
**Manchester City Council
Report for Resolution**

Report to: Economy Scrutiny Committee –11 March 2015
Subject: District Centre Update
Report of: Strategic Director, Strategic Developments

Summary

The Committee has requested an update report on District Centres since the previous 2014 Economy Scrutiny report. That report acknowledged the importance of District Centres to neighbourhoods and presented evidence that most centres had weathered the economic downturn and vacancy rates were down since 2009.

This report provides an updated overview of the health of centres and actions to improve them across the City. It considers some of the recommendations that has emerged from national reports on retailing and policies and work at Greater Manchester level, and how they inform future policy development of district centres in the City

Recommendations

- 1 To note the contents of the report and the complementary proposals to further develop City Council policy in this area.
- 2 To consider the proposal to establish a task and finish group made up of representation from this Committee, officers and appropriate private sector partners

Wards Affected: All

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents

are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

District Centre Policy Co-ordination – Economy Scrutiny Committee 5th March 2014

1.0 Introduction

- 1.1 Economy Scrutiny received previous reports on the health of district centres after raising concerns over the impact of some uses, namely, hot food takeaways, payday loan companies, bookmakers, pawn brokers, off licences and shisha bars. The previous report set out the co-ordinated approach by City Council services in planning, licensing, regeneration and neighbourhood management, seeking to deliver vitality and viability.
- 1.2 The results of an updated district centre survey undertaken in 2009 and again in 2013 showed that by 2013 the number of shops (A1 uses) had increased and vacancies had dropped. Despite the increase in total numbers of pay day loan companies, pawn brokers, bookmakers etc, this had not been significant, 13 in all across the City's District Centres. Hot food takeaways increased from 7% in 2009 to 9% in 2013. During this period significant levels of investment had taken place in North City/Harpurhey, Openshaw and Wythenshawe District Centres. Overall district centres had a good mix of uses and demonstrated stronger "vitality" in 2013 that they had in 2009.
- 1.3 Previous reports have explained the national trends in retailing away from the high street to new methods of transactions. The City Council has continued to emphasise the role of district centres through preparation of District Centre Plans to co-ordinate investment, planning, licensing and neighbourhood management. Neighbourhood Regeneration Teams have taken a lead in developing and formalising active business and traders associations. Neighbourhood Delivery Teams have improved links with traders and establishing the Growth and Neighbourhood Directorate has brought together the services most likely to support centres' vitality. It should be noted that many district centres have a complex range of ownership and leasing arrangements and the City Council is not a significant land owner. However, the City Council uses its licensing and planning powers to manage potentially harmful uses and promote positive development. Alongside these the City Council uses its influence through any land assets it has, decisions about locations for public service delivery and district centre management activity to promote healthy centres.
- 1.4 The previous report set out the current planning policies in the Core Strategy C2 District Centre and C10 Leisure and Evening Economy and the need to review the Local Plan to reflect changing retail patterns, further promote a balanced mix of uses and the ability to avoid cumulative harmful impacts, ensuring district centres retain their important role in Manchester. Further work will inform an update of the Local Plan, a think piece by CLES on liveability of district centres, the findings of a Retail Group study into the shopping experience in centres and a planned update of the District Centre Surveys in the summer 2015. In addition, there have been a number of national and GM reports on changes to retail and town centres that can be used to inform policy development.

2.0 District Centres Update and Programmes

- 2.1 The City Council has continued working in a holistic way to support and manage District Centres promoting them as attractive, well-used and well-managed places. The increasing population and future residential growth sites are acknowledged as key to maintaining the sustainability of nearby centres, encouraging more expenditure, and business growth and investment. The City Council is continuing to work to bring forward these sites, in locations such as Harpurhey this is seen as a key driver of demand. District Centres need to adapt to reflect changing demographics so they cater for all residents and their retail needs.
- 2.2 In many centres, cleanliness is acknowledged to be a concern and the City Council's successful Clean City bid and planned deep clean of each District Centre over the coming months will address this issue. The City Council plans to follow this with a campaign explaining to traders the importance of a clean centre, especially to customers' positive perception of a centre and the positive knock on effect on increased dwell time. There is also a key role to be played by landlords, working in partnership with the City Council, to ensure their tenants are taking responsibility for maintaining high standards in our retail centres.
- 2.3 A current research project by The Retail Group examines the shopping experience offered by high streets; the District Centres surveyed include Withington, Longsight, Northenden, Gorton, Openshaw and Newton Heath. This is an ongoing study, surveying the profile, experience and expectation of residents and visitors, plus surveying the shopping experience in individual shops and reporting back to shop owners. It intends to set out a series of actions to increase footfall and encourage repeat custom. The results are expected shortly and teams will share the findings with traders in the centres subject to this study and consider how best to manage the implementation of the recommendations. This study will be supplemented by the City Council's bi-annual survey of District Centres, scheduled to take place this summer.
- 2.4 In some centres District Centre Plans have been developed to guide long term 10 to 15 year growth, elsewhere they are used to identify key issues, opportunities and actions for partners. In all centres the City Council actively seeks to work with traders groups to improve the offer in centres for businesses and customers and seeks to encourage the establishment of partnerships where they do not exist. The City Council is supporting businesses to take responsibility for managing their centres, hosting events and maintaining the standard of the offer and environment.
- 2.5 The successful £20 million Velocity funding will improve facilities and the safety of cyclists across Greater Manchester and benefit the centres of Rusholme, Fallowfield, Withington and Didsbury with a new segregated cycle route and a cycle and ride station at East Didsbury Metrolink stop. This will lead to increased footfall at these centres.
- 2.6 The City Council is working to raise the profile of centres and increase footfall through events such as Small Business Saturday, Christmas Lights Switch on,

festivals etc. The detail of these activities is included in a separate report on the Christmas economy.

- 2.7 It should be noted that as the City Council is the landowner in North City with long leases to Habro and St Modwens respectively. This allows for the development of longer term commitments and Habro and St Modwen's attract retailers and investors in partnership with the City Council. The City Council plays an important role in building relationships with these organisations and shaping growth. Habro and St Modwen's also have robust arrangements in place for the management and promotion of the centres.

North

- 2.8 Over the past year, there has been a significant focus at North City in terms of ensuring that the infrastructure and land available for redevelopment are in place to guide a 10/15 year growth and investment framework. This will further improve economic performance of the centre through a more varied retail and leisure offer, ensuring that the centre maintains momentum and can respond to the area's ongoing demographic change. The City Council has acquired and demolished the former Conservative Club and secured resources for the demolition of the former Bed Centre, which assembles land for new leisure/retail/residential developments., A more formal business network to engage tenants in the whole centre experience is being developed, as is a Christmas Market to attract more shoppers. Clean City resources have been acquired for environmental/behavioural change activities and there will be investment in the Cross City Bus Corridor along Rochdale Rd. All of this builds on the current strength of the centre which continues to have no retail vacancies.
- 2.9 The priorities for the centre are; to complete the District Centre Plan in the Spring with a key focus on widening the retail/leisure offer; using the demolished sites to attract anchor tenants; create more vibrant frontages along Rochdale Rd/Moston Lane; public realm improvements and facelifts; delivery of the Clean City programme; delivering a stronger brand for the centre, and working with businesses/public sector partners through stronger governance arrangements (e.g. Town Team Partnership).
- 2.10 Cheetham Hill District Centre, excluding the modern shopping Precinct, has a unique and diverse offer and is performing well economically. It maintains comparatively high rents and low numbers of voids, despite a relatively high turnover of units. The exception within the District Centre is the modern shopping Precinct which has carried an historical level of voids of around 40% since its construction. There has been a strong focus over the last 12 months to develop a 10 to 15 year Cheetham Hill District Centre plan to guide future investment and growth.
- 2.11 A working draft has been produced and will be completed in the spring of 2015. Priorities for the District Centre are to reduce voids on the Precinct, improve the quality of the wider offer, consider alternative uses such as residential or leisure where retail is poor or unsustainable, address landmark

sites such as the listed former library building and deliver effective, co-ordinated neighbourhood management across both Manchester and Salford boundaries.

- 2.12 Work led by the NRT with the managing agents of the Precinct, Markets and Planning is expected to bring an Asian bazaar operator to the Precinct in the near future which would occupy three large units. There is already interest in additional vacant units should this proposal go ahead, which would have the effect of reducing voids across the precinct to under 10%. Other priorities going forward centre around developing the recently formalised business and traders' network and delivering initiatives associated with Clean City funding and activity. This links to branding and raising the profile and positive perceptions of the District Centre. Another key priority is to promote the relationship between the District Centre and Abraham Moss campus which has benefited from a £35m investment programme to deliver an education and community hub. This will be partially picked up through business network and Clean City activity and will be further aided by High Street Innovation funding which has been secured to produce wayfinder banners and signage to direct users of the campus to the diverse offer of the District Centre and to signpost shoppers to the learning, leisure and employment opportunities on offer at Abraham Moss.

East

- 2.13 In recent years all district centres have secured investment in the form of new supermarkets, a new retail development at Openshaw and public realm improvements at Newton Heath. To sustain and enhance the quality and range of the local offer and maximise local job opportunities key activity has involved engaging and supporting business, improving the local shopping environment and encouraging and facilitating new development / residential growth in and peripheral to the district centre areas. In the future this work will help to form productive relationships with businesses and the development of trader forums through which a collective / partnership approach can be taken to address issues affecting district centres in East Manchester.
- 2.14 A number of programmes are benefitting Gorton, Newton Heath and Openshaw. These include involvement in the Retail Group study, which will provide important support for retailers to improve engagement with and retention of customers. The findings from this study will be fed back to businesses in the next few months. Further business engagements across these centres has emphasised the promotion of retail, merchandising and sales training, one-to-one meetings with businesses and events such as Small Business Saturday. All three centres will benefit from successful Clean City bids. These will be focused on cleanliness of the centres, including deep cleans and improvements to street furniture.
- 2.15 In Gorton, specific efforts are being undertaken to improve the environment on Garratt Way and Hyde Road. Ongoing enforcement activity is being coordinated between GMP and the Neighbourhood Delivery Team to address

parking issues on Hyde Road. The number of traders at Gorton Market has increased, including a new vintage market.

- 2.16 In Newton Heath, environmental improvements are being focused on Old Church Street, including improvements to the library that have been developed through engagement with local people. GMP held a tailored operation in summer 2014 to tackle youth ASB in the centre which was successful and has seen a reduction in ASB incidents. A community led sculpture project in partnership with the Canal and River Trust is due to be implemented in March 2015. Work is being undertaken to assess and promote residential growth and other uses on appropriate sites adjacent to the district centre area that will increase footfall. To this end dialogue with relevant investors and land owners will continue on an ongoing basis.
- 2.17 In Openshaw, a survey of 20 businesses has assessed business needs and an action plan in response to this is being developed. The final phase of the Lime Square development is completed and the owners of Lime Square have been supported to deliver a District Centre Christmas event and promoted a range of retail training available for businesses. To promote residential growth in area that can help to sustain the district centre, successful work has been undertaken with Lovell to bring forward the next phases of residential development for the Toxteth Street sites that will involve the construction of several hundred new family homes.

Central and South

- 2.14 Rusholme continues to be a busy centre, attracting visitors from across a wide area, particularly to its thriving evening economy. Members and officers have worked to support traders and promote the centre. The Rusholme Business Association is growing in membership and is a key partner in developing a range of marketing activities eg; lamp post banners and a new website promoting businesses in the centre. Local residents have generated projects which increase footfall and improve perceptions, such as The Festival of Ideas. There are plans to enhance existing assets, such as Park Crescent and make more links to Whitworth Park. Parking capacity has been increased through better use of on-street and surface car parks. The Velocity investment will improve safety, accessibility and perceptions of the centre. A strong partnership has been established between council officers, GMP, the Licensing Unit, the Fire Service and residents to tackle the challenges of waste, fly tipping, illegal activities and the growing number of shisha bars.
- 2.15 Hulme High Street has experienced growth over recent years with new businesses occupying previously vacant units, and the transformation of the indoor market. The opening of the new MMU Birley Fields Campus; the opening of the UKFast's headquarters and the expansion of Loretto College will increase footfall significantly and the centre is in a good position to provide capacity for business growth. The City Council has made additional investment by relocating Hulme library into the District Centre. This will increase visitor numbers further. Partnership working with traders, sponsors and MCC will continue to promote activity in the centre eg; the Hulme Sprint

Race. There are also Council owned sites located adjacent to the centre which provides opportunities for new development – either commercial or residential – which will benefit Hulme High Street.

- 2.16 Longsight is a busy and diverse district centre, which has benefited in recent years from City Council investment in the Longsight Library and Learning Centre. There has also been a programme of renewing and improving public realm, including the pavements. The market attracts large numbers of shoppers and also hosts major events e.g. the Chand Raat, which raise the profile of the centre. The large number of shoppers and businesses generates its own challenges; waste management and traffic congestion. However, Members and officers are working with businesses to address these neighbourhood management issues. Plans to clean up the centre have been incorporated into the Clean City programme. The Longsight District Centre Plan and Action Plan will be revised once the findings of the Retail Group have been reviewed.
- 2.17 In Levenshulme, Members and officers work closely with Levenshulme District Centre Partnership to market and promote its unique offer. Levenshulme has been the home of a new approach to street markets. A community run market has been successfully established and plans to bring more creative businesses into the market and reinvest profits into supporting the high street, particularly community based projects. The development of a website for “high street” businesses has been funded by the High Street Innovation Fund. The City Council has underpinned this growth with the development of a new £9 million library and leisure centre which will increase the services available to the neighbourhood and attract many more visitors.
- 2.18 Withington has demonstrated resilience during the economic downturn. The recent survey of traders and shoppers by the Retail Group reports positive responses. Withington is a stable centre with a good mix of new and old businesses. Members and officers are working to address some of the challenges presented by the physical environment in the centre. This includes improving access to car parking for visitors; carrying out a major clean up under the Clean City Programme; and improving the public realm. Further residential development in the wider area is expected to underpin further growth in the centre.
- 2.19 Fallowfield is a busy district centre with an offer that largely reflects the large number of students living in surrounding neighbourhoods, which is particularly evident in the night-time economy. The proposed redevelopment of the Owens Park campus by the University of Manchester offers a unique opportunity to improve the design and retail offer of the centre. The redevelopment of the former Orange Grove pub site represents a further opportunity to rebalance the retail and residential offer in Fallowfield District Centre. Because of the nature of the centre, Members and officers have worked closely with the Universities to improve neighbourhood management and address some of the impacts of the large student population on the centre and the adjoining residential neighbourhoods.

- 2.20 Chorlton is the largest district centre in the City and has a strong independent offer. It continues to be a popular and well used centre. It has capacity for long term growth based on the opportunity to redevelop the Precinct Centre site. This was acquired in 2014 by GM Pension Fund who will bring forward proposals for 2018. There has been a range of initiatives led by Members, traders and officers which support the district centre e.g. events such as the arts market and food and drink festivals. Public realm improvements are planned around the Chorlton Precinct, Library and Manchester Road toilets, along with measures to help areas experiencing problems with poor parking
- 2.21 Didsbury is a well established and successful centre. The redevelopment of the former MMU site for family housing and a primary school will help increase footfall in the centre. There is still potential for further improvements to the public realm, and there is also scope for businesses to play a greater role in the centre. Members have asked officers to complete an action plan for the district centre to focus the work of the City Council and its partners in Didsbury.

Wythenshawe

- 2.22 Northenden is a popular district centre which has weathered the recession well. Vacancies have remained low. It has a balance of evening and day time uses and consequently serves both visitors and residents. Members and officers have worked closely with Northenden Business Association to improve the marketing and perceptions of the centre. This includes the introduction of banners to promote Northenden and the recent planting of flower beds to enhance the centre. There are also challenges relating to car parking and the development of vacant sites. However improvements are planned to existing car parking spaces (both on and off road) and development proposals are now being brought forward for some of the key sites in Northenden.
- 2.23 Wythenshawe Town Centre offers evidence of consistent growth over recent years. A number of high street retailers have located within the Town Centre. There has also been recent investment in the market hall. The centre benefits from specialist town centre management provided by St Modwens. In 2014 the extension of the Metrolink service from Chorlton to Manchester Airport via Wythenshawe was opened, improving connections between the centre and surrounding areas. The completion of the new Transport Interchange in 2015 will further increase visitor numbers. There are a range of other potential development sites in Wythenshawe Town Centre (eg; the former Shell UK site) which offer the opportunity to introduce new commercial occupiers, new retail and also significant volumes of new residential development. Many of these are within the GM Enterprise Zone and therefore carry incentives for investors.
- 2.24 West Wythenshawe has established itself as a successful district centre over the last 10 years. It comprises a range of recognised high street chains and includes 2 food stores. There are no vacant units. The centre attracts both local trade and shoppers from the wider south Manchester area. Footfall is

likely to increase in the future given the planned investment in the West Wythenshawe Plan area e.g. Medipark and Roundthorn Industrial Estate.

- 2.25 The City Council's most effective interventions in District Centres in recent years have been as a result of local interventions and strong partnership working with business and trader networks. There has been a particular emphasis on providing support to local businesses as they identify ways to respond to the changing patterns of shopping and other traditional centre activity. Whilst economic challenges and new channels of consumption have undoubtedly put pressure on the High Street, there are encouraging signs that Manchester's District Centres have been able to remain largely relevant to local communities.
- 2.26 The City Council has played an active role in supporting the transition in centre activity and continues to see centres as important places of employment, shopping, leisure and public service hubs. The interim findings of the Retail Group research show a strong commitment from the local community to their centres, with most visitors coming from the locality and being regular users.

3.0 Future Policy Development

- 3.1 Changes to retailing patterns have made the retail environment very competitive. Nationally and regionally, traditional centres have been seen to struggle, particularly as their environment is relatively fixed. The changes in retail patterns are well documented and expected to continue eroding retail provision in centres for the coming decade, the fast rate of change is expected to continue and the new "normal", is for a centre to evolve quickly and its offer to be broader than retail. Although focused primarily on town centres there are important lessons to draw for the City's district centres. A key conclusion from the research, *Beyond Retail: Redefining the shape and purpose of town centres* (see Appendix 2), is the importance of leadership to managing the impact of changing retail patterns on Centres; a new retail model with more online trading; the wider role of centres as locations for jobs, public services and other activities, all increasing footfall and repeat custom. It identifies three types of centres emerging including a localised convenience and everyday needs focused centre, which is characteristic of many of Manchester's centres. It recommends a clear vision from Local Authorities of the position on centres in the centre hierarchy.
- 3.2 Within the above context, there is a programme emerging to update the City Council's policy approach to District Centres. At the Greater Manchester level, work is now underway to prepare a Greater Manchester Spatial Framework (GMSF). Whilst this will primarily address housing and employment issues, it will also set an important context for the role of places in Greater Manchester. The City Council is fully engaged with the GMSF process and will report shortly on a revised timetable for the Local Plan Review. At this time a refresh of the planning policies will be initiated, delivering an up to date

policy response to the issues facing the City, including retailing and District Centres.

- 3.3 As the GMSF develops, it will set the strategic context for Manchester's Local Plan. This offers an opportunity to examine the future of Manchester's district centres within a wider GM context and understanding of sub-regional retail patterns. An existing GM Town Centres paper helps set the context to understand sub-regional retail patterns (see Appendix 3). To ensure that the District Centre review is informed by future changes to retail and investment and responsive to local issues, it is recommended that a task and finish group made up of private sector stakeholders, Members and officers is set up. Reporting to Economy Scrutiny Committee, the group would consider the issues in detail and help inform the future City Council local policy on district centres.
- 3.4 The City Council is fully engaged with the GMSF process and will report shortly on a revised timetable for the Local Plan Review. At this time a refresh of the planning policies will be initiated, delivering an up to date policy response to the issues facing the City, including retailing and District Centres.

4.0 Conclusion

- 4.1 District Centres are an important part of the vision for delivering Neighbourhoods of Choice, they are a focus for commercial and public services and the evidence collected so far shows they are performing relatively well. The character of Manchester's District Centre is diverse, reflecting the wider neighbourhood each one serves. It is expected that the sustainability of centres will be bolstered by rising expenditure as population growth continues and residential investment increasingly brings new residents and greater spending power. The District Centre surveys alongside the Retail Group research and City Council relationships with traders and major land owners gives a fuller understanding of the issues and challenges in centres and offers the opportunity to prepare timely, informed actions, responses and policies. The findings from the Retail Group study will be shared widely to allow lessons and relevant recommendations to be applied by all centres.
- 4.2 Wider changes in retailing patterns continue to be the subject of national debate and research and the City Council keeps abreast of new research. Maintaining the level of intelligence and monitoring whilst continuing to actively engage and invest in all our District Centres has avoided the decline and vacancy levels experienced in other areas of the conurbation and country. The summer update of the District Centre Survey will complement the growing body of evidence about the City Council's District Centres and feed into the Local Plan Review. It is important that this intelligence alongside the opportunity presented by a Local Plan review is used effectively to deliver relevant up to date policy. The involvement of key stakeholders in an active task and finish group, could contribute to ensuring the continued relevance and vitality of Manchester's centres over the next 15 years. This is a positive position to build on, and there are robust plans in place to ensure the City Council supports Manchester's District Centres effectively.

Appendix 1 MCC District Centre Programmes

District Centre	District Centre Plan	District Centre Plan Implementation	Clean City	Traders Network	Retail Group Study	Major Investment	Online Presence
North City/ Harpurhey	Yes (working draft)		✓	✓		✓	Ongoing
Cheetham Hill	ongoing		✓	✓			Ongoing
Newton Heath	Yes	Focus on 4 key areas of activity: promoting residential growth; encourage appropriate commercial and public service investment; neighbourhood management; business support Monitored via ward coordination	✓		✓	✓	
Higher Openshaw	Yes	Focus on neighbourhood management, supporting quality traders in the wider district centre, dealing with vacant and underused sites particularly progressing residential development at Toxteth Street Monitored via ward coordination	✓		✓	✓	
Gorton North	No	Action Plan approach monitored via ward coordination and focussed on: Business engagement and support; strengthening the range and quality of the retail offer; parking; cleanliness and neighbourhood management	✓		✓		

Hulme	No		✓	In progress		✓	
Rusholme	Yes		✓	✓			✓
Longsight	Ongoing		✓		✓		
Levenshulme	Yes		✓	Market Traders Network			✓
Withington	Yes		✓		✓		
Fallowfield	Yes		✓			✓	
Chorlton	Yes		✓	✓			✓
Didsbury	No (awaiting decision on re-use of MMU site)		✓	✓			✓
Northenden	Yes		✓		✓		
West Wythenshawe	No (but included in West Wythenshawe Local Plan)		✓				
Wythenshawe Town Centre	Yes		✓			✓	

Appendix 2

Extract from Beyond Retail: Redefining the Shape and purpose of Town Centres

1. Principal recommendations

Our vision for rejuvenated town centres fit for the future requires:

- > Retail capacity models to be adapted for changing business requirements that will see fewer stores needed as online trade will continue to erode store sales.
- > Greater cross-border co-operation between local authorities to better understand the impact of broader evolving shopper patterns at a local level.
- > Greater engagement with the private sector in terms of developers, investors, landlords and housebuilders to create, support and complete the long-term vision, not least in providing appropriate upskilling and best practice support.
- > Long-term masterplanning to strengthen the retail core, re-configure town centre space and re-use obsolete areas by defining new uses.
- > Proactive use of Compulsory Purchase Orders (CPO) to bring about the scale required for major reconfiguration and regeneration within towns alongside an urgent review of the complexity and costs associated with CPO.
- > Town and city centres to be designated as 'infrastructure', and being incorporated in Government's National Infrastructure Plan.
- > A workable, private sector led Tax Increment Finance (TIF) model which works alongside traditional funding models for town centre redevelopment.
- > Local authorities to take more risk in investing capital reserves now, which can be replenished as the economy recovers.
- > Piloting the concept of a joint venture vehicle and associated high street property fund that will pool land assets and address fragmented ownership.
- > The National Planning Policy Framework (NPPF) to be adopted without ambiguity, further strengthening the 'town centre' first approach to planning policy.
- > Town centres to develop an integrated digital strategy, incorporating mobile, social media and website.
- > A business rate cap at no more than 2% until 2017. Use this period to undertake a full review of the business rates system as a sustainable means of raising money from local businesses to contribute towards paying for local government.
- > The quality, quantity and cost of town centre car parking to be reviewed in relation to free out-of-town provision using national benchmarks and the introduction of innovative and flexible parking policies is encouraged to attract shoppers and other town users during off-peak periods.

Town centres of the future need to move beyond retail and be a vibrant centre for living

2. Executive summary



The Government's response to the Portas Review included a commitment to work with an industry-led cross sector taskforce to look at a broad range of issues that have an impact on bringing commercial property into use or attracting investment to our high streets and town centres.

The taskforce comprises 20 individuals representing retailers, landlords, investors, local government and retail and property sector trade organisations.

25%

of survey respondents referenced unsuitable retail stock and the need for town centre repositioning as a reason for decline

2.1 VISION

Town centres are the hub of their communities.

Town centres of the future need to move beyond retail and be a vibrant centre for living, culture, entertainment, leisure, shopping, business and civic activity. These centres will need to constantly evolve to remain economically vibrant. Local people will be proud of their town centre once again.

Successful town centres in the future will have a clear understanding of their primary functions within the local and regional economy.

Successful towns will move away from a reliance upon retail to the provision of a broader mix of commercial and employment uses, community services, leisure and residential to reposition and reinvigorate high streets and central town areas.

Our future vision for town centres follows five observations, set out below:

1. Further market polarisation will result in three broad types of town centre offer:
 - > Strong, dominant centres offering the widest range of retail, leisure and food and beverage. Accessible centres that provide consumers with an experience, and provide shop units commensurate with retailer demand. Frequency of visits may be limited, however spend and dwell time will increase.
 - > Convenience food and service based centres with an element of fashion and comparison goods. Centres will be supported by strong local leadership, an improved leisure and evening offer, more residential and community support.
 - > Localised convenience and every day needs focused centres. The trend is for the larger basket weekly shop being done online complemented by regular top up visits to smaller local convenience stores. This is being driven by time poor consumers, rising fuel costs, more single occupancy living and better quality convenience store provision from the major multiples. Local shopping is further supported by the ageing population profile, the growth in the number of urban households and more frequent budget constrained shopping.

2. The local authority will have a clear vision of the role and function of town centres within their control and the position of their respective retail offers in the regional retail hierarchy in the 21st century and beyond. This will include the introduction of a broader range of services, residential and commercial uses to revive town centre health.
3. Active intervention on the part of the local authority will be encouraged by a more flexible planning environment, reduced regulation and a mix of new public and private sector funding models, such as Tax Increment Finance (TIF), the use of income strips and the introduction of infrastructure funds investing in town centres.
4. A re-basing of occupational costs, in terms of rents and rates, will encourage an improved retail and leisure mix of profitable multiple and independent operators. This is supported by local employment and new residential development in proximity to the town centre. Provision of more accessible and safe parking facilities, and a flexible approach to car park pricing will assist in a town's ability to compete with out-of-town developments.
5. Technology will be a critical enabler of future town centre relevance and vitality.

Towns have too much retail floorspace

43 million sqm
Retail floorspace provision in England increased by approximately 43 million sqm between 1974 and 2012

2.2 PRIMARY CHALLENGES

Funding

- > Old funding models for retail development, relying on investment from commercial banks, pension funds, life insurance funds or Real Estate Investment Trusts (REIT), sometimes supported by public sector contributions, are no longer fit for purpose. Not least as institutions and REITs have reduced their appetite for these very risky large scale developments which take, on average, around ten years to deliver. Further, there is very limited development finance for real estate. However, given the total economic and fiscal benefit of investment in town centres, benefits that are shared locally and centrally, there is an urgent need to consider mechanisms to bridge the funding / viability gap.
- > The definition of infrastructure needs to be broadened to encompass 'infrastructure of places' to allow town centres to benefit from existing funding sources. As town centres are major concentrations of employment, there should be funding to help develop infrastructure that can unlock development sites.
- > Pro-active local authorities that embrace change require national level financial support to provide access to full or partial gap funding to fulfil ambitions and create successful town centres.

Local leadership

- > A large number of English towns require significant repositioning, redevelopment and large scale, long-term masterplanning to survive and thrive in the 21st century and beyond. Masterplanning this transition requires strong local leadership in order to create the correct regulatory context and facilitate new development and change.
- > Many town centres have too much retail floorspace. The impact of out-of-town supermarkets and retail parks has contributed to a shift in shopping patterns but more importantly the internet and multi-channel retailing will continue to divert trade from physical shops for at least another decade. In future, all but the strong, dominant centres will require a smaller, more focussed retail core.
- > Town centres have become too reliant upon retailing. The town centre function needs to be rebalanced to provide a broader range of alternative functions, including employment, commercial, leisure, community, residential, healthcare and education. Local authorities and public sector agencies have a key role to play in ensuring towns and cities do not lose public and private sector jobs to out-of-town locations, leaving a rotten and decaying core. Independent research organisation Centre for Cities *Beyond the High Street: Why our city centres really matter* report clearly demonstrates that where jobs are located can affect how well a city's economy performs. For example, for retail if a city has more jobs in out-of-town locations, it reduces the number of people who have to come to the city centre



five days a week, so reducing the size of the market that retailers can sell to. And this has been a common pattern across our cities. A total of 37 cities have seen their city centres lag behind the rest of the city in terms of private sector job creation in recent years, with their out of town sites seeing faster private sector jobs growth than their city centre economies. And of this number, 21 cities – a third of all cities – have 'hollowed out', with their city centres losing private sector jobs at a time when their wider economies saw growth.

- > The planning system is failing to provide sufficient flexibility to accommodate the rapidly evolving retail and leisure environment in town centres, which is contributing to high vacancy rates.
- > Current retail capacity models are not fit for purpose. Local authorities need to understand the catchment demographic, evolving consumer shopping patterns and the role of each town centre under their jurisdiction within the new retail hierarchy. Local authorities need to demonstrate cross-border co-operation when assessing retail patterns and setting the retail strategy for their local plans. The work undertaken by the Greater Manchester Combined Authority on retailing across the Greater Manchester sub-region, provides an example of how effective cross-border working can be.
- > Fragmented ownership within town centres is a barrier to regeneration. Local authorities need to take a more pro-active and aggressive approach to using their compulsory purchase order (CPO) powers to facilitate long-term change.
- > Car parking is an emotive issue, but its key role should be to provide easy access to town centre facilities. Accepting that the revenue is important to local authorities, too many car parks are not well managed, not competitively priced or well maintained and can be quite a threatening environment to shoppers.
- > Resourcing within local authorities is an issue, both human and financial. Greater co-operation between the public and private sector is required to assist in the training and upskilling of under resourced councils, together with mentoring and sharing of best practice between parties.

Business rates

- > Retailers' physical occupational costs are, in many cases, prohibitively high. According to the Valuation Office Agency (VOA), shops constitute nearly 29% of all assessed commercial properties, and their total rateable values are 21.4% of the total rateable value of all commercial property. This equates to nearly £6 billion of annual income to the Treasury. By 2015 business rates will be the fifth highest tax by income in the UK, overtaking council tax, and, with a tax rate of around 48% next year, is one of the highest property tax rates in the world. In a multi-channel retail environment, store trading levels are impacted by competing channels. This contributes towards multiple retailers being increasingly selective regarding location and deters new independent start-up retail businesses because of the costs of entry.

Business rates will be the 5th highest tax by income in 2015

£6 billion

Business rates equate to nearly £6 billion of annual income to the Treasury and represents one of the highest property tax rates in the world

Appendix 3

GM TOWN CENTRES PROJECT 2013

Extract from GMCA report 11 March 2013

GM WIDE CONCLUSIONS

Alongside the individual town centre reviews, a GM wide report has been prepared to bring together the conclusions of all this work and assess the implications for GM as a whole. A final draft is attached for approval by the GMCA.

The key conclusions are that:

- town centres within GM operate from different starting positions, the size and scale of town centres differ and each has its own set of characteristic strengths and challenges;
- the growth of e-commerce and multi-channel shopping means that all town centres are currently facing an unprecedented challenge in terms of their retail role and will need to restructure in the face of changing consumer choices and demands;
- a range of activity is now being taken forward within all eight town centres, but more needs to be done to strengthen both strategy and delivery;
- there are key, and distinct, roles for local Districts and the GMCA, with interventions best led at the District level and a supporting role for the GMCA;
- the priority at the Greater Manchester scale should be to enhance the capacity of Districts to deliver by focusing on:
 - Boosting investment for town centre schemes that are closest to being viable, through the current GM Investment Framework
 - Developing a new investment approach for programmes of town centre schemes that have the potential to bring wider benefits to GM and develop a return over the longer term; and
- Finding the capacity and skills to enable rapid delivery on a number of GM wide policies or support measures that strengthen the position of GM town centres against competition.