



North East England
Chamber of Commerce

Town Centres: Planning for the Future

LICHFIELDS



Introduction

Town centres lie at the heart of our communities. They are not only a focal point for shops, services and other facilities, but a hub for local people – a place to work, eat and drink, relax and socialise. This is why it is vitally important that we plan for them effectively so that they can continue to be enjoyed by future generations.

Lichfields has been involved in planning for town centres since the establishment of the company over 50 years ago. Having advised around 150 local authorities across the country over this time, as well as a wide range of retail developers and operators, we were delighted to be asked by North East England Chamber of Commerce to bring our expertise to this important project.

As a Partner member of the Chamber, and with an office in Newcastle upon Tyne established over the last 25 years, we have very much enjoyed working with the Chamber team and meeting people and organisations with a stake in town centres in the North-East of England. Each of the centres we have looked at have their own individual challenges to overcome, as well as needing to accommodate wider trends, such as the growth of internet shopping and continuing change in consumer behaviour and preferences with regards to retail.

The structural changes experienced by town centres cannot be reversed, but centres can be re-shaped and re-imagined to ensure that they are 'fit for purpose' in the twenty-first century. Whilst this report does not seek to provide solutions for every centre, it does seek to identify a range of recommendations, based upon our experience and research of best practice in the region. Along with the Chamber, we hope that it provides inspiration for local authorities and other key stakeholders in the town centres sector to drive positive change in a key part of the economy.

Executive Summary

Town Centres are a vital hub for local people and the shops, services and other facilities that meet their needs. They are facing significant challenges, including the continued growth of internet shopping, competition from out-of-centre retail and leisure destinations and wider economic conditions.

Although these challenges will not go away, there are a range of ways in which town centres can better equip themselves to ensure their future role. To this end, our research has looked at a number of towns in the north-east of England, as well as wider trends and initiatives, in order to establish examples of best practice.

The most important, over-arching objective is to create a vision of what the future role and function of town centres should be, and create a plan to help achieve this vision. Key to this is collaboration and buy-in from the various stakeholders, and retailers being willing to engage in the process over the longer term.

Town centres and operators within them should embrace online, promote themselves better and develop their own unique selling point(s). They must broaden their offer and attract new anchors and other uses, which make them more family friendly, and improve the overall 'experience' for visitors. Drawing on these points, we have set out a series of headline recommendations under four key areas.

Create a Vision – Stakeholders should decide what the centre should look like and what it should offer to existing and new visitors, enshrining this within a wider strategy which deals with the short, medium and long terms. They should develop a USP and promote this (and all aspects of the centre) through a central forum or body.

Broaden the Offer – Local authorities should adopt a more flexible approach to broaden the range of shops, services and other activities, to enhance the overall experience and cater for all demographics. This should include family friendly food and beverage outlets, as well as leisure facilities and other commercial/ community uses which can perform an anchor role, generating additional footfall and linked trips.

Taking a Pro-Active and Holistic Approach – Reinforcing the role of town centres as the civic heart is key. This includes getting the basics right, in terms of cleanliness, good quality public realm and protecting/ utilising heritage assets, and developing an events programme. It could also include new residential development and student accommodation, which increases levels of footfall and local spending.

Business Leading the Way – Collaboration is key and all retailers must be willing to play a role, by re-invigorating, differentiating and promoting their offer. Business support should be improved, particularly to independent retailers - enabling them to grow and thrive - and it is essential that traders embrace online retailing, along with click and collect, and delivery services.

Local authorities have a range of tools at their disposal to help deliver the above objectives, and often the only barrier to their effective use is lack of resources. Effective collaboration between stakeholders is key and there are different ways for them to come together and deliver the actions set out above. Ultimately the extent to which different stakeholders are willing to collaborate, and the extent of leadership shown, will influence the level of success achieved in any one area. Whilst the current turbulent times in the retail sector are likely to continue for a while longer, we are confident that these recommendations can help the region's town centres secure their role at heart of their communities.

Background

Through the move to online shopping and a shift away from retail to leisure activity, the high street is facing a period of unprecedented change. While the 1980s and 1990s saw a shift of focus away from retail space in town centres to out of centre facilities, predicated on car use and free parking, and the increased popularity of large supermarkets and retail parks, the changes were gradual and many high streets were able to adapt to change. This was partly as a result of support from national and local planning policies, which sought to protect the vitality and viability of town centres.

However, town centres and economic difficulties within the retail sector have been at the forefront of the news again over the past year, with several national collapses which have affected all parts of the region due to their scale. Indeed, it has been a challenging time for many retailers, with a range of factors affecting shopping habits and levels of in-store retail spending. These factors have included:

- the growth of internet shopping;
- increased emphasis on convenience;
- the rise of discount shopping;
- the evolution of out of town retailing; and
- wider economic conditions.

Over the last decade, there have been a range of high-profile failures of national multiples, many of which were predominantly town centre-based chains. Such chains have included Woolworths, BHS, HMV, Jessops, Poundworld, Toys R Us and Comet. However, this year, the number of retailers experiencing difficulties has been unprecedented with major, historic high street department stores including Debenhams, Marks & Spencer and House of Fraser all running into problems. Linked to this, the proportion of vacant units within town centres has increased, both locally and nationally – and indeed the unit vacancy rate for the North East is the highest of all the English regions.

Figure 1: Number of UK Store Openings and Closures

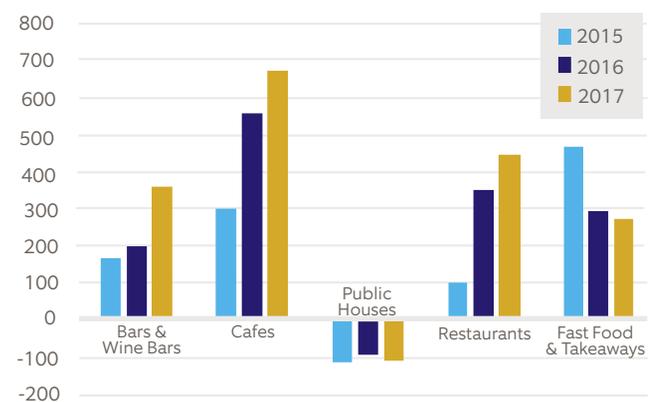


Source: LDC

There have, however, been success stories, particularly within the discount retail and food and beverage sectors. The market shares of discount foodstores such as Aldi and Lidl have increased significantly, as have those of non-food retailers such as B&M, Home Bargains and Poundland.

In addition, a number of major mixed use schemes with leisure anchors (often including cinemas) have come forward in centres including Newcastle, Durham and Darlington. Although now showing some signs of saturation, the numbers of cafes and restaurants on our high streets has also grown considerably.

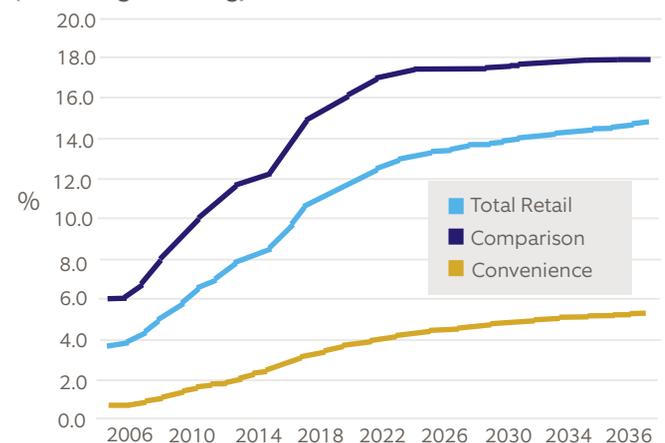
Figure 2: Growth in Food and Beverage Uses in UK



Source: Experian GOAD, Cushman & Wakefield

However, the challenges facing town centres remain considerable. Although online retailing will eventually plateau, it has grown as a proportion of overall retail sales from around 5% of all goods ten years ago to around 11% now and around 17% for comparison/non-food goods, when considered in isolation.

Figure 3: Growth in 'Special Forms of Trading' in the UK (including E-Tailing)



Source: Experian

Note: Special Forms of Trading (SFT) includes sales via the internet, mail order, stalls and markets, door to door and telephone sales

The above trends have affected centres in the North-East of England as much as the rest of the country. The table below illustrates the ranking of the main centres in the region, using Javelin's Venuescore system, which is in turn based on the number and size of retailers in each centre (weighted towards national multiples). It shows that Newcastle is the highest ranked centre in the region by a considerable margin, followed by the MetroCentre, with the next most significant other centres being Darlington, Middlesbrough and Sunderland. This data shows that there is notable gap between medium and smaller sized centres in the north-east.

Figure 4: Javelin Venuescore Ranking of Centres in North East England

Centre	UK Rank (2016)	Venuescore	Location Grade
Newcastle upon Tyne	11	450	Major City
Metrocentre	49	247	Major Regional
Darlington	58	228	Major Regional
Middlesbrough	61	225	Major Regional
Sunderland	86	195	Regional
Durham	154	146	Regional
Stockton-on-Tees	188	128	Sub-Regional
South Shields	215	114	Sub-Regional
Bishop Auckland	232	107	Sub-Regional
Washington	232	107	Sub-Regional
Redcar	236	106	Sub-Regional
Hartlepool	250	101	Sub-Regional
Teesside Park	261	99	Sub-Regional
Cramlington	286	93	Sub-Regional
Morpeth	341	81	Sub-Regional
Hexham	438	65	Major District
Stanley	754	41	District
Berwick upon Tweed	879	36	District

Whilst some market towns have been holding up well, elsewhere, there has also been a polarisation of investment towards larger and generally stronger city and town centres, at the expense of smaller centres. This means that many centres now have too much floorspace in relation to demand, and have become more reliant upon independents and non-retail uses.

There has also been a polarisation in the retail park sector, with the larger, sub-regional parks - such as those at Silverlink, Retail World (Team Valley) and Teesside Park - becoming stronger. These larger retail parks have 'softened' their offer towards non-bulky goods operators, and have been diversifying their offer to include more food and drink uses, as well as leisure facilities, such as cinemas and gyms. The construction of out of town business parks and the central consolidation of workforces has also seen the

number of office workers reduced in many towns (particularly smaller or medium sized ones) further reducing footfall on many high streets. Whilst there remains a wide range of reasons to visit town centres, people's needs are increasingly being met in different ways and locations.

A number of high profile reviews of the issues facing the high street have been undertaken in recent years. These have included the Portas Review, an independent report which was released in December 2011, as well as the Grimsey Review, a second version of which was published in the beginning of 2018. Although the earlier reviews stimulated a range of ideas on how to better support businesses on the high street, many of the issues identified remain the same - or indeed have become of even greater significance. The Government announced its own review in July 2018, which will involve a panel of high profile experts. Whilst there are as yet no timescales for its completion, a part of the Autumn Budget, the Government has unveiled a new Future High Street fund. Local authorities will be able to bid for funding from a £675million pot of money, to go towards physical infrastructure, investment in land assembly and the regeneration of heritage high streets.

There is some cause for optimism. Town centres have increasingly become leisure destinations and more proactive local authorities have responded to this by looking to other uses to fill the gaps left by retail - including leisure, cultural and community facilities - improving the overall experience within centres, and developing events based programmes. Other high streets have sought to market themselves better, differentiating themselves from what is available elsewhere (including not only the internet, but also larger centres, where there are more national chains).

There is no single solution to the current challenges. However, through discussions with a wide range of stakeholders in the region's centres we have sought to explore how these trends are affecting centres in the region, and identify examples of good practice which exemplify positive responses to the challenges faced.



Image by Jill Tate Photography

Methodology

Members of the Chamber consistently identify vibrant town centres as vital to the economy. They also play an especially important role as a focal point to local communities and source of civic pride. There are a plethora of reasons – not just economic factors - why we should look after and promote our town centres.

As part of this study, we have therefore considered a number of different aspects of town centres, including:

- a) Economic Characteristics
- b) Planning and the Physical Environment
- c) Business Improvement Districts and Other Regeneration Initiatives

Based on these topic areas, we have undertaken case studies of five town centres of different scales across the region using qualitative research and stakeholder consultations to identify best practice. Building upon this work, we have also sought to identify solutions for the future and recommendations for all those involved in promoting and preserving our town centres.

The work included several roundtable discussions with a range of different participants, including:

- retailers and other operators within these centres;
- the office and professional sector;
- shopping centre owners and other landlords;
- commercial agents;
- city/town centre managers; and
- representatives of the local authority.

- 1** Newcastle City Centre
- 2** Middlesbrough Town Centre
- 3** Berwick upon Tweed Town Centre
- 4** Hexham Town Centre
- 5** Stanley Town Centre

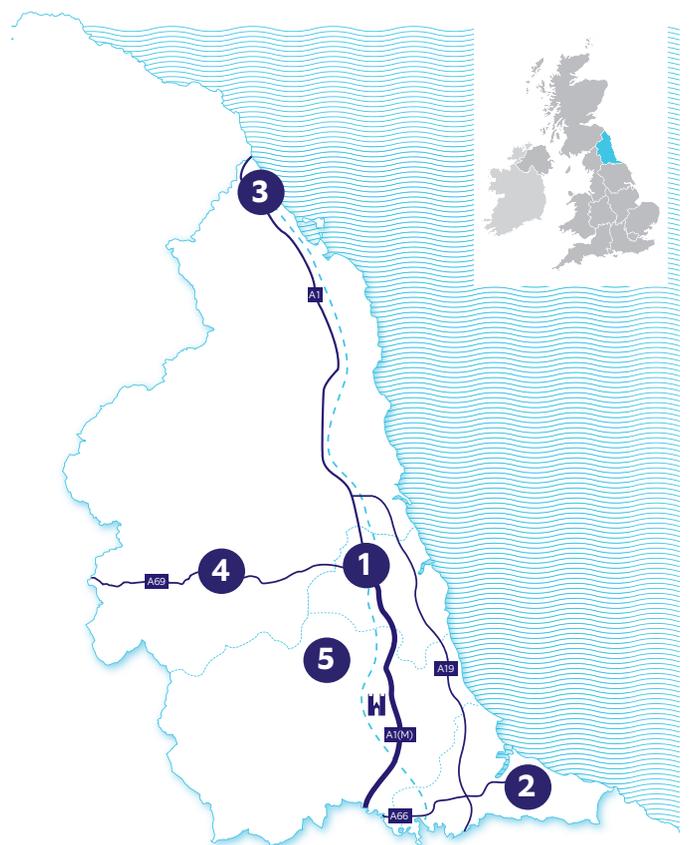
A number of town and city centres with differing characteristics were chosen for the roundtables, as follows:

- Newcastle – as a regional centre and the largest in the north-east;
- Middlesbrough – a sub-regional centre serving a large town and the Teesside area as a whole;
- Berwick – a smaller coastal town in Northumberland;
- Hexham – medium sized town centre, with a relatively affluent hinterland; and
- Stanley – a smaller, former industrial town in County Durham.

Participants in the roundtables included retailers from both the independent sector and national multiples, and were encouraged to give their views on all of the topic areas, whether positive or negative, and potential solutions to the issues being faced.

The roundtables were then followed by a period of desk-based research, looking at best practice elsewhere, and arriving at recommendations that can be applied elsewhere within the region and beyond.

Figure 5: Location of Roundtables





M&S FOODHALL

Summary of Roundtable Discussions

Berwick upon Tweed

Berwick is a coastal market town of around 12,000 people situated in north Northumberland, near the Scottish border and just off the A1 motorway. The town has one of the lowest average wage levels in the country, largely due to the seasonality of work in the agricultural and tourism economies. Whilst footfall in the town is boosted in the summer months by tourists, these are largely for day trips with tourists staying elsewhere in towns nearby.

The Retail and Commercial Offer

The town has a mix of independent shops and national retailers, though a number of comparison retail outlets have either closed or relocated, and retail parks and supermarkets have emerged in out-of-centre locations. This has left several voids in large retail premises which are difficult to fill, and has resulted in a high unit vacancy rate.

There are various independent traders who do relatively well in the summer, but traders felt that there isn't enough to hold the interest of visitors to the town and that the offer is not well co-ordinated. Whilst there are also several restaurant and leisure operators, their position is precarious because of seasonal fluctuations, with the local population of the town being unable to support a significant number of leisure operators in the winter months. Whilst the area benefits from tourism, there is potential to attract more of these tourists (including coach parties) into the town centre itself.

The quality of the shopping experience was identified as an issue, with many new openings at the lower end of the price spectrum, and the participants in the roundtable discussions felt that the retail offer at the middle and higher end of the market is limited and insufficient to reduce leakage from the town to other towns and cities. There may be scope to improve and expand the market and/or have speciality markets. Stakeholders also raised concerns over the lack of shops and services to cater for everyday needs.

Investment in Properties

The look and cleanliness of the town centre, as well as rent and the use of buildings, is another concern. There was a view that too many of the town centre buildings are in the hands of a small number of owners and there is a lack of investment in properties. Northumberland County Council was also subject to criticism for moving office workers out of Berwick Town Centre, and failing to utilise the Council's own buildings in the centre or to seek to rent them out to other businesses, which would have helped to maintain town centre vitality and viability.

Promotion of the Town Centre

In terms of co-operation amongst the retailers, there is an active Chamber of Trade but no real initiatives come from the retailers themselves, and there appears to have been little co-operation with Northumberland County Council. Whilst there was previously a Town Centre Manager, there is now no budget for this position, and no current plans for a Business Improvement District (BID). Generally, there was a feeling that more could be done to market the town and its historic setting by the River Tweed (including both general promotional activity and also signage directing people to the town centre itself) as there is a lot of competition for spending between different destinations in Northumberland.

“Berwick has a lot of potential, given its historic setting and the various tourist attractions in north Northumberland. However, people could do more to promote it as a place to shop, eat and drink – too many people simply bypass the town centre.”

Brenda Crowcroft, No1 Woolmarket Antiques



Image by Baz Richardson

Hexham

Hexham is a market town in rural Northumberland adjacent to the A69. Similar to Berwick, the population of the town stands at around 12,000. Hexham also draws considerable numbers of visitors from the rural hinterland, though much of this trade now goes to the supermarkets and retail parks on the edge of the town centre, rather than generating footfall in the town centre. The demographic of the catchment is ageing, with many customers now over 50, and car dependent. Compared to Berwick, the catchment is relatively wealthy and, whilst Hexham's visitor numbers are also boosted by tourism, this is mainly seasonal.

Achieving its Potential

Hexham should be a thriving success story, with a range of shops, leisure and community facilities, other attractions such as the abbey, a market and a pleasant shopping environment. It also has a shop vacancy rate which is low in comparison to other centres in the region. However, those attending the roundtable felt that it does not achieve its potential in terms of retail or visitor spending, with significant leakage to Newcastle, and fewer younger people shopping in the town.

Lack of new housing in the area, and affordable housing in particular, is resulting in flight to Newcastle and other, cheaper areas along the Tyne Valley, as younger people and families are unable to get on the housing ladder. More housing in or near the town centre would encourage younger professionals and older downsizers to live and shop there rather than losing a generation to other areas. However, it was felt by roundtable participants that local planning policies do not reflect that need. There was a feeling that, unless things change, more retailers will leave the town centre in future, and there may be a need to plan for the centre's contraction over time, allowing more flexibility with planning applications for changes of use and providing better/more modern accommodation for operators.

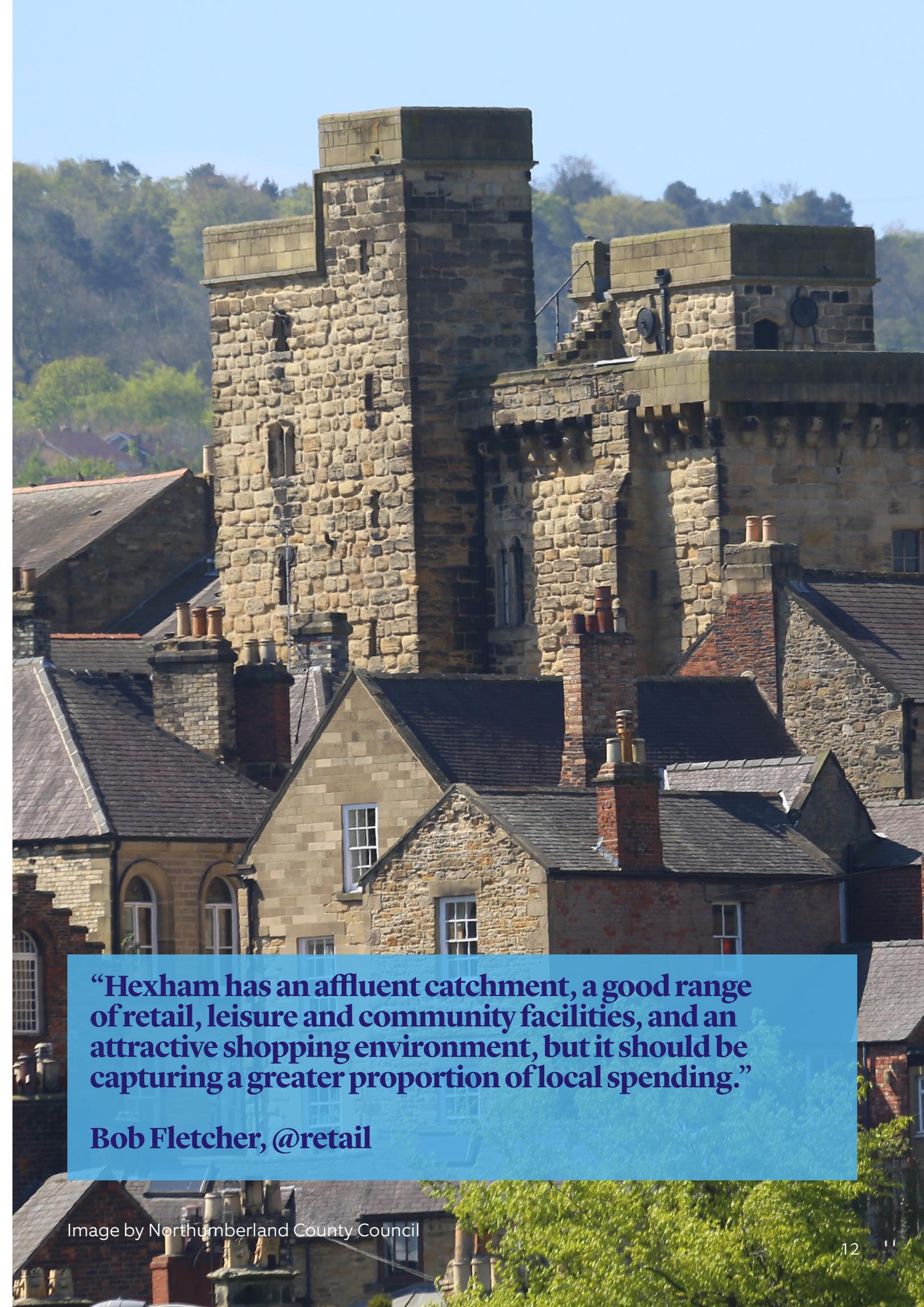
Town Centre Management

Whilst several initiatives including a BID have been tried, they have all ended in acrimony as relationships broke down between the Council, the BID and amongst the traders themselves. The BID in particular was viewed as 'window dressing' for the town centre, without delivering any real meaningful benefits and/or proper representation from traders. Whilst everyone appears to agree there should be a plan and events programme for the town centre, no-one appears to be able to agree on who should deliver it.

Whilst there used to be a Town Centre Manager employed by the Town Council, some people thought that this position would function better if appointed by the retailers themselves. Some traders are unable to see the benefits of events to their own business or the wider centre, making consensus on funding quite challenging. Although the regular weekly market has declined, more one-off features, such as Halloween-themed and farmers' markets, have been a success. Finally, the difficulty in finding a parking space is also viewed as a deterrent to potential visitors.

Attracting the Working Population

Northumberland County Council again was the focus of some criticism for moving office workers away from Hexham yet leaving former Council offices empty and, in the view of those present at the roundtable session, preventing development of a new office sector and working population within the town centre. There was also a view that there is a disconnect between the industry situated on the edge of town and the town itself with little trade coming in from the workers on the industrial sites. Enhancing the food and beverage offer in the town centre, and making it more of a social hub, could help to tackle this.



“Hexham has an affluent catchment, a good range of retail, leisure and community facilities, and an attractive shopping environment, but it should be capturing a greater proportion of local spending.”

Bob Fletcher, @retail

Stanley

Stanley is a small market town situated in the former Derwentside District (since incorporated into a Unitary Authority), between Durham and Newcastle. It is a former mining community with little new business investment moving in to replace former industry. The area has relatively high unemployment and low wages, with a high proportion residents over 50, as many young people have moved to other towns and cities in search of job opportunities.

Broadening the Offer

The high street is primarily made up of independent traders, with a small number of multiples and a high number of voids. There are few restaurants, with the food offer largely relying on takeaways which are shuttered during the day. There is a leisure centre and civic centre which doubles as a theatre but there is no family friendly leisure offer around these facilities. Participants felt that some people may be discouraged from using the centre during the evening due to anti-social behaviour.

The town faces strong competition from Newcastle City Centre and the Metrocentre. Stanley offers free and low-cost parking and there is some evidence the town is being used as an unofficial park and ride by commuters from the Weardale/ Derwentside area travelling to work in Newcastle. The street market in Stanley works well as the demand for lower priced goods is high, and traders feel there is a loyal, if aging, clientele. Whilst some new development is planned - an Aldi foodstore and a McDonalds restaurant - stakeholders still felt that there could be a better mix of sectors in the town. It is notable that the two brands mentioned conform to the trends identified above in terms of the shift towards discount retailers and food outlets, and also interesting that both will occupy new buildings rather than the re-use of any of the existing vacant premises in the centre.

The independent traders in Stanley were warm, passionate and committed to the town and its growth. Some are also seeking to bring in initiatives such as online shopping, and delivery of fruit and vegetables and bulky goods to their loyal elderly customer base. They would also like to see the town develop a more family friendly economy and businesses to attract new groups of customers into the centre. Whilst they felt that the new developments will do that, they were also very aware of the competition to their businesses, especially in a low wage economy.

Quality of the Environment

The quality of the shopping environment in the town centre is an issue, with many premises poorly maintained or left derelict, and there is a large former school which is now derelict. The building was formerly owned by the local authority, Durham County Council, but has been sold on to developers ostensibly for conversion into a family-orientated food and leisure outlet. However, development has stalled, which is discouraging investment in properties around the site.

Stakeholder Involvement

Local authority budgets mean that there is little resource available for town centre management or regular events to be held and some roundtable participants felt that communication from the local authority is poor. Furthermore, whilst a traders forum would be welcomed, there was a feeling that there was an insufficient number of businesses, or buy-in from local traders, to make a BID work in Stanley.

“There is no real evening economy in Stanley, with few restaurants, and only a couple of regular events. The town has a loyal local catchment area but needs a better mix of operators if it is to compete more effectively with other destinations.”

Wendy Benson, Durham County Council



Middlesbrough

Middlesbrough is the largest town centre in the Tees Valley, with a wide range of multiples and a growing independent sector. The town has a large and expanding student population, as well as a core population drawn in from surrounding areas on Teesside, as well as parts of County Durham and North Yorkshire. The town does however face competition from large retail parks, such as those at Teesside Park and Cleveland Retail Park. It also faces competition at the luxury end of the market from Yarm, a nearby town on the River Tees.

A Declining Retail Sector

Middlesbrough Town Centre is dominated by four main shopping centres, which are largely filled by multiples. However, there was a view that there is an oversupply of large retail space in the town and some attendants indicated that Zone A rental values have fallen by around a half in recent years. The loss of any one of the three main department/variety stores (i.e. Debenhams, House of Fraser, and Marks and Spencer) would prove difficult for the centre. It is challenging to attract new retailers to the centre and, in the current market, many operators have delayed investment in their premises.

Moving Away from Retail

Over the past few years, the office sector in the town has reduced in size, with several traditional professional firms relocating to out of centre business parks. However, the Council is taking steps to increase the amount of office space in the area through the new Centre Square development, and is working with a key landowner to bring long term, derelict buildings back into use. Some service-type sector businesses, particularly hair and beauty, are strong and growing, but there is a need to give more support to such businesses on how to promote themselves.

Centre Management

A number of people attending the round table discussion thought it would be helpful to have a long term plan for the centre, to give confidence to retailers, shopping centre owners and other developers that Middlesbrough was worth investing in. In this respect, Middlesbrough has employed a 'City Centre Manager', who has been tasked with liaising with both the retail and office sectors, as well as helping to produce an investment prospectus and a strategy for the short, medium and long term (see Case Study later in this report for further details).

Events and Initiatives

In addition, the Council has instigated an events programme which includes the monthly 'Orange Pip Market' which takes place on Bedford and Baker Streets. These initiatives may help to address a perceived lack of wider 'experience' and 'atmosphere' issues in the centre, although there is still potential for more cultural activities and uses, to make people want to come back to the town centre. The Healthy High Streets programme, promoted in Middlesbrough as part of a wider national campaign to help revitalise town centres, was also mentioned, although not all retailers were either willing or able to engage. There was a feeling that, when the growth in online shopping slows and eventually plateaus, there could be scope for town centres like Middlesbrough to capitalise.

Supporting Businesses

The town has had considerable success in encouraging new independent businesses, facilitating test trading in a 'Corner Emporium' in one of the large shopping centre units. Simultaneously, the Council entered into an agreement with a town centre property owner to convert two residential streets in the town centre, Baker Street and Bedford Street, into small/micro retail premises which the Council would operate. This provided an easy environment for growing independent retailers and new businesses, addressing a gap in the retail floorspace market for young businesses looking for low cost space. Many of these businesses have been started by young people and graduates from the University, and the success of the initiative somewhat confounds the prevailing narrative of retail units being converted into homes.

Whilst the Council has a clear plan for the area, Middlesbrough Town Centre does have issues in terms of the transition from daytime to night time economy and is vulnerable to the closure of national chains. The evening economy, in particular, could be improved (including more family-friendly restaurants), and there is scope to capitalise more on providing opportunities to graduates of local universities. Middlesbrough is also not particularly well served in terms of transport, including by rail. Going forwards, it will be essential to get the basics right, in terms of things like parking, the shopping environment, reducing crime and the Christmas programme.

“Middlesbrough Council is responding positively to the significant economic challenges faced by all high streets, nationally. Based on the principles of getting the basics right and attracting new investment and employment opportunities to the area, Middlesbrough’s strategy is yielding tangible results. Whilst it is never easy to get the larger retailers to engage, our programme of events and support for independent retailers has helped to re-invigorate central Middlesbrough and whet the appetite of investors.”

Michelle McPhee, Middlesbrough City Centre Manager



Newcastle

Newcastle is the largest centre in the North-East and attracts shoppers and other visitors not only from across Tyneside, but from large parts of the rest of the region as well. The centre contains a wide range of national retail and leisure operators, and a small but growing independent sector (including on High Bridge Street and in the Grainger Market), although the retail offer in particular fades off to the south of Market Street.

Moving with the Trends

Shopping centre owners acknowledge that there is less demand for retail floorspace generally and there is a need to consider how to fill vacant premises. Newcastle has responded well to the shift to shopping as a leisure experience and there is a well-developed bar and restaurant offer, although there was a feeling that this is becoming saturated. There was also a feeling that the city needs to provide something a bit different to retain its attractiveness. Newcastle has a Business Improvement District, which has been seen as broadly successful. It has been estimated that the 'Alive after 5' initiative has generated 13.7m additional visitors to into Eldon Square and led to an increase in average spend between 2010 and 2013 of 16.3%.

Offices and Student Accommodation

The city centre has a strong office sector with many of the major professional services firms having a presence, as well as wide range of hotel operators. Newcastle also has a large and international student population with two major universities present in the City. This has led to new developments centring around student accommodation and there is some evidence this has led to a slow down in the development of new office space, because the returns on student accommodation are higher.

Delivering New Development

Whilst there are a range of developments taking place in the city centre, some key sites are yet to come forward (e.g. the re-development of Pilgrim Street) and this is having an impact on the appearance of certain areas. The constraints on local authority finance and skills in certain areas (e.g. Compulsory Purchase Orders) limiting the ability of Newcastle City Council to intervene in difficult sites was seen as an issue by participants. There are also concerns from some stakeholders about the transport system, including the hours and frequency of public transport, and congestion and lack of parking, although others feel that this is a strength of the centre.

“Newcastle performs well overall but needs to keep evolving and broaden it’s appeal if it wants to compete with other regional centres, like Leeds, Manchester and Edinburgh.”

Phil Steele, intu Eldon Square



Findings

a) Economic Characteristics

Demographics

In many towns the loyal customer base who have traditionally shopped in town centres is aging. The proportion of money spent on food and non-food shopping in town centres is decreasing with many people preferring to use out of centre retail parks, supermarkets or online shopping. Furthermore, many customers who do continue to utilise town centres are older and, whilst often loyal customers, are dwindling in number.

Retailers need to adapt in order to maintain their appeal to consumers, and it is clear that they will not be able to rely upon this loyalty forever. Those who are succeeding in adapting to the new retail environment are businesses who provide a high level of in-store customer service, improving the overall shopping experience and embracing multi-channel retailing. This means developing and improving consumer-facing websites and offering both 'click and collect' and delivery services.

Whilst town and city centres do still attract shoppers from all age groups, their requirements and expectations are changing. Visiting town centres is being seen more as a leisure experience and often based around activities that can't take place online, such as eating and drinking, undertaking a leisure activity (e.g. going to the cinema or ten-pin bowling), having a haircut or an eye examination. This has increased the importance of the food and drink offer within centres, as well as other services and facilities which cater for the full range of demographics.

A large town centre workforce clearly plays a significant role in the prosperity of towns and there can be a detrimental effect when this declines in a town centre. Office workers with good levels of disposable income can boost footfall throughout the week. Having a town centre-based workforce also introduces town centre shopping to new generations as they begin their careers and participants in our roundtables felt this vital in bringing new shoppers into the town. In today's society, many people are time-poor, and lunch breaks are often a good (and sometimes the only) opportunity to buy the things they need.

Residential development can also help to boost footfall within town centres, as people see the benefit in shopping locally. This can include new student accommodation, particularly in larger centres where there is a nearby university. Given their more limited access to private vehicles, students are more likely

to shop locally, particularly for convenience goods (i.e. food) and basic services, and it is possible to capture much of their spending within town centres if development takes place in the right locations.

Town Centre Offer

Along with the wider customer 'experience', the 'offer' in town centres is becoming even more crucial as shopper tastes and requirements change. In order to appeal to the widest range of possible types of customers, town centres must have a mixed offer, at a range of price points, which meet a wide range of needs.

In many town centres shop closures and the requirement for landlords to fill large units quickly has led to a preponderance of discount retailers. Whilst such retailers perform an important role in meeting retail needs, and have helped to fill voids within many shopping centres, it is important that a centre's offer is sufficiently wide to cater for a broad demographic. This will help to avoid those shopping at medium and higher price points drifting away to regional centres, small towns with a 'niche' offer, or online, leaving high streets dominated by discount retailers which will, over time, reduce their appeal.

Although retail remains important, it is essential that all centres provide a much wider range of facilities to retain existing customers and attract new ones. Integral to this should be the food and beverage sector, and a range of facilities – including cafes, pubs and restaurants. These uses can both help to extend dwell time and are an attraction in their own right. Although the proliferation of food and drink uses may have reached saturation point in some centres, others have a dearth of family friendly eating options in particular, again pointing to the need to cater to a wider range of consumers.

Centres should ideally act as a focal point for other leisure, cultural and community uses, such as swimming pools, theatres, libraries and museums. A programme of events in centres, which could include speciality markets, live music, festivals and other street entertainment, all help to create vitality and increase visitor numbers. It is important that stakeholders seek to maximise the benefits of such events, by encouraging the additional visitors to spend in existing retailers, and making people want to return in future.



Image by Jill Tate Photography

In towns which have a significant number of tourists, or potential to draw trade from tourism, consideration should be given to presenting an offer which encourages longer and, if possible, overnight stays. This should include the broader non-retail offer mentioned above, including leisure and catering facilities, and a range of different types of accommodation.

The Role of the Public

Ultimately, the public are the key element in the success of a town centre. Whilst most members of the public will use their town centres to some degree, and are keen to see thriving town centres, many people do not see the connection between the decline of the traditional town centre and behaviour such as online shopping, or rather, are unwilling to change their shopping behaviour to support town centres in their existing form.

Consumer trends and requirements are constantly changing. An obvious example of this is 'showrooming', where customers visit a shop to look at goods and then stand in the shop and buy the item from an online supplier using their mobile phone. Alternatively, consumers will research and buy products online, only visiting a shop to collect the item (i.e. 'click and collect'). Rather than trying to buck these trends, retailers and other stakeholders need to respond by adapting their businesses, for example, through new or improved online platforms, to ensure that they remain in tune with consumer behaviour, whilst continuing to benefit from a physical presence in town centres.

There is also a question mark over whether town centres provide adequate space for community interaction. Working patterns are continuing to change, and changes in shopping habits have already had an impact on the ability of town centres to draw communities together. There is clear evidence that events such as Armed Forces Day are well supported in town centres, but events of this nature are perhaps not enough, by themselves, to reconnect people with town centres as a public space.

Many town centres also lack a family offer especially moving from daytime into evening. Whilst some town centres have created initiatives such as 'Alive after Five' and 'Purple Flag', much of their after-work culture is based around alcohol, and thus seeks to mitigate problems caused by alcohol, rather than encouraging a positive, family friendly atmosphere in the early evening. Expanding and improving the food offer in many town centres, including in the family restaurant sector, will therefore be an important dimension in future strategies for town centres.

b) Planning and the Physical Environment

Role of Local Authorities

The approach of local authorities is mixed. Whilst Councils are undoubtedly under budgetary pressure, some areas appear to have lost sight of the civic pride a thriving and well-presented town centre brings. Some have comprehensive plans for town centres, which have included redevelopment sites for new commercial and community uses. Others have brought forward environmental improvements, promoted a programme of events, or developed incubator space to support business startups, bringing praise from the business community.

However, certain authorities are perceived by stakeholders to have done little to support local high streets, and, in an age of spending cuts, have viewed investment in town centres as a low priority relative to other issues. Some are also exhibiting a lack of joined-up thinking, by spending time and money on centre improvements whilst approving potentially harmful new retail and leisure developments in out-of-centre locations. Where local authorities have rationalised their estates and centralised staff, they have often left town centre buildings standing empty. This has removed office workers from certain towns, and the issue has then been exacerbated as authorities are perceived to have "sat" on large empty buildings, doing little to sell them on to developers or find new tenants, the effect being to reduce the number of office workers based in town centres.

Case Study: Bishop Auckland

The Brighter Bishop Auckland Partnership was formed in order to bring about development in the heart of the town, which would improve its economic performance, whilst maintaining the integrity of its heritage, and social and spiritual life. The body is chaired by the Bishop of Durham, and also includes representatives from Durham County Council, Auckland Castle Trust, Eleven Arches, South Durham Enterprise Agency, Bishop Auckland College, Bishop Auckland Town Council and Historic England.

A Town Centre Masterplan forms an integral part of the Brighter Bishop Auckland Partnership. It was instructed by the Council in order to help revitalise the centre and capitalise upon the potential benefits of the various cultural and heritage-led regeneration which is currently ongoing in the town. Projects include the Mining Art Gallery and Auckland Castle, which is re-opening after a major conservation scheme, as well as Kynren, a major outdoor show held throughout the summer months on land to the north of the town centre.

Although still to be finalised, the masterplan is likely to recognise the need to broaden the offer of the town centre, including in the food and beverage sector, in order to benefit from visitors to the above attractions. It is also likely to identify the need for improved accessibility to, and within, the centre, by car, public transport and on foot, and the importance of car parking to the success of the town in the future. In parallel, a Heritage Action Zone (HAZ) has also been created to improve the condition and management of the historic environment within the town centre.



Image by Jill Tate Photography

The most successful local authorities have recognised the need for a town centre plan looking at the short medium and long term. In the short term, this often involves making small changes, for example, having an events plan, keeping the town centre clean and safe, and facilitating accessibility through car parking and public transport. Authorities can also adopt a more flexible approach to dealing with planning applications for changes of use in town centres (including those away from Class A1 retail) and small scale alterations to properties. In relation to the latter, they have the power to prepare Local Development Orders (LDOs), which remove the need for planning permission for some types of development. However, only a small number of authorities across the country have used such powers, reflecting the complexity of the LDO process relative to its benefits.

In the longer term, local authorities can plan more pro-actively to attract and develop new anchor uses, and regenerate vacant or under-used sites. There are a number of planning-related vehicles to help achieve this, for example, Area Action Plans (AAPs), Supplementary Planning Documents (SPDs) and Town Centre Masterplans. In doing so, whilst demand still exists – particularly in the discount sector - it has become increasingly important not to rely upon retail operators when developing such strategies. Although a lengthy and costly process, authorities can also use Compulsory Purchase Order (CPO) powers to acquire property required to implement these strategies.

Most authorities recognise the need to add to footfall but often do not see or recognise the importance of their business startup and development support programmes, the clustering of businesses, and the encouragement of new retail and other commercial operators in doing so. In the longer term, local authorities should attempt to engage with landlords and develop buildings strategies to ensure that ongoing problems are dealt with and any decline is arrested. Unfortunately, due to financial constraints, many town centre management and planning roles have been reduced, leaving very few experienced staff dealing with town centre issues.

Authorities have also tended to shy away from tackling long term difficulties in town centres such as absentee landlords or dilapidated buildings because they are too difficult to deal with using existing powers, or there are concerns regarding the costs of legal action. Councils already have powers under the Town and Country Planning Act 1990 to be able to deal with dilapidation but these powers are infrequently used, again pointing to the complexity and risks associated with such approaches.

Capital Flight

The last decade has been one of significant change in the retail sector and, whilst there have been recent improvements in the wider economy, these have not filtered through to the high street. In recent years there has been a flight of investors out of the retail property market and buildings are coming on to the market cheaply or are available for peppercorn rents. Whilst this can be seen as an opportunity to acquire property cheaply, it has also led to a lack of investment and a deterioration of many buildings which often affects surrounding buildings and footfall.

Some local authorities and investors have been able to step into the gap, but many others have been reluctant to do so, due to financial risks. New borrowing powers and the requirement to achieve a greater return on investment of reserves have, in recent years, seen public bodies developing new and innovative funding models to attract investment from the private sector in joint ventures, to address market failure in town centres. However, there is a lack of awareness and innovation within many Councils of the potential funding models available, resulting in a lack of innovation in thinking. This is an issue which could be addressed by central government or an organisation like the LGA working more closely with investment institutions, to build best practice and experience within the sector of alternative financing models, focused on the regeneration of town centres.

MIDDLESBROUGH INVESTMENT PROSPECTUS

2017

Case Study: Middlesbrough

Middlesbrough Council have sought to foster a more collaborative approach to working with existing businesses through the recent appointment of a City Centre Manager. This positive approach has led to more effective liaison with retailers and a range of projects and activities which have provided a boost to the vitality and viability of the centre. This has included the conversion of residential properties at Baker Street and Bedford Street into small/micro retail premises suitable for independent traders. It has also included regular events, such as the Orange Pip Market (an artisan food market), also held at Baker Street.

The Council has also produced the Middlesbrough Investment Prospectus, in order to seek to attract and facilitate new investment across the area. In relation to the town centre in particular, the document seeks to diversify the local economy by increasing the proportion of commercial, leisure, cultural and food and beverage floor space in relation to other uses. Other key actions planned include new office development, the refurbishment of the town hall, public realm improvements, new restaurants on Albert Road and bringing empty commercial buildings back into use.

c) Business Improvement Districts and Regeneration Initiatives

Business Engagement

All retailers have an interest in the success of their individual town centres yet we found that business engagement and collaboration in town centre initiatives is generally poor across the North East. Although some have delivered improvements in certain areas, BIDs have had mixed success and initiatives are often met with scepticism and, in some cases, hostility from businesses, with many groups deteriorating into factions and disagreement.

Many town centre businesses do not see it as their role to initiate or deliver promotional activity and feel it is nothing to do with them, but then are quick to complain when nothing is happening. However, in our experience, successfully co-ordinated programmes of improvement are dependent upon active business engagement. The more successful examples of joint working are due to co-operation and compromise over a long period of time, on a set of agreed goals with a plan, but this rarely happens, and the retail sector must take some of the responsibility for failures in this respect.

Many multiple site, national retailers do not allow their local management staff to engage in town centre activity and very few encourage staff to attend external meetings. It is therefore difficult for those trying to organise town centre initiatives to engage with their larger retailers on a meaningful basis. If town centres are to be successful, and the businesses located there, then these policies must change, and larger retailers must step up and play full and active roles as stakeholders in town centres.

Business Support

There is very little business support available to the retail sector. Whilst retail businesses can access very basic support through generic helplines, there is no further assistance available except through the small-scale charitable sector in specific areas. In this age of the internet, it is critical that retailers are not only able to understand the complexities of running a business on a day to day basis, but also how to market and promote themselves as widely as possible, and ideally to pool resources and promote their local area together with neighbouring businesses.

More intensive support tends to be linked to funding for which retail is typically ineligible. Furthermore, those setting up independent retail businesses often run in to difficulties such as cashflow and problems with premises because they cannot access good advice. In

some instances, we found that where support does exist from the local authority, retailers are unaware of it.

Independent retailers entering the market for the first time are particularly vulnerable to this with very few having experience dealing with landlords and leases. During the roundtable discussions, one retailer said:

“If I had known when I started out the implications of a five year, fully repairing lease with no break clause my business would have been in a much better position than it is. I didn’t realise I needed advice and there was none available if I had.”

Local trader, Stanley

Although there are good examples of smaller businesses developing their online capabilities, this is another area where more support could be provided. If operators are not able to market themselves on the internet they are likely to find it difficult to survive in today’s retail environment. Being able to offer click and collect and/or delivery via a website will better enable them to compete with larger stores and internet-only businesses such as Amazon.

Whilst Business Improvement Districts (BIDs) have had mixed success in the North East of England, there are good examples of city/town centre managers which have helped to support businesses, both individually and collectively. Although there is a limit to the level and type of support that such managers can provide, they nevertheless offer potential to give targeted assistance to those businesses that most need it.

Case Study: Newcastle

NE1 was created in 2009 as the BID for Newcastle and, since then, has delivered a range of major projects around the city centre. These projects have included works to transform the public realm within and around Central Station, the Bigg Market area and St Nicholas Cathedral, as well as the Newcastle Marina, on the Quayside. In addition, NE1's Street Rangers and Clean Team play an important role in keeping the streets in the city centre clean.

They also run regular events, such as a restaurant week, motorshow and the introduction of a big screen (firstly at Monument and then at Old Eldon Square, and other softer initiatives – including 'Alive after 5' (incorporating later shop opening and free parking after 5 pm). It has been estimated that the latter has generated 13.7m additional post 5 pm visitors to intu Eldon Square since its launch and led to an increase in average spend between 2010 and 2013 of 16.3%.



Looking to the Future

Town Centres are unlikely to operate on their traditional models moving into the future and must re-invent themselves to survive. Whilst there will always be a core of shoppers, town centres will need to work hard to create a new generation of loyal shoppers and these are less likely to be loyal to one town centre but will, rather, move around several town centres fulfilling different needs. Therefore, the town centres offering a wider, family friendly “experience”, and broad range of activities (whether through events or new businesses), rather than a simple functional shopping offer, are those most likely to thrive. Retail operators must also embrace the internet, and seek to benefit from the additional exposure it brings, rather than bemoan the competition offered from the likes of Amazon without taking active steps to adjust their business model.

The food and beverage sector, as well as physical services such as hairdressing, beauty and health related services (which it is impossible to obtain on the internet), are likely to continue to grow but will at some point likely reach saturation. We believe that the public needs to be re-connected to town centres as places to obtain goods as well as services, particularly by highlighting the positive impact of doing so. In order to encourage the public to use their town centre more, these areas’ purpose as a focus for leisure activities and public services, such as leisure centres, health centres, libraries and other public service delivery should be re-affirmed.

Although retail has undergone massive structural changes, there will continue to be a important role for this sector, including independent operators, which are perhaps best placed to differentiate themselves from internet only businesses with the more personal service and specialist advice they can offer. In 2017, the Office for National Statistics Business Register and Employment Survey showed that 10.2% of all employees in the North East were employed in retail, higher than the national average for England of 9.5%, and the third largest sector in the region by employment overall, after manufacturing and health.

As such, it is critical that this sector is provided with the right level of support – particularly in terms of marketing and promotion, and developing an online presence. Local authorities can play a key role in providing this support, whether directly or through some form of town centre management. The provision of free wifi across town centres can also help to improve their attractiveness to visitors, particularly to younger generations of consumers.

If people are compelled to use the town centre they begin to view it as their space. Thought therefore, needs to be given to viewing town centres as public spaces, so that the public are encouraged to use them for meeting and socialising as well as public events – for example live

music and entertainment, speciality markets and other festivals. By doing this, we can help to re-establish them as the heart of the community and somewhere that people naturally look to spend their free time, and not just to meet their shopping and leisure needs in the narrowest sense.

In the short to medium term there needs to be a frank conversation between the general public, business owners, the office sector, transport providers and local authorities about what town centres are for, and what people ultimately want them to be. There needs to be clear recognition of the issues and the threats to particular town centres, the opportunities available leading to short, medium and long term plans for how to achieve particular goals. As part of this, businesses must look beyond the short term and work together for the good of the town centre – which will ultimately be to their benefit in the longer term. This may require investment of time and even money, but most importantly, businesses must work together, whether formally or informally, to promote their area for everyone’s benefit.

Figure 6: Top 10 Growing Retail Categories in H1 2018 by Net Change in Units Across UK



Source: LDC



Conclusions and Recommendations

Although there are very significant challenges facing town centres - ones which will not go away and are indeed likely to grow further in future – it is clear from the research we have undertaken that there are a range of ways in which these areas can better equip themselves to ensure their future role at the heart of the community. We have therefore set out recommendations below, in order to help guide stakeholders in doing this.

Perhaps the most important, over-arching objective for town centres is to create a vision of what their future role and function should be, and create a plan by which this vision can be achieved. This requires effective collaboration between the various stakeholders, and particularly buy-in from retail and other operators. This should make it easier to implement the more specific measures set out below.

Rather than bemoaning the impact of the internet, retailers should embrace online and use it to reach out to shoppers – making sure that they are visible to their customer base, and offering services such as home delivery and click and collect. Town centres as a whole need to learn to promote themselves better, developing their own unique selling point(s) based on a clear vision of what they can offer to both the local population and visitors to the area. They must broaden their offer and attract new anchor tenants and uses, making them more family friendly, and improving the overall ‘experience’ of spending time in the area.

Drawing on these points and on the roundtable discussions, research and case studies above, we have set out a series of headline recommendations under four key areas.

Creating a Vision

Create a Vision – Decide what the centre should look like and what it should offer to existing and new visitors, and then enshrine this in a wider strategy for the centre incorporating planning and other issues.

Develop a USP – Identify one or more unique selling points for a centre, based on its offer, the mix of nationals and independents, the shopping experience provided and/or the wider environment, and work to enhance these.

Promote the Centre – Using the USP, a central body or forum should promote all aspects of the town centre, including the retail/commercial offer, leisure activities, points of interest, how to get there, where to park and other things to do, ideally online.

Broadening the Offer

Expand the Offer – Local authorities should adopt a more flexible approach to enable a broader range of shops, services and other activities, which enhance the overall experience and cater for all demographics.

Make it Family Friendly – Broaden the food and beverage offer and provide plenty of leisure activities, which capture additional spend and extend dwell time.

Create New Anchors – Consider what new other uses could perform an anchor role, creating additional footfall and generating linked trips to other facilities (this could be leisure centres, libraries, health centres council offices etc, or combined facilities), and consider how these might be developed.

Taking a Pro-Active and Holistic Approach

Improve the Environment – Councils need to get the basics right: making sure the streets are safe, clean, attractive and easy to navigate. Heritage assets should be protected and utilised to their maximum effect.

Events and Activities – There should be a programme of events in all town centres to draw people in on a regular basis and re-inforce their role as the civic heart. Where councils do not have the resources, private sector organisations and businesses should take the lead.

Accommodate Residential Development – Consider whether and where there is scope for new residential development (including student accommodation) to regenerate vacant sites.

Business Leading the Way

Foster Collaboration – Retailers should do more to secure their future, by differentiating their offer, re-invigorating the customer experience, and developing their own USPs.

Support Independents – Ensure local authorities have the right support mechanisms to enable independent operators to grow and thrive (including identifying appropriate accommodation) and make sure people know where/who to come to for support.

Embrace Online – Traders should meet the challenge of the internet and develop their online presence, promoting their business and introducing facilities like click and collect and delivery services.

Local authorities have a range of tools at their disposal to help deliver the above objectives. In relation to planning in particular, these include Area Action Plans and Supplementary Planning Documents (for creating a plan and guiding new development). They also include Local Development Orders (which remove the need for planning permission for specific types of development), as well as Compulsory Purchase Orders (which help local authorities assemble the necessary land for new development). Often the only barrier to the effective use of these tools is lack of resources, yet the benefits of securing health town centres will outweigh any short term costs.

As set out above, effective collaboration between town centre stakeholders is key. There are different ways for these stakeholders to come together and deliver the actions set out above. Business Improvement Districts have had success in some centres in the region, most notably Newcastle, but elsewhere (e.g. Hexham) these organisations have failed to engender the co-operation required between different businesses. Conversely, Town Centre Management (TCM) initiatives implemented by the local authority have seen more progress in working with other stakeholders and delivering meaningful improvements.

What is the right approach for one centre may not work for another, and ultimately the extent to which different stakeholders are willing to collaborate, and the extent of leadership shown, will influence the level of success achieved in any one area. Whilst the current turbulent times in the retail sector are likely to continue for a while longer, we are confident that the above recommendations can help the region's town centres secure their role at the heart of their communities.



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