public Libraries and Museums Act 1964 to include a new provision that after every step has been taken to save a library service, a local authority will need to show they have considered whether the library could be transferred to a local community group before closure;
➢ ensuring that high streets continue to benefit from the unique diversity that arcades and markets offer by identifying and sharing examples of good practice in marketing via High Street Wales;
➢ holding a round table meeting with the main retail banks to discuss the potential for a community banking model in Wales and continuing to work with communities to oppose further branch closures;
➢ holding an annual charity shop summit to discuss challenges and propose solutions to support the charity sector in Wales;
➢ amending the Town and Country Planning (Use Classes) Order 1987 to remove permitted development for all Assets of Community Value following commencement of provisions in the Localism Act 2011;
➢ strengthening planning guidance to ensure a more thorough assessment of community need in any planning decision and close the planning law loophole that allows pubs and other local services to be demolished without planning permission or any community consultation; and
➢ reviewing the range of business rates exemptions to include social enterprises and commercial facilities that exist as a lifeline for their community.
Tackle the high rate of **empty properties** that are a blight on town centres by:

- introducing a new ‘Reoccupation Relief Scheme’ to provide business rate relief for new occupants of retail premises that have been empty for a year or more at the point of occupation; and
- undertaking a review of the business rate system for empty shops involving all key stakeholders to identify a more creative way of encouraging use of empty properties.

Ensure **effective leadership** to identify and tackle barriers to trade and growth by:

- supporting the development of Business Improvement Districts with the development of a BID learning network to share lessons and support the development of future BIDs; and
- making one Minister in the Welsh government responsible for high streets, to make sure these issues are better co-ordinated across government.

Focus on making the high street a more **accessible, attractive and enjoyable** place to spend time by:

- creating a statutory requirement to consider cyclists’ and pedestrians’ needs at an early stage in all new development schemes;
- making progress towards the target of a £10 per person per year cycling budget to enhance the impact of the Active Travel (Wales) Bill;
- encouraging local authorities to offer limited free parking schemes near the town centre;
- utilising High Streets Wales to collect and share best practice of regeneration and traffic management schemes that allow for adequate and convenient car parking; and
- strengthening guidance to encourage greater use of 20mph speed limits on high streets, major streets where there are significant numbers of journeys on foot or by bike and areas where there is community support.
Encourage **enterprise, growth and investment** to ensure the long term prosperity of Welsh high streets by:

- examining the potential for local authorities to have control over business rates which could be reinvested to support long-term growth and development based on local need;
- giving local authorities the scope to designate town centres and district centres as ‘local footfall business rate zones’ and alter the business rates in those areas; and
- using Tax Increment Financing to encourage business investment, allow local authorities to invest in major regeneration programmes and service the loans from the additional business rates income that would be generated.
High Street Wales

High streets across Wales are under pressure, but this pressure looks different now to the way it was understood even two years ago. Out-of-town retailing still draws shoppers from the high street, but over recent years these centres have been declining even faster than high streets\(^7\) with warnings that “there is a danger that larger spaces will turn into empty buildings, with only tumbleweed passing through them.\(^8\)

The ‘Town Team Partners’ and ‘Portas Pilots’ in England have been successful in helping small shops to reinvent themselves with more personality and local commitment. They have seen the creation of a ‘Future High Street Forum’ which advises government on the challenges facing high streets and helps to develop practical policies to enable town centres to adapt and change. A similar forum is needed in Wales to give businesses greater support and advice to make the most effective use of the £100m Viable and Vibrant Places funding.

This body should be more similar to that of the ‘Main Street’ movement in America, which has transformed the way communities think about the revitalization of their historic downtowns and neighbourhood commercial districts. The National Main Street Centre is a national organisation that offers education, outreach, hands-on-training, online resources, facilitating connections and conferences to inspire and build strong communities. Over the past 35 years it has equipped more than 2,000 communities with an organising framework to preserve and revitalise town centres, reoccupying more than 251,000 buildings, producing $61.7 billion in investment, and creating 528,557 jobs.\(^9\)

The Welsh Liberal Democrats would establish ‘High Street Wales’ to collect and share access to research from around the world on how to regenerate town centres and high streets. It would develop and test a process, based on the American ‘Main Street’ movement, which allows any town centre to gather together the main stakeholders – shoppers, retailers, landlords and others – to hammer a way forward based on what is achievable and can be achieved with limited resources. It would offer training and online resources to help activists to learn about relevant tools and techniques to address all aspects of regenerations and to pick up new skills such as volunteer management. It will also facilitate opportunities for networking for inspiration and to help share best practice.

---

\(^7\) The Guardian: Shopping centres and out-of-town retail parks hit harder than high streets (September 2013)

\(^8\) Retail Gazette: Will convenience kill out-of-town stores? (February 2014)

\(^9\) National Main Street Center
A Diverse Town Centre

Research by Deloitte revealed that the top five things most people want to see more of in their high streets are: free parking (60%), choice of stores (59%), independent stores (57%), specialists like butchers (50%), parking spaces (48%). The things people want to see less of: charity shops (31%) and betting shops (52%).

This strongly implies that people want diversity and suggests that the way forward is to support town centres to have a thriving mixture of new uses, including arts, community events and new kinds of shopping. Markets provide colour and excitement in a town centre, but can also provide low cost vegetables and a leg up for would-be retailers who are not yet in a position to rent their own permanent space. Councils should consider how they can give greater promotion to street markets which add character to a town centre and offer something distinct to online or out-of-town retailing.

The reinvestment by the big multiples in high streets, now that out-of-town shopping is in decline, will bring its own challenges by raising rents and driving out those competitors that do not have a distinctive local offer. This is where the need for distinctiveness, authenticity and personality is even more urgent for high streets and shops alike in Wales.

In England the Localism Act 2011 was passed to support the devolution of power from central government to individuals, communities and local councils. It introduced a ‘Community Right to Bid’ which aims to ensure that buildings and amenities of local value can be kept in public use and remain an integral part of community life. This can include community centres, libraries, swimming pools, village shops, markets or pubs, where their closure would be a real loss to the community.

Under the Community Right to Bid process, a community group can nominate a local building or land for listing by the local authority as an ‘Asset of Community Value’ (ACV). If listed, the asset will then be placed on a register for five years. Listing gives local people the time and opportunity to organise a bid and raise money if the owner decides to sell, as it usually triggers a six-month moratorium during which time the asset can only be sold to a community bidder. This process helps to preserve diversity within town centres and is a crucial new tool for communities and the provisions were commenced in England in 2012, but have not so far been commenced in Wales.

http://www.businesszone.co.uk/topic/reviving-britain-s-high-streets-people-are-point-mary-portas/56791

10
Welsh Liberal Democrats would commence the provisions relating to Assets of Community Value contained in the Localism Act 2011 and would ensure that communities are given support and advice to implement the Community Right to Bid.

There are however improvements which could be made to the Localism Act 2011, with a huge disproportion between the over 1,800 assets listed and the nine which have been bought by communities using the Community Right to Bid.\textsuperscript{11} Recommendations of the Westminster Communities and Local Government Committee include the need for greater awareness and simplification of the Community Right to Buy process, removing permitted development rights for Assets of Community Value and ensuring that an ACV listing is a material consideration for local authorities in all planning applications.\textsuperscript{12} We welcome these recommendations and were such changes not implemented to improve the operation of the Community Right to Bid then in the longer term we would seek to introduce a Welsh model for the protection of community assets.

\textbf{Betting Shops}

Fixed Odds Betting Terminals (FOBT) have proliferated in betting shops over the last few years, approximately doubling in number since they were introduced by Labour’s Gambling Act in 2005. They are highly profitable, and appear to be replacing more traditional, safer forms of high street gambling. Critics claim that players can lose up to £18,000 an hour on FOBT machines, compared to £360 an hour on more traditional machines. At the same time, the number of betting shops on the high street has grown, leading them to dominate some town centres. Local authorities need to have the power to manage the development of high streets to ensure that there are a range of shops and services available, to give greater protection to both consumers and the high street.

\textsuperscript{11} Department for Communities and Local Government CRS 046
\textsuperscript{12} Communities and Local Government Committee, Community Rights, Sixth Report of Session 2014-15
Betting shops currently share the same class use as professional and financial services, meaning that units previously occupied by banks or solicitors can be converted into betting shops without any planning permission being required. The Welsh Liberal Democrats would act on the recommendations of the independent Portas Review\(^\text{13}\) by amending the Town and Country Planning (Use Classes) Order 1987 to give betting shops their own use class. This would mean that they would need to apply for planning permission, giving local communities greater say over where they are placed.

### Libraries

Libraries are the life blood of local communities, where people go to study, relax, socialise and often access essential services. Libraries serve all different social groups and remain popular and well used; research by the Carnegie UK Trust on the use of public libraries and attitudes towards public libraries revealed that 37\% of the population in Wales feel that libraries are essential to their community and 45\% had used a library in the last year.\(^\text{14}\)

The range of services on offer in libraries is changing; while reading and books remain an important part of the offer, many libraries have modernised as well. Libraries are offering an increasing role for example in providing access to the internet and support for job and benefit applications. They play a key role in helping people to combat illiteracy, unemployment and the digital divide and can be a key point of contact between an individual and local services.

It is essential that libraries continue to be innovative in the services they offer to the community and to adapt to local, individual and social needs. Liberal Democrats have fought against library closures and cuts across the country and we stand by a proud record that no Liberal Democrat council has closed a library. We want to make sure that every step possible is taken to protect library services and that libraries cannot be closed unless a local authority has explored all options.

Where a library ultimately cannot be retained by a local authority, Welsh Liberal Democrats would ensure that communities have the opportunity to take control of the asset using provisions within the Localism Act 2011. However, while the Community Right to Bid gives communities an opportunity to bid to buy an asset, this would relate to the library building but not the library service itself.

---

\(^{13}\) The Portas Review, December 2011 (Recommendation 13)

\(^{14}\) Carnegie UK Trust
Under the Public Libraries and Museums Act 1964, local authorities have a statutory duty to provide a ‘comprehensive and efficient’ library service taking into account local needs and within available resources. It is for each local authority to determine at local level how much they spend on libraries and how to manage and deliver their service. Where closing a library appears to be the only option, we believe that local authorities should have to demonstrate that they have considered all available evidence to them to support their decision and that they have consulted with local people about what they want, what they need and how this can be provided in the best interests of the authority and community.

**Welsh Liberal Democrats would introduce legislation to amend the Public Libraries and Museums Act 1964 to include a new provision that after every step has been taken to save a library service, a local authority will need to show they have considered whether the library could be transferred to a local community group before closure.** This will include inviting proposals from the community and giving any proposals proper consideration.

**Arcades & Markets**

Arcades and markets offer a unique shopping experience, home to a range of independent traders and specialist stores, often retaining many historic and original features and providing a more intimate experience for shoppers tucked away from the bustle of the high street. They offer great personality and identity to a town centre, yet sadly many local authorities have failed to support their arcades and markets and many are in decline.

Cardiff is often referred to as the ‘City of Arcades’, boasting the highest concentration of Victorian, Edwardian and contemporary indoor shopping arcades of any British city, with its historic arcades being considered as one of the City’s unique selling points and showcase Cardiff’s Victorian and Edwardian heritage. There are six historic arcades which house hundreds of tenants, including a number of specialist shops. These small retail units have been vital as an affordable way of starting up for independent retailers, many of which have
survived in the arcades for decades. Sadly planning has failed to take account of these historic indoor shopping areas which have suffered a decline in business following the development of new modern shopping centres and pedestrianised areas.

**Welsh Liberal Democrats would ensure that high streets continue to benefit from the unique diversity that arcades and markets offer by identifying and sharing examples of good practice in marketing via High Street Wales**, such as the Royal Arcade in Norwich which is well signposted throughout the city, and encouraging local authorities to make greater use of social media to promote arcades and markets and advertise information about businesses to residents and tourists.

**Banks**

The bank branch network in the UK has been declining steadily for nearly thirty years, with only 9,383 branches in 2012 compared to 20,583 in 1988. Wales has been a victim of this rationalisation and centralisation, with many communities losing their last bank in town to the heavy detriment of customers and traders.

Access to banking services is key, not only to small businesses and retailers, but to individuals, voluntary and charitable groups in communities throughout the country. The closure of a local branch has resounding impacts, forcing customers elsewhere and changing the frequency and location of many customers’ shopping habits. Multi-purpose trips are moved to nearby towns where people can access shops and services and visit their bank at the same time, driving more and more business away from the communities that have just suffered the loss of their local branch.

Welsh Liberal Democrats have campaigned alongside their communities to fight against the closure of bank services in their area. Sadly, despite heavy lobbying, many banks have persisted with their programme of closures. Voluntary pledges by three of the ‘Big 4’ to keep open the ‘last bank in town’ protected 70% of sole bank communities more than one

---

15 British Bankers Association; Annual Abstract of Statistics 2013; table 5.02
mile from an alternative bank\textsuperscript{16} but in April 2014 RBS/NatWest cancelled its pledge, which has had a heavy impact in many areas of rural Wales.

Keeping a bank presence, keeps people spending locally, brings people onto the high street, supports local businesses and is therefore crucial to community sustainability. In contrast, the rationalisation and centralisation during the past decades has become a catalyst for decline of many town centres, with a drift of service outlets up the hierarchy, from villages to small towns, to larger towns and then out of town locations, forcing people to travel further for services they need. This increases carbon emissions and leaving behind neglected town centres as local businesses can no longer survive with decreasing trade. It disadvantages the elderly and vulnerable, or those on low incomes reliant on public transport who cannot access alternatives, leading to increased isolation.

The fact is that over recent years services and businesses have been forced to balance the competing objectives of high quality, wide access and low costs. According to the Chief Executive of HSBC at their AGM in May 2009 ‘The economics of running a major retail network in the UK no longer stack up.’\textsuperscript{17} Banks staunchly defend their programme of closures with reference to decreasing footfall and the growing use of alternative banking methods such as telephone, internet or ATMs. However, the often complex telephone service can be difficult for many users, such as the elderly or hard of hearing, and a reliable internet connect is a major problem in large parts of Wales.

The Wales Rural Observatory ‘Deep Rural Localities’ report found that 31% of people considered a bank or building society to be essential in their local area, with 46% deeming it desirable.\textsuperscript{18} Clearly there is a demand for local financial services; a solution needs to be found to balance the competing interests of commercial pressure for profit and customer needs.

According to Derek French, Director of the Campaign for Community Banking Services: “Sustainability of communities, financial inclusion and reduction of carbon emissions are concerns deeply held by many people whatever their political persuasion. The closure of easily accessible neighbourhood bank branches and post offices, inflicts damage in each of these areas but a solution is available, flexible in its formats, which has the capability to make a positive difference. It is called sharing, and Britain’s large retail banks could do this

\textsuperscript{16} Campaign for Community Banking Services: Branch Network Reduction: 2014 Report
\textsuperscript{17} The Telegraph: HSBC warns branch network ‘uneconomic’ (May 2009)
\textsuperscript{18} Wales Rural Observatory: Deep Rural Localities (October 2009)
now and at little or no extra cost to benefit hundreds of vulnerable communities and at the
same time give themselves the opportunity to gain operating experience of a business
model, already proven in America, which promises substantial financial gains for their
businesses in the future as the banking market develops.”

According to the Campaign for Community Banking Services, neutral shared use branches
(community banks and banking centres) offer a cost effective way to sustain a branch
presence in vulnerable communities, extend coverage and opening hours and reduce banks’
operating costs.

The first tier of their solution would be a shared banking franchise. For some very small rural
communities with no banking presence, a limited shared branching franchise could sit
alongside an existing post office franchise stripped of its financial content, which would be
necessary to remove the competition between the two which would be unsustainable in a
small area.

The second tier is a community bank, which would be a directly managed outlet, similar to a
bank sub-branch and potentially taking on a suitable premises from a closing bank. This
would involve a stand-alone transactional service on behalf of all major banks,
supplemented with a credit
union or general financial or
debt advice where suitable,
and where possible space for
interviews or surgeries by
individual banks.

The third tier is banking
centres, suitable for larger
communities. It is a concept
based on airports or on
cosmetics and fashion
concessions in department stores, where services are outsourced. Management of
counters, cash and deposit machines and interview rooms would be the outsourcer’s
responsibility, as would branch security, with service desks manned by individual banks.

19 Campaign for Community Banking Services: Bank Closure Problems – One Solution Fits All (November 2007)
In 2001 Loughborough University Banking Centre found this community bank model to be ‘operationally feasible and financially viable’, subject to the cooperation of course of major banks. Shared overheads and responsibilities could potentially save millions in branch operating costs, whilst at the same time maintaining a presence for individual banks within a community, without the brand damage associated with closing banks. Shared branch technology developed by LINK has been proven to work in the UK and in the US this shared banking model works with success.

The Welsh Liberal Democrats believe that shared banking could offer a lifeline for many communities in Wales threatened with the loss of their local bank. **We would hold a round table meeting with the main retail banks to discuss the potential for a community banking model in Wales and continue to work with communities to oppose further branch closures.**

**Charity Shops**

Charity shops play an important role in creating a vibrant and diverse high street and contributing to the economic, social and environmental wellbeing of our communities in Wales. They support fundraising for good causes and vital services; provide around 700 jobs and 9,000 volunteer opportunities which help people return to the job market; provide low cost, high quality items for some of the poorest communities, divert around 20,000 tonnes of textiles from landfill annually and occupy shops which may otherwise be empty. The charity retail sector in Wales is diverse, but has a common and clear mission to raise funds through commercial activities to reinvest in achieving key social aims.

Welsh Liberal Democrats firmly opposed recommendations of an independent review of business rates for charities to reduce rate relief for charity shops, which the sector estimated would add £1.54m to their projected rates bills, reduce profit by 11%, and lead to the closure of 95 of the existing 512 charity shops in Wales, with 130 paid jobs being lost and nearly £2m lost from charity income. There is a perception that charity shops ‘crowd out’ other potential retailers on the high street, but the 14% retail unit vacancy rate does not support this premise. **The Welsh Liberal Democrats would hold an annual charity shop summit to discuss challenges and propose solutions to support the charity sector in Wales.**

---

20 Community Banking Validation Study: Loughborough University Banking Centre March 2001
21 BBC ‘Charity shop rate relief: ‘Nearly 20% may shut in Wales’ (June 2013)
Pubs

In many communities and on many high streets the local pub is an important social centre and meeting point for residents. Community owned pubs have the potential to become even more than this, developing into central hubs offering a range of activities and services including post office facilities or shops selling local produce.

Sadly figures reveal that four pubs in Wales close every week and existing planning law offers little protection to communities who wish to keep their pub open. Presently it is the decision of the landlord, usually based on purely financial grounds, whether and when to close the doors on the business. Where that is the only pub left in an area, then we believe the community is entitled to a say on its future.

In England over 400 pubs have been listed as Assets of Community Value under the Localism Act 2011. Welsh Liberal Democrats would commence these provisions of the Localism Act in Wales, to allow communities more opportunity to explore options to save a pub under threat of closure and to come up with any possible alternatives.

Currently community pubs are classed along with other drinking establishments as category A3 within the Town and Country Planning (Use Classes) Order 1987, with permitted development for a range of other uses including a shop, hairdressers, dry cleaners, bank or undertakers. With the Localism Act 2011 in force in Wales, the Welsh Liberal Democrats would amend the Town and Country Planning (Use Classes) Order 1987 to remove permitted development for all Assets of Community Value. This would ensure that where pubs are listed as an ACV, they could not undergo any change of use without having to apply for full planning permission. We would strengthen planning guidance to ensure a more thorough assessment of community need in any planning decision and

---

22 CAMRA: Campaigning in Wales
23 Department for Communities & Local Government (June 2014)
we would close the planning law loophole that allows pubs and other local services to be demolished without planning permission or any community consultation.

It is a source of real concern that business rates often place burdens on community facilities. **Welsh Liberal Democrats would review the range of business rates exemptions to include social enterprises and commercial facilities that exist as a lifeline for their community.** If business rates were controlled by local authorities they also could be given greater discretion over which properties they felt should not pay rates, based on knowledge of local needs.
Tackling Empty Properties

Town centres in Wales are facing challenging times and this is clearly evidenced by the number of empty shops on many Welsh high streets, with a current vacancy rate of 15% compared to 11.6% in England and 11.8% in Scotland. This is even starker in some areas, with city of Newport having one of the highest vacancy rates of all city and town centres in the UK at 28.4%.

Welsh Liberal Democrats believe that our high streets have to offer something new and different that neither shopping centres nor the internet can match. They need to offer an experience that goes beyond retail; the high street should be a destination for socialising, culture, health, wellbeing, creativity and learning, with schools, doctors’ surgeries and offices along with shops. Our high streets should be social places that make creative use of public spaces and with a vibrant evening economy.

Renovating and reoccupying these properties is a key starting point to regenerate and attract new investment into tired high streets. A bustling high street stimulates our economy, creates jobs and encourages investment but also helps tackle deprivation, anti-social behaviour and crime and has a knock on benefit for the local community, local services and facilities.

Business rates can be a key tool for stimulating action from landlords to tackle empty shops and the Welsh Government has responsibility over business rates which provides the possibility of building some flexibility into the system.

In government in Westminster the Liberal Democrats introduced a new reoccupation relief scheme to help bring empty shops back into use. From October 2013 to March 2015, the Welsh Government operated the ‘Open for Business’ rate relief scheme, a temporary scheme which provided 50% relief on business rates for a year for businesses that moved into properties that had been empty for twelve months or longer. The Open for Business Scheme cost £5,853 in 2014-15 and £172,826 in 2015-16. It was administered by local authorities, and was aimed at supporting business in Wales’s town centres and shopping areas.

---

25 Local Data Company (June 2015)
26 Welsh Government: Open for Business
27 Written Assembly Question 16 September 2015
Welsh Liberal Democrats would introduce a new ‘Reoccupation Relief Scheme’ to provide business rate relief for new occupants of retail premises that have been empty for a year or more at the point of occupation. This would be subject to State Aid De Minimis limits. We would ensure that the scheme is advertised widely by local authorities so that traders are aware of the support available.

At present empty properties are exempt from paying business rates for three months after the property becomes vacant, after which the business is liable for the full business rate bill. There are exemptions for properties under a set rateable value or for certain types of property such as listed buildings, properties owned by charities or buildings with a rateable value under £2,600 which are exempt until they become occupied again.28

Conversations with retailers suggest that a major change has taken place in the ownership of retail space in Wales, which has become more centralised and dominated by a few large landlords, who are more able to tolerate a 15-20% cent vacancy rate than a more local landlord. We believe that the Welsh government urgently needs to shape the business rating system into one that encourages enterprise, rewards small business that supports the community and the local infrastructure, and makes those that can afford it take the strain.

In terms of empty shops, it may be for example, that landlords of empty shop units need extra pressure on them to make sure the units are used productively, so that empty properties are only exempt from business rates where landlords donate the space for arts or other community uses rather than letting the unit lie empty. They may need to be persuaded, by higher rates, to apply for a change of use to make other uses possible.

Welsh Liberal Democrats will undertake a review of the business rate system for empty shops involving all key stakeholders to identify a more creative way of encouraging use of empty properties.

---

28 Welsh Government: Business Rates
Effective Leadership

Business Improvement Districts

Business Improvement Districts (BIDs) are a mechanism by which businesses can commit and invest in improvements to the trading environment. They are a business-led and business-funded partnership between key local stakeholders with funding used for activities such as improving transport and access, supporting and attracting business, raising the profile, improving the environment and making areas more safe and secure.

Wales has been slow to make use of this opportunity, with only two BIDs by 2014 compared to over 130 in England, however £203,000 of funding has been announced to support the development of a further nine BIDs in Wales.29

The British Retail Consortium highlights that BIDs offer a key partnership for co-ordinated strategic management that is crucial to the success of town centre retail locations.30 Welsh Liberal Democrats support this model which helps to identify and tackle barriers to trade and growth affecting high streets and town centres and enables businesses to work together for shared causes, however it is key that they are community led and not public sector dominated. They must break out of the model of a sectional retailing or business interest and include a wide range of stakeholders, otherwise they may have a conservative view of what might help existing businesses to thrive.

The BID model is based on self-help, partnership and the use of existing assets to change the economic direction of an area. It relies on the energy of local stakeholders with a vision of working together on the principle that small changes can lead to lasting change, as experienced by the USA Main Street Programme: “Successful revitalisation programs begin with basic, simple activities that demonstrate that new things are happening in the commercial district. As public confidence in the Main Street district grows and participants’ understanding of the revitalisation process becomes more sophisticated, Main Street is able to tackle increasingly complex problems and more ambitious projects. This incremental change leads to much longer-lasting and dramatic positive change in the Main Street area.”31

29 Welsh Government: Business Improvement Districts
30 Enterprise and Business Committee: Inquiry into the regeneration of town centres 2012: BRC evidence
31 National Main Street Center: The Eight Principles
Welsh Liberal Democrats would support the development of Business Improvement Districts with the development of a BID learning network to share lessons and support the development of future BIDs.

Ministerial Responsibility

Regeneration of high streets and town centres can lack coordination and focus due to the cross-cutting nature of its aims. The British Retail Consortium has highlighted that this must be addressed at a central level with town centre regeneration designated to one Department and one Welsh Government Minister. This “would provide clarity and direction and indicate that the Welsh Assembly is taking the future of the Welsh retail environments seriously; it would also provide a recognised communication path for retailers who trade in Wales.”

The Welsh Liberal Democrats would make one Minister in the Welsh government responsible for high streets, to make sure these issues are better co-ordinated across government.

---

32 Enterprise and Business Committee: Inquiry into the regeneration of town centres 2012: BRC evidence
Land Use and Access

The first step to regenerating Welsh high streets is to see them as social ‘places’ rather than ‘routes’. This means a greater focus on making the high street an attractive and enjoyable place to spend time rather than simply on the throughput of traffic and goods, with plenty of amenity space such as a ‘café culture’. It also means ensuring that planners understand the impact of decisions on high streets; the move of businesses and offices from town centre areas to the peripheries has led to a ‘doughnut’ effect in many areas whereby town centres are left as an empty hole bereft of local footfall.

Evidence finds that pedestrians, cyclists and public transport users spend as much in urban centres, if not more, than motorists.\(^{33}\) Research from America found that each square metre of space allocated to cars contributed $6 per hour in expenditure, whereas each square metre of space allocated to bicycles brought in five times as much ($31 per hour). Furthermore, studies in Germany and the UK have shown that pedestrianised areas have the potential to bring about an increase in footfall for retail services of between 20-40%.

Planning for high streets and town centres should therefore focus on encouraging people to visit by foot and by bike, with safe cycling routes, bicycle parking and pedestrianised areas, as well as improving disabled access, to make high streets a more pleasant and safe place to be. However, as changes in shopping habits have seen a greater tendency towards convenience as a key driver in consumer behaviour and studies highlight that car ownership is predicted to rise by 45% by 2030\(^{34}\), planning and transport strategies must also consider a sensible parking policy so that shoppers are not discouraged from visiting their local high street.

Any vision for land use and access within town centres should be developed in conjunction with the community through engagement with Business Improvement Districts, to ensure that these strategies are the most effective possible for all stakeholders within the local area.

---

\(^{33}\) Cycling Embassy of Great Britain: Spend on high streets according to travel mode

\(^{34}\) FSB: Keep Trade Local: Parking
Cycling and Walking

The case for a greater focus on cycling and walking as part of the planning process is compelling; it will produce long-term health benefits, reduce congestion and lower carbon emissions. These will lead to sustained longer-term economic benefits through a reduction in health, transportation and other budgets. It can also play an important role in reviving Welsh high streets as shops benefit from more passing trade and a more pleasant environment.

The importance of cycling and walking to high street regeneration has been emphasised by the Royal Town Planning Institute who stated that it was: “Important to provide a range of transport options to support town centres, with a priority in reducing car journeys. Safe and easy access by walking and cycling must also be a priority to promote, as well as the provision of public transport.”35 A recent report by Living Streets’ concluded that making places better for walking could boost trade by 40%.36

Current planning policy in Wales states that “Development plans should encourage the provision of good access to town and other centres for walkers and cyclists and for public transport, allowing for bus priority measures and public transport facilities.”37 However, often this is not the case in practice, as Sustrans Cymru highlights that: “In strategic terms the impact of town centre regeneration projects on sustainable transport is rarely considered at an early stage.”38

Welsh Liberal Democrats would create a statutory requirement to consider cyclists’ and pedestrians’ needs at an early stage in all new development schemes. This would help ensure that walking and cycling is given greater priority within town centres, to create a more pleasant space that attracts visitors and investment.

35 Enterprise and Business Committee: Inquiry into the regeneration of town centres 2012: RTPI evidence
36 Living Streets: Pedestrian Pound
37 Welsh Government: Planning Policy Wales: Chapter 10 Planning for Retail and Town Centres
38 Enterprise and Business Committee: Inquiry into the regeneration of town centres 2012: Sustrans Cymru evidence
Liberal Democrats support the recommendations of the ‘Get Britain Cycling’ report, including steps to deliver a £10 a head annual public expenditure on cycling within existing budgets. This would allow greater investment in cycling including bike lanes, high-volume secure bike parking, and road safety measures to keep cyclists safe. **Welsh Liberal Democrats would make progress towards the target of a £10 per person per year cycling budget to enhance the impact of the Active Travel (Wales) Bill.**

Based on current population estimates this would have a total cost of almost £31m in the longer term, which would be offset by the level of return on investment for cycling which stands well ahead of other transport modes. Savings would be made on healthcare, both on NHS expenditure and for businesses with fewer sick days; greater passing trade for local businesses; less capital expenditure on road maintenance and repair; benefits from cycle tourism, promotion and manufacturing; reduced costs on measures to reduce carbon emissions; and lower costs for individuals in terms of fuel costs. We would prepare a cycling account to show the overall impact of investment using the ‘City of Copenhagen methodology’ which suggests that: ‘When a person chooses to cycle this is a clear gain for society of DKK 1.22 (13 pence) per cycled kilometre. Conversely, society suffers a net loss of DKK 0.69 (8 pence) per kilometre driven by car.’

**Parking**

Charging for car parking is a controversial subject. On one hand, the availability of short stay car parking is seen as essential to retailers and their customers, discouraging motorists from taking their trade to out-of-town shopping centres which may be more convenient. The Federation of Small Businesses highlights that parking provision can determine where people choose to shop, with 60% of people driving further to an out of town shopping centre because parking is easier. Recent events in Cardigan in West Wales saw custom in local shops increase by up to 50% following damage to the town’s parking machines.

On the other hand, Sustrans Cymru has argued that retailers often tend to overestimate the importance of car-borne trade in terms of footfall by almost 100% and that free parking policies can reduce use of local public transport and result in loss of income for councils.

---

39 All Party Parliamentary Cycling Group: Copenhagen  
40 FSB: Keep Trade Local: Parking  
41 Wales Online: How Cardigan’s experience in free parking should make us reconsider how to help Wales’ struggling high streets  
42 Enterprise and Business Committee: Inquiry into the regeneration of town centres 2012: Sustrans Cymru evidence
Recent research commissioned by the Welsh Government found that people's choices over where to shop are more likely to be influenced by the availability and convenience of parking spaces than by the cost of parking, while a ‘blanket’ free parking strategy does not generally benefit visitors as spaces are often filled by town-centre workers who park all day.43

It is clear that the convenience of out-of-town shopping and often free parking attracts customers away from the high street. Town centres in Wales are losing out to out-of-town shopping centres, whose vacancy rates are below the UK average at 12.7% compared to 14.6% in England and 17.6% in Scotland.44 Car parking can be used as a mechanism to address this imbalance between high street and out of town shopping.

Often out-of-town retailers have a very successful and profitable business model which is not reflected in the comparable business rates between in-town and out-of-town retailers. However there is little scope within the non-domestic rates regime to markedly change how car parking charges may impact on the competitiveness of town centres vs out of town retail parks45 or to make changes to the rateable value of car parks. Consideration should therefore be given to ways in which car parking in town centre areas may be made more accessible.

Welsh Liberal Democrats believe that local authorities should be encouraged to implement a consistent and balanced parking policy that encourages shoppers to use sustainable transport and acts as a constraint on demand for car parking, while providing some capacity to attract motorists to the high street without the stress of searching for a parking space which is polluting and fuel consuming.

43 WalesOnline: Why free parking might not be the answer to Wales' high street woes (5 May 2015)
We would encourage local authorities to offer limited free parking schemes near the town centre, such as in Newport where local two-hour free parking schemes make it possible to pop in by car if necessary, but without turning high streets back into polluted urban highways which are just as damaging for their future prosperity. Funding for such schemes could be secured partly from increasing charges for parking after a limited time to recoup the cost of the initial free period.

Parking must be a consideration within planning schemes; a recent council funded regeneration scheme in Llantwit Major town centre in the Vale of Glamorgan included the provision of free on street car parking in recognition of the need for convenient short stay parking to support the town centre retail offer. The scheme was shortlisted for a Royal Town Planning Institute Award and a town centre appraisal found that both visitors and businesses found car parking in, and access by car to, Llantwit Major were a strength of the centre. The possible introduction of car parking changes in the town was not supported by businesses and 80% of visitors felt it would discourage shoppers.

Improvements to traffic management within town centres has a key role to play in addressing the imbalance in accessibility and convenience of out of town retail parks in comparison to high streets. Welsh Liberal Democrats would utilise High Streets Wales to collect and share best practice of regeneration and traffic management schemes that allow for adequate and convenient car parking.

20mph Zones

20mph speed limits encourage more considerate driving, which leads to safer streets for all road users including motorists, cyclists and pedestrians. They make walking and cycling more appealing as people feel more confident about being on their local streets, in turn decreasing traffic congestion, reducing noise, improving health and increasing opportunities for social interaction. It is considered that businesses benefit from the greater ‘liveability’ of high streets with 20mph speed restrictions, where more people are attracted to shop in safe and pleasant shopping streets.

46 Enterprise and Business Committee: Inquiry into the regeneration of town centres 2012: Vale of Glamorgan Council evidence
47 Vale of Glamorgan Local Development Plan 2011-2026: Town and District Retail Centre Appraisal: Background Paper (September 2013)
Local authorities in Wales currently have wide statutory powers to introduce 20mph speed limits on the roads for which they are responsible as a result of section 84 of the Road Traffic Regulation Act 1984. The Welsh Government provides guidance on ‘Setting Local Speed Limits in Wales’ which includes advice on the circumstances where 20mph zones are most appropriate.  

Welsh Liberal Democrats would strengthen guidance to encourage greater use of 20mph speed limits on high streets, major streets where there are significant numbers of journeys on foot or by bike and areas where there is community support.

---

48 Welsh Government: Speed limits and enforcement
Growth and Investment

Business Rates

Non Domestic Rates (NDR) otherwise known as Business Rates are a property tax paid on non-domestic properties and are the means by which businesses and other users of non-domestic property contribute towards the costs of local authority services. On 1 April 2015 Wales assumed full control of nearly £1bn of business rates and now has competence to introduce reforms to business rates or to replace the tax entirely.

Welsh Liberal Democrats have long advocated conferring greater legal and financial powers on local authorities. **We would examine the potential for local authorities to have control over business rates which could be reinvested to support long-term growth and development based on local need.** This system could be more efficient than contributing to a national pool and would incentivise and reward local authorities that successfully stimulated growth by allowing them to keep the extra revenue that was generated.

**We would also give local authorities the scope to designate town centres and district centres as ‘local footfall business rate zones’ and alter the business rates in those areas, allowing local authorities to be more responsive to changing trading conditions in order to support struggling high streets.**

Tax Increment Financing

While the private sector is the primary vehicle for growth and jobs, it relies on the public sector to create the conditions for business activity in particular through the development of infrastructure. Infrastructure brings greater economic returns on investment than many other forms of capital expenditure, producing a £10 return for every £1 spent, creating jobs,
supporting business growth and enabling physical and social regeneration of local areas. A national Tax Increment Financing structure would give power to local authorities to control local economic growth and renewal of high streets and town centre areas.

**Welsh Liberal Democrats would use Tax Increment Financing to encourage business investment, allow local authorities to invest in major regeneration programmes and service the loans from the additional business rates income that would be generated.** The Welsh Government has so far been resistant to introduce Tax Increment Financing, but with the localisation of business rates, local authorities could undertake such programmes on their own. Local authorities could borrow money for a development, backed by the future business rates that the development will generate. As a package, Tax Increment Financing, together with enterprise zones, present local authorities with an opportunity to help regenerate and develop their local areas and provide much needed jobs.
Conclusion

This report sets out an overview of the problems faced by high streets in Wales. It is clear that Welsh high streets have been suffering economically, with a consistently higher vacancy rate than other areas of the UK. A fresh, innovative and enterprising approach is needed to ensure that our high streets can compete with trends in online and out-of-town retailing and become social and vibrant places once more. The report proposes a combination of policies that put enterprise and small business at their heart to reinvigorate Welsh high streets, borrowing from the most innovative ideas around the world to tackle poverty, inertia and stagnation, when the economic policies have concentrated wealth into too few hands.

Image attributions:

- Front page image copyright artq55
- Bike image copyright freefoto.com
- Betting shop image copyright Jaggery
- Arcade image copyright Colin Smith
- Royal Oak pub image copyright Donar Reiskoffer
- Empty shop image copyright Bill Nicholls
- Queen Street image copyright Mick Lobb
- Red bike image copyright Umberto Brayj
- Out of town shopping centre image copyright Philip Halling
- High street image copyright David Stowell

These works are licensed under the Creative Commons Attribution-Share Alike 2.0 Generic Licence. To view a copy of this licence, visit http://creativecommons.org/licenses/by-sa/2.0/

Community bank image courtesy of Campaign for Community Banking