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## **TOWN CENTRE REGENERATION**

**Report by Corporate Transformation and Services Director**

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### **EXECUTIVE COMMITTEE**

**4 October 2016**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 **The purpose of this report is to discuss the Council's future actions in relation to town centres. The report updates members on recent activity and recommends a potential change to the Council's approach to town centre regeneration.**
- 1.2 The review of recent activity includes the Galashiels Town Centre Manager Role. A new Town Centre Resilience Index is proposed that measures a range of regularly collected statistics in order to better understand each town and to provide an objective basis for prioritising public sector interventions.
- 1.3 Finally it is proposed to establish a new three year rolling town centre action plan that is approved on annual basis following consultation with stakeholders.

#### **2 RECOMMENDATIONS**

- 2.1 **I recommend that the Executive Committee:-**
  - (a) **Notes the development of a new Town Centre Resilience Index, set out in Appendix 3, and agrees to use the Index to prioritise its town centre interventions and investments; and**
  - (b) **Agrees to establish a rolling three year Town Centre Action Plan that is approved on an annual basis, no later than 31 March each year, and monitored by the Economic Development Executive on a quarterly basis. The first such Action Plan to be approved by 31 March 2017 following consultation as set out in Paragraph 5.8.**

### 3 BACKGROUND

- 3.1 Town centres are an important element of the economic and social fabric of the Scottish Borders. They are at the heart of our communities and help make the Scottish Borders, and each of our towns, distinctive and special. Town centres are a central component of a successful local economy, offering a base for small business and jobs, as well as being at the core of community life.
- 3.2 Recognising the importance of town centres to the success of local economies, the Scottish Government commissioned a 'National Town Centre Review' in 2013. The Working Group, led by Scottish Architect Malcolm Fraser, recognised the major issues in our town centres (including increased vacancy rates and falling footfall) and the need for change through action, leadership and collaboration.
- 3.3 In response to that report, the Scottish Government published a 'Town Centre Action Plan' in November 2013. This highlighted a number of priority areas for action:
- Town Centre Living
  - Vibrant Local Economies
  - Enterprising Communities
  - Accessible Public Services
  - Digital Towns and
  - Pro-active Planning
- The 'Town Centre First Principle' was endorsed by Scottish Government to ensure "*We take every measure possible to ensure our town centres are vibrant places*" (Nicola Sturgeon, Deputy First Minister of Scotland). This principle commits the public sector to prioritise town centres in local decision making processes.
- 3.4 Scottish Borders Council has led and delivered a wide range of town centre regeneration activity in conjunction with local partners and community organisations. Some examples of successful town based regeneration activity in recent years are outlined in Appendix 1.
- 3.5 The larger scale infrastructure projects and programmes, including traffic management, heritage led conservation works, the development of business space, and the associated bids for external funding, take significant resources, time and commitment to deliver. For instance, the normal lead-in time for a heritage led externally funded regeneration programme is approximately 2 years, followed by a 5 year implementation period.
- 3.6 Within all of the Borders' main settlements, a number of other community led initiatives are being progressed. These tend to be of smaller scale but add significant value and capacity to local community life and local economic development.
- 3.7 Town centres are recognised for the important role they play in the local economy in the Scottish Borders Economic Strategy 2023. Action to support our town centres has also been identified as a priority in the Council Administration's Manifesto, Ambitious for the Borders.

## **4 RESPONSE BY SCOTTISH BORDERS COUNCIL**

### **Recent Town Centre Research**

- 4.1 It is clear that the future nature, make-up and role of our town centres is changing. They are going to function in a different way and look differently to what we have become accustomed to in recent decades. People are going to use them in different ways too. However, they are still going to remain the 'hearts of our communities', so the Council must continue to support change and adaptation in town centres.
- 4.2 The Council recently commissioned Ryden LLP to undertake a Town Centres Retail Study, including two market gap analyses for Galashiels and Hawick town centres. The aim was to provide a clear understanding of Galashiels' and Hawick's town centre market potential, and practical market-based advice on approaching retail, leisure and service operators to invest in these town centres.
- 4.3 The report highlighted a number of key market changes and adjustments in the retail, leisure and services sector. These changes are occurring across the whole of the country and are complex and, importantly, ongoing. The report notes that the gradual withdrawal of multiple retailers from non-prime destinations, and their replacement with other commercial and employment uses, poses serious challenges to town centres. Appendix 2 sets out the summary of market challenges that Ryden identified for traditional town centres. The shift from an 'Old World' dominated by retailing, to a 'New World' that will see a mix of commerce, service, community and employment uses, is one that will affect every town centre in the Scottish Borders.
- 4.4 Ryden point out that one consequence of these trends is that lower-rented, shorter-leased premises occupied by local companies are not suitable for major investors, such as life assurance companies and pension funds. This is creating an ongoing transition of ownership to smaller local property companies and local investors and entrepreneurs. Another implication of the change is likely to be a higher turnover of less-experienced occupiers requiring support, rather than experienced national companies taking premises for the long term. This means that residents will see more change on our High Streets than previously.

### **Town Centre Resilience Index**

- 4.5 As well as the recent Ryden report, Council officers have also been considering how to assess the priorities for intervention and investment in town centres across the Scottish Borders. It is accepted that all of the town centres in the Borders are affected by the economic changes set out in the Ryden report, and that they will continue to be affected in future. However, it is also clear that some of the town centres have been better able to respond to these changes and adapt to the new economy. There are a range of factors involved in that adaptability and ability to respond, including the economic position of the town and its hinterland, the size and location of premises, and the mix of users in terms of residents and visitors.

- 4.6 Officers have developed a 'Town Centre Resilience Index' based on a range of regularly collected statistics in order to better understand the situation in each town and to provide an objective basis for prioritising public sector interventions and investment in town centres. The index provides a snapshot of the relative socio-economic health of each town. It can be updated annually to ensure the most up-to-date statistics are included in the assessment.
- 4.7 The results of the Town Centre Resilience Index are set out in Appendix 3 to this report. The results, as recorded in August 2016, show that Hawick is the least resilient town in the Scottish Borders, suggesting that it should be the main focus for public sector intervention and investment. Jedburgh and Eyemouth also stand out in the Index as places that need support in the short to medium term. At the other end of the Index, Melrose and Peebles demonstrate good resilience and suggest that public sector intervention and investment is less of a priority.

### **Galashiels Town Centre Coordinator Project**

- 4.8 The Galashiels Town Centre Coordinator project started in December 2014, with the appointment of a town centre coordinator for the 2 year period of the project. The project sought to capitalise on the re-opening of the Borders Railway in 2015 as well as other infrastructure improvements over previous years. Also, in line with many towns across the UK, Galashiels had experienced a significant loss of retailers and other town centre uses, particularly from national retail chains on Channel Street and Douglas Bridge. The project was developed as a pilot and was shaped to address concerns over the loss of retail footprint, the resultant increases in retail vacancies in the town and the reduced footfall.
- 4.9 The Galashiels Town Centre Coordinator Project was timed to support business and community activity to align with the reopening of the Borders Railway. This activity ensured that Galashiels was as welcoming and attractive as possible for the opening of the Railway for visitors. The project has successfully delivered a number of key small projects, which have significantly improved the visual attractiveness of the town centre. It supported capacity building activity that has helped to facilitate Energise Galashiels, the Chamber of Trade, local businesses and community groups to work together. This provides a stronger platform for more business development and community activity in future.
- 4.10 Many of the projects would not have progressed to the extent or quality they did without the dedicated Coordinator support, due to limited resources within the private sector and the community. The project has provided value for money in terms of impact and successful project delivery in comparison to other delivery models eg external consultants, and has levered in private sector contributions as well as other budget contributions to maximise project activity in the town.

- 4.11 The two year intervention seems appropriate in terms of achieving the key aims of the project. Footfall has shown signs of stabilising over the last 2 years and vacancy rates have dropped from their peak of 19% in 2014 to 17% in 2015. Generally, there appears to be growing investment and business confidence in the town centre, with increasing awareness and opportunities around the Borders Railway. There are significant inward investment and development opportunities for Galashiels as a key commercial centre for the Scottish Borders, as well as opportunities linked to the Borders Railway.
- 4.12 It is clear that where dedicated resources can be made available it can make a positive difference for the town in question. However, in the current climate of resource reductions, and in view of the range of challenges faced by towns in the Scottish Borders, officers do not consider that it is realistic to adopt the dedicated town centre coordinator model as a way forward for future activity.

## 5 NEXT STEPS

- 5.1 Recognising the importance of town centres, there is no doubt that a targeted use of resources is required. Rather than a dedicated individual Town Centre Coordinator role, it is recommended that a core focus of the Economic Development Team becomes a rolling three year Town Centre Action Plan. This plan would focus on a limited number of key projects in a limited number of towns. The Economic Development Team would deliver action directly, as well as working with Council colleagues, public sector partners, businesses and the community to influence and enable projects to be delivered.
- 5.2 In order to deliver this support, the Council needs to focus more systematically on a town by town basis, recognising that limited resources mean that the Council cannot support activities in every town at the same time. There is a need to take a programme approach that delivers a rolling focus on the town centres highlighted in the Town Centre Resilience Index as those most in need of intervention and investment. However, this approach also needs to be adaptable enough to take advantage of new opportunities as they arise, whilst making best use of the resources available.
- 5.3 The Council will also maximise the impact that it can have on town centres by focusing other services on the following roles:
- A. **Enabling** – businesses and communities to make positive changes and investment.
  - B. **Intervening** – where only the public sector can unlock problems or opportunities.
  - C. **Signposting** – to funding and advice.
  - D. **Building Capacity** – new skills and knowledge for businesses and communities.
  - E. **Encouraging** – localism and local leadership

- 5.4 The critical challenge for the Council is where to best prioritise its limited resources to maximise economic opportunities, add value and complement other regeneration activity. The immediate challenge highlighted in the Town Centre Resilience Index is Hawick, a major population centre which is facing increased vacancy rates and falling footfall, and where local community and business groups are already working together to consider the possibilities for their town centre. Action also needs to be planned for the next least resilient towns – Jedburgh and Eyemouth.
- 5.5 To progress this programmed approach, we need to strengthen coordination, communication and delivery of activities internally within the Council. The complexity, issues and range of services provided by the Council in town centres will differ from town to town. Each town has different issues and opportunities so will require a different, targeted approach. The importance of understanding and linking activity between the various services from the Council is critical. There will also be links to the Localities activity that is being progressed by the Community Planning Partners, as well as potential joint action with Community Planning Partners such as Scottish Enterprise, the Registered Social Landlords and the Third Sector Interface.
- 5.6 One of the key tasks for the Economic Development Team will be to understand, link and add value to other project activities and opportunities. The experience, knowledge and skills of Council officers across a range of services should ensure that the appropriate technical advice and support when required.
- 5.7 The key areas which could add value to town centre performance (and link to current major infrastructure projects) have been broadly identified as empty property and key site development; marketing for visitors and businesses; events and tourism development; inward investment and business support; action plan development and Business Improvement Districts. This project approach will aim to measure benefits through changes in the Town Centre Resilience Index's range of indicators.
- 5.8 Appendix 4 sets out a range of projects currently either in train or being considered for delivery in each of the key towns. It is recommended that Executive agree to establish a rolling three year action plan that is approved on an annual basis, no later than 31 March each year, and monitored by the Economic Development Executive on a quarterly basis. In order to ensure that this Action Plan has strong local support it should be consulted upon with stakeholders during December and January each year.

## **6 IMPLICATIONS**

### **6.1 Financial**

The budget required to deliver the Action Plan should be set out as part of the annual approval process to ensure that there is no doubt about the affordability of the Action Plan. This should complement other capital investment and revenue projects being delivered by the Council.

## 6.2 **Risk and Mitigations**

The key risk is that without the proposed support, town centres may continue to deteriorate with increased vacancy levels and reducing footfall. The new approach proposed will contribute to supporting regeneration within town centres.

## 6.3 **Equalities**

A key aspect of the Council's Economic Development service work is to reduce barriers to economic inequality. Equality Impact Assessments will be undertaken at the appropriate stages of project proposals ie during the development stages of individual projects.

## 6.4 **Acting Sustainably**

The town centre coordination approach aims to encourage increased vibrancy within town centres with additional activity and footfall. Part of this aim is to encourage locals and visitors to walk in and around the town centre; and encourage local events to use the town centre facilities to make town centres more sustainable.

## 6.5 **Carbon Management**

There is no net increase in carbon emissions at a Scottish Borders level as this is the continuation of an existing service delivery. Individual projects, which are taken forward as part of the project, will be assessed appropriately to minimise impacts and maximise low carbon opportunities.

## 6.6 **Rural Proofing**

Rural Proofing is not required as the proposal does not relate to new or amended Council policy or strategy. Rural Proofing will be undertaken during the consultation phase. Towns and town centres act as a potential hub for rural communities and it is anticipated that any actions/ activities would add value to the wider rural economy rather than having a negative impact.

## 6.7 **Changes to Scheme of Administration or Scheme of Delegation**

There are no changes to be made to the Scheme of Administration or Scheme of Delegation arising from this report.

## **7 CONSULTATION**

- 7.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council will be consulted and their comments will be reported at the Executive Committee.

**Approved by**

**Rob Dickson**  
**Corporate Transformation and Services Director**

**Signature .....**

**Author(s)**

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**Background Papers:** None

**Previous Minute Reference:** None

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Bryan McGrath can also give information on other language translations as well as providing additional copies. Contact us at: Bryan McGrath [bmcgrath@scotborders.gov.uk](mailto:bmcgrath@scotborders.gov.uk) tel: 01835 826525



## **APPENDIX 1 – Previous Town Centre Regeneration Projects**

### **EYEMOUTH**

- Major EU funding to develop the Harbour, harbourside area and fish processing facilities.
- Programme of activity to support tourism and business development to encourage local diversification.
- Redevelopment of landmark building - Gunsgreen House as a key visitor facility for the town.
- Successful bid for Scottish Government to extend Gunsgreenhill Estate and to potentially re-locate businesses currently based within the town centre.

### **GALASHIELS**

- Major transport infrastructure developments within Galashiels town centre including Inner Relief Road phases and streetscape works as well as the Borders Railway and Transport Interchange.
- Major investment by Borders College and Heriot Watt University in the Borders Campus.
- Strategic housing investment on key town centres sites facilitated by Eildon Housing Association and other local Housing providers.
- Funding to progress Flood Prevention Works to unlock potential development opportunities.

### **HAWICK**

- Delivery of major heritage-led regeneration project focused around the Heart of Hawick complex and Hawick High Street.
- Further investment around the west end of the High Street, Silver Street and Drumlanrig Square with successful bids to the Scottish Government's Town Centre Regeneration Fund.
- Major redevelopment opportunity to transform award winning Wilton Lodge Park as a key visitor destination with £3.5million from Heritage Lottery Funds.
- Funding to progress Flood Prevention Works to unlock potential development opportunities.

### **JEDBURGH**

- Delivery of Jedburgh Town Centre Regeneration Project 2009/10 with an overall investment of £705,000 in the town centre. The project included:
  - Enhancement of Mercat Place as a key civic centre & events space.
  - Acquisition of Port House complex for future business workshop space and community facilities.
  - Extension of main visitor car park improving visitor facilities.
  - Development of a Destination Play Area to attract locals / visitors into the town centre.
  - Digital Connectivity/ WiFi service across the town centre.
  - Townscape Improvements and enhanced orientation/ signage including minor improvements at Mary Queen of Scots House.

### **KELSO**

- Kelso Townscape Heritage Initiative with £1.4 million of Heritage Lottery Fund and Historic Scotland funds matched with private sector leverage.
- Kelso Streetscape and Public Realm project of over £2 million.
- Kelso Town Centre Business Hub (Gap site) Project with investment of £750,000.
- Kelso Regeneration Action Plan to provide a overall framework for development activity and support the external funding applications.

## **SELKIRK**

- Successful bid to Historic Scotland for £1 million for the Selkirk CARS (Conservation Area Regeneration Scheme);
- A linked Selkirk Town Centre Streetscape project of £0.45 million
- The potential Selkirk Court House Regeneration Project of £3 million
- The Selkirk Community Action Plan Framework to provide an overall framework for development activity and support external funding applications.
- A range of business and community led initiatives including the redevelopment of the Haining Estate Stable Block and further regeneration plans for Haining House; the Pringle Park Play Project; the Selkirk Pop Up Shops initiative; new town centre events; a successful application for BIDS Scotland funding.
- Funding to deliver Selkirk Flood Protection project to unlock potential development opportunities at Ettrick Riverside.

## APPENDIX 2

Extract from:

Town Centres Retail Study: Galashiels & Hawick Gap Analysis, Ryden LLP, July 2016

Table 1, pp10

Town Centre Use <sup>3</sup>	Old World: <i>Retail corporate hegemony</i>		New World: <i>Commerce, Service, Community &amp; Employment</i>	
	Typical Occupier	Typical Occupation Basis	Typical Occupier	Typical Occupation Basis
Retail - Class 1	Superdrug, Next, Burton	Long lease; FRI terms; has central property services team; can afford business rates over the cycle; standard fit-out model	Local eg. craft, bikes, weddings, healthcare, food & drink	Short, less onerous lease; business rates a significant cost (if no discounts); no property expertise
Professional Services – Class 2	HSBC, travel agent	Long lease; FRI terms; planning agent to negotiate change of use and any listing/ heritage; central property services; standard fit-out; able to accommodate delays caused by regulatory compliance	Local estate agent or architect	Short, less onerous lease; no planning or property expertise; delays are costly and affect finances; changes to building are regulated; business rates a significant cost (if no discounts)
Café/ Restaurant – Class 3;  Hotel/ Hostels – Class 7;  Assemble/ Leisure – Class 11.	Nando's, Costa  Premier Inn  Gala Bingo	Long lease; FRI terms; planning agent to negotiate change of use and listing/ heritage; advertising, environmental health and licencing dealt with by specialists; standard fit-out; able to accommodate delays caused by regulatory compliance	Entrepreneur/ social enterprise/ pub with rooms/ community use/ independent café/ bar	Short, less onerous lease; no planning expertise; delays are costly and affect finances; uncertainty over planning and environmental services policies, licencing, advertising; business rates a significant cost (if no discounts)

Source: Ryden

**APPENDIX 3**

**Town Centre Resilience Index (see attached)**

**APPENDIX 4**

**List of Potential Town Centre Projects – by Town (See attached)**