

Regenerating Town Centres in Wales

September 2021



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Contents

Key messages	7
Key facts	9
Recommendations	10
Main report	13
Past: How town centres have evolved in recent years	13
Present: Town centres today	25
Future: The challenge of regenerating town centres in the future	39
Appendices	50
Appendix 1	51
Appendix 2	52
Appendix 3	53
Appendix 4	55

Wales is a country of small interdependent towns

- 1 Wales is a nation of small towns. Towns are where people live, work and play. Town centres are historic and cultural centres. They have communal spaces, public art, and spaces to congregate. Town centres are where we see our most distinctive buildings and public realm. Just over 2.5 million people in Wales live in towns and cities¹ and towns remain at the heart of Welsh life and are places that people value and love. Using the Wales Institute of Social and Economic Research and Data (WISERD) and the Institute of Welsh Affairs Understanding Welsh Places research, there are 192 places in Wales that have 2,000 or more inhabitants that can be classed as a town or large village; places that people class as their 'local' town – **Exhibit 1**.



¹ citypopulation.de/en/uk/wales/ – settlements with a population of over 2,000 are included in this analysis. We have used the Understanding Welsh Places data as it enables the interdependency of towns to be better understood and demonstrated.

Exhibit 1: the 192 places in Wales with 2,000 or more residents

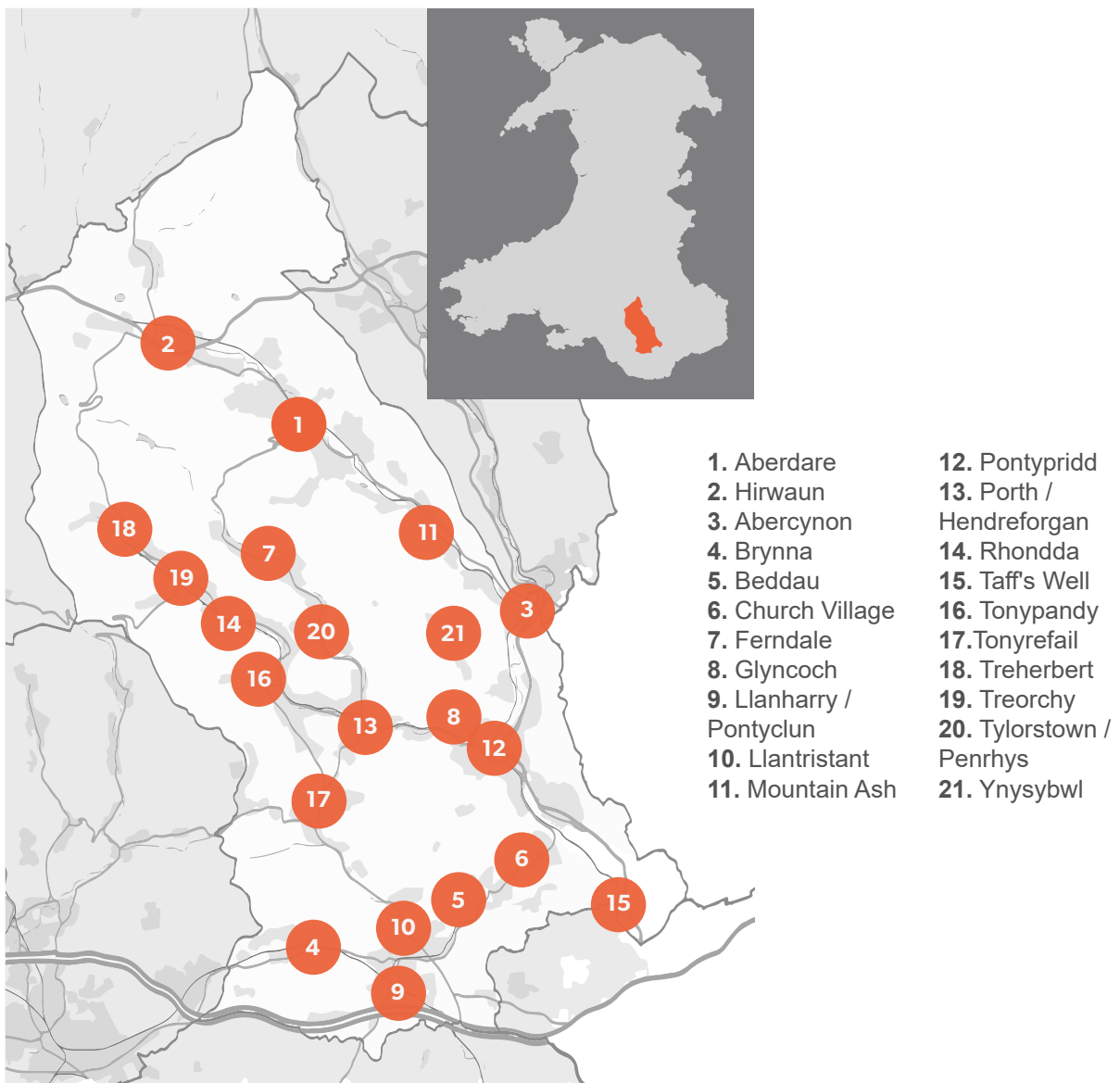
Wales is a country of small interdependent towns, villages and communities.



Source: Wales Institute of Social and Economic Research and Data/Institute of Welsh Affairs, Understanding Welsh Places, December 2020 release

- 2 What a town has, and what it provides, reflects many different things; its geography and location, the relative affluence of the population, its infrastructure, amenities and accessibility. Towns will therefore have issues in common. But they will also have very different circumstances. No two places are the same and require different solutions to the challenges they face. The relationship between towns therefore varies. Some are more independent and less reliant on neighbouring towns because they have a good and wide range of services and jobs. Others are more dependent, because anchor institutions have disappeared over time, employment has moved away, and few essential services remain. In these dependent places, people are often reliant on accessing neighbouring towns for work, to buy goods, meet friends and use leisure and recreation services.

Exhibit 2 provides an illustration of the interdependency of places within a local authority using Rhondda Cynon Taf as an example.



Key Messages

- 3 This report sets out the main findings from the Auditor General's review of how local authorities are managing and regenerating their town centres. The evidence base for our review is set out in **Appendix 1**. We have concluded that **town centres are at the heart of Welsh life and can be vibrant and sustainable places, but addressing the many challenges they face requires brave decisions and ambitious leadership.**
- 4 In the last 75 years, nowhere has seen as much change as the high street. Traditionally, the location of all major activities, the high street has undergone rapid revolution and has been significantly impacted by societal and technological change.
- 5 Many of the challenges facing today's high street are rooted in planning policy decisions of the Post World War II period. With the introduction of a new land use regime, local authorities were empowered to address war damaged urban areas. Between 1950 and 1980, local authorities prioritised regeneration of town centres creating new and greater retail space.
- 6 However, since then, the growth in out-of-town retail, the progressive loss of 'essential services' from town centres – banks, post offices and public services – and the growth in online shopping have contributed to a steady decline in many town centres. And the pandemic has added to these problems.
- 7 Overall, Welsh and local government have responded well to support town-centre businesses during COVID-19. The Welsh Government has also directly invested or levered in almost £900 million in the last seven years to help regenerate town centres. Despite this funding, town centres often struggle. Local authorities are the key public bodies to help regenerate town centres, but they often lack capacity and skills to deliver the sustainable regeneration needed. Powers that can help stimulate town-centre regeneration are not utilised effectively nor consistently.

- 8 Town centre regeneration remains a national priority, but the Welsh Government's 'town-centre-first' policy is not yet fully embedded. This raises some questions about the strategies that are needed today to help create sustainable town centres. Often the starting point for discussions has been for government – national and local – to define the policies and instruments they propose to use to address the problems facing town centres. This has been the approach taken in Wales, but it has mostly fallen short of addressing the many problems in our town centres.
- 9 The challenges facing Wales following COVID-19 are unerringly similar to the regeneration of 1945 post-war Britain. National and local government need to deliver integrated solutions and make brave decisions going forward, providing honest, strong and dynamic leadership. Local authorities are well-placed to prioritise and lead on place planning, but need to be clear on the purpose of their town centres and involve public sector partners, the third sector, town and community councils, communities and businesses in decisions. Valuing and using information to fully understand problems and identify the best solutions have to be improved. Local authorities will also have to become increasingly more interventionist to address the challenges facing town centres.

Key Facts

Between **2012** and **2020**, bank and building society branches reduced by **28.8%** falling from **695** to **495**. ATMs have fallen by **18%** in the last three years, down from **3,189** machines to **2,616**.



Since January 2020, **64** retail companies have failed, resulting in **6,882** stores closing and affecting **133,600** employees in Great Britain.

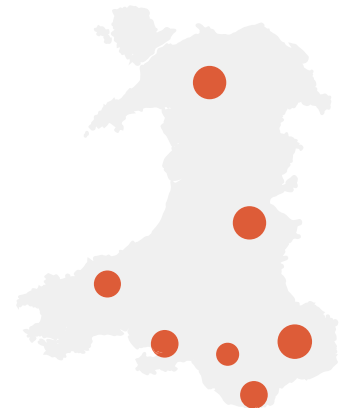


Since **2014**, the Welsh Government has invested and levered in just under **£900** million to help regenerate town centres.



There are **192** places in Wales with over **2,000** residents.

Post offices have marginally fallen by **3.9%** in the last decade and there are currently **925** branches across Wales.



In the last 12 months, online sales increased by **10%** in the UK, and their value by **30%**, an increase of **£23 billion**.



One in every **seven** shops on high streets in Wales is empty.

Recommendations

- 10 Our recommendations are set out below. We expect each local authority to consider the findings of this review and our recommendations, and that its audit committee receives this report and monitors its response to our recommendations in a timely way.

Exhibit 3: recommendations

Recommendations

- R1** Non-domestic rates have not been reviewed in recent years, and the levels charged do not reflect the current rents being achieved in many town centres. We recommend that the Welsh Government review Non-domestic Rates to ensure the system better reflects town-centre conditions when the payments holiday ends in March 2022.
- R2** Many town-centre businesses are impacted adversely by charging for car parking, access to public transport and poor transport infrastructure. We recommend that the Welsh Government work with local authorities to review transport challenges facing town centres and agree how best to address these.
- R3** The Welsh Government has directly provided and levered in just under £900 million through 13 funding schemes to help regenerate town centres. However, some aspects of the Welsh Government's management of the funding are considered problematic. To ensure local authorities are able to maximise the impact of funding and tackle the more difficult and longstanding problems that would help transform their town centres, we recommend that the Welsh Government:
- consolidate funding to reduce bureaucracy by streamlining processes and grant conditions and keeping requests for information and supporting materials to a minimum;

Recommendations

- move away from annual bidding cycles to multi-year allocations; and
- rebalance investment from capital to revenue to help local authorities address staff capacity and skills shortages.

R4 The Welsh Government has provided all 22 local authorities with training on how best to use existing enforcement, financial assistance and debt recovery powers, but they are not being consistently nor effectively utilised to support regeneration. We recommend that local authorities take appropriate action, using these existing powers and resources available to achieve the best possible outcome for town centres by:

- using alternative methods of enforcement before using Compulsory Purchase Orders as a last resort;
- integrating enforcement strategies with wider departmental strategies across housing, environmental health, planning and regeneration teams to make more effective use of existing skills and resources; and
- ensuring there is capacity and the right expertise to use the full range of powers, working in collaboration with other councils to achieve good outcomes.

R5 The Welsh Government's 'Town Centres First' approach looks to put the health of town centres at the heart of the decisions taken by the Welsh Government, local authorities, the wider public sector, businesses and communities. This requires a high degree of integration between cross-cutting policy frameworks and decision making to promote town centres above much else. We recommend that the Welsh Government set out how it plans to deliver this in practice, its expectations of partners and the practical steps it will take to make this ambition a reality.

Recommendations

- R6** Town centres are changing, and local authorities need to be receptive to these changes and plan to manage these shifts. We recommend that local authorities use our regeneration tool to self-assess their current approaches to identify where they need to improve their work on town-centre regeneration (the tool is [here](#)).



Past: How town centres have evolved over the years

01

Past policy choices, changing consumer expectations and technological advances are now adversely affecting many Welsh town centres

Many of the challenges facing today's high street are rooted in planning policy decisions of the Post World War II period

- 1.1 How our town centres look today is rooted in decisions taken in the aftermath of World War II. Prior to the 1940s, town centres had a mix of social and economic functions – residential, commercial and non-commercial usage, social clubs and churches. Town centres were often vibrant places with people mixing and socialising throughout the day, evening and night. By 1945, however, many towns and cities in Great Britain were damaged and in poor condition as a result of the bombing campaigns of World War II.
- 1.2 In response, parliament introduced the Town and Country Planning Act 1947². This Act enabled local authorities to forcibly acquire bomb-damaged areas for redevelopment on payment of compensation to owners. The Act required planning authorities to undertake a survey and devise a land development plan to include industrial sites, residential areas, public services and transport. Over time, this has developed into the comprehensive public planning system we know today.
- 1.3 Importantly, the new powers enabled local authorities to regenerate and repurpose their town centres. From the 1950s onwards, many local authorities embarked on ambitious development programmes using compulsory purchase powers³ to acquire key sites and deliver them for new development. Town centres were seen as the most valuable area because of footfall, infrastructure, business activity, land and real estate values, services and non-domestic rates. And within town centres, it was shopping that had the greatest value on the high street.
- 1.4 Consequently, retail became a key driver of town-centre regeneration. By expanding central shopping districts, local authorities were able to generate more income through non-domestic rates and create wealth in towns by attracting more shoppers. However, the drive to redevelop and raise property values left town centres heavily dependent upon shopping. It changed high streets from vibrant 24-hour places into areas that increasingly had a limited purpose outside trading hours.

2 [Town and Country Planning Act 1947 \(legislation.gov.uk\)](#)

3 Compulsory purchase powers are an important tool to assemble the land needed to help deliver urban and rural regeneration, essential infrastructure, the revitalisation of communities, and the promotion of business, and lead to improvements in quality of life.

- 1.5 Ultimately, retail-led regeneration also created an oversupply of shops, because local authorities, not prevailing market conditions, determined whether or not major new shopping developments took place. The growth in town-centre shopping also resulted in competition between local authorities and towns to have the best shops and the leading retail chains. These were often seen as an important mark of 'status' and 'prosperity'. In some areas, such as South East Wales and the North Wales coastal strip more and more towns in a geographically small area redeveloped their town centres creating unsustainable levels of retail.
- 1.6 Whilst the growth in retail generated higher property values and non-domestic rates, retailing as a business is a poor option for economic regeneration. Jobs in the sector are generally low-skilled, low-paid, and often insecure. Innovations and new technologies are mostly used to minimise the numbers employed and drive down cost. And ultimately, retailing is about 'absorbing' disposable incomes in an area rather than 'creating' new wealth.

The growth in out-of-town retail has contributed greatly to the decline of town centres

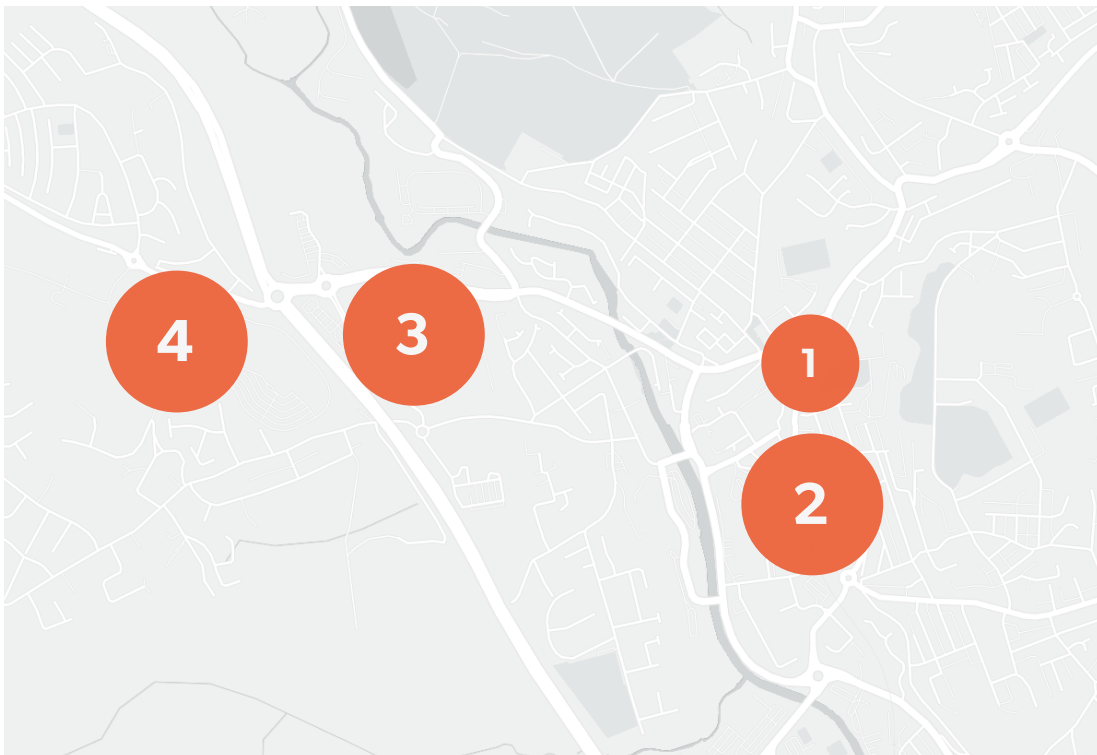
- 1.7 By the 1980s, retailing land and property in town centres were becoming increasingly more expensive, especially compared to cheap land on the outskirts of towns and cities. Non-domestic rates on the high street were also considered prohibitive for developers. Some town centres which had seen significant retail growth in the 1950s and 1960s were now in poor condition and in need of modernisation. These changes, coupled with a relaxation of planning laws in the 1980s⁴, encouraged out-of-town retailing.
- 1.8 Out-of-town retail had a number of distinct advantages. The improvements in the road network, the development of motorways and growth in car ownership⁵, made out-of-town shopping more attractive. They were much easier to access for shoppers, allowing people to drive quickly, and often with less congestion, to the retail park rather than travel to a town centre. Shoppers were able to visit several shops quickly and efficiently, often under one roof and protected from the elements. And with free parking and larger national chain stores, they offered more diversity and cheaper options than the traditional high street.

4 M Ball, Birkbeck College University of London, [The 1980s Property Boom](#), 1993

5 The RAC estimates that in 1952 there were 2.5 million vehicles on Britain's roads. By December 2020, this had increased to 38.6 million licensed vehicles. Source: [Spaced Out](#) and [Motoring FAQs](#)

- 1.9 Unsurprisingly, the growth in out-of-town shopping adversely impacted town centres resulting in the ‘Doughnut Effect’ – the hollowing out of town centres as institutions, shops and businesses moved from the town centre to the edge of towns or ceased to operate. Previously thriving high streets now experienced increasing numbers of shop closures. Empty premises often became derelict and an eyesore, attracting anti-social behaviour. The businesses that remained often struggled and before long town centres were both unappealing places to trade from and visit. **Exhibit 4** provides an illustration of these changes using Merthyr Tydfil as an example.

Exhibit 4: Example of a changing town centre landscape - Merthyr Tydfil



1. Town Centre 1900's
2. Tydfil Square Shopping Centre 1980 and Beacon Place 2000
3. Cyfartha Retail 2005
4. Trago Mill 2016

Fewer and fewer ‘essential services’ remain in town centres

- 1.10 Many customers value face-to-face services and they are often seen as playing a vital role in community cohesion, particularly in town centres with few other amenities. Town centre decline is often mostly acutely felt with the loss or closure of anchor institutions on the high street, especially banks, building societies and post offices.

- 1.11 In recent years there has been a dramatic reduction in these essential services in town centres across Wales. Between 2012 and 2020, bank and building society branches in Wales reduced by 28.8%, falling from 695 to 495. The number of ATMs has also fallen by 18% in the last three years down from 3,189 machines in July 2018 to 2,616 in February 2021⁶. Post offices have marginally fallen by 3.9% in the last decade and there are currently 925 branches across Wales.
- 1.12 Both businesses (79%) and citizens (68%) we surveyed overwhelmingly noted that their local town centre lacked these essential services. The loss of physical banking services directly affects businesses. Less people visit town centres with no banks, building societies or post offices. Research shows that town-centre businesses have 20% greater profit when there is a bank and post office in their town centre. Small businesses are significant users of branches and a lack of access to branches can create problems for some micro businesses. Around 20% of small businesses with a turnover below £2 million use branches as their primary means of banking⁷.

The continued growth in online shopping and changing shopper demands have adversely impacted town-centre retail

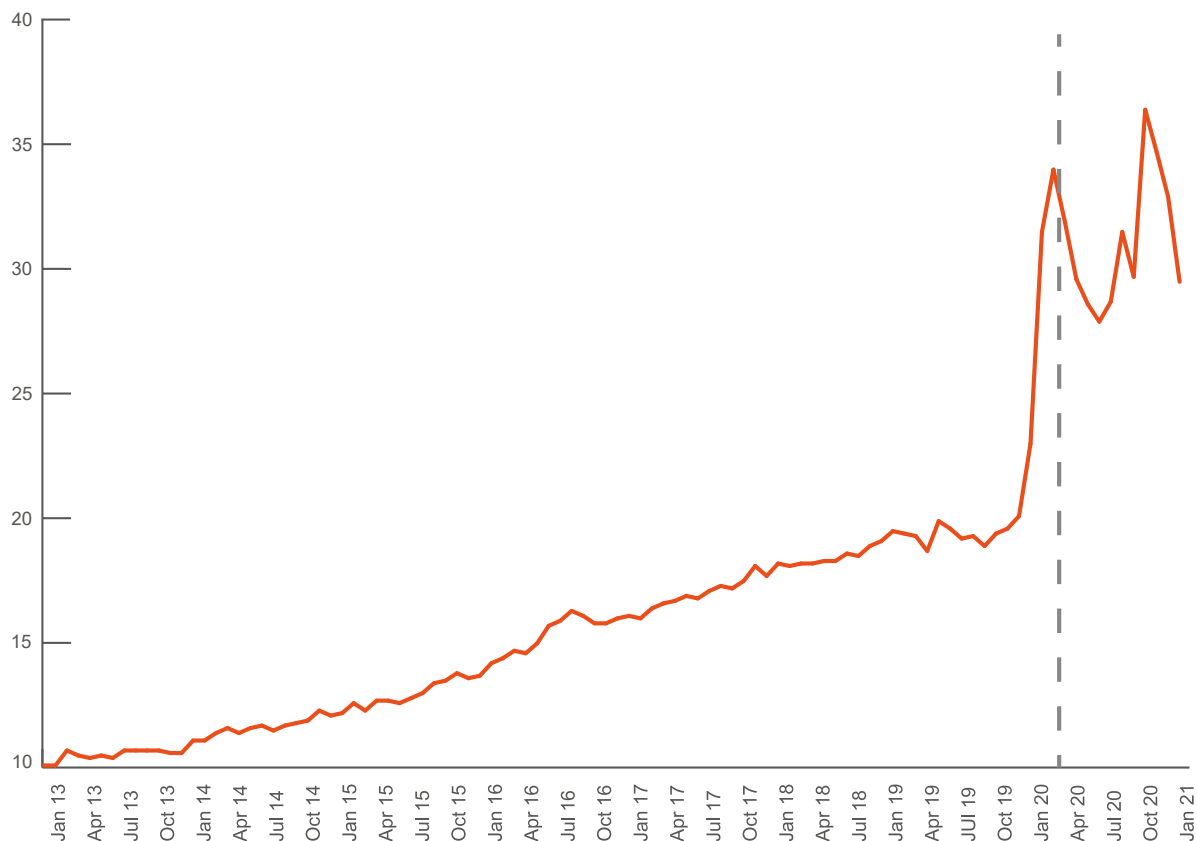
- 1.13 The internet has changed the way we shop. Even those of us who do not regularly buy online search online for prices, product specifications and availability before heading to the high street. Many of us find it easier to order goods and services through a website, unrestricted by store opening times and from the comfort of our home, rather than trawl through shelves in a shop. Retailers recognise that the internet is transforming the way that customers shop, re-shaping the high street as a result. **Exhibit 3** shows that in the last 12 months online sales increased by 10% in the UK, and their value by 30%, a growth of £23 billion.

6 House of Commons Library, [Bank branch and ATM statistics](#), 19 April 2021

7 Financial Conduct Authority, [When bank closures bite: the picture across the UK](#), 13 March 2019.

Exhibit 5: internet sales as a percentage of total retail sales in the UK 2013-2021

Online and mobile sales doubled between 2013 and 2021.



Source: Office for National Statistics, [Retail Sales Index time series](#)

1.14 Research estimates that the value of online sales in 2021 is £141.3 billion⁸. Our surveys show that since the start of the pandemic, 89% of citizens have used online services more than previously and 74% of town-centre retail businesses introduced online services for the first time. The UK shops online more and uses mobile devices to shop more than any other European country⁹. Online shopping is well embedded in UK consumer behaviour and is anticipated to continue to grow, although in some areas of Wales quite large numbers of adults remain ‘offline’ rather than ‘online’¹⁰.

8 [UK Retail Ecommerce Sales, 2019-2024 \(www.emarketer.com\)](http://www.emarketer.com)

9 Centre for Retail Research, [Online: UK, Europe & N. America 2020 estimates](#)

10 The [Office for National Statistics](#) reports that whilst 8.7% of the UK population never or rarely uses the internet, Wales has some of the poorest levels of usage. In Powys, 20% of the population aged 16 and over have never used the internet or rarely do so (not accessed online services within three months) and 15% of people in the South Wales and Gwent valleys.

- 1.15 All of this has had and will continue to have a major impact on high street retail. Since January 2020, 64 retail companies have failed in Great Britain resulting in 6,882 stores closing and affecting 133,600 employees by May 2021¹¹. Shopping centres have been particularly exposed to the effects of the pandemic, principally having a lower proportion of ‘essential’ retailing, more department stores and being exposed to greater levels of online competition. Research suggests a net loss of 402 national chain stores ceasing to trade in Wales during 2020¹².
- 1.16 Between December 2017 and December 2020, empty retail units rose from 4.9% to 8.8% on retail parks; 11.2% to 12.5% on high streets; and 13.2% to 15.6% in shopping centres¹³. In April 2021, the British Retail Consortium reported that one in seven shops is now empty. This masks huge disparities. Attractive larger shopping destinations, whether in thriving urban centres, or affluent seaside towns are doing well. At the other end of the spectrum, smaller towns have even higher vacancy numbers and struggle to provide the quality of experience and convenience that shoppers want.
- 1.17 Growing vacancies also impact landlords, which can add further problems for town centres. The growth in vacancies can deter investors from creating new retail space or improving existing sites due to the drop in the likely rate of return. There is also a risk that sites will not be redeveloped because of fragmented ownership and other difficulties associated with their locations, particularly if inappropriate use change constraints are imposed by local authorities.
- 1.18 With the growth in online shopping, there has also been a more subtle change in other aspects of shopper behaviours. In the past retail, was mostly about buying essential goods – food and clothing – and convenience, being local, was key. In more recent years, retail has grown to focus on luxury and experience. More costly ‘luxury’ items such as SMART phones and personal computers, often have the best deals in bigger retail centres and are often not available in local towns. For some, shopping is also less ‘functional’ and has become a favourite hobby. A day-out activity centred on ‘experience’ and built around dining out, socialising, entertainment, meeting up with family and friends and attending events.
- 1.19 In a digitally dominated world, investing in digital infrastructure and basic skills can play a vital role in revitalising high streets. However, at this time, the offer in most of Wales’ town centres is not strong. Our citizen survey found that towns mostly lack an effective digital offer with poor connectivity, limited free and effective Wi-Fi. This puts people, especially younger people, off from visiting.

11 Centre for Retail Research, [Who's Gone Bust in UK Retailing in 2019-2021?](#)

12 pwc, [Store Openings and Closures - 2021](#)

13 Research by Statista, available on their [website](#).

Non-domestic rates continue to make most town centres unattractive places to invest in, although the current payment ‘holiday’ is welcomed

- 1.20 Non-domestic rates are an annual property tax paid on the rateable value of the property each business occupies. The rateable value is a notional figure calculated in terms of the likely rental of the property. Non-domestic rates revaluation normally takes place every five years and is conducted by the Valuation Office Agency. The most recent revaluation in Wales took effect in April 2017, and the next one is currently scheduled for 2023¹⁴. Some 113,100 properties are liable for non-domestic rates in Wales and contribute over a £1 billion annually to the Welsh Government’s budget¹⁵.
- 1.21 Businesses and council officers we surveyed and interviewed note the challenges created by the non-domestic rates regime. In recent years, some retailers have achieved big rent reductions as leases come up for renewal, or by renegotiating rents or using corporate voluntary arrangements. Indeed, research suggests that in towns with high retail vacancy rates, market conditions are so difficult that some have managed to get zero-rent deals. However, despite rents falling, rateable values remain at 2017 levels, and many noted that they do not reflect the reality and cost of trading on the high street today. To put it simply, high street retailers have historically paid more for something that is worth less, and the cost model no longer works for many retailers.
- 1.22 Non-domestic rates account for a disproportionately high percentage of total occupancy costs and are seen as a deterrent to new businesses and start-ups. Non-domestic rates are also disproportionately high for most retail businesses, which places them at a disadvantage compared to the e-commerce retail sector. The Centre for Retail Research estimates that store and shop-based retailers paid £7.168 billion in non-domestic rates in 2018-19, equivalent to 2.3% of their retail sales, whilst online retailers paid £0.457 billion, around 0.6% of online traders’ sales¹⁶.

1.23 There is a range of initiatives by the Welsh Government and local

14 Senedd Research, [Business Rates: Frequently asked questions](#), 2018.

15 Senedd Research, [Business Rates: Frequently asked questions](#), 2018.

16 Centre for Retail Research, [Business Rates and the Future of the High Street](#)

authorities that provide non-domestic rate relief¹⁷. And, through 2020-21 and 2021-22, the Welsh Government has provided further support in response to coronavirus restricting trading, to the extent that over 70,000 businesses currently pay no rates at all¹⁸. This has been welcomed by businesses we surveyed. However, a number noted that when the pandemic concludes, and the business rate holiday is over, there is a need to create a level playing field with out-of-town retailers and online providers, both for non-domestic rates, but also charges like car parking. For instance, exploring innovative and flexible charging with lower pricing and 'connected value' such as varying charges based on visitor numbers to create more revenue.

High Streets are more than just retail, but this is often overlooked

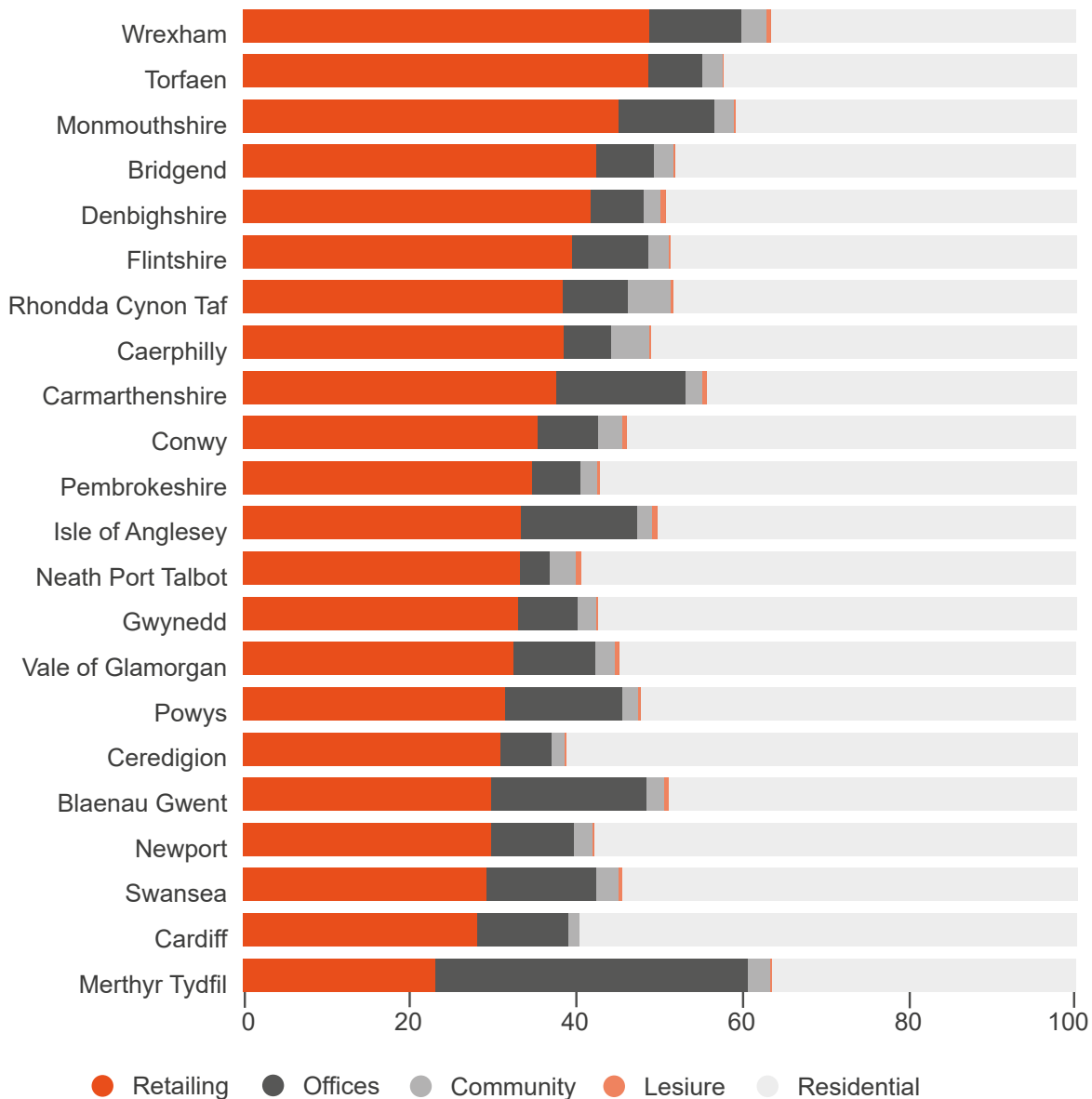
1.24 Whilst much of the debate has focussed on the decline of retail on high streets being the major issue of concern, town centres offer far more than just shops – **Exhibit 6**.

17 Welsh Government: Business Wales, [Business Rates Relief in Wales](#)

18 Welsh Government, [Business rates holiday extended for 12 months](#), March 2021

Exhibit 6: addresses on the high street, by land use category and local authority in March 2020

Town centres are mostly residential but are often presented solely in terms of retail.



Source: Office for National Statistics, [High streets in Great Britain, March 2020](#)

- 1.25 This data, published by the Office for National Statistics drawing on land use categorisation¹⁹, shows that the amount of retail on high streets varies widely – ranging from roughly 50% of high streets in Wrexham to less than a third of premises on the high streets of the three main cities in South Wales. Merthyr Tydfil has less high street retail than any local authority area, where under a quarter of high street premises are shops. There are few local authorities with over 10% of their high streets accommodating offices, although in Merthyr Tydfil offices account for over a third of all properties on the high street.
- 1.26 Overwhelmingly, town centres and high streets are residential areas. At least a third of all addresses are homes, rising to over 50% of all high street addresses in 12 of the 22 local authorities. Town centres also account for a significant proportion of a local authority's total population, roughly a fifth in Cardiff and Newport, for example. The population of our high streets is overwhelmingly 'young' with the vast majority aged between 16 and 64. Importantly, students are also mainstays of town centres in university towns and cities, accounting for 41.3% of the population in Ceredigion, 23.1% in Cardiff and 17% in Gwynedd and Swansea.

Town centres are mostly geared for the daytime retail economy and mostly have a limited leisure, social and night-time offer

- 1.27 Town centres are primarily configured for daytime services and the night-time offer is mostly underutilised. Our research found that roughly half of people live within a mile of their town centre (44%) and 86% within five miles. Before the pandemic, 82% of people visited their local town centre at least once a week and over half of these (60%) several times a week. Just over 40% of citizens visit their local town centre in both the working week and weekends and a similar number only in the working week. Less than 20% only visit their town centre at weekends.
- 1.28 Two-thirds of businesses operate both in the working week and at weekends. Just over a third during the working week only (34%) and 2% at weekends only. Most businesses (90%) work standard core hours – 9 am to 5 pm. Two-thirds of people regularly visited their town centres in the morning, just over half at lunchtimes, and just over half in the afternoons. Roughly a third of businesses work into the early evening (35%) and a smaller proportion later than 8 pm (15%). Less than a third of people visit town centres in the early evening and just over 10% after 8 pm (12%).

19 The high street features data are provided by Ordnance Survey, including the proportion of addresses that are for residential, retail, leisure and recreation, offices or community usage. Retail usage for the Ordnance Survey high streets data is classified by land use type as defined by the Ministry of Housing, Communities and Local Government. Definitions are [here](#).

1.29 Overwhelmingly, survey feedback notes that local town centres do not have a good night-time offer. And these findings correlate strongly with the data set out in **Exhibit 6** above. Town centres across Wales offer little in the way of community use (defined as educational, institutional or religious buildings) and leisure (defined as indoor or outdoor recreation) services and facilities. No local authority has more than 5% of its high street with community buildings, and less than 1% of all Welsh town centres is turned over to leisure and recreation usage. With less demand for retail, community, leisure and recreation are obvious areas for growth.

Many town centres are not easy to access

- 1.30 Much of Wales lacks efficient, affordable, accessible and comprehensive transport. Despite Welsh Government policy emphasising the importance of public transport being accessible and available, and a number of national initiatives to improve current provision, the reality for many people we surveyed is that networks and modes are not adequately linked in many towns across the country. This has led to a continued reliance on cars. Our surveys found that 73% of people regularly access their town centres by car, with less than 20% using public transport.
- 1.31 Survey respondents noted issues of concern with the availability of car parking, its cost and poor public transport alternatives as key barriers to visiting their town centres more frequently. Transport infrastructure – cycle ways, pavements and roads – were all identified as being in generally poor condition and in need of investment and upgrade. Overall, both businesses and people responding to our surveys flagged the continuing deterioration of roads and inadequate integrated public transport as major problems.



Present: Town centres today

02

Businesses have been well supported during the pandemic, but local authorities often lack the skills, capacity and resources to help create sustainable town centres despite significant Welsh Government funding

National and Local Government responded well supporting town-centre businesses during COVID-19, but it has created uncertainty for the future

- 2.1 The pandemic saw an overnight change in how people used town centres. Shoppers' spending and travel habits changed, and whilst demand for public services increased, many people took advantage of online platforms to access these. Most town centres were already having to adapt to a significant period of change before the pandemic, as they have done in the past, reflecting societal changes over decades. But rarely has such drastic change happened in a short period of time, as restrictions were imposed on movement and business operations nationwide.
- 2.2 Early on, restrictions led to a short-term change of habits, but we heard differing views over how long lasting this change will be, and this continues to be the subject of intense debate by economic analysts. COVID-19 dramatically reduced people visiting their town centres, with 91% we surveyed stating they visit less frequently than in the past. But our surveys also suggest a desire to return to previous habits, with the majority of businesses (61%) and citizens (57%) intending to operate/visit and use their town centre as they did before COVID-19. Only 8% of businesses and 13% of citizens see the pandemic as fundamentally changing how town centres will be used in the future.
- 2.3 Businesses have had to adapt quickly, and local and national government support had to be rolled out quickly and tailored accordingly. Besides the many challenges faced, the restrictions also created opportunities for businesses to adapt their operating model to reflect these changing habits. As lockdown restrictions began to ease, businesses that adapted benefitted from increased footfall, as people stayed local rather than travelling into cities for shopping, work and leisure.

- 2.4 We found that three-quarters of businesses diversified their offer to provide an online service, 35% offering home delivery and take away services; 21% introduced mobile services including pop ups; and 12% converted premises for alternative use or trade. It is uncertain if these shifts will reverse, and businesses will have to reflect on how they intend to operate post-pandemic.
- 2.5 Businesses also see government support as essential to help them recover, with 76% seeing the loss of Welsh Government support as a major risk. Positively, 90% of businesses have applied for and received emergency funding from the Welsh Government to help them survive the full impact of COVID-19²⁰.

Local authorities introduced a range of measures to safely re-open town centres during the pandemic, but these choices adversely impacted some disabled people

- 2.6 Stakeholders also recognise the good work of local authorities to make town centres safe. 92% of businesses and 82% of visitors feel safe visiting their local town centre and the majority that their town centre is clean and well maintained. However, 'red tape', unnecessary bureaucracy, over regulation and poor leadership at a national and local level are seen as major blocks by several businesses. This includes decisions on pedestrianisation, car parking charges and business rates. Roughly a third of businesses (36%) believe that local authorities need to become more agile in their decision making to help businesses recover, and a smaller proportion (15%) better at co-ordinating action on the high street.
- 2.7 Just over 10% of citizens responding to our survey considered themselves to have a disability. Roughly half of these stated that they been disadvantaged in the decisions taken by their local authority when reopening town centres. Two-thirds noted the closure of key facilities, such as toilets, as a deterrent to visiting their local town centre. Similarly, the creation of pedestrianised zones (46%) and social distancing in shops and cafes (43%) to help manage the flow of people were noted as discouraging disabled people to visit their high street.

²⁰ This funding was made up of two separate grant schemes, the Non-Domestic Rates (NDR) Grant and the Economic Resilience Fund, to support businesses during the lockdown period. Other economic measures such as the Self-Employed Income Support Scheme and Coronavirus Job Retention Scheme were also introduced.

The growth in home working in response to the pandemic has the potential to both benefit local town centres, but also reduce demand for businesses

- 2.8 There is evidence that retail spending has moved to local high street shops during the pandemic, mainly due to people shopping locally as they work from home²¹. This has had clear benefits for some town centres with more spending in the local economy. But with more people working from home, there is less need for office space which could impact town and city centre businesses.
- 2.9 This will be particularly challenging for struggling places, because office jobs – unlike retail jobs – are more likely to be higher-salaried jobs that contribute to places thriving and growing because of their ‘multiplier effects’: that they create additional jobs because employees use the shops and services in a high street or town centre. Research shows that skilled jobs or jobs in high-tech industries generate larger multipliers: an additional high skilled job creates an average of 2.5 jobs in the non-tradable sector; an additional tech sector job creates, on average, 1.9 jobs in the non-tradable sector²².
- 2.10 This could have one of two impacts on towns across Wales. Whilst people working from home could have a positive multiplier impact in some communities, they will also result in falling demand in the place from which they have relocated, because these jobs are not new, but employment displaced from elsewhere as a result of the pandemic.

Large sums of money are being invested in regeneration, but it is questionable if this funding is helping to create sustainable town centres

- 2.11 The Welsh Government has prioritised investment in regeneration and continues to make available large sums of money; just under £900 million since 2014 – **Exhibit 7**. All local authorities have received funding, but the levels of investment vary widely. For example, the most recent allocation in 2020-21 saw funding to authorities range from £1 million to £13.6 million (See **Appendix 3**).

21 Centre for Cities, [How has spending recovered in our town and city centres?](#) September 2020

22 What works centre for local economic growth, [What does the evidence tell us about the employment multiplier effect?](#) March 2019

Exhibit 7: Welsh Government regeneration funding since 2014

The Welsh Government continues to invest significant sums of money on regenerating Welsh town centres.

Period	Programme	Direct Welsh Government Funding	Enabled/ Levered-in Funding	Total Funding
2014-2017	Viable and Vibrant Places	£124 million	£320 million	£444 million
2014-2020	Town Centre Loans	£31.6 million ²³	–	£31.6 million
2017-2023	Building for the Future	£54 million ²⁴	£54 million	£108 million
2018-2021	Targeted Regeneration Investment	£100 million	£60 million	£160 million
2020-2021	Valleys Taskforce Towns funding	£3.7 million	–	£3.7 million
2020-2021	Transforming Towns (COVID-19 adaptation fund)	£5.3 million	–	£5.3 million
2014-2020	Transforming Towns Revenue Fund for LAs	£0.5 million	–	£0.5 million
2017-2023	Coastal Town Fund	£3 million	£8 million	£11 million
2018-2021	Green Infrastructure and Biodiversity Fund	£5 million	£4 million	£9 million
2020-2021	Loan funding for use by local authorities	£18.4 million	–	£18.4 million

²³ Loan funding which is recycled. We have only included the actual amount allocated not the total recycled or it is assumed will be recycled.

²⁴ This includes European Regional Development Fund: Connectivity and Urban Development for the period 2017-2023.

Period	Programme		Direct Welsh Government Funding	Enabled/ Levered-in Funding	Total Funding
2020-2022	Additional funding for Town Centre Loans		£15 million	–	£15 million
2020-2021	Enforcement ‘fighting fund’		£15.2 million	–	£15.2 million
2017-2023	Extension of capital grant for a further year (2021-22)		£41.8 million	£25.1 million	£66.9 million
2014-2022	ALL		£383.6 million	£509 million	£892.6 million

● Revenue ● Capital ● Both Revenue and capital ● Loans

Source: Welsh Government

- 2.12 Most of the senior officers we surveyed (91%) believe that the Welsh Government makes funding available to local authorities to support regeneration work. And all senior officers and just under two-thirds of councillors (63%) believe that their local authority is good at working with the Welsh Government to secure grant funding to support regeneration.
- 2.13 However, some aspects of the Welsh Government’s approach to regeneration are considered problematic. Only 77% of senior officers believe that the Welsh Government provides them with the freedom to decide where they should spend money on regeneration and around two-thirds (59%) that the Welsh Government keeps its request for information and supporting materials to a minimum. The funding has been made available under 13 different streams, often with different priorities and grant conditions, although since 2020 funding has been reorganised into a single fund ‘Transforming Towns’. The Welsh Government recognises there is more to do to streamline funding.

- 2.14 Many we interviewed and surveyed noted that the annual cycle of bidding does not support local authorities to tackle the more difficult and longstanding problems that would help transform their town centres. Funding is heavily focussed on capital and physical regeneration but often the challenge for local authorities is insufficient revenue to fund posts, especially town-centre management, marketing, data analysis, land assembly, and legal services to address problem buildings and land.
- 2.15 Despite significant levels of investment in recent years, its impact has been varied. Undeniably, improvements have taken place, but it has not helped to create more sustainable places. Those we interviewed acknowledged that too often the funding has focussed on a one-off major project or being allocated to street scene and public realm improvements. Undoubtedly these are important. But if they are not matched with comprehensive regeneration of other eyesore and derelict buildings and help tackle all empty land and premises then their overall benefit and impact are diminished.

Local authorities are the key agency in managing and regenerating town centres, but often struggle to create sustainable places

- 2.16 The way that people shop has changed forever and large-scale re-modelling of many of our town centres is required if they are to survive and thrive in the 21st century. High streets and town centres need to be nurtured, and their regeneration planned and driven by a strategic approach. Whilst there are many stakeholders who have a role in regenerating town centres, local authorities are the key body.
- 2.17 They have a wide range of statutory powers that can determine the shape and environment of town centres: planning, transport, enforcement, town-centre management, trading standards, environmental health, licensing, housing, economic development and tourism, for example. Local authorities are accountable and have legitimacy to make decisions because members are elected to represent their local community and its people.

Most local authorities have prioritised town-centre regeneration, but plans often fall short of delivering the change needed to help create more sustainable places

- 2.18 We found that the approach taken by local authorities to town-centre regeneration varies. Some have a single local-authority-wide strategy. Others specific town or town-centre plan(s). A number use their Wellbeing Plan to set their regeneration priorities working with the wider public sector partnership, whilst others draw on Place Plans²⁵ and the work of Business Improvement Districts (BIDs)²⁶. The majority of council officers we surveyed noted that they have a strategy (86%) for town-centre regeneration with associated actions to deliver against (82%). Every local authority has a local development plan²⁷ in place, or being adopted, and these are critical to the successful regeneration of town centres.
- 2.19 Many plans quite rightly highlight the important contribution regeneration can make to sustainable development and the wellbeing of future generations, in particular physical regeneration where local authorities generally have a strong track record. Most senior officers we surveyed believe that their past regeneration work has improved buildings in town centres (96%); safeguarded the heritage of buildings and towns (91%); and created new homes and improved existing ones (85%).
- 2.20 However, senior officers and councillors acknowledge that local authorities have not created more wealth, increased employment, apprenticeships or benefitted residents economically. Neither has physical regeneration work contributed to improving health nor reducing poverty. Actions have consequently fallen short of creating both sustainable and multi-functional town centres that contribute to improving wellbeing. Priorities still focus heavily on the benefits of physical improvements and are less clear on the wider wellbeing gains that regeneration can deliver.

25 Place Plans are a mechanism introduced by the Welsh Government for communities to engage creatively with the planning process and for planners to support in place-making initiatives with local people.

26 BIDs are where local businesses lead and work together with partners to form a group to invest money and make improvements to specific areas such as town centres, by providing additional services above what is already available. (See **Appendix 4.**)

27 The Local Development Plan sets out local planning policies and identifies how land is used, determining what will be built where. Adopted local plans provide the framework for development across Wales and are developed and managed by the local planning authority.

2.21 As noted above, rapid change is taking place in our town centres and the full impact of COVID-19 is yet to be felt. Priorities for action that appeared reasonable 18 months ago no longer reflect the changes that are taking place and the challenges now needing to be addressed. Plans are not always reflective of the changed environment facing town centres and are often geared to the problems besetting our high streets of three to five years ago, not as they are now. This is important and poses a significant problem. Some have taken the opportunity to refresh their regeneration plans. For example, Carmarthenshire County Council's Restart, Revive, Renew recovery strategy, developed in response to the economic impact of COVID-19, provides a good summary of the 'live' challenges facing towns in the county.

Local authorities often lack the skills and capacity to deliver the town-centre regeneration Wales needs

2.22 The pandemic has laid bare the need for comprehensive regeneration to make Welsh towns sustainable places. But the impact of ten years of austerity and reductions in local government funding has seen a depletion in regeneration capacity and skills. Local authorities accept the loss of knowledge, experience and skills as staff leave is a major risk. Just over half of councillors (56%) recognise that they do not have enough skilled officers to deliver regeneration. Whilst there has been some new recruitment – the employment of a Town Centre Officer in Blaenau Gwent, for example – the overwhelming story from our research is one of a large reduction in capacity.

2.23 Staff dealing with regeneration are rarely dedicated to only undertaking this work, and usually manage a range of different and competing priorities. Local authorities rarely have a standalone regeneration function, and staff with a role in regeneration are often spread across different services and teams: planning, housing, land and property, legal, valuation, economic development, and leisure for example. This can reduce the opportunity for cohesive action and weakens accountability. Regeneration is also now more challenging and requires creativity and the application of a more diverse skill set. **Exhibit 8** summarises the key skills required to deliver town-centre regeneration that we have identified in the course of this review.

Exhibit 8 – the key skills required to deliver town-centre regeneration

Local authorities need to have the right skills in place before, during and after town-centre regeneration.

Before		
Visioning skills	Land assembly	
Ambition	Project design	
Urban and Place Planning	Funding and financing	
Analysis and decision-making	Local employability development	
Legal expertise	Involvement and consensus building	
Use of enforcement powers and CPOs		
During		
Brokerage skills	Low carbon design and decarbonisation retro fit	
Developer negotiation	Communication and information	
Conflict resolution	Leadership	
Project management	Data collection	
Procurement		
Supply chain development		
Monitoring		
After		
Evaluation	Town Centre Management	
Reporting	Marketing	
Events management	Partnership working	
Dissemination of good practice	Data analysis	

2.24 Given this reduction in capacity, local authorities need to work more closely with a broad range of partners; the wider public sector, housing associations, the third sector, and Town and Community Councils, especially where their intervention might be of a smaller scale or plays to a specific set of skills and/or responsibilities. Regeneration also needs to be better integrated across policy agendas, public sector priorities and by more efficient cross-professional practice. City deals could help with some of this, but the City Deal staff we spoke to stressed that they are often focussed on 'macro' level regional economic development and regeneration issues, not 'micro' level town-centre regeneration, although the Cardiff Capital Region City Deal has identified town-centre regeneration on its forward work programme for 2022.

Local authorities are mostly not using their powers to enable town-centre regeneration




- 2.25 Successful regeneration relies on local authorities involving the community, providing incentives for private developers to invest in the area, combined with effective use of enforcement powers. This balance of responsibilities promotes sustainable development whilst helping to ensure land and property owners keep their land or property in a suitable condition. Overall, local authorities are not providing these incentives or using the powers they have available to drive town-centre regeneration effectively and consistently.
- 2.26 Several powers already exist which enable councils to bring empty buildings or land back into use, clean up an area which causes an environmental health hazard, or force transfer of ownership of land or property through the use of a Compulsory Purchase Order (CPO). We found most of these powers are underutilised, and senior officers we interviewed acknowledged that there is a lot more for local authorities to do in using their wide-ranging powers to stimulate town-centre regeneration. Prohibitive factors include the cost and time involved in using these powers and, overall, officers we interviewed noted that the enforcement regime is neither agile nor effective at tackling problems. In March 2021, the Welsh Government published new guidance to help make the compulsory purchase process more understandable and transparent²⁸.
- 2.27 Councillors are especially critical of how well local authorities are performing in this regard. Just over two-thirds note that their council has not created town-centre development and/or investment zones, and 77% say they have not introduced incentives for town-centre development. 72% of councillors believe that their council is not proactively using enforcement powers to bring empty buildings or land back into use, whilst the vast majority (83%) say they are not proactively using CPOs to stimulate re-use of vacant and underused sites and buildings in town centres.




28 Welsh Government, [Compulsory Purchase Order \(CPO\) Manual \(Edition 1\)](#), March 2021

- 2.28 The Welsh Government has organised training for local authority councillors and officers to help ‘demystify’ enforcement powers to stimulate their use and application. Many of these do not require expensive and protracted action and can achieve the desired impact through a staged approach. **Exhibit 9** below sets out the options available to local authorities. These range from softer low-key and inexpensive actions to more intrusive and potentially costly last resort decisions. All options need to be pursued and setting out your stall early can change and influence landlord behaviour. In addition, the Welsh Government has set aside £15.2 million under its Empty Properties Enforcement Fund which is available to local authorities to support them to take enforcement action. Local authorities are required to submit an action plan to the Welsh Government detailing the properties they wish to take action against and the estimated funds they need.
- 2.29 From our review, it is clear that councils need to be joined up internally with policy aligned to deliver the right impact. If services – planning, environmental health, housing, property, land and legal – are not integrated, then local authorities will struggle to address these problems. Leadership and intent are essential.

Exhibit 9 – powers available to tackle empty properties

Local authorities have a wide range of powers available to help them tackle empty and derelict eyesore buildings to regenerate town centres.

Approach	Timescale	Potential actions
 <p>Advice and guidance</p>	0 months to 2 years	<ul style="list-style-type: none"> • Advice to landlords on options for sale, rent and ownership • List of agents to help sell/rent • Discounted fees through Auctioneer Scheme • Identify and list potential Investors/Developers • Use LA website to promote/advertise land/buildings for owners
 <p>Softer Options</p>	6 months to 2 years	<ul style="list-style-type: none"> • List of approved Builders/Architects • Develop and provide for free composite Schedule of Works • Home Improvement Agency • Council-run Private Sector Leasing scheme • Social lettings scheme to match applicants to private rented homes • Public Request Ordering Proposals • Direct purchase by LA or RSL • LOTS and HARPS to create homes above shops
 <p>Financial Assistance</p>	6 months to 2 years	<ul style="list-style-type: none"> • Improvement grants linked to nominations to properties • Loans for improvement work (interest free or interest bearing) • Commercial lending advice • Discount VAT and/or Capital Allowance schemes

Approach	Timescale	Potential actions
 <p data-bbox="135 577 319 651">Threat of enforcement</p>	2 years or more	<ul data-bbox="646 392 1348 1205" style="list-style-type: none"> • S.215 of the Town and Country Planning Act 1990 • S.77-79 of the Building Act 1984 – dangerous structures, ruinous and dilapidated • Housing Acts 1985 and 2004 – improvement notices, EDMOs, demolition and clearance • S.79-80 of the Environmental Protection Act 1990 – statutory nuisance • S.4 of the Prevention of Damage by Pests Act 1949 – treat pests • S.29 Local Government (Miscellaneous Provisions) Act 1982 – boarding up • Listed Buildings/Urgent Works notice • Public Health Acts 1936 and 1961 – filthy and verminous • Naming and shaming landlords (publicity)
 <p data-bbox="135 1429 272 1503">Debt Recovery</p>	2 years or more	<ul data-bbox="646 1238 1316 1514" style="list-style-type: none"> • Council Tax, Statutory Debts or Business Rates debt recovery (Bankruptcy, charging orders or Bailiffs) • County Court or Enforced Sales Procedure • Council Tax Premiums on Long-term Empty and Second Homes
 <p data-bbox="135 1742 304 1771">Last Resort</p>	2 years or more	<ul data-bbox="646 1552 1220 1839" style="list-style-type: none"> • Prosecution • Compulsory Purchase Order • Empty Management Dwellings Order • Enforced Sales Procedure • Direct Purchase

Source: Welsh Government enforcement training given to local authorities



Future: The challenge of regenerating town centres in the future

03

Town centres can continue to play an important role at the heart of Welsh life, but local and national government need to drive an ambitious regeneration agenda to help create sustainable places

3.1 The pandemic has increased pressure on high street businesses already struggling, and store vacancy rates are expected to continue rise. However, opinions vary about the extent to which the pandemic will lead to long-term change in town centres. Some point to evidence of new trends towards localised shopping and resilient independent stores as a cause for optimism. Others that the decline of recent years will accelerate as we tackle the fallout of the pandemic. Clearly, there are challenges that need to be addressed. But there are also opportunities to exploit.

The Welsh Government has prioritised regeneration of town centres in the recovery from the pandemic, but needs to ensure the town-centre-first approach is central to its wider policy agenda

3.2 The Welsh Government published COVID-19 Reconstruction: Challenges and Priorities in October 2020²⁹. The plan has eight short-term priorities one of which (**Priority 4**) is town-centre regeneration. The Welsh Government has set out a series of actions to help address the steady decline of town centres and the impact of the pandemic. These include:

- a new 'Strategic Sites Acquisition Fund' to enable local authorities to acquire land and/or high street premises to revitalise town centres;
- delivering a 'Town Centre First' agenda, prioritising integrated health and social care hubs in town centres;
- launching a dedicated fund to create additional facilities on high streets, to help revitalise town centres;
- providing better access to open spaces;
- creating remote working hubs; and
- making sure public services are more accessible.

29 Welsh Government, [COVID-19 Reconstruction: Challenges and Priorities](#), October 2020

- 3.3 Town-centre regeneration remains a longstanding Welsh Government objective and has been reconfirmed as such in the recently published Programme for Government³⁰. As noted earlier, much money has been set aside to support regeneration work under various initiatives in recent years. The Welsh Government's policy team for overseeing regeneration activity has, however, changed over this period, and local authorities are positive about their work and support. Many commented favourably on the support provided by the Welsh Government to local authorities to upskill and make better use of enforcement and legal powers to tackle longstanding blighted properties in town centres. Similarly, the more consultative and pragmatic approach to project development and sign-off was cited as evidence of improving responsiveness.
- 3.4 Key to the Welsh Government's regeneration work is its 'Town Centres First' approach, which looks to put the health of town centres at the heart of the decisions taken by the Welsh Government, local authorities, the wider public sector, businesses and communities. For example, encouraging the public sector to support towns by locating offices, facilities and services within them in order to drive footfall and create or sustain vibrancy. The approach therefore seeks to deliver the best local outcomes by aligning and integrating policies and resources to prioritise town centres.
- 3.5 Recent Welsh Government planning policy supports this direction of travel. For instance, **Planning Policy Wales – Edition 11**³¹ has extensive content on the Welsh Government's vision for town centres, the assessments and tests that must be used to determine where retail and commercial development should go, and the town-centre focussed policies local authorities must work to implement. Similarly, **Update to Future Wales – The National Plan 2040**³² includes a very strong town-centre-first policy approach.
- 3.6 This is a very ambitious agenda as it requires a high degree of integration between cross-cutting policy frameworks and decision making to promote town centres above much else. The challenge for Welsh Government is to ensure that all parts of their policy, funding and decision-making system are in sync and helping to deliver this ambition.
- 3.7 The Welsh Government is, however, only one of many players in this process and cannot create sustainable town centres without others playing their role, in particular local authorities and other public bodies. However, local authorities often lack capacity and skills to do everything and depend on others to get involved. But public sector partners are not joined up and integrated with local authorities and actively contributing to the town-centres-first agenda.

30 Welsh Government, [Programme for Government 2021-2026](#), June 2021

31 Welsh Government, [Planning Policy Wales: Edition 11](#), February 2021

32 Welsh Government, [Future Wales: The National Plan 2040](#), February 2021

3.8 We have seen many examples of public bodies reducing their town-centre presence, moving more services online and to the periphery of towns. For instance, North Wales Police’s relocation of its Wrexham town-centre police station at Bodhyfryd to a new facility in Llay on the outskirts of the town in 2019. These are often done for valid reasons – better cost, better quality and better environmental impact. But they can also work against the town-centre-first agenda. The Welsh Government needs to get this policy framework right with buy-in from all key partners to enable ‘town centres first’ to work in practice.

Many of the problems facing town centres can be addressed, but it requires national and local government to deliver integrated solutions and make brave decisions

3.9 Retail remains important, but it is not the main purpose of town centres in the 21st century and needs to be replaced with other activities. This oversupply of retail is mostly being managed haphazardly in town centres and primarily as a result of company failures, shop closures, loss of anchor institutions, public sector relocation and changing shopper habits. Many of these decisions are commercial ones driven by profit and risk. Local authorities need to be receptive to these market trends and accept that town centres are changing and plan to help manage this shift. From our research, to help create sustainable town places requires local authorities to apply the four ‘I’s – **Exhibit 10**.

Exhibit 10: the four ‘I’s of town-centre regeneration



Source: Audit Wales

Intention

Local authorities need to be clear on the purpose of their town centres and provide honest, strong and dynamic leadership to address the challenges they face

- 3.10 Local authorities know their towns and are crucial in leading, planning and implementing change to address the problems they face. As we have seen in earlier sections of this report, local authorities control key levers that can help create sustainable places. They have the legal powers to facilitate change, they have access to resources and have policy 'infrastructure' to draw on to deliver improvement. Importantly, they are also community leaders.
- 3.11 Local authorities need to therefore have a clear vision for the future of their town centres backed up by a plan for change. Importantly, they need to clearly set out their ambitions for their towns and show drive and direction. If local authorities are not committed to improving town centres, pledging resources and leading regeneration then it is hard to justify why others – businesses, social enterprises and public sector partners – should invest time, effort and money in doing so. Ambition encourages involvement, which leads to ideas which can attract funding. With so much uncertainty, now is the time to be bold and ambitious and to do different things and things differently.
- 3.12 The needs of towns are different and will therefore require different solutions. Local authorities need to ensure they have the right information to be able to identify the responses needed. It is clear that there is no 'one-size-fits-all' solution. Every town has to play to its local strengths and develop specific plans that reflect its unique situation. For those towns facing the greatest challenges, it is difficult to see successful regeneration happening without strong local authority involvement to steer activity, but also in use of powers from assembly of sites to assistance in funding.
- 3.13 However, local authorities need to also look at their area as a whole when prioritising regeneration and consider the interdependency of towns. As we have seen above, towns in Wales are co-dependent and serve different purposes. Regenerating independent places is more likely to make a greater economic and social impact than investing in dependent places. Towns with greater levels of independence provide core services for others and for scalability are a more attractive prospect for investment. And, with the advent of greater joint working through the creation of Corporate Joint Committees³³ there will be opportunities to strengthen regional strategic development planning, transport planning and promoting the economic wellbeing of areas.

33 Welsh Government, [Corporate joint committees: draft statutory guidance](#), July 2021

- 3.14 High streets are getting smaller, shrinking into a central core, and local authorities need to be honest and open about this. Whilst retail should still be a focus, property must provide retailers with stores they need today, not 30 years ago. Smaller, more flexible units at ground floor level, with shorter leases – or even pop-up shops. Peripheral areas, where there is an excess of empty shops, must be restructured to enable their redevelopment for alternative uses – housing, community, recreation and leisure – to help deliver a more compact and sustainable high street.
- 3.15 Local authorities need to consider not only how town centres generate economic benefits, but also how they can help improve the health and wellbeing of people and enhance the local environment. With less demand for physical retail, local authorities need to consider alternative uses such as more housing, focussing on the heritage of their towns by encouraging new arts, cultural and leisure services and widening out the community and public realm benefits. Focussing on green and blue infrastructure – creating parks, open spaces, playing fields, woodlands, street trees, allotments, green roofs and walls and sustainable drainage systems – is an obvious area for growth.
- 3.16 Local authority senior officers and councillors we surveyed noted that the traditional decision-making model for overseeing regeneration is neither agile nor streamlined enough to keep pace with this rapidly changing world. Plans need to therefore be dynamic ‘living’ entities; developed and managed flexibly; subject to rigorous and regular evaluation; and adjusted to address problems in the moment not of the past. Based on our review, these are all areas where the success and impact of past approaches to regeneration often fall short.

Involvement

Local authorities are well-placed to prioritise and lead on place planning, but communities and businesses need to be fully involved

- 3.17 High streets and town centres are at the heart of the community, but without communities being involved, regeneration will go nowhere. Ultimately, people make the high street. Local authorities need to tap into local communities to find out what they want from their town centres and involve them in determining how empty retail space is used.

- 3.18 Historically, this has been a challenge. Our survey of senior officers, councillors and businesses found that councillors and the Welsh Government have more influence on local regeneration than any other stakeholder. Housing associations and public sector partners play an important role and also have greater influence than town and community councils and the third sector. However, residents – the people who live in our towns – were uniformly seen as having little or no influence over regeneration. Where it happens, it usually takes the form of consulting on established priorities and falls well short of people helping to identify, shape and agree solutions. This is a major failing.
- 3.19 Many citizens responding to our survey show a high degree of realism, acknowledging that towns change and do not stay the same. Regeneration is seen positively as something leading to improvement and not to be shied away from. They are stakeholders – the key stakeholders – but are often on the periphery of discussions and decisions. Without people owning regeneration plans then they are not going to succeed.
- 3.20 Community involvement in regeneration can come in many forms. Two of the more successful involvement initiatives have been the use of Place Plans, introduced under the Planning (Wales) Act 2015, and Business Improvement Districts (BIDs):
- **Place Plans:** Traditionally, planning authorities will consult with the local community as part of the approval process for an individual application. Place planning is a much more inclusive and longer-term process, capitalising on existing community resources to generate ideas and turn these into local priorities. With a good place plan, local authorities have an ongoing forum to test regeneration proposals, long before decisions are made, and ensure any proposals reflect the needs and wants of the local community.
 - **Business Improvement Districts:** A BID is where local businesses lead and work together with partners to form a group to invest money and make improvements to a specific area such as town centres, by providing additional services above what is already available. BIDs can also be thematic, such as supporting the digital sector. A BID is set up through a legal ballot process – all businesses that pay business rates within the area, vote for or against a proposal document that sets out project activities and its aim to drive local economic regeneration of the specific area. If a vote is successful, all businesses will pay an extra amount referred to as a ‘levy’ on top of their business rates. The levy is then used to fund the projects in the proposal document. BIDs can be set up to run for up to five years and must then re-ballot.

3.21 Both of these approaches enable local communities to be more involved in the local planning decision-making process and we found some good approaches. For instance, the positive work of the Love Treorchy BID³⁴, the Place Plan developed by Newtown and Llanllwchairan Town Council³⁵ and the work of the Altrincham Landlords Forum³⁶. These are all good examples of how an involved community can shape regeneration, building on the goodwill of local citizens and businesses to enhance their local area.

Informed

Local authorities need to value and use data to better understand their town centres and the impact of past regeneration projects to determine future priorities

3.22 Officers we interviewed acknowledge that they lack key information and data to help them understand the dynamics of the ‘market’ in their town centres. Footfall and empty properties are the most frequently cited and used metrics, but these tell you nothing of the impact of visitors to town centres – how much they spend, how often they return and why – nor retail profit margins and rental values. Data where it exists is focused on individual towns. Understanding the catchment demographics and shopping patterns for towns, and their regional interconnectedness, is weak. Local authorities have a key part to play in strengthening the quality and scope of data and would benefit from forging stronger partnerships with data specialists.

3.23 Digital data offers insight on travel movements, parking, mobile phone activity, social media interaction and Wi-Fi usage, and can provide cost-effective insights about the changing use of town centres. However, the collection and use of digital data as a way of increasing understanding, targeting, marketing and monitoring change do not figure strongly in many town-centre action plans we reviewed. Overall, we found that national and regional research that can help shape public sector and business strategies on town centres are widely available, but often not used³⁷.

34 lovetreorchy.co.uk

35 Newtown Town Council, [Newtown and Llanllwchaiarn Place Plan](#)

36 [Altrincham Forward Newsletter February 2013](#)

37 There is a wide range of useful data that can be drawn on including [Understanding Welsh Places](#), [CoStar](#), [Centre for Retail Research](#), [Centre for Cities](#) and [Centre for Towns](#) to name a few.

- 3.24 Evaluating past regeneration schemes is a powerful improvement mechanism. Specifically in the context of regenerating town centres, evaluating what works and what does not is essential learning for the future. It provides good evidence for impending funding bids, informs policy development and enables an authority to understand the impact of regeneration on key targets and outcomes. Evaluation is at the heart of accountability and enables an assessment of whether the targeting of resources and interventions are value for money.
- 3.25 Overwhelmingly, our interviews and surveys found that local authorities do not fully evaluate their management and delivery of past regeneration programmes to help shape new plans. This is partly a reflection of inadequate information to judge regeneration in the round, and partly a result of reduced capacity. Irrespective, it also highlights poor use of resources. Since 2014, nearly £900 million has been invested or levered in to regenerating town centres, but it has fallen short in helping to create sustainable places. There is an imperative to therefore use what investment there is to best effect. More thought (and resource) needs to be given to learning and evaluation within local authorities to maximise the benefits of this investment.

Intervention

The changing face of town centres requires local authorities to become more interventionist

- 3.26 A lot of the actions needed to help create sustainable town centres cannot happen without some form of local authority intervention. However, local authorities have to involve citizens, local businesses and landlords to create a vision for their town, building trust and only then use their powers as leverage to intervene. In many cases, the combined threat of enforcement, along with the chance to be part of a strong vision can result in landlords and landowners voluntarily making changes required without the need for any formal action. From our research we have seen good examples of how local authorities are leading and intervening to create positive change – **Exhibit 11**.

Exhibit 11: local authorities need to become more interventionist to help create sustainable town centres

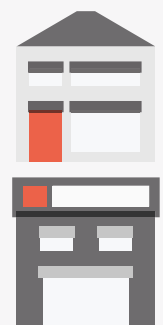
Working more closely with partners to address problems of fragmented ownership and confronting this issue head on.

If landlords believe in your vision, the choice for them is obvious. The impact of Trafford Council's public realm transformation project and strategy for Altrincham enabled the council to tackle the complex problem of ownership and bring about positive change on the ground creating a more vibrant and diverse town centre. The council recognised that they had to lead and to take a whole town-centre approach facing the difficult issues head on if they were going to succeed.



Becoming adept at land acquisition and assembly through better and more consistent use of enforcement powers, both compulsory and voluntary purchase powers.

Enforcement can be very effective as a threat without necessarily having to see it through, when used alongside a clear vision and strong ambitions for the future. Stockton-on-Tees has suffered a similar fate to countless high streets up and down Wales. Stockton Council has met this challenge head on acquiring the rundown Castlegate shopping centre, hotel and multistorey carpark and plans to replace it with a riverside park, part of its longer-term vision of creating a stronger leisure and recreation focus in the town centre. Refocussing the town centre around the river to reconnect with the town's heritage is key and supports the council's green infrastructure agenda.



Creating the correct regulatory context by integrating land use planning and urban regeneration policy with more flexibility in planning to allow a broader range of uses to tackle empty retail and rundown buildings.

Mixed space hubs have been successful. The more successful spaces have a mixture of redevelopment, new development, start-ups, independent businesses and arts/heritage projects, all managed by the local community. For instance, the Midsteeples Quarter, Dumfries, a community benefit society redeveloping empty High Street properties to create a new neighbourhood with a mix of uses built on principles of local prosperity and wellbeing. Key to its success has been flexibility from the local authority in how it applies its land use planning and development control responsibilities to encourage urban renewal.



Source: Audit Wales



Appendices

- 1 Audit Methodology**
- 2 The number of towns, villages and communities in Wales with more than 2,000 residents in each local authority**
- 3 Welsh Government funding to local authorities in 2020-21 for town-centre regeneration**
- 4 Business Improvement Districts**

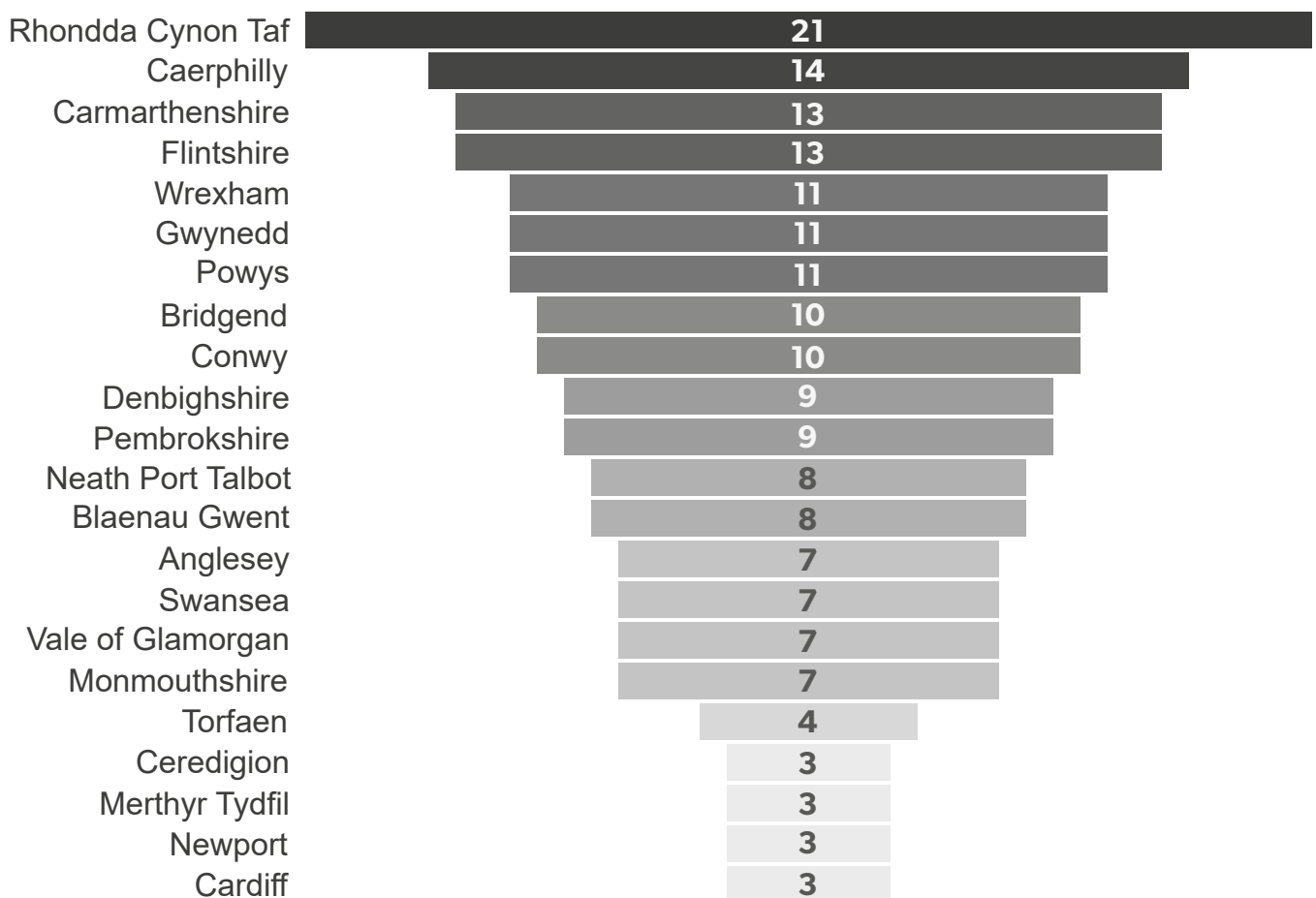
1 Audit Methodology

We completed our review between October 2020 and May 2021. We used a range of methods:

- **document review:** we reviewed national strategy, guidance, Welsh Government announcements and update reports, local authority plans, local and national performance reporting.
- **interviews:** we interviewed every local authority regeneration lead officer, members of staff of the Welsh Government's regeneration team, a range of representative local, regional and national organisations including the Institute of Welsh Affairs, staff of several universities, One Voice Wales, Community Housing Cymru and the Bevan Foundation for example.
- **focus groups:** we held three focus groups with elected members from across Wales to discuss their town centres.
- **data analysis:** we reviewed available data on town centres in Wales and drew on the work of Understanding Welsh Places, the Office for National Statistics and others.
- **surveys:** we ran four surveys with citizens, town-centre businesses, councillors (both principal and town and community) and local authority regeneration leads. The citizen and business surveys were provided online and supported by a series of social media campaigns to generate interest. A total of 1,984 citizens completed our survey and 442 businesses. We received 228 responses from councillors and 20 of the 22 councils completed the senior officer survey.
- **webinar:** we held a webinar to discuss our emerging conclusions in May 2021 and had attendance from over 160 people.

2 The number of towns, villages and communities in Wales with more than 2,000 residents in each local authority

See our [data tool](#) for the full information.



Source: Wales Institute of Social and Economic Research and Data/
 Institute of Welsh Affairs, [Understanding Welsh Places](#), December 2020.
 release. Analysis by Audit Wales

3 Welsh Government funding to local authorities in 2020-21 for town-centre regeneration

Council	Allocation
Swansea	£13,685,106
Newport	£9,519,515
Neath Port Talbot	£7,651,128
Wrexham	£7,320,131
Powys	£6,756,572
Blaenau Gwent	£6,226,708
Caerphilly	£6,167,264
Gwynedd	£5,906,725
Pembrokeshire	£5,471,983
Denbighshire	£4,805,649
Merthyr Tydfil	£4,665,766
Cardiff	£4,210,229
Isle of Anglesey	£4,067,000
Rhondda Cynon Taf	£3,623,725
Conwy	£3,147,125
Carmarthenshire	£3,116,103

Council	Allocation
Ceredigion	£2,807,136
Vale of Glamorgan	£2,067,500
Bridgend	£1,981,305
Flintshire	£1,965,309
Monmouthshire	£1,422,000
Torfaen	£1,000,025
TOTAL	£107,584,004

Source: Welsh Government

4 Business Improvement Districts

There are 18 BIDs in Wales.

Operating	Feasibility Stage	Terminated 2021
Aberdare	Newtown	Neath
Aberystwyth	Wrexham	
Bangor		
Caernarfon		
Cardiff		
Carmarthen		
Ebbw Vale (industrial BID)		
Llanelli		
Merthyr Tydfil		
Newport		
Pontypridd		
Port Talbot		
Rhyl		
Swansea		
Treorchy		



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