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Claire Baker MSP
Convener
Economy and Fair Work Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Your ref: Evidence session - Town Centre and Retail
28 June 2022

Dear Claire,

Thank you for inviting me to participate in the Inquiry into Town Centres and Retail. This inquiry is particularly timely given the rapidly changing context for both and the publication of our Joint response with COSLA to the review of town centres, retail strategy and the National Strategy for Economic Transformation.

As we discussed at the Inquiry on Wednesday 15 June there are a number of significant undertakings across my portfolio, which have built upon and strengthened one another. The policies referenced above will be further augmented via the forthcoming National Planning Framework 4 and the consultation on potential changes to permitted development rights. The collaborative partnership approach which delivers upon a shared vision to improve outcomes for people, communities and town centres and resists doing that which may cause harm is crucial to achieving the healthier, fairer, greener, successful towns our communities deserve. The Scottish Government and COSLA reaffirmed their commitment to the Town Centre First Principle when publishing their response to the Town Centre Review. Together with the Place Principle, they signal our intent to work collaboratively with partners to deliver the best local outcomes. This collaborative approach will continue with legislation on Community Wealth Building and the forthcoming review of the Community Empowerment Act.

During the committee meeting I undertook to provide further information in relation to a series of queries from members and reflect on what more we can do.

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A. Alexander Burnett MSP - Small Business Bonus Scheme (SBBS) requested an update regarding the establishment of a Short life-working group considering the SBBS.

The Scottish Government welcomes the Fraser of Allander Institute's Evaluation of the Small Business Bonus Scheme and we are considering its recommendations carefully. A short-life working group has been established to inform consideration of the recommendation relating to collection of information that would allow a more robust assessment of reliefs possible in future. The first meeting is scheduled for 30 June 2022 and as mentioned at Committee on 15 June 2022, I will write to the Committee after this first meeting to provide an update.

B. John Mason MSP Online Sales Tax – What powers do we have? Could we introduce an Online Sales Tax even if the UK does not?

I can confirm that section 80B of the Scotland Act 1998 (as inserted by section 23 of the Scotland Act 2012) allows for the creation of new national taxes to be created. However, this would have to be in agreement with UKG and Parliament and has never been tested in Scotland.

C. Colin Smyth MSP Scottish Enterprise, –SE has a different remit to that of SOSE & HIE –

I have reflected on the comments made by Committee about differences in the enterprise agencies' remits. As noted by the Committee, Highlands and Islands Enterprise and South of Scotland Enterprise are tasked in their legislation with furthering the economic and social development of their respective regions. Scottish Enterprise, as a national agency, is tasked with furthering the development of Scotland's economy.

Nonetheless, Scottish Enterprise has adopted a place-based approach to economic development, investing significant resource in projects in Prestwick, for example. It is fully engaged, through its involvement in Community Planning Partnerships and Regional Economic Partnerships, in working with partners to support projects in the geographies served by those partnerships. As the Committee will be aware, Regional Economic Partnerships bring together key economic actors to develop distinct approaches to maximising regional strengths and opportunities and to align resources. In our National Strategy for Economic Transformation, we reinforced our commitment to working with Regional Economic Partnerships to deliver regional economic strategies, which identify the most transformational interventions in each geography.

Scottish Enterprise is also involved in initiatives such as the Energy Investment Fund, which has invested a total of £27.5m into community renewable energy projects, and delivers the Scotland-wide Co-operative Development Service which supports business growth through employee ownership and co-operative business models.

D. Claire Baker MSP - Vacant and derelict buildings – ability of councils to take action and recoup costs from landlords.

There are existing powers available to local authorities to help address empty commercial properties including the use of Compulsory Purchase Orders which are more fully explained later.

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There are also powers available when a local authority considers a building to be dangerous. Building owners are responsible for preventing their buildings falling into a dangerous condition. The [Building \(Scotland\) Act 2003 \(legislation.gov.uk\)](https://www.legislation.gov.uk) (the Act) gives local authorities powers to deal with buildings they consider to be dangerous or defective. When a local authority becomes aware of a building that constitutes a danger to people in or around the building it has a duty to act and it is expected to respond immediately. This might include taking urgent action to carry out work, including demolition, as it considers necessary to reduce or remove the danger.

In relation to defective buildings, powers under the Act do not deal with issues relating to visual blight however, the local authority has discretion to take enforcement action to deal with elements of a building that fall into disrepair. Where buildings are defective, local authorities will consider what action is appropriate to prevent significant deterioration. Defects that can be dealt with under the Act are those that require to be rectified in order to bring the building into a reasonable state of repair with regard to its age, type and location. The range of actions include serving a notice calling for work to be carried out to improve the quality of the property that is in disrepair, or doing the work in default of the owner complying with the notice.

Where the local authority carries out the work either in the case of dangerous or defective buildings they can recover the associated costs from the relevant owner.

It is for the local authority to determine the most appropriate course of action, taking into account the particular circumstances of each case.

E. Fiona Hyslop MSP – Landlord registration - can anything be done to improve registration of landlords so that they can be located?

I understand that this may be related to the earlier queries from committee colleagues about the ability of local authorities to take action to address vacant commercial or retail properties in town centres. Local Authorities have existing various powers to deal with dangerous and derelict buildings or where land is adversely affecting the amenity. With regard to absentee landlords or owners, the Registers of Scotland will hold details of all property ownership from whenever the property was last sold in either the Land Register or the Register of Sasines. This contrasts with the Register of Persons Holding a Controlled Interest in Land (RCI) which opened on 1 April this year. Registration here is required where, in trying to find out information about land, it may not be clear who makes the decisions about land and property. The [land register](#) and the [sasines register](#) may not show this information. This can make contacting the correct people difficult in the absence of the RCI but this will not be the case for the vast majority of commercial property.

Local authorities also already hold details of ownership and occupation of commercial property as billing authorities in respect of Non-domestic rates as they should hold contact details for all relevant properties on the Valuation Roll within their area. Landlords with empty property who wish to claim Empty Property Relief on their rates liability, should the tenant vacate, would also be likely to contact the relevant local authority to obtain this relief as this would be very much in their interest.

In respect of land ownership the [Register of Controlling Interests](#) need only record those persons who own/lease land and who have an associate with a controlling interest. Hence there are a number of potential exemptions.

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F. Michelle Thomson MSP – Compulsory Purchase Orders - “useful for the committee to understand more about the number, the rationale, the process and so on in general terms ”

Many public bodies have compulsory purchase powers, which correspond to their statutory functions and objectives. Bodies with compulsory powers are known as “acquiring authorities”. Local authorities have a range of compulsory purchase powers, which can be used for bringing vacant and derelict land or property back into productive use.

As was discussed during the evidence session on 15 June, compulsory purchase is not a speculative tool and must be clearly and carefully justified in each case. This reflects that compulsory acquisition interferes with the private property rights of those affected. To make use of their powers, acquiring authorities need to first make a compulsory purchase order (CPO), which clearly identifies the specific land that is proposed to be acquired and the purpose for which the land is being acquired. A CPO should be accompanied by a Statement of Reasons which sets out the authority’s case for the compulsory purchase, and includes information the Scottish Ministers need when considering whether or not to “confirm” (i.e. approve) a CPO. Orders will only be confirmed where there is a strong enough case in the public interest. The Scottish Government’s [compulsory purchase webpage](#) contains a range of information which the committee may find helpful. This includes national policy on the use of compulsory purchase powers (circular 6/2011), advice notes and guidance covering both procedural matters and compensation.

The committee queried how frequently compulsory purchase is used. The Scottish Government’s [CPO register](#) contains summary information on Orders submitted to Scottish Ministers since January 2012. It is important to note that Scottish Government policy and guidance encourage acquiring authorities to try and acquire land by agreement before seeking to do so compulsorily. The prospect or threat of compulsory purchase can in many cases result in landowners selling voluntarily, without the need for compulsory acquisition. That is why the number of CPOs submitted for confirmation is an imperfect metric: the use of compulsory purchase powers does not always result in a CPO. Nevertheless, the Scottish Government recognises that compulsory purchase is not used as frequently or proactively as it might be and that this is partly due to the legislation being widely considered to be complex and outdated. That is why we have committed to reform and modernise the system.

Another query related to the extent to which liabilities affecting a property are taken into account in a compulsory purchase context. Where land is acquired pursuant to a confirmed CPO, affected landowners are entitled to compensation. This includes compensation based on the market value of the land taken. -Market value is based on the price a person could expect to realise if they willingly sold their interest in the land on the open market (disregarding the threat of the compulsory purchase). Costs and liabilities such as those associated with carrying out necessary remediation or repair works are taken into account when determining the amount of compensation as would any alternative use including (re)development potential (Further guidance on compensation can be found on the Government’s CPO webpage referred to above.

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G. Michelle Thomson - Culture at the heart of regeneration - Supporting artists/creators (targeted rates relief)

Towns and town centres are diverse. Their distinct heritage, culture and history are powerful assets that help shape the sense of identity and connectedness of the people that live, work and spend time there and contribute to the social, economic and environmental wellbeing of our communities and the country as a whole.

Culture and creativity are essential to our Regeneration Strategy, which recognises that cultural and creative projects have the capacity to deliver against a number of environmental, economic and social objectives. As well as contributing to the economic development of an area, cultural and creative activities can help to foster new skills, build confidence and support community cohesion. Our draft National Planning Framework 4 recognises that culture and the creative industries are central to Scotland's health and wellbeing and can also be an important catalyst for regeneration and town centre vibrancy that strengthens the sense of place. The Heritage and Creativity Alliance facilitated by Scotland's Regeneration Forum (SURF) and the SURF Awards for Creative Regeneration are examples of the work being undertaken to promote the use of cultural organisations and activities in the design, development and delivery of successful, inclusive and sustainable community led regeneration

Adopting a town centre first approach, working together with local partners to build on local assets, tell the story of a place and capture and harness the imagination and pride that people have for their town centres is crucial to their success. We should not however expect success to look the same everywhere as the assets and opportunities that exist locally will vary.

The distinct role of government in regard to town centres is to provide encouragement, frameworks, examples of innovative practice and funding to develop the conditions for local solutions to take root.

These conditions, local assets and circumstances can all stimulate change, often we see the catalyst is founded in local culture, heritage or identity but it is important to recognise that these vary and what works for one community may not transfer directly to another. Place based working is about considering all of the physical, social and economic elements that make up a place collectively, supporting and enhancing these assets to make locally agreed improvements that reflect their own identity, needs and aspirations.

Our Place Based Investment Fund (capital) and Investing in Communities Fund (resource) have been shaped to support local partners and communities develop the resources and resilience to decide and act upon their own aspirations, priorities and solutions.

There are many examples where this funding has been directed to local cultural or heritage projects that stimulate local regeneration. These include: renovation of the Flax Mill at Silverburn Park, Leven to provide new community facilities including a café, local produce shop, craft studios and interactive heritage displays; and the restoration of Moat Brae the National Centre for Children's Literature and Storytelling with the addition of two new pavilion extensions. The project will contribute to the regeneration of Dumfries town centre by creating a heritage asset and an exciting visitor attraction, a place that encourages learning, creativity and play for children and young people.

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As set out in our Culture Strategy, communities across the whole of Scotland make a vital contribution to our cultural life. We want people living in every part of the country to be able to take part in culture, whether as a member of the cultural workforce or as a participant. For example, in its first year, our Culture Collective scheme has already created over 240 jobs across the country, from Shetland to Hawick, which are supporting people to stay and work in the communities they come from, delivering participatory arts projects. Our Programme for Government 2021-22 commits to evaluating and continuing to invest in this programme.

On 30 March 2022, Historic Environment Scotland (HES) launched their Heritage & Place Programme. This is an area-based funding programme that aims to contribute to the development of vibrant and sustainable places in Scotland, through community-led regeneration of the historic environment. The programme supports the development and delivery of heritage focused schemes within conservation areas, or alternatively distinctive heritage areas with local authority recognition.

Successful Heritage & Place Schemes will be based upon the formation of Area Partnerships of local, regional and national interests with a shared vision for the place. Community participation will be integral in design and delivery of the Scheme.

The programme supports a combination of activities, including the repair and re-use of historic environment assets, training to strengthen local traditional skills, and building capacity within communities to value and look after the historic environment in the longer term.

The Heritage & Place Programme builds on the success of HES's Conservation Area Regeneration Scheme. Between 2007 and 2020, HES awarded over £52m to 73 schemes in 69 conservation areas across Scotland, contributing to the repair of over 1200 historic buildings and supporting the delivery of wider outcomes relating to traditional skills training and community engagement.

To support artists, venues and the wider music industry the Scottish Government provided £750,000 in 2022 to a new initiative, Scotland on Tour, creating new concert opportunities in cities towns and local communities. New events are being staged in 25 of Scotland's local authority areas, from Dumfries and Galloway to the Orkney Islands, with the aim to bolster Scotland's incredible live music scene and help aid the recovery of the country's creative supply chain.

Our support for cultures role in regeneration includes providing a competitive non-domestic rates regime. The Scottish Budget 2022-23 delivers the lowest poundage in the UK for the fourth year in a row and supports a generous package of reliefs forecast at £801 million. We continue to support businesses through 50% Retail, Hospitality and Leisure relief in the first three months of 2022-23, capped at £27,500 per ratepayer.

We have maintained the UK's most generous Small Business Bonus Scheme which takes over 111,000 properties out of rates altogether (as at 1 June 2021). Up to 100% charitable rates relief is available for registered charities or not-for-profit organisations who carry out work for charitable, philanthropic or religious purposes, or who are concerned with education, social welfare, science, literature or the fine arts, or who are mainly used for recreation such as sports clubs. Further information on [non-domestic rates reliefs](#) are available on the Scottish Government's website.

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Local authorities also have the ability to offer local relief schemes under the Community Empowerment (Scotland) Act 2015. Under this Act, each local authority has wide-ranging powers to create rates relief to reflect local needs. It is entirely at the discretion of the local authority as to whether they award this relief taking into account affordability and the interests of the local community.

Once again many thanks for the opportunity to speak with the Committee on these important matters. I look forward to reading your report later in the year and hope the information provided above has been helpful.



TOM ARTHUR

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