



Cynulliad Cenedlaethol Cymru The National Assembly for Wales

Y Pwyllgor Menter a Busnes The Enterprise and Business Committee

**Dydd Iau, 6 Hydref 2011
Thursday, 6 October 2011**

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Cynnig Trefniadol
Procedural Motion

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol**Committee members in attendance**

Byron Davies	Ceidwadwyr Cymreig Welsh Conservatives
Keith Davies	Llafur Labour
Julie James	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales
Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Nick Ramsay	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
David Rees	Llafur Labour
Kenneth Skates	Llafur Labour
Joyce Watson	Llafur Labour
Leanne Wood	Plaid Cymru The Party of Wales

Eraill yn bresennol**Others in attendance**

Iestyn Davies	Pennaeth Materion Allanol, Ffederasiwn Busnesau Bach Head of External Affairs, Federation of Small Businesses
Tim Ironside	Cyfarwyddwr Busnes a Rheoleiddio, Consortiwm Manwerthu Prydain Business and Regulation Director, British Retail Consortium
Sue Morris	Masnachwraig Canol Tref, Llandudno Town-centre Trader, Llandudno
Julie Williamson	Masnachwraig Canol Tref, Abertawe Town-centre Trader, Swansea

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**National Assembly for Wales officials in attendance**

Siân Phipps	Clerc Clerk
Meriel Singleton	Dirprwy Glerc Deputy Clerk
Ben Stokes	Gwasanaeth Ymchwil Research Service

*Dechreuodd y cyfarfod am 1.12 p.m.
The meeting began at 1.12 p.m.*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions

[1] **Nick Ramsay:** I welcome Members, witnesses and members of the public to this afternoon's meeting of the Enterprise and Business Committee. The usual housekeeping arrangements apply. The meeting is bilingual, and headphones can be used for simultaneous translation from Welsh to English on channel 1 or for amplification on channel 0. The meeting is being broadcast and a transcript of the proceedings will be published. I remind people to turn off their mobile phones and other electronic equipment, and that there is no need to touch the microphones, because, if all goes well, they should operate automatically. In the event of a fire alarm, please follow the directions from the ushers. We have received no apologies for this meeting and therefore there are no substitutions.

1.13 p.m.

Ymchwiliad i Adfywio Canol Trefi: Sesiwn Dystiolaeth Inquiry into the Regeneration of Town Centres: Evidence Session

[2] **Nick Ramsay:** It is a great pleasure to welcome to the meeting our witnesses for this afternoon's evidence session. We have present Iestyn Davies, who is head of external affairs for the Federation of Small Businesses, Julie Williamson, who is a town-centre trader in Swansea, and Sue Morris, who is a town-centre trader in Llandudno. I think that I have got that right. Thank you for the written evidence that you supplied. As you are aware, we are following through with our inquiry into town-centre regeneration in Wales, so all evidence is helpful. We have a number of questions for you, but, before we start with those, would you like to start with an opening statement?

[3] **Mr Davies:** Yes, simply to thank you for the opportunity to be part of the evidence-giving session and also to thank my colleagues, who are members of the FSB, for giving of their time to be with us today. You have done a good job, Chair, of introducing the members so I will not reiterate that. We have three key areas that we feel have been partly addressed by the questions that have already been considered by the committee, and they are the role of planning, business rates and, as Members might be aware, our call for a retail strategy for Wales to address some of the issues that you have no doubt come across during your evidence-taking sessions. We are keen to see town centres not just as retail destinations—places where retail happens—but also as places where businesses can thrive and grow, and our evidence is given in that context. Our evidence has a summary and a methods statement, so I will not go over them again. So, I just want to thank you for this opportunity and say that we look forward to taking your questions.

[4] **Nick Ramsay:** Thank you, Iestyn. Would you like to add anything to that, Julie or Sue, or are you happy to go straight into questions? I see that you are happy to go straight into the questions. The first question is from Eluned Parrott.

[5] **Eluned Parrott:** Thank you for coming along today. Will you give me an overview of the main challenges faced by your members in the retail sector who operate in town centres in Wales at the moment?

1.15 p.m.

[6] **Mr Davies:** We will refer to our members in a moment. These are difficult times; all indicators show a reduction in footfall and in the amount that is being spent on the high street. There are clear challenges. As a result of the ever-expansion of out-of-town shopping centres, multiples of global brands are taking footfall outside of town centres.

[7] **Ms Morris:** I agree with everything that Iestyn has said. On top of that, we have parking problems and problems with getting people to come in. It is all very well to talk about transport systems, but if you live in a rural area you cannot get into town. If you are an older person, you cannot travel on a bus with four or five shopping bags. We need facilities where people can come and go as they please.

[8] **Ms Williamson:** Some towns—Swansea in particular—have awful problems with roadworks and traffic congestion. Swansea also suffers, as do other towns, with offices also moving out of town. It is not only to do with out-of-town retail developments. When offices move out of town, it leads to a lot less footfall during lunchtimes. That has made a terrific amount of difference.

[9] **Eluned Parrott:** So, the Assembly should be in the city centre, in other words. Focusing on that, I recognise that the FSB is a UK-wide institution and some of the issues that you have raised, to a large extent, have been UK issues. Are there any issues that you think are specific to Wales, or are there any particular challenges in Wales?

[10] **Mr Davies:** The topographical nature of Wales—some would say the ‘tribal nature’ of Wales where established patterns are associated with specific areas— can compound what are fairly global, if not UK-wide, challenges that retail faces. In that respect, there needs to be a response from Wales, which is why we welcome this inquiry. We have touched on planning; there is a feeling among our members, and among others from local government that I have spoken to, that they often do not have the sufficient strength to force through planning that is in favour of small, indigenous businesses. They feel that stronger guidance from the Welsh Government would help to address the specific needs of more sustainable communities, in terms of economic and environmental sustainability, where people can work, thrive and do business.

[11] **Eluned Parrott:** One matter that you noted in your paper is that the evidence that you collected from your members demonstrated a mixed record of success in delivering regeneration around Wales. Could you expand on that and give us some examples of good and bad practice?

[12] **Ms Morris:** My home town is Llandudno; that is where my business is located. From my experience there, good work has been done; a brand new bridge was built, which was important for the town, and there has been work on an art gallery that was in a poor state of repair. However, that has all been to do with buildings and regeneration outside of the town centre. It is as if the town centre itself has been left to get on with things. There is a new retail park, and it is as if the independent businesses that are left in the town centre have been told, ‘This is your town, you do something with it’. With the lack of footfall and everything else, we are at the end of our tether. We need people with money to come in and do things. We do want to do things. Colwyn Bay, down the road from Llandudno, has received a large sum of money to re-do its coastal defences, and big leisure facilities are being put in as part of that. That is a really good thing, but it does not change attitudes or change the type of people who will be left there at the end. It will go back to the way it was. There has not been enough involvement from local people, so they have not taken ownership of it. This is something that the Welsh Government is doing. People are not being involved—not completely.

[13] **Eluned Parrott:** So you feel that the problem with the regeneration work that has been done is that, because it has been owned by a parent, such as the Welsh Government, local people do not feel that it belongs to them.

[14] **Ms Morris:** Yes, that is right.

[15] **Mr Davies:** There are some good examples of hard regeneration. There are many towns across Wales where you can see pavements being dug up and cobblestones put down—all those aesthetic differences. However, we have been having discussions with people in Swansea about some soft regeneration options so that there is programmed activity. Again, there is evidence, which we have cited, from the membership that that can work and be successful. The danger is that it can be very hit and miss and occur only in specific parts of towns—you address one area and fail to address another. Those are some of the experiences of Swansea, in particular.

[16] **Ms Williamson:** Yes, that is right. It is probably quite easy for people in other parts of Wales to look at Cardiff and see how fantastically it has been built up over the years, and feel that they do not receive as much help as Cardiff. Swansea obviously has its own problems, and they seem to be concentrated in one particular area, the High Street area. There are obviously attempts to address that. However, with regard to these out-of-town shopping developments, which are pretty glossy, I would ask what happens with the ageing population. As I am getting on myself, and with not an awful lot of years left of driving, I wonder what happens to people who do not have cars. That has not really been looked at as much as it should have been.

[17] **Nick Ramsay:** We have a question on sustainable transport. I wonder whether it would be wise to ask that now. Julie James, would you like to deal with that? Then I will bring Byron Davies in to ask his question.

[18] **Julie James:** Yes, sure. Your paper includes a short paragraph on the importance of sustainable and integrated transport. I suspect that this is a double-edged sword. You talk about incentives to use public transport. I suspect that you are putting it in the context of encouraging people onto the buses rather than penalising people for using cars. Is that right?

[19] **Mr Davies:** Indeed. I think that we all recognise that we want to move towards a more sustainable transport infrastructure, but we are not there yet. In the time that it will take us to get there, there is a possibility that large parts of our retail footprint in Wales will be lost. So, we have to manage that with a two-track approach. What we would say is that, shopping in town centres, with their existing investment in infrastructure—train stations, bus stations and existing car parking—is, by its nature, more sustainable than multiple journeys over a longer distance to out-of-town developments. So, although we are supporting the use of the car and car parking as something that will ameliorate the current problem, we are mindful of the longer term aim to be much more sustainable in our use of transport. However, we are not there yet. We are where we are, and we need to address that.

[20] **Julie James:** I will put the same point to you as I put to a previous witness. I was on the continent over the summer, as many of us were. I was very struck in one town that I visited by the carry-to-car or carry-to-bus system that they had. You could go around the little retailers and buy your packages, and they used bicycles to deliver these to the local train station or the car park. Do you think that such schemes would work in any of the town centres?

[21] **Ms Williamson:** Yes. I think that it has been suggested in Swansea to have three pick-up places. I am not quite sure how the whole scheme would be implemented. I do not think that they have really thought about that yet. However, it is being sorted out.

[22] **Julie James:** Going back to the public transport issue, I am sorry to talk about Swansea, but there is quite a big public transport infrastructure in Swansea. However, my understanding is that that has caused some problems. Do you want to comment on that?

[23] **Mr Davies:** How long have you got? [*Laughter.*]

[24] **Ms Williamson:** Are you talking about that big thing—

[25] **Julie James:** I think that it is called the FTR. That is not what the locals call it. *[Laughter.]*

[26] **Ms Williamson:** That is where the problems started in the middle of Swansea, five or six years ago. Half of the city centre had to be dug up to accommodate the new buses. It is dangerous. The traffic levels and the one-way system have stopped people from coming into town. It has meant that people from west Wales bypass Swansea and go to Cardiff, and you can understand why they do so; they do not come into the city centre. It is dangerous and it means that many people have not come back in, even after the roadworks were completed. The levels have not gone back to what they were. Had the whole thing worked properly, and if the bendy bus was well supported and working successfully, I could understand it, but that is not the case. That is the difficulty.

[27] **Byron Davies:** I am a great advocate of sustainable transport, as I am sure we all are. You mentioned the topography of Wales earlier; sustainable transport is almost impossible in light of that, is it not?

[28] **Mr Davies:** It is. We have to recognise that, in spatial terms, there are parts of Wales that historically and traditionally have been places where you go to do your shopping—particularly your Christmas shopping. I remember, as a young lad from Merthyr, going to Swansea; for some reason, we did not go to Cardiff. There was a key commuter route across the Heads of the Valleys. We did not go to Pontypridd, because it was too posh. *[Laughter.]* There was a sense that there was a particular place where we went to do our shopping. Those patterns are changing, and we have to recognise that. The journey time between Carmarthen and Cardiff is a lot shorter than it was 50 years ago, and they are also culturally closer now.

[29] The FSB does not say that time needs to stand still or that we need to turn the clock back so that things are the way they were 30 or 40 years ago in relation to our transport infrastructure or, indeed, in what we expect from our town centres. In fact, we are saying that there needs to be a new role for town centres beyond Cardiff, Wrexham or, in some respects, Swansea. There are areas that would probably say the same about Swansea that it says about Cardiff. We are looking for a new lease of life, a new impetus behind the role of towns as hubs and as areas to travel to—not just as retail areas, but as leisure areas and business districts. So, the idea that everyone from the south Wales Valleys commutes to Cardiff, or that people travel across north Wales, and so on, is addressed. How many more thousands of people can go in that direction—in south Wales, east Wales, or west Wales? We need to have sustainable communities in Wales.

[30] **Keith Davies:** A oes gennych bryderon am y cydbwysedd rhwng adeiladau preswyl, adeiladau manwerthu ac adeiladau masnachol yng nghanol rhai o drefi Cymru? **Keith Davies:** Do you have any concerns about the balance between residential buildings, retail buildings and commercial buildings in some town centres in Wales?

[31] **Mr Davies:** Yn gyntaf, hoffwn ddweud bod y rhan fwyaf o'r trefi yr ydym yn sôn amdanynt bellach yn ardaloedd manwerthu yn unig. Maent wedi esblygu i'r sefyllfa honno. Mewn rhai mannau, mae amryw fusnesau, gweithgaredd masnachol a chwmnïau manwerthu. Fodd bynnag, yr oeddem yn trafod cyn dod i'r cyfarfod y ffaith bod tipyn o her yn wynebu'r ardaloedd **Mr Davies:** First, I would like to say that most of the towns that we are talking about are now solely retail areas. They have evolved into that position. There are examples where there are a variety of businesses, commercial activities and retail companies. However, we were talking before coming into the meeting about the fact that retail areas face a substantial challenge in

manwerthu dim ond i ganolbwyntio ar yr agwedd honno ar hyn o bryd. Nid yw hynny'n golygu nad ydym am weld datblygiad mewn mannau eraill o'r farchnad, ond mae angen canolbwyntio ar fanwerthu ar hyn o bryd. Mae hyn yn wir yn arbennig lle mae ffin bendant rhwng economi'r nos ac economi'r dydd. Mae busnesau yn encilio o ganol y dref gyda'r hwyr. Nid yw hwn yn ymchwiliad i ba mor ddiogel yw canol trefi neu bentrefi arbennig gyda'r hwyr. Mae cwestiynau eraill i'w hateb o ran hynny.

concentrating only on that aspect at present. That does not mean that we do not want to see developments in other parts of the market, but there is a need to concentrate on retail at present. This is particularly true in areas where there is a definite separation between the night-time economy and that of the daytime. Businesses are withdrawing from town centres at night. This is not an inquiry into how safe it is to be in certain town centres or villages at night. There are other questions to answer in that respect.

1.30 p.m.

[32] **Keith Davies:** Pe bai mwy o adeiladau preswyl yng nghanol y dref, oni fyddai pethau yn fwy diogel yno?

Keith Davies: If there were more residential buildings in the centre of town, would it not be safer?

[33] **Mr Davies:** Yr ydym yn cytuno â hynny yn y bôn, ond mae her bendant o ran newid natur y tai a'r ardaloedd preswyl sydd ar gael yn y rhan fwyaf o drefi sydd bellach yn ardaloedd manwerthu. Mae eisiau edrych ar hynny, ond ar hyn o bryd, mae hen ddigon i'w wneud o ran manwerthu mewn llawer iawn o leoedd.

Mr Davies: We agree with that in essence, but there is a definite challenge with regard to changing the nature of housing and the residential areas that are now retail areas. That needs to be looked at, but there is more than enough to do at the moment in terms of retail in many places.

[34] **Keith Davies:** Ar ddechrau eich cyflwyniad, soniasoch am dri phwynt, ac un ohonynt oedd pa mor bwysig yw cynllunio ar gyfer adfywio canol dref. Os oes strategaeth gennych, mae mwy o obaith y byddwn yn cael ateb da i'r broblem.

Keith Davies: You mentioned three points at the beginning of your presentation, one of which was about the importance of planning for town centre regeneration. If you have a strategy, there is more hope of a good outcome.

[35] **Mr Davies:** Yn sicr, mae eisiau gweld hynny, ac mae eisiau deall hefyd effaith ardrethi busnes ar hynny. Os oes defnydd gwahanol o adeilad y tu mewn i ardal manwerthu, mae eisiau edrych ar effaith a ffocws ardrethi busnes hefyd.

Mr Davies: Certainly, we need to see that, and we also need to understand the impact of business rates on that. If the use of a building changes within a retail area, the impact and focus of business rates also needs to be looked at.

[36] **Keith Davies:** Yr wyf yn derbyn hynny. Beth am y pwerau statudol sydd gan y Cynulliad neu'r awdurdodau lleol? Faint o help fyddai pe byddem yn gallu newid Deddf neu rywbeth?

Keith Davies: I accept that. What about the statutory powers that the Assembly or local authorities have? Would it help if we could change an Act or something?

[37] **Mr Davies:** Yr ydym yn credu bod angen edrych ar hynny. Yr ydym braidd yn siomedig nad yw cynllunio yn fwy amlwg yng nghynllun gwaith y Llywodraeth. Byddem yn croesawu pe bai modd o edrych yn statudol ar ardrethi busnes a defnyddio'r pwerau sydd gan y Cynulliad bellach er lles

Mr Davies: We believe that that needs to be looked at. We are rather disappointed that planning does not feature more prominently in the Government's action plan. We would welcome it if there were some way of looking statutorily at business rates and at using the powers that the Assembly now has to the

hynny.

good.

[38] **Byron Davies:** With regard to business rates, you mention in your submission that larger out-of-town retailers could be used to subsidise smaller businesses, which could see a reduction in their business rates or have zero business rates for a period, or that the burden of business rates could be offset by offering greater free parking facilities. What do you think of the Welsh Government's approach to town centre regeneration in recent years?

[39] **Mr Davies:** That is a loaded, potentially politically levelled question. [*Laughter.*] The evidence that our members are giving—I am sure my colleagues from the membership would agree—is that there is a degree of political will to do something about town centre regeneration. Whatever party you come from, there is an acceptance that a preponderance of out-of-town development does not favour sustainable communities. Irrespective of your position, that is the case. However, when I have asked these questions, many of our members have said, 'What has the Government done for us?' Questions are being levelled. Whether that is just general cynicism towards Government and Government intervention I do not know, but they are questions that are asked on a regular basis.

[40] **Byron Davies:** I realise that it is a difficult point.

[41] **Mr Davies:** Was that a diplomatic answer?

[42] **Byron Davies:** Yes, it was very diplomatic. Perhaps I could put it this way: what have you done to address the issue?

[43] **Mr Davies:** We meet with the relevant Government departments; we have a fairly full, frank and open relationship with Government in terms of its role as the Executive and the wider governance function of Members. We are prepared to be critical where we need to be, and the observations that we have made about the current lack of direction in the proposed amendments to planning reflect that. We have highlighted the fact that there currently does not seem to be a commitment to look not only at business rate relief but also possibly at a new form of business taxation or business charging that focuses on value for money and helping businesses to grow their turnover, rather than on what can be an arbitrary valuation of a building. Sue's experience in north Wales highlights the point about rateable value.

[44] **Ms Morris:** I am lucky enough to have a gift shop in the middle of Llandudno—well, not quite in the middle; I would love to be in the middle. However, because the rents are high, the rates are particularly high. The two businesses either side of me are small one-man shows—one is a small jewellery shop and the other is a sweet shop—each takes only one person to run them. The nature of their business means that turnovers are quite high, but they pay no rates, because they are below the threshold. However, the nature of my business, which is Welsh gifts, means that turnover is quite low, but my rates, because I have a building on a good corner, are quite high. In the example mentioned in the paper, that extra £500 per month is worth a part-time member of staff that I could desperately do with. Quite honestly, I do not like paying for the facilities of the two businesses either side of me. I am paying their bills for them, when it comes to local government, street lights and road sweeping. I feel as if I am being penalised. That is a personal thing, but I can give you similar examples from across north Wales of businesses with exactly the same problem—not just in retail, but in office blocks and things like that, where some have facilities that others have not, and they are penalised through the rates system.

[45] **Mr Davies:** To go back to your question about what we can do to engage, yes, we are prepared to sit on committees and discuss and reflect on policy, but also we feel that we would like an opportunity to offer some alternative ways of looking at complex issues such as business rates. The final point is that we have called for a retail strategy for Wales to draw

together a lot of these strands—and I do not mean exclusively retail; it comes back to this issue of how you have sustainable business and residential districts within our town centres. We have engaged, and we have a history of engaging at the FSB, since the start of devolution. Many people have sat in roles similar to mine and engaged, as have Members, but we would like to take the agenda forward now with some specific asks, and business rates is one of the things that we would like to look at—not just business rate relief, if I can draw a distinction between the two.

[46] **Nick Ramsay:** David Rees is next, and then Julie James.

[47] **David Rees:** My question has been covered.

[48] **Julie James:** I just wanted to explore the business rates thing again. This is something that we have explored locally with Julie, and the complexity of the UK Government's business rate scheme, with its bandings and its five-year rollover, coupled with the complexity of the Assembly rate relief scheme, and so on, is, I agree, baffling. I had quite a job working my way through the excellent paper that the research service gave me, but it is not an easy thing to understand. This is probably an impossible question, but are you aware of a scheme anywhere else that works better? Part of the problem is the devolution settlement, and the fact that this issue is not devolved to Wales, so you have the complexity of two levels of Government as well as local government, which is a major problem, leaving aside the business rates scheme itself, which is probably too political to get into here. Are you aware, through your contacts, of any other legislations or jurisdictions that do it better? That is part of the problem—we may need to start again.

[49] **Mr Davies:** I think that that is the case, is it not? We discussed this at quite some length recently at our Welsh policy unit meeting, which occurs every two months to try to address issues of the kind that you have raised. What we have said is that we are fairly agnostic as to whether an income-based or property-based tax is better at this point, but there has to be a better alternative out there. The comments that we have had from colleagues in Scotland are that this falls within the devolved set-up there, so there are more similarities, but that does not necessarily make it any better. There are inherent weaknesses in the way that we construe and construct our understanding of rateable value and business rates. We prefer to think about this in terms of business taxation, which includes everything from corporation tax to personal taxation, capital gains tax and, indeed, business rates, so that you are looking at the impact that this patchwork of different forms of taxation has on individual traders and businesses. That would be where we would like to go: to look at that and the impact that it has on business, along with the value it provides to the economy of Wales, so that we are not looking at how much it would cost me to pay my business rates, but what value I and the rest of the economy would get. For us, as the FSB, it is all about value. We are familiar with the GVA figures for Wales, and the fact that they have been chosen as the common indicator, and they have been in decline for a long time, so we are concerned about how we can grow and increase value—value for individual businesses, but also for the Welsh economy.

[50] **Julie James:** If you would indulge me with one more sentence, this committee will obviously try to produce a report that is of some use in guiding the Government as to its strategy in the future, but we may have to do it in three parts: what we can do with the current devolution settlement; whether asking for anything else would make a difference; and, perhaps, whether we should go in a completely different direction. So, it would be useful to have feedback at a later stage on three of those issues, because we can only do what we can do. We cannot change UK law, for example.

[51] **Mr Davies:** Not yet. [*Laughter.*] We would not want to be drawn into that discussion on whether you should or should not—

[52] **Julie James:** I was not suggesting that. I was suggesting that it would be very useful to know from stakeholders what we could do now, what they would like us to do, or whether we should rip it all up and start again.

[53] **Mr Davies:** That is possibly a conversation for a later date. We are currently commissioning our own research to look at the best place to do business in Wales in terms of value for business rates, so that we can understand it in terms of value rather than just in terms of cost.

[54] **Alun Ffred Jones:** I droi at lywodraeth leol, pa feirniadaeth a gawsoch gan eich aelodau ynglŷn ag agweddau llywodraeth leol tuag at eich sector mewn perthynas â chanol trefi? Beth ydych yn meddwl y gall llywodraeth leol ei wneud er mwyn hyrwyddo eich busnesau yng nghydestun canol trefi?

Alun Ffred Jones: Turning to local government, what criticism have you had from your members about the attitudes of local government towards your sector in relation to town centres? What do you think local government could do to promote your businesses in the context of town centres?

[55] **Mr Davies:** I will ask one of my colleagues to talk about their personal experience and what they feel local government could do for them and their members.

[56] **Ms Morris:** Speaking for north Wales, and mostly for Conwy, I think that Conwy County Borough Council has an idea about small businesses. Yes, they were very affluent 20 or 25 years ago; they had money to burn and they made a good living, but it is nowhere near true now. Most small businesses are on the brink—they are there because they can do nothing else. Legislation has added a burden of rules and regulations, employment laws and everything else. I know that that is outside local government's remit, but local government's attitude is that things are exactly the same as they were 30 years ago, and that small businesses and town centres are fine; they are still there, so there is nothing the matter. All they notice is one or two empty shops. In extreme cases in parts of north Wales, there are ghost towns, but there are pockets everywhere. It is a domino effect, and it will cascade and collapse completely, and very soon. The message needs to get across to local government that this is a hard life for retailers or for anyone who lives and works in the town centre, as many people in north Wales do—that is the way the towns were built. That is my personal opinion from north Wales.

[57] **Ms Williamson:** Each local government differs. For instance, Newport—which Iestyn probably knows better than I do—is totally different to Swansea, Llanelli and west Wales. In Swansea, which I am very involved with, as Julie James knows—she instigated this—the local government has started to have very regular meetings with us in the past five or six months. It is acknowledging the fact that we need to do something, and it is trying—we are all trying as businesses—to update the whole city centre. That is more the case there than perhaps in the other cities. I am not so sure that local government would have been so active, but it has pushed forward because it has realised that it must address the issue, as it has become a priority. Otherwise, things will become very much worse in Swansea.

1.45 p.m.

[58] **Mr Davies:** Mae gwahaniaeth mawr, ac yr ydych wedi sôn eisoes am rôl BIDs, ac a ddylai BIDs neu lywodraeth leol arwain ar adfywio yn yr ystyr hwn. Yn y bôn, nid wyf yn credu bod llawer o ots gan fusnesau bach am hynny, dim ond bod rhywbeth yn digwydd a bod newid yn cael ei greu. Felly,

Mr Davies: There is a big difference, and you have already mentioned the role of BIDs, and whether BIDs or local government should be leading on regeneration in this regard. Essentially, I do not think that small businesses mind either way, as long as something is happening and change is

yr ydym yn eithaf agnostig ynglŷn â BIDs; dim ond un sydd gennym yng Nghymru ar hyn o bryd, a deallwn bod ail un ar fin dechrau ym Merthyr. Yr ydym wedi clywed o'r Alban bod modd ychwanegu yn hytrach na dyblygu yn unig yr hyn sy'n digwydd yn barod gan yr awdurdod lleol, a dyna ddylai rôl BIDs fod, sef ychwanegu rhywbeth newydd at yr hyn sy'n digwydd yn barod.

brought about. Therefore, we are quite agnostic about BIDs; we only have one in Wales at present, and we understand that a second one is about to be established in Merthyr. We have heard from Scotland that it is possible to add to what is being done already by local authorities, not just duplicate it, and that should be the role of BIDs, namely to add something new to what is already happening.

[59] Mae rôl bendant o hyd gan lywodraeth leol yn nhermau seilwaith a thrafnidiaeth, ac, felly, rhaid iddi gymryd yr awennau ar y lefel honno. Hefyd, wrth gwrs, mae ganddi rôl yn amlach na pheidio yn nhermau rheolaeth y trefi—*town-centre managment*—a phethau felly. Mae'n bwysig felly ei bod yn llawer mwy *business-like* ac yn fwy masnachol yn y ffordd y mae'n ystyried ac yn helpu busnesau lleol i ddod at ei gilydd i weithredu rhyw fath o *department store mentality* o fewn y pentref neu'r dref. Arweiniod ar y cyd gyda busnesau sy'n bwysig; ni ddylem golli llawer o gwsg ynglŷn â beth yw'r dull dros wneud hynny.

Local government still has a specific role in terms of infrastructure and transport, and, therefore, it must take the lead on that level. Also, of course, it has a role, more often than not, in terms of town-centre management and such issues. It is important therefore that it is far more business-like and commercial in the way that it considers small businesses and assists them in coming together to operate some sort of department store mentality within the town or village. It is leadership with the businesses that is important; we should not lose too much sleep over the mechanism for doing that.

[60] **Nick Ramsay:** Julie James, I think that you want to ask some questions on structural funds.

[61] **Julie James:** Again, this question is around the funding, pump-priming and all the rest of it, which we have already been discussing. Do you think that there has been an effective use of structural funds in the convergence areas of Wales, have any of you been involved in any of that, and what is your general view of how structural funding has worked, or if it has worked, in the convergence areas?

[62] **Ms Morris:** There used to be a large one in north Wales, and that is where most of the money has gone: to Rhyl, Colwyn Bay and along there. However, as I said earlier, it is not being owned by the local people; it is just work that is being done by the Government.

[63] **Mr Davies:** With regard to convergence funds, structural funds, Objective 1, 2 and 3 and the various regimes that we have had, and will probably have in the future, there has generally been a reluctance to engage with the private sector. Both Government and the third sector have been the chosen delivery mechanisms for working with structural funds. Again, why that is the case is a conversation for another day. It tends to add to the sense of isolation that private enterprise and business has from a lot of these large-scale development initiatives. The danger is that it becomes an 'us and them' scenario. We do not want that; we want close, co-operative working. Many business people are choosing proactively to be part of their local communities against, almost, the prevailing wind of the economy and are choosing, often at their own expense, to stay and are rooted and grounded in their communities. So, if they are not being used to deliver the kind of benefits that structural funds should be giving us, then there is probably something wrong.

[64] In terms of the impact of structural funds, many of the infrastructure projects have helped, as I mentioned earlier, to shorten the travelling time between various places. It is a lot

easier now than it has ever been to commute from the top of the Cynon Taf and Merthyr Valleys to Cardiff, and across the A55 out of Wales towards Chester, and, indeed, towards Wrexham and the out-of-town development areas. That probably was not what was intended when a lot of structural funds and capital investment was put into these big communication routes, but that has been the consequence. We will never undo that; we will never turn it back, so we now have to do something new with those areas, and any future structural funding should look at doing what can be done better and in a new way.

[65] **Julie James:** Just to follow that up, I am aware that the structural funding and ERDF funding generally, which is available outside the convergence areas anyway, has been very much public-sector run and dominated, if you like, in Wales. However, the private sector can access those funds, but generally does not. Is that as a result of a lack of awareness, a lack of will or a lack of time?

[66] **Mr Davies:** Observations have been made to me about other forms of funding, such as heritage-based funding, and many small businesses would say that the routes you have to go through in order to access the funding are quite Byzantine. So, yes, there is a role for intermediaries. However, an intermediary needs to be just that: a means of getting that funding, whatever the source, to the end-user. In this context, the end-user would predominantly need to be a private business or enterprise. We need to get over the cultural barrier between the private and public sectors in Wales. That has to come to an end. As I have said once or twice already today, my experience in recent months has been that private enterprises and businesses are often the most committed and dedicated champions of town centres and local communities.

[67] **Eluned Parrott:** I would like you to clarify something that you said, which was that infrastructure investments such as those in the A55 and the A470 to Merthyr have taken money out of those areas but not brought any back in. Is that genuinely your view?

[68] **Mr Davies:** I will give a non-politician's answer: 'yes'.

[69] **Eluned Parrott:** Okay, thank you.

[70] **Ms Morris:** I would like to add to that. We are very reliant on tourism in north Wales. The A55 brings tourists in, but whoever planned it and built it in the first place did not plan for the future. It is totally inadequate and very poorly constructed. So, it is stopping visitors who could have come in and who would help to redress the balance. It is a barrier in north Wales.

[71] **Kenneth Skates:** My question is about business improvement districts. We have heard a lot about BIDs today. Previous witnesses were quite positive about them, but I note that, in the evidence that you have provided, you say that two of your members have had a negative experience in relation to the Swansea BID. Why has that experience been negative, and do you think that BIDs could be used effectively in other parts of Wales, particularly in towns and places smaller than Swansea?

[72] **Ms Williamson:** It is certainly possible. The reason why we have had quite a lot of negative thoughts about BIDs among our members is because although things have improved in the last year or so—there is more activity that has helped the whole city—prior to that it seemed to be centred on particular little areas, such as the night-time area. That had no impact at all on retail. Although the situation is improving, the people who have had these negative thoughts are maybe thinking that the BID does not really affect or help them. It is compounding the effect of business rates as far as they are concerned. They just feel that it is yet another amount to pay, and they cannot seem to differentiate between them. There are baselines with business rates, and BIDs are meant to be above that, for other services.

However, it is very difficult at times to work out what value there is in them.

[73] **Mr Davies:** To reiterate, we are agnostic about BIDs, simply because there is only one example in Wales that we can look at. It would not be fair to those involved there to say that you can draw a conclusion from it, isolate the particular challenges that Swansea faces, and say that BIDs are a success or failure. It will be interesting to see what happens in Merthyr as its BID progresses over the next weeks and months.

[74] **Kenneth Skates:** Have you proactively engaged with your members to exchange information about BIDs and to offer them information about their potential benefits?

[75] **Mr Davies:** Locally, that has been the case in Swansea. We have also looked at comparisons with Scotland. There is a great deal of evidence in Scotland that, where they add value and add something that a local authority cannot provide, they are respected and valued. Where they are just adding an extra levy and duplicating what you would expect the local authority to provide, they are not welcome. I believe that you also mentioned the question of size. I walked with traders in the north of Swansea earlier this week. We have mentioned the way in which the new route bisects the city, and there is very much an 'us and them' culture emerging. The danger with the BIDs, with the levy approach, is that if you have a BIDs member paying thousands of pounds into the BID, and a small trader paying £50 or £60, then the question arises as to who you are going to listen to the most. Who is going to grab most of your attention? So, I think that there is a political economy argument emerging there, potentially within BIDs in general, and we would want to move away from that. With business rates—non-domestic rates—you have a much wider spread of people contributing. However, again, there are weaknesses in business rates. There is not going to be a one-size-fits-all solution, and the danger is that, where BIDs are levying and simply duplicating provision, they will be less well received.

[76] **Nick Ramsey:** We have about five minutes left and we still need to cover a number of areas. Leanne Wood wanted to ask some questions about planning and out-of-town retail.

[77] **Leanne Wood:** Yes. I will be quick. We have heard quite a bit of evidence that out-of-town retail—and you have also mentioned offices moving out of town—can have a detrimental impact. What changes need to be made to national and local planning policy to better protect town centres from these negative impacts?

[78] **Mr Davies:** The easy answer, in terms of planning, is parking. Many of our members have cited in the evidence that free out-of-town parking, based on a generous planning dispensation or offer in terms of the footprint that an out-of-town development would have or share, depending on whether it is a single or a multiple site, compares much more favourably to having to pay to park in a town centre. It is not just about planning, but planning and parking policy and whether parking is there to generate footfall in the town or to provide a form of revenue for the town centre. Our members have queried, with regard to the planning position, how it is that can you park for free at a large supermarket or at an office block and yet have to pay £3, £4 or £5 a day to park in a town centre.

[79] **Leanne Wood:** Thanks. We have heard that before. We have also heard that government policy at all levels is meant to protect town centres by discouraging out-of-town retail developments, but, in practice, the opposite is the case. Do you have a view on that, or any experience of that?

[80] **Mr Davies:** I am sure that as you as Assembly Members, and those of us who work in other organisations, spend a lot of time travelling around Wales, and I do not see a decline in the number of out-of-town shopping or office developments; I have seen an increase. You are an institution that has built into its very DNA the need to act on sustainable development,

and that has sustainability as one of its core principles, and I would say that there is a distinct lack of resonance between that and what we have seen in retail development.

[81] **Alun Ffred Jones:** I will ask Sue Morris a specific question, which I hope has general relevance. In Llandudno, the newish retail park is fairly close to the town centre, and, as I recall, you have to pay to park there. You can correct me on that, if I am wrong.

[82] **Ms Morris:** No, you do not have to pay to park there.

[83] **Alun Ffred Jones:** Well, you say that it has had a negative impact on the rest of the high street, although it is within walking distance.

[84] **Ms Morris:** It depends on what you call 'walking distance'. From the retail park to the other end of town, where the last of the shops in the town are, is the best part of a mile. So, that is not walking distance for our usual customer who is 60-plus.

[85] **Alun Ffred Jones:** I am 60-plus. [*Laughter.*]

[86] **Ms Morris:** I did say 'our usual customer'. The retail park is more useful that close to the town, except that there is free parking so people will park at the retail park, walk 20 minutes in one direction and then walk back to the retail park and drive away. They would see less than a third of the town within that 20 minutes, which is a shame because there are some really nice shops at the other end of the town, although there might not be for much longer.

[87] The retail park was needed because we needed other things in the town. For example, when Asda was allowed to build in the town centre, just across the road from the retail park, we needed a new school. So, we had to let Asda come, or the council planning system did. We needed new facilities in the town, and these retail parks bribed the council.

[88] **Alun Ffred Jones:** It is called 'planning gain'.

[89] **Ms Morris:** Yes. It is bribery: let us do this and we will buy that for you, and do this for you. We are waiting for money from the windmills that have been built offshore. I do not know where on earth that money has gone. However, that was to build facilities for the town that are necessary and that we would expect not just business rates, but ordinary rates and taxes to pay for.

2.00 p.m.

[90] We feel let down as people who pay taxes and rates and things that we have not got much input into it. It is getting better, as Iestyn said. There are a few more development partnerships springing up and consultation is definitely improving in some areas, but there is no action, and that is what we are waiting for before it is too late.

[91] **Nick Ramsay:** David Rees on bribery, or any other issues? [*Laughter.*]

[92] **David Rees:** That is a loaded question. Back to the planning issue, clearly it is an important point. I wonder, sometimes, whether you are confusing planning with the strategy and strategic vision of local authorities, and whether you have had any input, for example, into the local development plans that local authorities are producing to see how they are putting their vision forward for town centres.

[93] **Ms Morris:** I have been trying to take part in every local development plan meeting that I can possibly attend, but I still have a business to run. I cannot be everywhere. Yes, local authorities listen, but when I read the plan afterwards, I wonder who they were listening to. It

is almost a token gesture: ‘Do come along, spend two hours with us and we will have this discussion’, then, three months later, a final report is produced and you end up wondering if you were at the same meeting.

[94] **David Rees:** Planning policy would follow the strategic vision and it is stronger for the local authority planners to turn around and say, ‘This is what we have set out in our vision and therefore our planning decisions are based upon that’. That is why I wondered whether these strategic visions were coming through or not.

[95] **Mr Davies:** One local government leader told me recently that local authorities find it difficult to take on global brands and providers and that they need support to do that. It would not be appropriate for me to cite the name of the development that he mentioned, but there is nothing more profound than the political economy that size counts, and these global brands play games such as applying for retrospective planning permission and changing what was intended. The Welsh Government providing real direction or statutory support, with the power that it now has, can only be a good thing.

[96] It is a David and Goliath competition. One thing that members of the FSB are aware of, and that they believe in, is the market and its power to drive things forward. However, they are also aware of the market’s abject failure in many circumstances and, where that happens, the FSB is always keen to ask the Government to intervene to ensure that there is a level playing field. In terms of planning, that is one area that needs to be looked at.

[97] **David Rees:** I am on another committee where we are looking again at the Wales spatial plan, so how do you think that can be amended to suit the situation?

[98] **Nick Ramsay:** Please answer very briefly.

[99] **Mr Davies:** I do not know the answers to those questions; we would have to look at these issues in more detail. There is a case for asking what you want and where: not every town centre can be filled with boutique shops along the Cowbridge and Narberth model. There are areas that need to provide a hybridised form of retail service provision because of the economic circumstances that people face in those areas. So, I think it is a case of considering what you want, where you want it, and then looking at what can we do, in terms of planning, to stop things that we do not want to happen.

[100] **David Rees:** So, that vision—

[101] **Mr Davies:** Yes, there needs to be vision, as well as the statutory issues.

[102] **Joyce Watson:** This brings me on nicely to vision, and what you do with spaces beyond your shop fronts and how it all joins up. Do you see a role in developing and being involved in the spaces that exist in towns? You have plenty of them in Swansea, Llandudno and across Wales. Have you been engaged in discussions or have any thoughts on developing the space that would, perhaps, draw people towards the shopping areas in towns?

[103] **Ms Williamson:** Do you mean with regard to events and things like that?

[104] **Joyce Watson:** It means whatever you want it to mean.

[105] **Ms Williamson:** We have been trying to look outside the box. If you are talking about Swansea, particularly—

[106] **Joyce Watson:** If you talk about Swansea, that is fine, but I am talking in general.

[107] **Ms Williamson:** Our members are small business people. This is their whole life. I think that they are quite happy to be flexible and to look at very different ideas. They are not stereotypes, and they are quite happy about doing this. In our city, we have been looking at different ideas, such as street markets and so on—anything to draw people in. Keeping trade local is one of the things that the FSB believes in very strongly. If we can keep a business in Wales, it will help all of us.

[108] **Mr Davies:** We need to look at the opportunities available to town centres to regenerate themselves and to rebrand and redefine themselves, not just as retail spaces, but for residential and leisure activities. Yes, there is a role for street theatre, street furniture, maximising the heritage potential and avoiding the clone town phenomenon. Clearly, those are all the opportunities that town centres can provide, notwithstanding the tremendous pressure they come under, day in and day out, from these large global brands that want to homogenise them all. At the end of the day, yes, we can see some areas of excellence in developing new concepts, rebranding towns and drawing together local communities on a particular idea, but the majority of retail spaces in town centres need 52-weeks-a-year, day-in-day-out economies, not just economies that are viable on high days and holidays. So, yes, they have a role and there is a place for maximising the heritage potential, but we also have to ensure that the shops are secure, warm, welcoming and fit for a twenty-first-century retail shopping experience. Trying to create a Dickensian market town world heritage site-type experience for all towns across Wales will not help. Yes, they have a role and it is important, but they must be sustainable 52 weeks a year.

[109] **Joyce Watson:** If I may come back on that, I was not asking that question. I was asking about using your space. You have decided that it may be a Dickensian market. Perhaps that is your thinking; I do not know. I was talking about using the space to good effect to draw people into the town so that, once they are in the town, they see what it has to offer. The hope is that they will come back to the town for the next 51 weeks of the year.

[110] **Mr Davies:** I agree with that and I think that our members would agree. It must be sustainable. There is a great deal of talk in a lot of the documentation and research about festivals and one-off events. However, they are just that—one-off events. The key is to make that a 52-weeks-a-year experience.

[111] **Nick Ramsay:** Are there any further questions? I see that there are none. I think that you have answered all our queries very fully. I thank Sue Morris, Iestyn Davies and Julie Williamson for being with us today. It has been very helpful. We will compile our report once we have taken further evidence on the best way ahead for the regeneration of town centres in Wales. We will let you have a copy of that in due course. Thank you very much for coming today and for being part of our inquiry.

2.08 p.m.

Ymchwiliad i Adfywio Canol Trefi: Sesiwn Dystiolaeth Inquiry into the Regeneration of Town Centres: Evidence Session

[112] **Nick Ramsay:** I welcome Tom Ironside to the Enterprise and Business Committee. You are the business and regulation director of the British Retail Consortium. We are very grateful to you for coming in today to give evidence. Thank you for providing your written evidence as well. We have a number of questions to ask you. Would you like to start by making an opening statement or would you like us to launch into questions?

[113] **Mr Ironside:** I would be very happy to make an opening statement if that fits with your approach. As I said in my paper, we welcome the opportunity to give evidence on this vital matter. I just want to say a quick word on BRC membership. We represent £8 in every

£10 spent on the UK high street. Our membership includes small and large retailers. We have 35,000 SME members. We probably represent the majority of high street names operating in Wales at the moment. We also have 16 trade associations in our membership. We have a very broad membership. Our membership includes food and non-food, in-town, edge-of-town, out-of-town and, increasingly, online retailers.

[114] Retailers play a vital role at the heart of Welsh cities, towns and villages—you do not need me to tell you that. There are 9,000 retail businesses and just fewer than 14,000 retail establishments in Wales, and around 10 per cent of Welsh employment is provided by the sector. So, the sector is clearly extremely important. We have been focused on town-centre issues for some time now, and we published our ‘21st Century High Streets: A new vision for our town centres’ report, which was supplied to you as part of our evidence. As a result of that report, we are looking to tackle six key policy priorities for action: a sense of place; the public realm; strategic planning; safety and security; accessibility; and what we call fiscal and regulatory burdens, which are some of the central costs.

[115] The report is underpinned by key recommendations and case studies of things that are happening in local areas across the UK to try to improve the competitive position of town centres. At the heart of what we are talking about is the need for the pro-active management of these locations, through partnerships and, in particular, business improvement districts, and I am sure that you have heard a lot about business improvement districts already today. Monitoring the health of town centres is key, for example, looking at what is happening in terms of footfall, vacancy rates and so on. We think that there would be a clear benefit for a single Government department to have explicit ownership of retail and town-centre regeneration issues.

[116] As you would expect us to say, consumers must come first. It should not be about proposing additional burdens on specific sorts of retail locations; there should be a levelling-up exercise to make all retail locations as competitive as they possibly can be. We believe that small and large retailers have complementary roles to play, and successful retail locations will meet both sets of needs. I will close by saying that the role that town centres play in local communities needs to be recognised and supported, and we are looking to find meaningful ways to achieve that aim.

[117] **Nick Ramsay:** That is great. You have probably covered most of our questions in your statement. So, thank you for that. However, to tease out some of the important issues that you have raised, I turn to Eluned Parrott to ask the first question.

[118] **Eluned Parrott:** Thank you for coming along today. What do you consider to be the main challenges faced by your members operating in town centres in Wales?

[119] **Mr Ironside:** They will vary from location to location, and those six key policy challenges that we have identified will fall in different ways, depending on the profile of the areas concerned. One of the two that we hear most about from members is accessibility; that is, getting into town in a way that is convenient, affordable and achievable, and staying in the location. So, accessibility is towards the top of the list, as well as safety and security issues. People, whether they are employees or customers, do not just need to be safe when they are in these locations, but they also need to perceive that they are safe.

[120] **Eluned Parrott:** So, to clarify, your role is UK-wide; is that correct?

[121] **Mr Ironside:** It is, yes.

[122] **Eluned Parrott:** What is your perspective on whether or not there are challenges that are more specific to Wales than to the rest of the UK?

[123] **Mr Ironside:** I suspect that it relates more closely to the profile of the different town and city centres that you have. So, within, say, the south-east of England, which has a great number of larger conurbations, you will have issues relating to locations of that scale, and if you have market towns, you will have slightly different emphases. So, it depends on the local context and the environment within which shopping locations sit.

[124] **Eluned Parrott:** So, they are localised issues rather than national issues with regard to Wales.

[125] **Mr Ironside:** Indeed.

[126] **Nick Ramsay:** You state on the first page of your paper that the Welsh Government has been slow to engage with the retail sector in recent years and that you therefore welcome this inquiry. Why do you think that that has been the case?

[127] **Mr Ironside:** There is a general perception in the retail sector, across all of the constituent parts of the United Kingdom, that Governments have not necessarily been as quick to engage with retailers as we would like. We play a key role in the economy: we employ significant numbers of people, and we employ sectors of the community that frequently find it difficult to find employment. We would like a much more straightforward relationship with Governments in each of those locations, and, given that we have moved into a time when economic conditions are more difficult, we are now getting more direct interaction. So, we welcome that opportunity, albeit in difficult economic times.

2.15 p.m.

[128] **Nick Ramsay:** Do you think that a new retail policy framework would be helpful as part of better engagement?

[129] **Mr Ironside:** Yes, we certainly see it as part of that. However, even before you reach that stage, if you look at the sorts of structure that are being set up in other parts of the UK, some sort of consultative panel, a round table, regular interaction—

[130] **Nick Ramsay:** The earlier witnesses said that they meet twice a year in a forum.

[131] **Mr Ironside:** Yes, absolutely. We see that working in other locations, so we clearly support that here as well.

[132] **Keith Davies:** Croeso i chi. Yr ydym yn wahanol yng Nghymru. Yma, caiff pob rheolwr canol tref, bron, eu hariannu gan yr awdurdod lleol, yn hytrach na chan gwmnïau masnachol. Yr ydych yn awgrymu yn eich papur y dylai canol trefi gael eu rheoli'n rhagweithiol o dan arweiniad y sector preifat. Pwy fyddai'n talu am hynny?

Keith Davies: Welcome to you. We are different in Wales. Here, nearly all of the town-centre managers are funded by the local authority, rather than commercial companies. You suggest in your paper that town centres should be managed proactively under the leadership of the private sector. Who would pay for that?

[133] **Mr Ironside:** Where that is working in other parts of the UK—not just in England, but also in Scotland—it is often delivered through a structure such as a business improvement district. I am sure that you have heard about those in the course of your inquiry over the last day or so; there are currently something in the order of 70 or 80 town centre business improvement districts in operation. Retailers play an active role in those business improvement districts. The annual contribution to business improvement districts is about £20 million in total. These, effectively, are voluntary arrangements where businesses in the areas

concerned are balloted on those partnerships, as you will know from the Swansea example. They help to set the agenda for the partnerships, and they look at how those funds are spent. The sectors are a strong supporter of that approach, and we see it as a positive model going forward.

[134] **Keith Davies:** Fel y soniais, yr ydym yn wahanol yng Nghymru. Dim ond un ardal gwella busnes sydd gennym yng Nghymru, sef Abertawe. Pam, yn eich tyb chi, nad oes un dref arall yng Nghymru am ddilyn y trywydd hwnnw?

Keith Davies: As I mentioned, we are different in Wales. We have only one BID, which is in Swansea. Why do you think not one other town in Wales wants to follow that path?

[135] **Mr Ironside:** From the approach that has been taken in England and Scotland to the roll-out of business improvement districts, seed-corn money was provided at a central level from the outset. That money was to help the developments of those business improvement districts, not to fund their operation, but to fund the development of the partnership and the programmes that applied in those areas. I do not know whether that is something that has been looked at in Wales and whether it was a possibility at any point, but it certainly went some way to kick-starting the operation of those partnerships.

[136] I am aware that there are questions about the scale of your retail locations in some areas. My only observation in relation to that would be that there is considerable breadth with regard to the size of business improvement districts. So, you could look at the largest ones in London, for example the new West End company, Heart of London, which has huge budgets in huge areas of responsibilities, to the much smaller market towns across parts of England and Scotland. I am not sure whether it is a question of scale; it may be a question of the process to initiate them.

[137] **Keith Davies:** Felly, pwy ddylai arwain ar hyn? Pwy ddylai ei hyrwyddo? Ai Llywodraeth Cymru ynteu'r awdurdodau lleol?

Keith Davies: So, who should lead on this? Who should promote it? Should it be the Welsh Government or the local authorities?

[138] **Mr Ironside:** It sounds like a cop-out, but you cannot do it without real engagement from all parties. I would go further than to say it should be the national Government or the local authorities; it must be businesses as well. In order to move through a process where businesses are given a ballot and they vote in favour or against a BID moving forward, you need their buy-in at all stages. So, there is a clear opportunity there. The experience in England and Scotland is that about 85 per cent of BIDs that go to ballot are moved forward into operation, so they are not vexatiously opposed. We do not see them as an opportunity to frustrate, but as an opportunity to facilitate.

[139] **Nick Ramsay:** Julie James, do you want to ask a supplementary question?

[140] **Julie James:** Yes, a small one. In the only BID in Wales, in Swansea, there is also a town-centre manager, who is employed by the local authority. Is that the case in the English and Scottish BIDs?

[141] **Mr Ironside:** It varies. Quite often, a town centre partnership will transform into a business improvement district. I can see that if the town-centre manager were dealing with a broader area than the business improvement district, there might be a case for retaining some additional role. However, there could possibly be duplication. I do not know whether you have seen it or are yet to see it, but I suspect that the Association of Town Centre Managers should be able to give some insight into that interaction.

[142] **Julie James:** I was interested in your view; we have already spoken to the Association of Town Centre Managers.

[143] **Kenneth Skates:** I have one quick supplementary question on the BIDs. Are there any data available to show what types of businesses tend to vote against or for BIDs? I detect that smaller companies, such as the people who gave evidence earlier, are perhaps a little more sceptical of BIDs, because there is a fear that whoever pays the piper calls the tune, and so the larger retailers would benefit more.

[144] **Mr Ironside:** I am unaware of any empirical analysis along those lines. As I have already mentioned, we have a number of trade associations in our membership and, in areas where BIDs are in operation, they are strongly supportive. They will typically have opportunities to engage through the specific small business fora that operate within those business improvement districts. It is a dangerous strategy to ignore a key part of your constituency when you are developing your BID proposal, because you will come up for the rebalot in four or five years' time.

[145] **Nick Ramsay:** We are moving seamlessly on to BIDs. Alun Ffred Jones, do you want to ask a final question on town centre partnerships?

[146] **Alun Ffred Jones:** Yn dilyn sylwadau a chwestiynau Keith Davies a Julie James, yr ydych yn awgrymu yn eich tystiolaeth nad yw partneriaethau canol trefi sy'n cael eu harwain gan lywodraeth leol yn dod â chanlyniadau manteisiol. Pam ydych yn credu hynny? Yn ychwanegol, a ydych yn credu y dylid gwneud rheolaeth ganol trefi yn ddyletswydd statudol ar lywodraeth leol? Credaf fy mod yn gwybod pa ateb y byddwch yn ei roi.

Alun Ffred Jones: Following the comments and questions raised by Keith Davies and Julie James, you suggest in your evidence that town centre partnerships that are led by local government do not bring beneficial outcomes. Why do you believe that? In addition, do you think that town-centre management should be made a statutory duty for local government? I think that I know what answer you will give.

[147] **Mr Ironside:** On the first part of your question, the key for any partnership is that it is a genuine partnership. What our members would report from their experience of town and city centre management companies, particularly those that are primarily local authority-led, is that there is considerable variation. So, some are extremely good. They are good at engagement, they listen to businesses and they take it forward in that way. However, there are some that do not work as well. The key to it is the structures that sit within those arrangements.

[148] I am not sure that I see town centre partnership as a statutory responsibility. As we move towards a model in which business improvement districts are seen as an increasingly strong part of the armoury to tackle town centre regeneration, I question why that would be the case at this time.

[149] **Nick Ramsay:** Alun Ffred successfully anticipated the answer to the question that he asked. Leanne Wood, do you want to move on to out-of-town retail?

[150] **Leanne Wood:** Yes. You have come out quite strongly against any measures that, you say, would penalise out-of-town retailers. Can you explain that position to us, please?

[151] **Mr Ironside:** To go back a step, the British Retail Consortium is wholly supportive of the town centre first policy and of a sequential test. So, in terms of the approach that is taken to decide where to site a given business, we understand that the town centre, the edge of town, and out of town are the ways to go. At the same time, it is unavoidably the case that

out-of-town retailers are successful because they meet human needs: they are convenient, accessible, in a safe location, they are often attractive, and they offer the products and services that customers need at the right price—or they do not succeed.

[152] **Leanne Wood:** And free parking.

[153] **Mr Ironside:** They offer free parking as well. We think that the challenge from the point of view of town centres, and the approach that we advocate in relation to town centres, is to positively tackle the challenges that they face in terms of accessibility, safety, security, marketing them in the right way, maintaining the public realm, and all those things. We see the emphasis very much on finding positive things to do to make them more competitive, rather than putting in place what we would see as artificial methods to make out of town less attractive. I guess that I would say, just as a backdrop to that, that retailers intent on being competitive, both out of town and in town, and are now competing with online. There is a new challenge being thrown down, and it will be a continual process of competition. It is how you find your way to the end of that. Our starting point, as I am sure you have seen from everything that we have said, is very much to advocate that sort of competitive development.

[154] **Leanne Wood:** As I see it, there is not free competition at the moment. The dice are loaded in favour of the out-of-town developer, and quite a bit of our evidence has suggested as much. One thing that could be done, perhaps, is for out-of-town retailers to have to charge for parking. You would not agree with that, though.

[155] **Mr Ironside:** No. For the reasons that I have already mentioned, we do not think that the answer is to impose additional burdens on out-of-town retailing. Indeed, when you look at in-town retailing, we think that there is some real complexity around using car parking as a revenue-raising tool first and foremost, because when you look at town centres—and I am not talking primarily here about Wales, but town centres throughout the UK—very frequently, car parks are expensive, they are not maintained to acceptable standards, and they are not safe places to go as families, and that dynamic has to change, we think. So, we are coming at that from a different perspective.

[156] **Leanne Wood:** Finally, do all of your members support your position on out of town, including the independent retailers that you represent?

[157] **Mr Ironside:** We have arrived at this position through full consultation with all members. I am sure that if you were to ask an individual member to give their views, they may augment them in all sorts of different directions. However, from a sectoral perspective, this is a settled position that has had full exposure to BRC members.

[158] **Byron Davies:** My question comes under marketing. You say that the high street should seek to maximise the advantages of local heritage or natural surroundings, which, if I may say so, is stating the obvious. Where these conditions do not exist, how important is it for towns to develop their own identity and market themselves effectively?

[159] **Mr Ironside:** You are right; it may seem a slightly obvious point to make, but frequently we find that there is a failure to make the best use of what is there in terms of both image and marketing. However, we think that this is a broader issue. You need to look at your local demographic and meet its needs, and you need to look at how you communicate how you meet those needs clearly. There is a real issue with town centres promising a retail experience or leisure experience that they are not able to meet accurately. If people are travelling to you, you want them to have an experience that accords with their expectation. It is helpful for any town or retail location to have a recognisable character, because that helps to draw in customers who are the ones whom retailers and other businesses are seeking.

[160] **Byron Davies:** So, it is generally what gives character to a country or a region.

[161] **Mr Ironside:** Absolutely, and it may come from a whole range of different things. It may come from local cuisine, or industry, or all sorts of different characteristics.

2.30 p.m.

[162] **Byron Davies:** What role should local government, or the Welsh Government, play in supporting towns to develop their own identities?

[163] **Mr Ironside:** There are opportunities to co-ordinate that sort of activity with tourism-based activity. So, you look for a read across between what you are doing in tourism marketing and that side of things. However, some of the strongest ideas that we have seen have come through local partnerships, such as loyalty schemes within a given retail location, where a loyalty card gives you discounts within participating businesses, or allows you to accumulate points that you can use for different sorts of activity or expenditure. There are all sorts of different ways in which you can engage with that agenda, but it has to be as least as much a product of the private sector's initiative as it is the public sector's initiative.

[164] **Nick Ramsay:** We are also interested in the monitoring and evaluation of the schemes, and David Rees has a question on this area.

[165] **David Rees:** You identify priorities in your paper, the third of which was monitoring the health of town centres. You talk about BIDs and partnerships in this context, so I assume that those responsible for undertaking that monitoring would be the BID management board or the town-centre manager. However, if those did not exist, who would play that role and what role could the Government have in that?

[166] **Mr Ironside:** In the absence of partnerships, it is hard to see that that could be meaningfully delivered without local authority involvement. As we move forward, I would hope that more and more places would have partnerships. The observation that sits behind all of this—we have seen it across a whole range of locations—is that it is far easier to address the issues faced by a retail location before it enters steep decline than it is to try to redeem it after it is already some way down the slope. What we are trying to do is to find some meaningful metrics and more subjective measures to try to identify locations that are approaching tipping point, and take appropriate ameliorative action. However, it is very hard to think of an example of a partnership where there would be no leading role for local government in that regard.

[167] **David Rees:** You mentioned metrics there. What types of metrics and key performance indicators are you talking about?

[168] **Mr Ironside:** The obvious ones are footfall, vacancy rates, new business openings, business closures, longevity of businesses, retail employment levels and other employment levels within an urban centre. You could use movements in rateable value as a proxy. As a more subjective measure, I would suggest something on the operation of a successful partnership.

[169] **David Rees:** Would you also want to look at the mix of businesses within town centres? We have had quite a bit of discussion about how town centres are changing their position and that there is more of a mix of businesses within them.

[170] **Mr Ironside:** That is an important point, which has to be looked at in the context of the strategic direction of the local area and the broader region within Wales. So, what you are looking at is the extent to which you are meeting your strategic position in comparison with

other retail locations within a travelable distance. That will depend on the content and direction of your local plan.

[171] **Keith Davies:** In the evidence that we have heard in the past couple of sessions, one witness has said that, in order to protect town centres, local authorities can impose conditions when giving planning permission for supermarkets, such as not allowing a fresh fish or fresh meat counter. What is your association's view of that?

[172] **Mr Ironside:** We do not have a particular view on that topic. We would take the view that any planning decision would have to be taken on the basis of what was sustainable within a local area; 'sustainable development' are very much the buzzwords of the day. There will be a judgment issue for local authorities as to what is needed and desirable within that area, and a full and public planning process will be followed to reach that decision. These are things that would have to be considered in the context of everything else that was offered within the local area.

[173] **Joyce Watson:** I will bring you back to the mix of premises rather than the mix of businesses in town centres. Are you or your members at all concerned with regard to the mix of residential, commercial and retail premises found in a town centre?

[174] **Mr Ironside:** It is obviously here, and you are absolutely right: commercial, residential and retail premises are at the heart, but there is also entertainment, increasingly. There is the role of the night-time economy again, which I am sure you have heard about, and the delivery of public services and other things as well. In order to get to a sustainable town-centre offer, you need to ensure that you have the right balance for the local demographic and local expectation to ensure that that town has a viable, attractive and vibrant set of services to draw in commerce.

[175] **Joyce Watson:** Do you think that the current system of business rate relief promotes the right balance of retail premises in town centres?

[176] **Mr Ironside:** Business rate relief is clearly extremely important for the businesses that receive it. There are some broader issues for retailers about the overall approach to business rates full stop. We are currently moving towards a September retail price index figure, which will be announced in the next three weeks, expected to be of the order of 5 per cent. That uplift will apply from April 2012, which equates to a £300 million uplift across the UK for the sector. The real issue for retailers is the certainty and clarity that exists in relation to the movement in business rates, as much as to the levels of relief that apply; we hear that from retail members of all sizes.

[177] **Joyce Watson:** We have talked about planning and business rates. Do you think that any changes are needed in terms of legislation or application of discretionary powers that might improve the mix of premises in town centres in Wales?

[178] **Mr Ironside:** We would not support a top-down approach to the mix of premises or businesses. We see those as being generated at a local demand level. You can see that that operates extremely effectively in lots of places. What I think is needed to make that a reality—I am conscious that I am becoming repetitive—goes back to the local partnership point. That gives you an opportunity to assess what is needed in a local area and manage the transition and incentivise different sorts of businesses to come in.

[179] **Julie James:** I do not know why this issue is tacked on at the end, because it should be integral to the whole thing, but there are some pieces in your paper around transport, parking and the sustainability of people's arrival at retail parks, which is what we are really looking for. Can you expand a little on that? You talk about incentivising people to use public

transport; what sort of thing did you have in mind?

[180] **Mr Ironside:** To be frank, I am not sure that we had fully-formed ideas in relation to that, although we think that it cannot be the case that public transport provision is done in such a way that it is off-putting or does not offer a genuine alternative to other ways of getting to a town or city centre. What you need are practical methods that are sustainable within the local context—it will not be the same solution in every sort of place—but which give customers a genuine choice about how they arrive and how they travel.

[181] **Julie James:** I lived in London for many years—

[182] **Mr Ironside:** My commiserations. [*Laughter.*]

[183] **Julie James:** Yes, quite. I no longer live in London, so I am happy again. I did not mean that at all, actually; it was a great place to live as a young adult. The point that I was trying to make was that very few people in London use private cars, because of the obvious difficulties of using a car. So, that is a good example in some ways: if you make it very difficult to use a car, people will use public transport. Do you think that that sort of disincentive works? Alternatively, are you looking more at incentives such as free bus travel, or a mixture of both? Would you like to see congestion charging? Are you looking at a mix of packages?

[184] **Mr Ironside:** We would be open-minded about some of the disincentive-based approaches if we saw real, empirical, objective evidence that they were working in practice. I hesitate to say this, but I walk through London every day and I do not see an awful lot of evidence that congestion has been addressed effectively in those areas by the measures currently in place. There are all sorts of arguments about where to draw congestion charging boundaries and so forth. That said, I can see a very strong argument to look at practical methods to incentivise people to use town centres. Within our ‘21st Century High Streets’ report, there are case studies of local businesses based in commercial areas outside town and city centres that have been incentivised—or have chosen—to pay for free bus travel to town centres for their staff, as a means to give them access to town-centre facilities at lunchtime and other times. So, there are more creative things that you can do to get footfall into towns that can be beneficial to the companies and employees involved, and beneficial from a commercial perspective too.

[185] **Julie James:** I wish to ask one final question in relation to that. I asked this to the other witnesses, so I will see how it goes with you. On a recent trip to a continental town, I was struck by a scheme to deliver packages bought in small independent retail shops to a central area for collection. Shoppers could pick these up and take them on the bus or put them in their cars. What do you think of that sort of scheme? Would it work?

[186] **Mr Ironside:** This is an interesting issue. In relation to whether it would work, you will no doubt have seen that Amazon is currently trialling a system where lock boxes are located in certain retail locations. These boxes have been placed in a few locations in London, including a shopping centre in the City. You can see the potential to drive footfall within town-centre areas by bringing people in to pick up whatever they have ordered—a box of books, CDs and so forth. That could have a positive and beneficial effect for businesses in those locations.

[187] **Kenneth Skates:** I have a short question, which is not relevant to the last point. According to the figures that we have had, 139,000 people are employed in the retail sector in Wales. Do you know what proportion of those people is employed in town centres, compared to out-of-town centres?

[188] **Mr Ironside:** I do not. I would be surprised if we could not find out for you, or at least make some sort of informed estimate.

[189] **Kenneth Skates:** I would be interested in whether the town-centre retail employment numbers have decreased sharply or stayed the same since the proliferation of out-of-town developments from 1986 onwards, and between 1986 and 1997 in particular.

[190] **Mr Ironside:** We can certainly look for figures that are relevant to that issue. We may also have figures on the relative shares of town centres, out-of-town developments and—increasingly—online operators, in terms of overall retail spend.

[191] **Leanne Wood:** Further to that, if you are going to provide us with those figures—

[192] **Mr Ironside:** I will try to do so.

[193] **Leanne Wood:** Okay, that is fair enough. Could you also include a breakdown of the number of full-time employees and part-time employees as well?

[194] **Mr Ironside:** If we have those numbers, I would be very happy to include them.

[195] **Nick Ramsay:** Are there any final comments that you would like to make, Mr Ironside, perhaps on issues that we have not covered in our questions?

[196] **Mr Ironside:** Not at all, other than to say that if there are additional areas on which the committee would find it useful to receive information from us, we would be very keen to engage. We are currently looking at how we resource engagement in Wales. We have been active in certain policy areas, but we envisage a much more co-ordinated approach, and we would be keen to find ways to take that forward.

[197] **Nick Ramsay:** On behalf of the committee, I would like to thank you for being with us today and for answering our questions very fully. I am sure that I can speak for other Members in saying that the session was very helpful. We will be forming our inquiry once we have heard all of the evidence, and we will let you have a copy of our findings. In the meantime, if there is anything that you would like to add, please contact us. Alternatively, if we have any further questions for you, we will be back in touch. Thank you for coming today.

2.45 p.m.

Cynnig Trefniadol Procedural Motion

[198] **Nick Ramsay:** We now need to resolve, under Standing Order No. 17.42, to exclude the public from the final part of our meeting so that the committee can discuss its next inquiry. I ask a Member to move the appropriate motion.

[199] **Leanne Wood:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 17.42(vi).

[200] **Nick Ramsay:** I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

Daeth rhan gyhoeddus y cyfarfod i ben am 2.45 p.m.
The public part of the meeting ended at 2.45 p.m.