



OFFICIAL REPORT
AITHISG OIFIGEIL

Economy and Fair Work Committee

Wednesday 20 April 2022

Session 6



The Scottish Parliament
Pàrlamaid na h-Alba

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - www.parliament.scot or by contacting Public Information on 0131 348 5000

Wednesday 20 April 2022

CONTENTS

Col.

TOWN CENTRES AND RETAIL..... 1

ECONOMY AND FAIR WORK COMMITTEE

10th Meeting 2022, Session 6

CONVENER

*Claire Baker (Mid Scotland and Fife) (Lab)

DEPUTY CONVENER

*Colin Beattie (Midlothian North and Musselburgh) (SNP)

COMMITTEE MEMBERS

- *Alexander Burnett (Aberdeenshire West) (Con)
- *Maggie Chapman (North East Scotland) (Green)
- *Jamie Halcro Johnston (Highlands and Islands) (Con)
- *Fiona Hyslop (Linlithgow) (SNP)
- *Gordon MacDonald (Edinburgh Pentlands) (SNP)
- *Colin Smyth (South Scotland) (Lab)
- *Michelle Thomson (Falkirk East) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

- Danny Cepok (Love Oor Lang Toun)
- Anthea Coulter (Clackmannanshire Third Sector Interface)
- Gemma Cruickshank (Embrace Elgin)
- Mark Darragh (One Linlithgow)
- David Grove (Fife Council)
- Jennifer Hunter (Culture Counts)
- Roddy MacDonald (Industrial Communities Alliance Scotland)
- Phil Prentice (Scotland's Towns Partnership)

CLERK TO THE COMMITTEE

Anne Peat

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Economy and Fair Work Committee

Wednesday 20 April 2022

[The Convener opened the meeting at 09:00]

Town Centres and Retail

The Convener (Claire Baker): Good morning, and welcome to the 10th meeting in 2022 of the Economy and Fair Work Committee. Our first item of business is an evidence session as part of our inquiry into town centres and retail. The session will focus on the view from the ground. The committee will hear evidence from two panels.

I welcome our first panel, who are David Grove, lead officer for the town centre development unit with Fife Council; Jennifer Hunter, executive leader of Culture Counts; Roddy MacDonald, director of the Industrial Communities Alliance Scotland; and Phil Prentice, chief officer at Scotland's Towns Partnership.

As always, I ask members and witnesses to keep questions and answers as concise as possible. Members will direct questions to panel members. Please do not feel that you have to answer every question, but everyone will get an opportunity to speak—questions will be directed to everyone at some point.

I will start. I ask David Grove to have a go at answering this question first, but if other panel members have something to contribute, they should let me know. In the session before the Easter recess, we heard evidence from Professor Sparks, who spoke about policy decisions over the years that have caused harm to town centres. He talked about the importance of the town centre first principle being applied. From a local authority perspective, how difficult is that to implement? What prevents that approach? Professor Sparks talked about out-of-town developments.

David Grove (Fife Council): It is very difficult to balance out-of-town development against the town centre first principle. There are competing pressures. I will not name names, but a few years ago there was a development to the west of Kirkcaldy that offered 150 jobs—new jobs, I hasten to add. I suspect that we knew at the start that it was really going to suck jobs out of the town centre. It had other consequences, too; it meant the closure of a big development in the town centre, which has left us with a large footprint that has been hard to fill over the years.

That is one side. There is also the public perception and what the public want. Out-of-town shopping is convenient, because people can park their cars and walk quickly to shops and things that they want to see. Professor Sparks probably talked about the difficulties with non-domestic rates and the mismatch between the real-life cost of out-of-town locations and the cost of town-centre locations that have evolved over the years. There are difficulties with the taxation system, which has, in effect, been in place for hundreds of years.

It is really difficult to balance the issues and square the circle. People want convenience; things have moved and shopping patterns have changed over the years. People want to be able to go to one location and perhaps do one or two shops a week, whereas, in the past, they maybe did daily shops to pick up things from independent local retailers including grocers, fish shops and butchers. In some respects, we saw a bit of a move back towards that during the pandemic. Certainly, where I live in Edinburgh, in Stockbridge, there has been a real lift for the local independents. I remember queues of people waiting to get into the butcher's shop, the fish shop and the bakery in Stockbridge, which was a real change. They were busy in the past, but not to that extent.

I will leave it there.

The Convener: We have the town centre first principle in place. Is that particularly challenging? Is it to do with the size of the community? You referred to Kirkcaldy, which is typical of towns across Scotland. Some smaller villages in Fife are probably doing a bit better than our main towns.

Professor Sparks spoke about a moratorium on out-of-town developments, but you said that people like out-of-town developments. What policies can local authorities put in place and what can they do to move investment to town centres and secure it in those places?

David Grove: We need to reinvent the town centre. It does not have to be retail focused, although retail has a part to play. We need to concentrate on creating communities in town centres and converting lots of the vacant and derelict space into housing, as well as focusing on the infrastructure—whether that is for leisure, recreation, work or healthcare—that goes alongside that. That will be key to regenerating our town centres.

All our locations are different and not all solutions will work in each location. There is no blueprint to say, "If we do X in one town, it will work in Y town." We need to look at what is already in place. There are many great assets in town centres on which we can build. Professor

Sparks mentioned people valuing place. Over time, we have lost a sense of the value of town centres. As I said, that has come back a little during the pandemic as people have valued local resources a little bit more, but there is more that we can do to promote and stimulate that kind of regeneration.

The Convener: Other members might ask about barriers to that vision are and what makes it difficult to deliver. Would Phil Prentice, from Scotland's Towns Partnership, like to comment on how effectively the town centre first principle has been introduced and what the difficulties have been in applying it?

Phil Prentice (Scotland's Towns Partnership): The town centre first principle probably has been the single biggest tool that the Scottish Government and local government have had over the past six or seven years to change some of the behaviours that David Grove has outlined.

Developers like simplicity and cheapness, and they present citizens with a fait accompli. However, those developments are dependent on cars, and that is not sustainable. The climate emergency has crept up on us and we must now remove our dependency on car journeys and developments that rely on them.

There has been steady progress with the town centre first principle, and there are some good examples. In Barrhead, decent-sized retail was put back into the town centre alongside council headquarters and health and leisure facilities, which created a resilient and sustainable town that works well for the citizen population. Kilmarnock has done a lot of good work around the town centre first principle by putting a college and council headquarters in the town. Dumbarton has done likewise recently by moving council offices from an out-of-town location at Garshake back into the town centre, which has brought in footfall and vibrancy.

There are good examples, but the report "A New Future for Scotland's Town Centres", which was led by Professor Sparks, calls out the systemic problems. Developers can still find loopholes. It is much cheaper to build big-box retail in out-of-town destinations—that applies to private sector retail as well as to the wider public sector. Hospitals are built two or three miles out of town, where they are very difficult to access for an ageing demographic, which is not very inclusive. Further and higher education institutions, councils and agencies do the same. Those practices go much further than just retail, as a lot of our investments are built on greenfield sites. To be honest, that is not acceptable any longer, given the climate emergency. We need to take a firmer approach.

"A New Future for Scotland's Town Centres" and the town centre action plan, which we heard evidence on at the previous meeting, have outlined the need to tighten up policy, regulations and fiscal frameworks in order to give the commercial sector certainty, which is all that those guys want. If we tell them that they cannot build on greenfield sprawl sites any more, they will turn their investment towards the town centres and come up with innovative long-term and sustainable solutions.

Between the town centre first principle and the place principle, I think we have enough of a sense of direction of what we must achieve. The town centre action plan mark 2 and "A New Future for Scotland's Town Centres" give everybody a route map; it is just a question of making sure that that happens and that we do not take our eye off the ball.

Some of the powers are reserved; some of them are devolved. We must find a collaborative way through all this. However, we have a good route map to build on the good practice that there has been so far. We must remember why we started to look at our town centres. Basically, that was on the back of the financial crisis, which was the previous big crisis. We realised that Scotland was a nation of towns, that towns are there for everything—for the people, the planet, the environment and the economy—and that we must nurture them.

To be fair, we sometimes lean towards doom and gloom. Scotland has some great towns. They are a storybook of our journey as a nation, from early kings, Parliaments and poets right through to industrialisation and modern times. We have a strong culture; we just need to breathe a bit of life back into our town centres.

The Convener: That leads nicely on to Michelle Thomson's question, after which I will bring in Colin Smyth.

Michelle Thomson (Falkirk East) (SNP): I will direct my question to Phil Prentice and Jennifer Hunter. We understand and have had a variety of evidence on the ways in which culture, leisure and tourism can support the restoration of town centres. I am interested in a word that was used by Scotland's Towns Partnership in its submission, which talked about encouraging "vibrancy" and the use of culture in that regard. In my view, we are trying to get away from a kind of proposition in a box, because culture lives and breathes—it is creative and dynamic, and so on.

I would like to hear your insights into that. I am not in any way suggesting that that is easy, and I ask that you highlight some of the complexity that comes with that. Perhaps Jennifer would like to go first.

Jennifer Hunter (Culture Counts): In respect of all the vacant retail spaces, the culture sector can offer loads to bring vibrancy to town centres, in both the daytime and night-time economies.

On the barriers to doing that, I had a look at my own town centre for the purposes of the committee's inquiry. I phoned up the local Business Gateway to ask what I would have to do if I wanted to turn some of the vacant shops into a gallery or to put spaces to different uses. The hoops that I was told I would have to jump through were absolutely massive—they would put most people off, I think. That includes changing the use of buildings. For example, something that is a retail unit could not be used as a cafe unless you applied for a change of use, and even if that was granted you might be allowed to use only a part of the unit, because things depend on square footage.

It seems as though there are barriers after barriers. It would really help if we could make it easier, in the short and long terms, for people to redevelop spaces in order to bring vibrancy to town centres.

Michelle Thomson: I noticed in our documentation that you have consulted your members. Are you able to provide any insights off the back of that that would help to answer my question?

Jennifer Hunter: Yes. People are interested in maker spaces and co-working spaces, an example of which is CodeBase. A lot of creative freelancers work in their homes—they always have, even before the pandemic—but they would prefer to be out in the community. It is not only us who are working from home. Now, a lot of people are working from home who do not want to but whose employers no longer provide an office. They can all be part of the vibrancy of town centres. You could have something like what is happening in the Midsteeple Quarter, which I think the committee is planning to see. Something like that could be developed across any town in Scotland.

I pass a building on the edge of Hamilton town centre all the time. It used to be a big department store, but it has been vacant for a couple of years and it would be perfect for a project like that. Most of the creative and culture communities see the potential for that. We are just waiting to get in, but at the moment there are many barriers in the way. Most of the people involved are individual freelancers and they cannot take on all the various barriers. However, they are more than willing—they just need some support to move things on.

Michelle Thomson: Phil, do you have anything to add in response to the original question?

The Convener: For the remote witnesses, the Parliament staff should switch your microphone on

and off. Perhaps we are having difficulty with Mr Prentice's microphone.

09:15

Phil Prentice: I have managed to turn on my microphone myself.

Culture is a critical part of bringing vibrancy back into our town centres. As I said, our culture is the envy of a lot of places around the world—we have such a strong history and a story to tell people. That has brought life back into places that were really struggling, such as Campbeltown. Campbeltown starts off Scotland's story with the Irish monks who came across. It has a long history of whisky making, which is starting to have a renaissance. Two years ago, it won an award for being Scotland's most improved town. Following the disinvestment around Machrihanish and the industrial decline, the town has started to work more collaboratively on its story of the Campbells, whisky, tourism and the Kintyre trail, as well as the events and festivals that it puts on.

Fifteen years ago, Oban was almost like a Saga tour destination with old, dusty hotels. Now, it is genuinely a hipster location with lots of new investment and restaurants. When I go to Oban, I see that the demographic has become very European, with middle-aged people and kids jumping on the ferries to go across to our islands. Therefore, it can be done. Oban hosts a series of festivals—from music festivals to arts and crafts festivals—that bring in the local culture, which visitors and residents can all enjoy.

On Jennifer Hunter's point about barriers, barriers are usually around cost or process, but they can be overcome. Look at Creative Stirling in King Street. Creative Stirling took over an old retail unit—a three-story Wilko building—and filled it with 100 bedroom craft and arts people, who, in their own right, would never have been able to take the risk of renting a shop. However, they can rent a shop window or a bit of space in that shop, which gives them another channel through which to sell their goods. More important, it creates something unique in the heart of Stirling, which gives lots of people a reason to go into Stirling, because they see a shop that is selling things that they would never see anywhere else.

Where there's a will, there's a way. In my mind, culture is in our DNA. It tells our story, and we have such a culture to celebrate. Covid has forced a lot of things outdoors, but it has shown that we can operate outdoors. Street festivals, markets and other such activities should be encouraged more.

Culture is the backbone of Scottish society—we should celebrate it and do more around it. It has a massive role to play, and, as retail repurposes and

we repopulate our town centres, people will demand more of it. I will speak at a tourism conference in Oban later today. In the town, there are two or three shops that are just for local produce. They celebrate the provenance of Scottish food, art and crafts. That is a really compelling proposal not only for the resident population but for visitors.

Michelle Thomson: Beyond the framework that has already been set out and a welcoming open-mindedness to the vibrancy that you described, are there specific policy initiatives that the Scottish Government could adopt that would be valuable, beyond what Jennifer Hunter has already mentioned?

Phil Prentice: To be honest, I think that all the answers are in “A New Future for Scotland’s Town Centres”. Most of the barriers that Jennifer pointed out are probably fiscal. There is a scale barrier for those smaller cultural organisations to overcome. The artificially high rental values in town centres act as a barrier, and the repurposing of the VAT element acts as a barrier. If that could be sorted out, you would be removing the biggest issue, which is the cost to such organisations.

We need much more collaboration. Following the pandemic, local authorities will probably have surplus assets as they reimagine their estates. They will not need as much office space, much of which is based in town centres. Rental discounts could be given to encourage such activity. Therefore, the public estate has a role to play in all of that.

With regard to Government intervention, we need to move forward with the town centre action plan, and we need to do so at pace, because we are in a climate emergency and all those activities contribute to sustainability, community wealth building and localism—all the things that multiply the impact on the Scottish economy, job creation and so on. We need to move at a faster pace—that is my ask. We need to deliver on what is in the town centre action plan and stick to it, giving the private and commercial sectors certainty and nurturing our culture by any means possible. It is in our gift to do that, but it will depend on local collaboration and leadership. The Government’s role in that regard concerns the bigger policy asks in the town centre review.

Colin Smyth (South Scotland) (Lab): I am keen to continue Michelle Thomson’s line of questioning on devolved policy levers. Jennifer, if you were in front of the Scottish Government, which one policy would you say it should pursue in order to break down the barriers to which you referred?

Jennifer Hunter: There are a couple of things that the Government could do. One is rates relief,

which I think is a Scottish Government policy. We could have incentives through rates relief for anyone who is bringing vibrancy to a town centre through arts and culture and the creative industries. Perhaps we should be thinking along the lines of preventative health in setting rates. If someone is, say, bringing a social impact to a town centre, should they get rates relief on that basis? Other examples might be climate change or fair work, if someone is offering people more than 16 hours of work each week. We could have a points system for how rates are paid—I know that that would work out really well for the arts and culture sector.

In addition, we need a network to build those things together. Some areas of Scotland have quite strong networks between the culture sector and the local authority; indeed, Paisley put all of that together when it was making its city of culture bid, and it built a great network of people who can now get behind bidding for cultural projects in the town. However, many areas do not have such a network, because there is no such culture bid. A network could help people come together to put bids forward.

The issue of statutory consultees is also important. We are never listed as statutory consultees; wherever there is a list, Creative Scotland and Historic Environment Scotland tend to get missed, although I should say that HES appears on many more lists than Creative Scotland. It would be good for us to be listed where there are statutory consultees on things such as city deals, because if we are at the table, we can do a lot more to put forward what we can offer. The problem is that, quite often, we are not at any of the tables, which means that we are not able to bring forward our ideas for what could actually happen in a town.

Colin Smyth: That is helpful. I put the same question to Roddy MacDonald. What are Industrial Communities Alliance Scotland members saying that they believe the policy initiatives from the Scottish Government should be to help regenerate the town centres that they cover?

Roddy MacDonald (Industrial Communities Alliance Scotland): One thing that has come to our table now is the national planning framework 4 consultation and the need to see planning in a much more holistic and joined-up way. That will be a key policy driver as we move forward.

Colin Smyth: Is there anything in particular that your members would like to see in NPF4 that would really kick-start the regeneration of our town centres? Some of the evidence that the committee has taken suggests that, although the framework is well meaning, some of the specifics might be missing. Do you agree with that? Is there anything

specific that you would like to see in NPF4 that would really help our town centres?

Roddy MacDonald: There is the whole issue of land and property development. We need to look at land in a much more innovative way and assist our local authorities in that respect.

One of the big issues for our 15 local authorities is the risk involved in developing land, because, sometimes, it is land that they do not own. The Scottish Parliament, the Government and local authorities could consider how we de-risk our local authorities on land and property development. If they were able to sort that, it would be a really good starter for 10.

We need to see the planning network not just in a planning sense but as part of the wider flexible infrastructure approach. We also need to think about how we can unlock land that is often not owned by councils. Sometimes, there have been issues with compulsory purchase orders and sales. That has been a key question for one of our local authorities, which has had significant issues with a hotel near a station. How do we unlock the potential of land if we do not own it? Working with the Scottish Government to introduce legislation to smooth land and property development and de-risk our local authorities would be a step in the right direction.

Colin Smyth: As an MSP for South Scotland, I know the hotel and railway station well. That was useful, Roddy.

Phil Prentice referred to the report that was published recently. We have had such reports before. You gave the example of Kilmarnock, where the council has done good work, but anyone who walks down Kilmarnock High Street will see that the biggest growing population at the moment is still, sadly, “To Let” signs. Why has existing policy not worked and how will what is proposed be any different?

Phil Prentice: The original town centre action plan was a wee bit like the town centre first principle: it was a principle, not a prescriptive duty, so we were working on the basis of best endeavours. Where we had good local leadership and political prioritisation of the town centre, there was progress, but there were too many loopholes as well as systemic barriers such as the cost imbalance.

We have touched on NPF4. It cannot deal with everything, but it sets a strong clear direction based on climate, sustainability and equity. I like NPF4. It will never be perfect, but it is pretty robust.

One of the key things that we need to consider is alignment of internal Government strategy. We have the national strategy for economic

transformation, strategies for digital, climate, culture and towns and regeneration as well as “Housing to 2040”; if anything, we need to focus more on the touch points between each of those strategies, given that silo working often leads to counterintuitive investments. For instance, someone in the economy directorate might be seeking foreign direct investment and a greenfield site whereas, if we had taken a joined-up approach and used the place principle, we would probably have found a more central location, which would have meant jobs in the town centre and better access to the facility. This is more about alignment.

We also ask for best endeavours. The difference between town centre action plan 1 and town centre action plan 2 is that the latter is tackling the elephant in the room. The previous national planning framework did not mention towns; however, we are a nation of towns, and they should be seen as critical to our economic, environmental and social infrastructure. They are mentioned numerous times in NPF4. That is the first time that that has happened, and the approach should subsequently fall into regional spatial strategies, local development plans and local place plans. The document sets a strong sense of direction for the policy framework.

The action plan also tackles the other elephant in the room, which is the imbalance in the fiscal framework. Almost a third of our economic activity has moved online but not all of the tax has been captured properly. There has to be an equitable approach to digital sales tax. We must modernise the NDR system to make it fit for purpose, look at moratoriums for out-of-town development, which is unsustainable, and deal with the VAT issue on refurbishment and retrofitting.

The plan is trying to achieve lots of things. We have spent 50 years making poor planning decisions and being driven by commercial investment developer-led decisions, so it will take some time to unpick all of this. However, I think that the work that has been done over the past couple of years around planning—including the town centre action plan, the national strategy for economic transformation and “Housing to 2040”—is sending us in generally the right direction.

09:30

I would also point out that there is always the money or resource issue. Towns were never really seen as a big political priority. The last town centre action plan was the first one, which was way back in 2009, and we had to wait a decade for the next serious amount of funding, which was in 2018 with the town centre capital fund.

However, I think that we are at a game-changing moment, at both the United Kingdom and Scotland levels. The place-based investment fund has put £325 million on the table. An additional £50 million will go towards addressing the issue of vacant and derelict land and targeting urban deprivation and brownfield sites, which are persistent problems in the urban environment. We also have approximately £400 million from the UK Government's levelling up fund.

I know that there are lots of politics in all of this—and I am not going to get involved in that myself; I think that town centres should be an apolitical issue, because they are for everybody—but we are talking about sustained resource over multiyear timelines, which will allow the local leadership to take bigger decisions. In the past, local government could not take the risk of dealing with, say, the shopping centre that was no longer viable and was falling down when there was no commercial interest in it, because it was not sure that it could get sustained funding. Now that there is funding, whether it comes from the UK or Scottish Government, local government can take those bigger decisions.

Fixing the town and city centre is a one-off. Once it is done, it is done. Unlike the health budget, it will not spiral out of control because of an ageing demographic—it is just a one-off hit. Once it is fixed, it is fixed—certainly for a generation. That needs to be considered, too.

There is a simplicity in all of this that is sometimes overlooked. We have overprovision of the retail footprint. We live in a car-dominated disaggregated system. We just need to unpick that gently and pull things back to the core, so that we can deal with the climate emergency and have housing solutions for a changing demographic. We breathe life into town centres by putting people and things back into them. To my mind, trying to achieve that will be reasonably simple.

The Convener: Thank you. We are having an interesting discussion this morning, but I must ask people to be a bit briefer in their responses, so that we get as many as we can.

That said, I will take advantage of being the convener and ask a quick question about the Fraser of Allander Institute's recent report on the small business bonus scheme, which was commissioned by the Scottish Government. Jennifer Hunter talked about rates relief. Does anybody have comments on that? I do not know whether everybody has had a chance to look at the report, but it looks at the scheme that we have in place for rates relief. Jennifer, do you have a view on the scheme or how it could be applied in other areas?

Jennifer Hunter: No. I would have to get back to you on that. The issue has not come up recently.

The Convener: That is fine. I call Maggie Chapman.

Maggie Chapman (North East Scotland) (Green): Good morning. First, I must apologise—my internet is a little bit dodgy, so you have audio only from me. Maybe that is a good thing for you all. In any case, thank you for being here today.

My line of questioning follows on from the discussion that Colin Smyth instigated. Phil Prentice spoke very clearly about alignment, which was one of the key things that Leigh Sparks mentioned previously. The challenge that we face is silo working, which is one of my bugbears, too, and it is siloed not only within single layers of government but within different layers of government and other public agencies or bodies.

If I can, I will bring David Grove into this discussion. From your point of view as a town centre development person in Fife, what are the key things that we should be doing differently and better to ensure that the UK and Scottish Governments, as well as local authorities and the other public bodies and agencies, better co-ordinate things among themselves, so that we are not reinventing the wheel in lots of different places and are not producing conflicts between different things? As Phil Prentice has said, this is about bringing planning together and focusing on the climate emergency as our biggest societal goal. In short, from your point of view, what are the things that we need to be doing differently or better?

David Grove: I recognise your point about silo working—it has been something of a bugbear of mine for a number of years, too. Certainly in the local authority that I work in, those challenges have gradually been broken down, and there is now more cohesive working between departments in the council. The creation of STP has helped to break down a lot of barriers and we now talk to different layers of government and to other local authorities. There is a lot more sharing of best practice and ideas, and a lot more debate is going on about what you might call the town centre plight.

You will have to forgive me, but I was on holiday last week, so I have looked only very briefly at TCAP2. However, I think that it gives us the direction of travel that we need. As Phil Prentice has mentioned, there is already a lot of good stuff in NPF4 that helps to connect the different functions within government. From my perspective, one of the biggest barriers has traditionally been the disconnect between planning and the functions that we carry out in relation to town centre development.

There is an issue about the speed at which things happen. For me as a town centre professional and for communities in particular, that is very frustrating. People want change and want things to move at a quicker pace. They want to see things that will make their lives better. The critical point is that we cannot just sit around waiting for things to happen; we have to get involved. Everybody has a voice and we all need to move in the same direction.

Phil Prentice also mentioned the climate emergency. We have looked at things such as reusing buildings. If I remember correctly, Malcolm Fraser's big pitch in the original town centre action plan was that we should not demolish buildings, but should reuse them instead. For me, one key thing that we have to think about is the embodied carbon in those buildings; we have to think about what we can do with them, because not all of them can be repurposed for housing or for things that we might want. We have to think about the community at the heart of a town centre, what it needs and what we need to build around it.

A lot of good work is going on. Phil Prentice is connected with lots of different local authorities, groups and communities, and they will have different ideas about how things should move forward. That is my take on it.

Maggie Chapman: I want to bring in Roddy MacDonald, because I am particularly interested in his members and the communities that he represents. We know some of the things that we need to do, but what do we need to stop doing? What do we need to change because we are not getting it right, in terms of alignment, policy coherence and things like that?

Roddy MacDonald: There is no one magic bullet here. I live in South Ayrshire, and I can tell you that Prestwick town and Girvan town are very different. They are both on the coast, and they both have a history of tourism, but they have their own cultural identities. We have to be honest about the significant issues that we have in our towns, but we also have to recognise that they have distinctive strong identities. If we start on the basis that we can find local solutions with local networks supported by national bodies, that will be a big step forward, because we will not be pretending that there is one particular route map to get out of the situation. There are individual route maps.

With regard to the bigger picture, particularly for my 15 member authorities, the question is: how can we optimise the new funding streams that are coming in at the UK and Scottish Government levels? How are we ensuring that the UK shared prosperity fund and the levelling up funds hit the spot for our communities in the context of the Community Empowerment (Scotland) Act 2015,

that our communities are valued and that we do not have a tick-box exercise? That is hard work—it is hard work for statutory organisations to consult local people, because it is lengthy, time consuming and challenging.

This is my *cri de coeur*: if we look deeply enough, we will find distinctive solutions for each of our distinctive communities. Let us have the confidence and patience to develop particular networks and frameworks, let us ensure that funding from the UK Government, the levelling up fund in particular, hits the spot for our communities and let us protect our local authorities. It might sound interesting that the UK Government is going straight to local authorities and that we are going to do this, that and the next thing. There might be a political context for that, but we still have to protect the capacity of our local authorities to deliver. A sizeable amount of work is required by officers and members to produce bids, reports and assessments. We have to protect our local authorities and ensure that they have the capacity to deliver for our communities, and we must not forget about our communities from a community empowerment perspective.

I hope that that helps a wee bit.

Maggie Chapman: That was really helpful—thanks very much. I will leave it there, convener.

Jamie Halcro Johnston (Highlands and Islands) (Con): Good morning. I want to go to Phil Prentice first and then to David Grove. We have talked a lot about the changes that will happen. Obviously, there will need to be a lot of infrastructure changes. During the pandemic, we have seen issues around people and places, and potential congestion charging has been suggested. There will need to be a lot of development in our town centres, and all of that will have an impact on them and the ability of businesses to keep operating. I know that, when we had the tram debates in Edinburgh, a lot of businesses had real concerns about the on-going work causing some to go out of business.

Given that a lot of businesses are already struggling through the Covid pandemic, how can we ensure that, as we transition to a new future for our town centres, that is done in a way in which a lot of existing businesses are not lost simply because of the disruption? Is there a concern that things might get worse before they get better for some of our town centres?

Phil Prentice: I will try to answer that question briefly.

I have a long history in regeneration and infrastructure investment. That has to be done in consultation with the business community. Small businesses are the backbone of this country, and we have to ensure that disruption is managed and

well communicated and planned at the local government level. That has to be done with planning and economic development services and with close consultation with the business community. By and large, there is usually short-term disruption for much longer-term gain.

To be honest, there is probably a risk that some places will decline further in a short period of time because the various business supports with Covid—furlough, tax reliefs and so on—have maybe kept some businesses that were already unviable on life support and given them a wee bit longer. However, ultimately, the truth will out, and those businesses will close.

We are in a period of fast-paced disruption, but we have to move at pace. There is a climate emergency—we can see that visibly—and we have to do things more radically, faster and more aggressively to get outcomes. However, if we retain and nurture our frontages and ground floors—the eye-level stuff that makes places interesting—and focus on the spaces above, we will repopulate and put in denser consumption, more communities, and passive surveillance of antisocial behaviour.

Glasgow is a good example. Glasgow is the least densely populated city centre in Europe. If you stand in George Square at 7 o'clock at night, you will see the lights go out. In Bruges and Antwerp, every space is lit up and people live in flats. To be fair, Glasgow has acknowledged that. On sustainability, there is a big drive towards putting people back into the city centre, which will secure businesses in the city centre because they will have more consumers on their doorsteps and more regular consumption.

There will be a period of disruption, but I look at it as a period of opportunity to do things right and to make things better in the longer term.

09:45

Jamie Halcro Johnston: The idea of repopulating our town and city centres has come through a number of times in our evidence.

David Grove, how do you, as someone who is involved in town centre development for a council, allow change, transition and development to happen, with new systems and infrastructures put in place, without that impacting on businesses that are already there?

David Grove: I will answer that question as best I can. I agree with everything that Phil Prentice said. For us, the key thing is consultation and putting in place the best measures to try to alleviate the disruption.

I will give some practical examples of when we have tried to alleviate pressures on businesses.

We have a moratorium of works during key trading periods of the year. For example, we stop carrying out public realm works during the Christmas trading period. Those who know Kirkcaldy will know that a big event takes place around Easter each April—apart from the previous two years—which is the Links market. We stop works to accommodate that, which is a key driver for locals in the town.

In relation to our work on historical buildings, we try to work with business owners to ensure that, if we cause disruption through scaffolding or works, we advertise that businesses are still open. We try to facilitate deliveries of goods and services to businesses so that, if road networks are dug up, we get in place solutions that allow businesses to receive all their stock and everything else that they require.

As Phil Prentice said, there will be short-term disruption for long-term gain. We have to think about how we communicate with businesses, listen to what they say and alleviate issues. However, at the end of the day, we need to make the changes. Things will not stay as they are. Unless we do something about the path or journey that we are on, we will have no town centres left.

Jamie Halcro Johnston: Thank you.

Colin Beattie (Midlothian North and Musselburgh) (SNP): The committee has heard repeatedly that there is no one-size-fits-all solution to supporting our town centres. It has also been said repeatedly that, in order to succeed, we need to successfully bring together local communities and businesses. We have asked for examples of that—even just one—that stand out as a success, but no one has been able to point to any. Do the witnesses have any examples of effective collaboration between the public, private and third sectors and local communities that has achieved a success story in a town centre?

Jennifer Hunter: Deveron Projects in Huntly is an interesting example, so it might be worth having a closer look at what is happening there. Things have really been turned around, and more and more artists are being attracted to live and work in Huntly, which has been put on the creative and cultural map. Five years ago, no one was talking about Huntly, but they are now. It would definitely be worth having a look at what is happening at Deveron Projects.

Other examples are Paisley, with all the spin-off stuff from the city of culture bid, and Dundee—although we are aware that Dundee is a city, not a town. What was happening culturally in Dundee served to attract the V&A to the city, and the V&A works as an attraction for the Eden Project. If you have a vibrant cultural place, it attracts more partnership projects, so it works both ways: things

come in and things get produced. You will already know about the Dumfries examples such as the Stove Network and Midsteeple Quarter, which, I understand, you will visit.

As a result of work that has been done by Scotland's Towns Partnership and Highlands and Islands Enterprise Dunoon is really changing. There are a lot of independent businesses there, with food and drink businesses and arts and creative industries in particular taking off. That is another thing—if you give our creative cultural community an opportunity somewhere, it will go there. If there are opportunities for people to do something there that they would not be able to do elsewhere, they will move into that space and start taking that up. It is all about incentives for getting into places to start those changes. People will go if there is an incentive.

North Edinburgh Arts might be worth a closer look as well.

David Grove: The example that floats in my mind is Lochgelly in Fife, where one of the first sustainable community initiative charrettes was undertaken. There was a lot of bluster about the charrette, to be honest, but a lot of the enthusiasm has not come through to real-life fruition. Town House square is a key project in Lochgelly. That was an area behind a derelict church, St Andrew's Church, which we have repurposed as a climbing centre with Fife Historic Buildings Trust and a community interest company called Rockgelly. We hope that it will open sometime this year. Obviously, there has been a delay because of the pandemic, but works are substantially complete. The climbing tower is in place and it is just now the fit-out that needs to be completed.

Town House square, as you might guess, has a traditional town house that had lain empty. It was a council property. It has been repurposed as very nice affordable housing, and there are now four nice new flats on the social housing register. We also built 16 houses alongside that, and our partner, Ore Valley Housing Association, has taken on some of the ground to the south of the site and put in a nice new town centre development. That is a good example of what you are asking about, and it has come through the charrette process. Some may recall that Lochgelly was voted the most improved town in Scotland six or seven years ago—I am not sure exactly when; the past few years have been a bit of a blur. It would be worth having a look at that example.

Colin Beattie: Without commenting on the examples that have been given, it is important to differentiate between situations in which there have been individual projects that have been tremendously successful and those in which there has been a comprehensive town centre plan involving the whole community and so on that has

been brought to fruition to make that step change and difference. Phil Prentice, could you comment on that?

Phil Prentice: I point to the example of Barrhead, which illustrates the need for strong political leadership and long termism. Barrhead was the poor relation in East Renfrewshire. There were affluent neighbourhoods such as Newton Mearns and Giffnock on one side of the local authority area and the post-industrial towns of Barrhead and Neilston and the other. That came about through the 1996 reorganisation of local government.

Barrhead is a post-industrial town with a population of 20,000 people. It has a mixed demographic but leans towards poverty. There was a disparity in life expectancy of 17 years between a young man born in Dunterlie in Barrhead and a young man born in Stamperland in Clarkston, so the politicians got together and said, "Let's get a conversation going with the people and see what we can do collectively as a community planning partnership." From that, a vision was created for Barrhead that led to all the subsequent investments. Not everything can be done by the public sector. To a certain extent, it is a matter of providing confidence and facilitation—that was all done, and then the private investment followed. Looking to the longer term, groups such as the area's third sector interface are headquartered in the town, and the business improvement district is in the town.

If truth be told, Barrhead is a town that you would never visit unless you had relatives there, but if you ask the people in Barrhead what they think about it, they will say that it is much better that it was. We have a health centre in the middle of the town centre, which brings in footfall. We have a leisure centre in the middle of the town centre: who would ever dream of that? We have a small Asda, which now has the typical Asda footprint. However, we stopped it from selling comparison goods and only allowed it to sell convenience goods. It could only sell food; we did not allow it to sell white goods or clothing, as that would have put the other businesses in town out of business. All that was done through a long dialogue with the various community groups, politicians and local councillors.

When we analysed life expectancy, we found that there had been an improvement of nine years over a decade. The health outcomes were all linked to creating a better environment, creating more jobs and giving people hope. It can be done.

There are numerous examples across the country where the journey has begun, and success is beginning to blossom. Paisley is a very good example, where High Street properties have been acquired by a commercial investor, working

very closely with the local authority and the community, inspired by the city of culture bid.

Dundee has been mentioned. Like Paisley, Dundee lost its bid—it lost to Hull—but you would have thought that Dundee had won its city of culture bid because of the investment that came, with the V&A, the upgraded railway station and the Sleeperz hotel. There has been lots of investment, with better collaboration between the two shopping centres and the universities. Lots of things have been happening. At the community grass-roots level there was a lot of in-migration, including of Syrian refugees. The city council, its partners and the arts community nurtured those people coming in, and they created lots of activities to make them feel welcome, productive and part of local society. It can be done, with good local leadership, prioritisation and collaboration.

Colin Beattie: During this discussion we have been talking about various initiatives. There has been discussion about the need for incentives and about business rates and the potential need for rates relief to provide support. There has been talk about online retailers and levelling of the playing field by bringing in a digital sales tax, potentially.

Noting all that, and considering the people who have been putting forward and driving those initiatives, can they survive in the long term without a public subsidy to support them in some form?

Roddy MacDonald: If the question is whether all that can be done with altruism and enterprise from the private sector, my view is that I do not think that that is possible.

Colin Beattie: I was talking about long-term subsidy.

Roddy MacDonald: There is certainly a benefit here for the private sector, the public sector and public services in working together.

I refer you back to something—and I will share this with the committee clerks: a piece of research that was carried out by the Industrial Communities Alliance, the Centre for Towns and the Key Cities group. The report, which is called “Places with Purpose”, concerns a number of initiatives in Scotland, England and Wales—the alliance has 60 member authorities across Scotland, England and Wales. Returning to your previous point, I note that there are a number of examples of towns and pit villages where very good practice has emerged through partnership between the private sector, communities and the statutory authorities.

I am happy to make that document available to the committee clerks to share with members.

Colin Beattie: I am sure that that would be useful.

The Convener: We need to make some progress, Mr Beattie. I call Fiona Hyslop, to be followed by Gordon MacDonald.

10:00

Fiona Hyslop (Linlithgow) (SNP): We have heard from Phil Prentice about the various funds that are available, and we know from the examples that have just been given that their success is due to a common alignment between different funding streams, whether they be from Historic Environment Scotland, Creative Scotland or the town centre fund. The common theme is that there is a common vision about the story of the place and what needs to be done.

My question for David Grove, though, is about risk aversion. Many council officers involved in towns have to get a return for the council, which might own the properties and might well be under financial pressure and stretched in many different directions. Is there a danger of risk aversion preventing us from making the step change that we need? It all comes down to people; the capital investment might well be available but, in relation to people, what sort of culture and resource do we need? If we are to take communities and, indeed, the business community, artists and so on with us, we need to remember that, although these people are often the most entrepreneurial, they also run businesses and can get exhausted by the time and effort that they have to put in, constant consultations and so on. How do we make that step change to ensure that people embrace entrepreneurialism and become less risk averse?

David Grove: There is no doubt that that is a key challenge. As you have pointed out, we have a great source of capital at the moment, but a key issue that goes alongside that is the lack of revenue to run projects beyond their inception. That is particularly apparent when we work with the third sector organisations that you referred to. They need to earn a certain amount of income through their assets if, say, we are looking to use community asset transfer or are working with community organisations to purchase and repurpose long-vacant and redundant buildings, as we have done with the town centre fund.

Another issue is the sustainability of such a model. As people grow older or perhaps move on, who, particularly in the community groups, will take over the running of buildings? Who has the skills that go alongside these things? We are very conscious of the need to upskill communities so that they can take on the ownership of buildings or certain town centre assets.

Has risk aversion been a barrier? Yes, there is no doubt that it has been. There are risks in a lot of the things that we do, but we have taken the

balanced view that we will take them on. Sometimes we get it right, and sometimes we get it wrong, but we do not shy away from the fact that we make mistakes and get things wrong at times.

However, the overall driver is the need to try things. Not everything will work, but we know what we have to do: we have to change the future of our towns. We perhaps do not know all the dynamics in that respect, but we have to focus on doing something and making a change that will take us in the right direction. To answer your question as best I can, I do not think that we can afford to be risk averse. We have to try things, but we also have to put in place mitigations to reduce the risks behind them.

Fiona Hyslop: The Scottish Government has clearly encouraged Creative Scotland to have a more place-based agenda with regard to funding, and Jennifer Hunter has given examples in that respect. How can we enable culture, heritage and a wider arts focus to be taken into account at the start of development, instead of being perceived as “nice to have” at the end of the process? What people resource will be required to get that engine of activity going? After all, freelancers often have to take on other jobs to help with their work, and they need the time to take on such engagements. What is your view on that?

Jennifer Hunter: There are many ways in which we can be involved. For example, events and festivals in town centres do not need capital. That is more about the town centre management coming together and working with the local creative community to say, “Can you help us? We want to have four big focus points per year. What could we put on?” They could then work together to apply for funding for festivals and other activity.

Vacant buildings are a bit more of a challenge. If we could have more local authority ownership of those buildings in the first place, we could work with local authorities on the social benefit, and I do not think that we would need long-term funding. If they could take care of the rent, we could run cafes and social inclusion projects, employing people in the community with special needs who cannot get jobs elsewhere. They could work with us, and they would be welcome with us. We could do lots of different things, either as part of the fabric of the high street or in addition to that.

I have noticed that Milngavie town centre basically closes down at night—it is very much a daytime economy. There are some activities and other things for kids during the day, which are all good ideas to add to the vibrancy, but come 7 o'clock, nothing happens. There could be comedy nights, book clubs and so on—there is all this stuff that could be done. I do not have time to go around every town and make all those suggestions, but at the moment the business

improvement district is not talking to people in the culture community. Those conversations are not happening. I do not know whose job it is to kick off those conversations—it might be the job of the local authority culture department.

Fiona Hyslop: Thank you. Phil, can you comment on the danger of risk aversion and on the benefit of entrepreneurialism in the public sector as well as working with partners in the private sector? Again, we had better focus on successes rather than on where that has not happened. What are your reflections on good practice that we can follow up on, and on practice that we need to try to move away from?

Phil Prentice: We are very risk averse, but the pressures from a decade of austerity have put local government officers in a difficult position. There is not a lot of money to go around, and they have difficult decisions to make, which has led to a culture of risk aversion.

However, resource is on the table now. We are trying to do things differently, at pace. Money from the place-based investment fund will go towards a series of scalable demonstrator projects, and we are engaged with a number of local authorities on the acquisition and repurposing of large shopping centres and on radical climate interventions. We can develop case studies from that and share them with our local government colleagues and the wider public estate to see whether we can get some of the work moving a bit more quickly.

It is the job of the Government and of agencies such as Scotland's Towns Partnership to help to overcome risk aversion and to give people confidence that some decisions just have to be taken, as we have to look at the long term.

I am pretty optimistic that our engagement with the private and public sectors could lead to new financing mechanisms—new special purpose vehicles—to get things happening. The message here is that an individual sector will not be able to stand on its own feet after the pandemic and go on to make climate interventions. It is very much about taking a holistic place-based approach, with all the key stakeholders involved investing and getting returns.

On the deputy convener's point about subsidy, this is not about subsidy; it is about showing the art of the possible. We need the flow of private capital to come back at pace. I am very encouraged that institutional investors and pension funds are now looking seriously at town and city centre housing at scale, which they can put money into. It is about investable propositions for the long term. Again, it is about a mixture of private and public investment.

Some of these things have not been done before, so we have to take a brave step forward.

The Government recognised that and said, “Let’s do some demonstrations”. It is in close consultation with the Convention of Scottish Local Authorities, the Scottish Futures Trust, Scottish Enterprise and Highlands and Islands Enterprise so that we can learn from those demonstrations. It is about just doing some of the big things that we have been thinking about and talking about.

I sit as a director on the UK task force, and a few things like that have happened, but there is not a lot that we can learn from those guys. We know what needs to be done up here. It is just a question of focusing on doing the right things and stopping doing the harmful things.

Fiona Hyslop: Roddy MacDonald, what is the capacity of the voluntary sector and volunteers to be involved in the big projects that we have heard about?

Roddy MacDonald: There is capacity but, first and foremost, we need to get buy-in. In other words, we have to make the third sector and voluntary organisations feel that they are equal partners, that they are valued and that their opinions are listened to. Once we get the respect agenda sorted, the third sector and voluntary organisations will be very effective.

Last Friday, I spent some time at the Grain Exchange in Ayr. In that building, there is an interesting combination of council offices on the top two floors and a marketplace where a mixture of people—including volunteers and people from the creative industries and other groups—come in on the ground floor. There are certainly examples of respectful engagement with the third and voluntary sectors that leads to a shared community vision—not a vision only of the Scottish Government, the UK Government or the council. I reckon that the capacity of the third and voluntary sectors will be hugely powerful. Indeed, their involvement is critical to ensure that there is an authentic community response.

Gordon MacDonald (Edinburgh Pentlands) (SNP): We have talked a lot about starting to get the right policies in place and about how funding is becoming available so that we can tackle the issues with our town centres, but I am keen to understand what the barriers are to renovating empty town centre properties. Do they relate to the VAT system, the change-of-use regulations, absentee property owners or the need to reform the compulsory purchase system? What practical issues do we need to tackle in order that the policies that we are now putting in place and the funding that is becoming available can be used most effectively?

Before we start, I am interested in a comment that David Grove made in his written submission, where he said that there is a

“culture of neglect around buildings, lands and spaces”.

Can you explain that before we come back to my other questions?

David Grove: Sure. Over the years, we have noticed the number of absentee landlords, as you mentioned, particularly in one of our biggest town centres: Kirkcaldy. That means that nobody is taking cognisance of the state of those buildings. I have another hat—I work with the Fife Historic Buildings Trust, which is a voluntary organisation that delivers the council’s built heritage programme on our behalf. We focus on bringing regeneration programmes involving historic buildings to our town centres. We have enacted a number of “stitch in time” activities, which basically involve taking cherry pickers along the high street to remove detritus, rubbish and other objects—slates, bits of downpipe and guttering, for example—that could be harmful to the public. We have given photographs and reports to occupiers of the buildings, but nothing happens. We have done those exercises three or four times, and we cannot keep doing them because we do not have the money to do so. Should it be the public sector’s role to do that? I do not think that it should.

Phil Prentice made a comment about unrealistic rental rates from owners. Perhaps one of the issues is that building owners invested in buildings at the top of the market, and the buildings are now not worth what they once were, so the owners are not prepared to make further investment in them.

Another issue is absentee landlords. We have been pursuing somebody in the United States for—to my knowledge—seven years now, but we have still not been able to get him to do anything about a particular building in Kirkcaldy.

Gordon MacDonald: On the issue of absentee landlords, if a domestic property is left empty for more than a year, it attracts double council tax. Is there a need to do something similar with non-domestic rates?

David Grove: That would certainly concentrate the mind.

There is also an issue with listed buildings. A listed building on Kirkcaldy High Street has been the bane of my life for nearly 15 years. I cannot get the owner to do anything with the building, and there is nothing much that I can do to make him do anything about it unless things start falling off it. That really lets down an area of the town that we call the merchants quarter, where we have invested quite heavily in trying to get businesses working together, through the Adam Smith Enlightenments project, to create a new makers market. It is really frustrating.

10:15

Gordon MacDonald: Roddy MacDonald, what do you think the barriers are to renovating empty town centre properties?

Roddy MacDonald: The alliance has done a fair bit of research on derelict land and property issues, and we have found that there are a number of obstacles. One of them is time. The issues involved in land and property are, by their nature, complex—I am talking about not just the condition or the history of a building, but its ownership. It is therefore difficult to get quick solutions, and that can lead to despondency, cynicism and the feeling that “Nothing ever happens around here.” In the past, we have also had issues with state aid rules, which have made things more difficult.

Looking forward, how do we address the obstacles of gap funding? It is clear that, from a local authority perspective, we need a plentiful supply of gap funding. We need to—[*Inaudible.*]—development in our town centres and our wider conurbations. In addition, we need grants and not loans. Our local authorities need help and support, and loans are not always—indeed, not often—the best way of going about procuring land, as we then have councils raiding their reserves at a time of significant pressures on council resources.

My final point is about sharing the burden of de-risking. We need a mechanism that allows local authorities to make investment decisions whereby they are not exposed to all the risk. For example, a matched contribution from the UK Government or the devolved Government, or from development agencies, would spread the risk, which would ultimately be in the interests of all the players. Those are the types of issue that are part of ongoing discussions in Scotland and with our partners in Wales and England.

Gordon MacDonald: Let me turn to Phil Prentice. Comparing the rates that are applicable to new builds and to renovations, do you feel that there is a need to change the VAT system?

Phil Prentice: The VAT comes in at 20 per cent, which is what would normally be a developer’s profit. To me, that answers the question in one fell swoop.

With regard to planning, NPF4 encourages more use of masterplan consent areas. There is a designation of permitted development within a town centre, which should allow for much more ease in change of use.

I take your point that there are a lot of abnormals. It is hard to retrofit, as old buildings are leaky and they have to be brought up to a certain net zero standard. The money that is on the table can address some of that.

On compulsory purchase orders, I remember using them myself—I am one of the few in Scotland who have actually done that. To respond to David Grove’s point about absentee landlords, I had a situation in which the guy was in jail in America—I just took out an insurance policy and went ahead and bought the property. I simply said that, for the betterment of the local economy, we were going to build houses there for people. I was not letting some guy in a jail in America stop that. I took out an insurance policy and we demolished the property and allowed a house builder to come in.

Those skill sets are no longer readily available in local government. I have suggested to the minister that, given the complexity of some of the big goals that we are trying to achieve quickly—such as acquisition and repurposing of shopping centres, town centre living at scale and net zero and carbon investments—we probably need to look at making some form of central resource available to all local authorities. Instead of reinventing the system 32 times, we could have a core team of specialists and experts in finance, carbon, planning and CPO legal, who could be used and deployed by all our local government colleagues and the wider public sector estate.

Could those skills, which already exist in organisations such as the Scottish Futures Trust and the enterprise organisations, be bolted together in a sort of “place resource” to allow our local government colleagues to call on them? David Grove could call on them to fix the problem that he mentioned in Kirkcaldy. That would be a good recommendation to take forward.

To address the point that was raised earlier, I do not think that this is a long-term subsidy game; it is about the Government using strategic investment to encourage the flow of private capital. Once that happens, a lot of the persistent problems will be dealt with by private investors, who will not allow a reluctant absentee landlord to hold them back if they have a huge amount of investment—they will deal with that in their own way. Much of the burden would then go away from the public sector, whose role would become, “We are the stewards and the facilitators. We use the planning system to help.” Ultimately, that is the goal that we are trying to achieve.

Gordon MacDonald: Okay. Thanks very much.

Alexander Burnett (Aberdeenshire West) (Con): I will start with David Grove, given his role and his knowledge of council budgets. Councils spend about £5 billion a year on various goods and services. I am interested in your views on how that could be used to support local businesses.

David Grove: At the moment, using local suppliers is key. In our work, we insist on using

local suppliers, trades and expertise when we can, though not in all cases. That is a key starting point.

Local authorities might be making £5 billion of investments, but I am afraid that my little bit is nowhere near that. At the moment, we are working on a budget of just over £100,000 of revenue a year, which goes nowhere when we are trying to support 32 town centres. Capitalwise, I have a budget of around £5 million, which is great. It goes to various projects and is made up from council capital sums, the place-based investment programme funding and, as some members will know, funding for conservation area regeneration and townscape heritage initiative projects, which we run with Fife Historic Buildings Trust.

Returning to the question, I say that the answer is to use local.

Alexander Burnett: I was thinking not so much about your budget as about your colleagues' budgets—what you might see in their various pots—and how that could be spent in your field, with joined-up thinking.

David Grove: Other departments are doing the same. Our roads and transportation department is using local suppliers when it can. What we are doing in Inverkeithing as part of the Inverkeithing heritage regeneration scheme is a key example. We are using a quarry that is not local—it is in Angus—but it is the closest quarry where we can get a geological match for work on the new town square in Inverkeithing. We are using local contractors to do the work. That is the best example of such partnership.

Alexander Burnett: Phil Prentice has spoken about supporting local, and particularly about moving away from long-term subsidies to create lasting support. What is your view on a Scotland-first procurement policy?

Phil Prentice: I am a big proponent of procurement being used more aggressively as an economic driver. We are driven too much by price—we think about having to get the lowest price. Ultimately, we could be giving large sums of money to extractive organisations that do not have good practices on employment or taxation.

We need to be a bit cuter and think about how we value what we are buying. Are there local jobs involved? Is there more resilience in supply chains and increased food security? The pandemic has shown both sides of globalisation. It has shown the ills of globalisation and that it does not work in certain respects, which are mainly economic, but it has also shown the beauty of globalisation through the work on vaccines and the sharing of knowledge on how to get out of the pandemic. Fundamentally, however, I would drive towards more localism, because it creates more resilience in the Scottish economy, builds a multiplier effect

and has other benefits to do with employment, taxation and so on.

The Scotland loves local programme is a good example of the potential. Funds are going to various community groups, such as those in Jennifer Hunter's sector, and to business improvement districts to get them to gel together more, to think about localism and to drive more footfall into local economies.

We also have the town and city gift cards. We have 32 Scotland loves local town and city gift card platforms—one for each local authority. Initially, that was to provide local currency that excluded online shops and gambling. It involved bricks-and-mortar businesses and was about getting people out of their homes, away from online shopping and back into town centres, whether it was for a haircut, to buy groceries or whatever.

That scheme has now lifted to a different level through partnerships with ScotRail and Network Rail, which saw that the gift cards could be used in partnership with corporates to incentivise people back to the office, with the ticket price included on the card. Historic Environment Scotland has enabled all its destinations to be included, and the higher and further education sector is considering using the gift cards as an incentive for kids from deprived areas with high drop-out rates, to keep them in the education sector so that they complete their journey.

There are multiple uses. The Scottish Government's food poverty team is considering using the mechanism to take away the stigma of poverty. If you buy food or a school uniform with a gift card, nobody knows whether you are rich or poor. There are multiple deployments but, critically, the scheme builds in a multiplier factor for Scotland-based businesses or businesses with a physical footprint here. The multiplier factor is close to 2, so, if somebody spends £1, £3 is actually spent and everybody gets the benefit of it.

Through procurement, local currency and so on, there are ways and means to get out of the pandemic. I would definitely argue for a Scotland-first approach initially.

Alexander Burnett: As you mentioned the gift card schemes, I should mention my interest in that, as we are participants in those schemes. I am delighted to see them helping local communities.

I ask Jennifer Hunter and Roddy MacDonald whether they want to add anything.

The Convener: I ask Jennifer and Roddy to be brief, because we are coming to the end of the session.

Jennifer Hunter: Having worked in the music industry and having seen it disappear and move to digital before my eyes, I know that these things always happen more quickly than we think. Retail is in decline, although, obviously, food and drink businesses will stay around. We have to consider what the town centre is for. I do not think that the future will be about people going to buy things—it will not be commercial. It will be about things such as nursery spaces, healthcare and allowing people to get together.

At the moment, people go to the town centre to connect and belong in their community. We have to keep providing opportunities for connection and belonging, because that is what town centres are about. A lot of people who walk along their high street do not really want to buy anything; they just hope to bump into someone and have a wee chat, and there is more chance of that happening in the town centre. We should remember that retail is in decline and that the future is about the motivation for people to go to the town centre and opportunities for connection and belonging.

Roddy MacDonald: The alliance's research shows that we need to focus on the distinctive strong identities of places and their history, as well as their current challenges, and shape their future plans from there. There is no single magic bullet for all our town centre communities in Scotland.

The Convener: That brings us to the end of the session. I thank all the witnesses for their contributions. I briefly suspend the meeting while the witnesses change over.

10:29

Meeting suspended.

10:37

On resuming—

The Convener: I welcome this morning's second panel of witnesses. We are joined by Danny Cepok, development manager of Love Oor Lang Toun; Anthea Coulter, chief officer and business manager of Clackmannanshire Third Sector Interface; Gemma Cruickshank, manager of the Embrace Elgin business improvement district; and Mark Darragh, vice-chair of the One Linlithgow business improvement district.

As always, I ask members and witnesses to keep their questions and answers as concise as possible. Members will direct questions to witnesses. You might not get the opportunity to answer every question but you will have a chance to contribute.

I will start by asking a few questions about the BIDs. We have two representatives of BIDs on this

morning's panel, and I will go to Mark Darragh first. I am interested in the key challenges in establishing a BID and what the limits of a BID might be. We heard from the first panel this morning about the importance of community engagement, but BIDs are a bit more business focused. Culture Counts also said that it was concerned about not always feeling engaged with the BID and that culture is not always considered. Mark, do you want to say something about the key challenges in establishing a BID and what its limits might be?

Mark Darragh (One Linlithgow): The biggest challenge is getting the community engaged with business. Our BID is slightly different in that we were the first to bring together two BIDs—our industrial estate and the town centre—to give one big focus. We also work with community groups, which are numerous in our town, to try to engage the community more so that we can achieve more.

One challenge that we have is that businesses can see the BID as another cost, especially with the increases in business rates and tax and other costs, such as energy. Another challenge is about how big the things that can be delivered are.

The BID is a great platform and it is essential for many towns in creating a business focus and achieving bigger ambitions, but we need to be able to work with all groups and local authorities to bring in funding to deliver bigger projects. Enabling the BID to do that is one of the biggest challenges that we face. We also need to have a bit of trust and be empowered to deliver some of the bigger schemes.

The Convener: At the committee's most recent meeting, Professor Sparks talked about sometimes looking at a super-BID, so it is interesting to hear that Linlithgow brought together two existing BIDs to create more momentum.

Gemma, do you want to say a bit about the challenges that BIDs face in getting established and continuing?

Gemma Cruickshank (Embrace Elgin): I agree with what Mark Darragh has just said. We have the same issues with trying to get community engagement. A lot of people do not understand what a BID is. At the moment, the cost is what worries me, especially if we are going to rebalot. How can we tell businesses what we are worth and that it is worth them paying the extra cost while they are all looking at how they can cut their costs and perhaps thinking that the BID could be the first cost to go?

BIDs are really valuable, especially in smaller towns. I am based in Elgin, where a lot of small and independent businesses were previously not online. I think that they see our benefit, because we can help to market them and increase their

footfall. We also have the Visit Moray Speyside BID, which is for the area rather than the city centre. We work together closely and both parts are looking to increase footfall and engagement. Visit Moray Speyside has been great in putting Elgin on to the tourist map.

The general challenges are to do with delivering the projects, especially because we are such a small BID. We do not get a huge budget, so it is difficult to deliver something that businesses think of as having huge value. We rely on applying for funding and getting extra income so that we can increase what we do. One of our main challenges is finding funding to deliver projects that are worthwhile to our members.

The Convener: Danny, do you want to reflect on the BIDs? Kirkcaldy originally had a BID but it lost the ballot and we now have Love Oor Lang Toun. Do you have any reflections on the effectiveness of BIDs and what Love Oor Lang Toun is doing that is different from what a BID does?

Danny Cepok (Love Oor Lang Toun): What I am hearing from my two colleagues is similar to what was happening in Kirkcaldy. Kirkcaldy 4 All, the BID company that ran for two terms, did not actually lose a final ballot; it just decided not to have one. The BID included the town's major retailers but, by the time that it came to the second ballot, a lot of them had gone and that affected the ballot, which was already quite complicated.

When the BID was there, I was the area manager in Kirkcaldy for the council and we worked closely with the BID. As you know, convener, Fife Council has local area committees and, like all the area committees, taking a localised approach and working with the BID brought some benefits to the town, particularly with things such as organising events and getting to understand some of the challenges that businesses faced, as well as having what I felt was important liaison and a shared sense of purpose. Together, we set up a partnership group called Kirkcaldy's ambition, which brought together the council, the private sector through the BID and businesses, and some other third sector organisations. That collaboration was really helpful, and it was certainly one of the most important aspects. Whether it is a BID or a third sector organisation, if you can create collaboration across those sectors, you will start to see results.

The Convener: In what way is Love Oor Lang Toun different from a BID?

10:45

Danny Cepok: We do not have as much money, because we do not have the levy. We are currently a community interest company, but we

are looking to get charitable status. We want to get much more into creating employability and community wealth building. We are a local community-led independent group. One advantage of that is that we are seen as an honest broker. We are not the council; we are very much a local group, and we have made connections as best we can with our local community.

We managed to get funding to have an architectural firm look at ideas for repurposing some of the large empty units that we are now left with. The architects have a bit of a social conscience and are used to that type of work, and we provided the visuals, thoughts and concepts—we had already done online webinars and involved the local community. That gave us an opportunity to speak to people face to face about what they see as the future for the town centre. There is a sense that we are part of the local community—we are in Kirkcaldy and are seen as Love Oor Lang Toun. People see the connection, which helps us with community engagement.

The Convener: Do you think that the reason why Kirkcaldy does not have a BID is due to the downturn in retail? Is it difficult to re-establish the BID, given the number of empty units at scale in Kirkcaldy?

Danny Cepok: Yes, that was certainly a big feature. I cannot talk on behalf of the BID at the time, but I think that that was a feature.

We talk about the life cycles of town centres. Although the fundamental issues of town centres affect towns the length and breadth of the UK, it all depends on where the town is. We just hit a particularly bad patch, when a lot of the big national retailers and multiples pulled out of the town centre and either went online or moved to the retail park.

Michelle Thomson: I do not know whether you all heard the earlier session, but I was exploring the multitude of ways in which culture, leisure activities and tourism can support the recovery of town centres. In particular, I am interested in the creative ways of doing that rather than the passive ways, which I described as putting a proposition in a box and into a former retail unit. That is still intrinsically passive, and I see the cultural element in particular as a main contributor to vibrancy.

I know that we have a lot to get through, but I would like to know whether there are any creative ideas that could translate into policy initiatives for the Government rather than for other agencies? I have to pick somebody to answer, so I will go with Danny.

Danny Cepok: Thank you. As I mentioned, we undertook a consultation process, and our concern was the big empty boxes. We spoke to more than 200 people face to face, and those conversations

are always much richer. People recognise that town centres and high streets are no longer about big multiple retailers. People are looking for a mixture of independent shops and services that require you to go into a shop because they cannot be done online, such as hairdressers—not that I would know about those.

People definitely want to see a lot more culture, leisure and events. We got a lot of feedback about having a family friendly town centre, so that there is something for youngsters to do when people go with their kids. In addition, a lot of grandparents who look after their grandchildren are looking for ways in which visits to the town can be a bit of an event for them, too.

The other thing about Kirkcaldy is its history. Adam Smith is one of our most famous people, and the Adam Smith Global Foundation has been trying to reclaim that. People are interested in their history and culture.

People also told us about things that they have seen elsewhere. For one of our bigger retail units—it is 5,000m²—that is lying empty, we are looking at ideas such as indoor artisan markets, which could include a bakery and a gin distillery, which is an idea that was mentioned quite a lot. There could also be leisure events, such as pop-up bowling alleys, or even small cinemas for 50 to 100 people. That is what the public are telling us that they want.

There are a lot of opportunities to repurpose such buildings, but it comes down to the subject of filthy lucre, because a bit of investment is required. We all need to realise that those ideas are not necessarily commercially viable at the outset, so you would not see a lot of private developers doing that. Therefore, we need to find ways of kick-starting such projects. Again, that is down to how we collaborate to repurpose the buildings into the things that people want to see.

Michelle Thomson: I will move that on in my last question. With commercial properties, traditionally, somebody would have taken on the whole building, which would often be sublet for SMEs or microbusinesses. The model that you mention is similar, but for artisans. As you suggest, the return on investment is not as clear cut, which might rule out some of the bigger private guys.

Can we see something like that working to repurpose buildings? I appreciate that there is a lot of complexity around funding, if there is a public-private initiative, for example. Are there any final comments on that? Perhaps Anthea Coulter or Gemma Cruickshank would like to come in.

The Convener: Gemma would like to come in, but I will bring in Anthea first.

Anthea Coulter (Clackmannanshire Third Sector Interface): It is a really interesting and important point, which we have looked at. We have an unusual situation in Alloa. I am also a director of the Alloa BID, so I am wearing two hats today. You must have collaboration from the outset. The governance of the BID or whatever organisation is running the business community must be representative, so that you can shore up innovation and creativity and be able to pull on resources from the outset. We are starting to really get traction on that in Alloa.

We are slightly different from Kirkcaldy, because we have an older ageing population in Alloa. We have a housing unit that is being built on a large bit of derelict land. It is significant, with 64 units, and is for older people and will be dementia friendly. We have to use a completely different lens when looking at the town centre. That is not what businesses traditionally look at—they want traction and people coming through. However, businesses are saying that they have to work with the third sector and the health community, because they have to make it work for everybody. That makes us look at things differently.

We have in the town centre old toilets that closed in 2018. We have asked ourselves how we should look at the whole landscape of the town centre and that old building, how we look differently at the building and what we should make it into. We used the place standard tool for that. CTSI got funding to do some training for communities across Clackmannanshire, and we used that for the town centre. That was at the start of the elected period of the BID, which was a great opportunity to do that. We worked with our planning colleagues in the council as well.

The place standard tool has 14 themes, of which four were particularly critical for Alloa, although the scores were low across the board. The four critical themes that were highlighted were work and the local economy, care and maintenance, safety and, interestingly, influence and sense of control. To me, influence and a sense of control is very much about social connectedness. Jennifer Hunter mentioned that earlier, and Danny Cepok has just mentioned it, too.

We then asked what we could do together, collectively. We do not all have the assets, and local government does not have the revenue to do things. The business improvement district only normally has around £100,000 a year—we have invoiced for £132,500 for the current year.

We asked what the different elements and partners could bring to make the change. That is the aspect that has been creative in our space. Closed-circuit television cameras have been put in throughout the town, which has been paid for by

the business improvement district. The third sector has concentrated on the care and maintenance element. We have created a new volunteer group, Alloa in Bloom. We have also attracted third sector organisations, which will be relevant in the future.

We have provided a huge amount of support in bringing the Forth Valley dementia centre, run by Alzheimer Scotland, to Alloa, and a couple of charities for older people have come into the town centre, as well as CTSI, which has taken over an empty building on the High Street.

As we already had the collaboration, we thought about what we could do with Scotland's town centre capital funding to improve things. We have slowed down the traffic next to the housing development, and the connection to the cycleway is better. We have opened up a narrow pathway to make that location much more open and safer, and we have invested in the old toilets. The old toilets will be a multiple facility, promoting health and volunteering, with e-bikes outside. We also have a Clackmannanshire tapestry, which has been done as part of the great tapestry of Scotland.

We are linking to our heritage and story, in what I think is called slow tourism: it is about unpicking things. Danny Cepok mentioned that, and it is so true: it is what people—both local people and people externally—are really connecting to. If you can do one thing, it should be to get VisitScotland to stop spending money on all the existing things and to look at some places that do not traditionally get funding.

I have lots of ideas about how the collaboration has worked to date and about the future opportunities, but I will let other people talk—Gemma Cruickshank can come in.

The Convener: Yes, I think that Gemma wants to come in.

Anthea Coulter: I will just add that we have used a new investment model: a community benefit society has been set up, and we are now offering community shares, which is the first time we have done that in Clackmannanshire. Local people can buy shares for £20.

We are not getting huge traction yet. The building is not ready to open, so people are not seeing the opportunity yet, but we hope that it will help fund and self-sustain the society. The building will have a "Made in Clacks" gift shop in it, so it will be part of the fabric of the retail landscape, in addition to the health promotion and active travel aspects.

The Convener: I will now move on to Colin Smyth. I understand that Gemma Cruickshank wishes to come in, so perhaps you can direct your question to her, first.

Colin Smyth: Good morning. We have heard about positive work that is taking place in our town centres, with everything from dementia-friendly housing to Kirkcaldy gin—which sounds like a really good option.

I am keen to build on Michelle Thomson's questions. Given all the good ideas and all the good work that is taking place, what is the main policy lever and the main support that you could get from the Scottish Government to make what you want in your town centres happen? I will kick off with Gemma Cruickshank. What would help your BID to deliver what businesses in Elgin town centre need?

Gemma Cruickshank: It is about creating experiences and changing the high street. Retail businesses are suffering; they have not really had support through Covid and have suffered throughout the pandemic. Things have been difficult for them.

11:00

I have looked through the recently announced retail strategy, which is quite offensive to some retailers, because it says that they are not really upskilling people. I do not think that that is true. Upskilling people in retail starts with education, so schools need to educate young people that they can have careers in retail. That needs to be built in: many people leave school, go into retail jobs, then move on. However, I know that retailers in Elgin take on students and upskill them.

I know that I sound like I am going off topic, but I have a point to make. Given that the retail strategy says that, it seems that retailers were not spoken to or asked about what they are doing, because I know for a fact that retailers in Elgin are upskilling many of their staff. A lot of staff have been trained up and have moved on to become managers elsewhere. We need to recognise what the high street could be.

Another issue that is talked about in Elgin is rates. In a certain area on high streets, the rates become extremely high. Those rates are unaffordable for independent retailers, and the nationals are all pulling out, which leaves big holes in city centres. Responsibility needs to be taken for that, and revaluation of rates is needed. I believe that that will take place next year. Will that be too late? Will high streets have died? Will people have moved on?

Speaking to local businesses would help; it would allow people to see the challenges, including those that relate to rates and getting extra funding. During Covid, support for hospitality and hair and beauty businesses has been great, so they have survived, but retail businesses have suffered.

The retail strategy talks about the benefits from new digital training. It talks about improving businesses and making them more futurised but, at the next turn, it talks about staff redundancies because businesses have started using self-scan check-outs. There are many things in the strategy that do not sit well with a lot of retailers. It suggests phasing out of retail from high streets, but I do not think that that should be the case. We still need both; we need services and experiences as well as retail. Retail was the first thing on our high streets, so we need to keep it.

We need to consider what the strategies and plans need to be. They need to suit different areas; for example, Moray needs to be looked at differently from how other towns and cities are looked at.

The cost of living has increased and electricity bills have gone up. At the moment, it is really difficult for independent businesses to survive, because all costs are increasing and bounce back loans need to be paid back. Recognition of that is needed. Rates are being introduced slowly over this year, and there are issues relating to that. I understand that money has to go back, but businesses are paying for that.

Colin Smyth: That is very helpful.

I put the question to Mark Darragh: what policy initiative or initiatives would you like from the Scottish Government to support your BID members in Linlithgow?

Mark Darragh: A big thing is the need for a change in planning to empower local authorities. There is also a need for investment. Large pots of Government money have been made available for town centres; if that money is used and focused at the local level, some big empty buildings could be brought back into use.

I worked in Debenhams for 20 years; I lived and worked in many high streets and town centres across Scotland in that time. Recently, I saw a report that said that 90 per cent of the Debenhams buildings are empty. About 75 per cent of BHS buildings are probably still empty since that company collapsed. Those big empty spaces have compounded the problem.

The crippling factor in respect of those buildings is that rent from private landlords is very high to begin with, and rates on top of that are astronomical. Those costs come before any other bills are paid—staffing costs and so on—so people with deep pockets are needed to invest in the buildings. The situation has gone on for too long, so private companies will not make the investment. If Government money was made available to local authorities to invest in and take over some of those buildings, they could be broken down into smaller units.

A really good example that you could look at is Bobby & Co, which was a big department store in Bournemouth. The landlord had a vision to bring together and pull in lots of artists and brands, to create gallery space and so on in order to try to revive the building. It is one of the few really good examples of revitalising a space that I have seen in the UK, and it is the sort of thing that brings people and footfall into a town.

I very much agree with Gemma Cruickshank's point about retail businesses. I have a leisure business, but I have opened a retail business, too, so I have seen the challenges on all sides. We need that mix in town centres. The growth in cafe culture at local level has probably been detrimental to city centres since people are now working at home. We need to keep the balance and keep people in the local economy—I am talking not just about the big cities or big towns, but about smaller towns around the country—to ensure that we have an even spread of growth and sustainability.

As for upskilling the workforce, that sort of thing is available. I used to take on people who were long-term unemployed when I was at Debenhams. Lots of companies provide Scottish vocational qualifications, which are all funded. People can be upskilled in that way; their communications and service skills improve and they can go on and get pay rises and make progress in their careers. That aspect is important.

There is a big policy change—it is all about taking control of buildings and working with local authorities. I know from working in Kirkcaldy that Fife Council has been much more progressive than others in that respect. Some councils are very restricted in what they can do, and perhaps do not have the necessary expertise and knowledge.

The question is this: who can those councils work with in the various communities to consider the spaces and find solutions that people in a town want, in order really to bring the spaces back to life? If the Government can open up that dialogue, help councils to develop such things at the local level and empower communities through the BIDs, development trusts and other organisations, we could pull together plans that would bring individual town centres to life again.

Colin Smyth: Thank you very much. That was very helpful.

I put the same question to Anthea Coulter, who mentioned a particular example involving VisitScotland. Are there any other Government policy initiatives that you would like to see to support the work that is being done in Clackmannanshire?

Anthea Coulter: There is a lot that can be done. We have the same absentee landlord issue that was highlighted by the previous panel, and I think that what is needed is almost the equivalent of the Community Empowerment (Scotland) Act 2015 for participation requests to insist that those people—the absentee landlords—come to the table to have those conversations.

The new planning legislation will bring in the place plans, but place plans will always benefit areas where, for example, community councils are stronger. We do not have that in Alloa; to be perfectly frank, I would say that my community council is fairly weak and small, partly because the area itself is very deprived. It sits within Alloa south and east, which is one of the top 5 per cent most deprived areas in Scotland. Moreover, we do not yet have a development trust, but we hope that that will come out of the new community benefit society and allow us to strengthen things. However, we need some way—a toolkit—that would allow us to insist that people get involved in the conversation about how we can use their buildings.

I would echo a valid point that Gemma Cruickshank made. I know that rates are very expensive, but I wonder whether we could pump prime small social enterprises to start as training organisations. An organisation called Co.Lab that started a couple of years ago has been doing really good work in bringing young people on digitally. Alongside that, it has been doing work for the BID and has used money from the Scotland's Towns Partnership recovery fund to create an equivalent of Amazon marketplace called Alloa First marketplace, through which people can take over an empty building in the town centre and immediately have an online platform with shop and payment facilities without any of the usual costs involved. That is an innovative approach, but the point is that the organisation has also trained young people alongside doing that.

We have in the past few months lost both our florists for no reason other than illness—one had Covid and had to retire. We did not expect that to happen to what were thriving businesses. Could we pump prime things by paying a landlord to take over a building, putting in a trainer and a couple of apprentices and literally starting a social enterprise? Obviously, it would have to suit our changing landscape and the people in Alloa. As I have said, though, there are things that can be done.

As for change of use, I speak a lot to the local planners. When I spoke to them yesterday, they talked about being reserved and risk averse about such ideas. They have not considered, for example, turning what were previously dedicated shop premises into housing, so perhaps it is time

for that to change. They were honest about that, so we might need to force that agenda a little bit more.

Colin Smyth: Danny Cepok said that a lot of things are happening in Kirkcaldy. What can the Government do to support that work?

Danny Cepok: There has been a lot of talk about collaboration at the local level, which is important. Although, as I said earlier, there are common fundamental issues with regard to what has happened to town centres, the response must be very localised and must recognise the context of the town in question. In that respect, I want recognition of the need for a decentralised approach not just at council level, but in the community or settlement, in order to encourage collaboration. After all, such collaboration will mainly happen between voluntary and third sector organisations—and will, one would hope, be enabled by the council. I have to say that we have had a good experience of that with Fife Council.

Not only do we have to ensure that funding is distributed in that way, but we must recognise that such things take time to plan. We want a good and cohesive two-year to three-year plan.

It would also be great to get away from a certain situation that arises at times. Yes—quite a bit of funding has gone into town centres over the past couple of years, and it has been welcome, but things get difficult when an announcement is made in March or April and funding suddenly arrives that has to be committed before the end of the financial year. That does not make for good planning, and it certainly does not make for good and efficient use of funds. I know that it is difficult to do at all levels of government, but some thought should be given to longer-term planning and to providing, even in these difficult times, some form of security that the funding will be there to allow us to plan properly. I often hear people talk about putting projects on the shelf, but it is difficult to do that, given the time that it takes to plan them.

I will echo very quickly what other folk have said. On non-domestic rates, I think that the system is antiquated and is a blunt instrument for collecting a property tax. Property taxes are good for local initiatives and funding—members will know that they are used in that way across the rest of Europe—but our system needs to be a bit more sophisticated than it is. The Scottish Government has looked at and tried to deal with the subject for years now, but things need to be better than they are. The system should not be based on a rateable value and poundage that is set for the whole of Scotland.

Finally, I will say that a big feature of regeneration of our town centres must be town-centre living and working. Our architects surveyed

Kirkcaldy High Street and found that over 50 per cent of properties above the retail level are lying empty and doing nothing; they are not even being used as storage space and are just felt to be not necessary. In the 30, 40 or 50-year retail boom that we had, that space was worthless, because the focus was on the retail space. We now have lots of empty properties that could provide great living spaces, and there is an opportunity for them to be retrofitted and refurbished in a climate-friendly way and to provide much-needed accommodation.

11:15

It has to be said that you will not get any housing developers getting involved in that. It requires a lot of retrofitting work, which includes accessing stairways that have been taken away. That is not uncommon in town centres throughout Scotland. However, having people living in town centres and a much more flexible planning system that allows for change of use—I think that Anthea Coulter alluded to that—is a great way to regenerate them.

Those are the kinds of big policy levers that need to be constructed to help us to move forward in revitalising our town centres.

Maggie Chapman: Good morning, everyone, and thank you for joining us.

I want to follow on from what Anthea Coulter and Danny Cepok have talked about. We have heard about the need for alignment, policy coherence and all the different strategies—Gemma Cruickshank mentioned the retail strategy—coming together and not replicating work. I ask Danny Cepok this question first. What do the different levels of Government—the Scottish Government, the UK Government and local authorities—and other public bodies need to do better to co-ordinate policies and ensure that there is no repetition and that there are no conflicts and big gaps? That is important.

Danny Cepok: I will try to put this diplomatically. I worked in local government for around 30 years and, in government at all levels—whether we are talking about the UK Government, the Scottish Government or local government—there has always been the issue of how they can all work better together. That is difficult, because people deal with different types of legislation and regulations and, as soon as anybody is part of a department or a profession, they are very wedded—I say this in a good way—to trying to do the best for what they believe is important in order to have a good society to live in. However, those approaches can clash.

If there is no cohesion at the highest levels and there is sometimes a bit of conflict, that will flow

from the UK Government all the way down to local councils. We see that happening. I am sorry; I am trying not to pick anybody out, but it is about simple things. For example, cafe culture is a big thing that people talk about now. We see more people sitting outside, drinking coffee and having their breakfast, even in the colder weather, in the way that people in the Scandinavian countries have done for years. That is another way in which people reconnect with their town centre. However, if there is a pavement that is less than 2m in width outside a cafe, there will be a real struggle to try to figure out how to get that to work.

That might sound like a trivial example, but I think that a lot of my colleagues here would say that we often come up against what seem to be silly things, although they are important. We need the parts of Government to work together on that. It is about trying to get a clever approach that recognises that we need a framework of legislation and regulations, and that we also need flexibility, because all towns are different and are in different situations. People's health and safety must be paramount.

As I said about rates, if there is only one blunt stick to deal with everything, eventually it will deal with nothing. It is about the whole spirit of decentralisation. I am not talking about that structurally; I am talking about a culture that says that we know what we have to do and that there are regulations, but asks how we can work together, be more flexible, and allow some flexibility for towns to try to respond and revitalise their town centres.

I do not know whether that answers your question. It is difficult to pinpoint one thing. It is more about the culture of working together and allowing flexibility.

Maggie Chapman: That is helpful.

I will bring in Anthea Coulter on the same question. What do we need to do differently or better, or not do, to break down silos and achieve policy coherence, alignment and co-ordination so that we get holistic and joined-up working?

Anthea Coulter: On the first panel, Phil Prentice made the point that the Scottish Government sometimes creates a mountain of strategies and documents that have touch points but that are not pulled together well. We see that across the third sector, in which there is a raft of pieces of work.

He also picked up the issue that we need to put the climate emergency at the forefront of discussions. Alloa has free parking, which is an absolute bonus and has been in place for as long as I have worked there, which is almost six years. Through the pandemic, we closed the High Street to make it safe and brought in lovely planters and

benches. That created a fantastic environment but, slowly, it has been chipped away and, because there is no ticketing, we are back with cars on the High Street again. We had flowers not cars but we are back to cars again.

That is frustrating because, if we are to create a different social connectedness around our high streets, we need to be brave and ensure that we are not being pushed politically. Our local politicians are around a lot, because we are a small county. Everybody knows our politicians. That means that they have to be brave enough to say that they are stopping cars, that they want us to walk from the very near free car parking round the corner to the town centre and that they want to create a different atmosphere in the town centre. We have 64 new units of dementia-friendly housing coming into the town centre, so we have to be safe as well.

Some priorities need to be set. Do not get me wrong: I know that the Scottish Government and the UK Government have done that. A couple of weeks ago, wearing my TSI hat, I met the UK minister for levelling up along with the Scottish Council for Voluntary Organisations chief executive, Anna Fowlie. That was really interesting. The minister wants to work with the Scottish Government on how the funding comes in. He is prepared for gap funding to go in where needed to make things happen. However, the conversations are not necessarily happening yet at political level.

I do not want to throw a bomb in, but that needs to happen more quickly because, as Danny Cepok said, we were lucky: we had the collaboration in place because we had already been doing the test of change using the place standard tool. Otherwise, things would not have happened in the town centre in the way that they did. We would not have got change in the places that needed it using Scotland's town centre capital funding. It might have been a lost opportunity—to an extent, it was just good luck that the work had already begun. However, we cannot let everything fall to luck when we are spending millions of pounds. We must have much more cohesive planning and look more strategically across different areas to ensure that the whole system works together better.

Maggie Chapman: That is really helpful.

Jamie Halcro Johnston: I have a question for Gemma Cruickshank and Mark Darragh. Because of the nature of their areas—obviously, Elgin is in my Highlands and Islands region—they rely heavily on tourism, or certainly it is important. We have talked about local taxation. What would be the impact on local businesses if a tourism tax was implemented in their areas? In particular, if Moray Council went ahead with a tourism tax but Aberdeenshire Council and Highland Council did

not, would that put Elgin at an advantage or disadvantage?

Gemma Cruickshank: I think that that would be a huge disadvantage to Moray, and it would not be fair. There are already a lot of issues relating to differences between Moray Council and Aberdeenshire Council. I am going off topic slightly, but stallholders at farmers markets and so on in our area are charged a larger fee than they are charged in other areas. A tourism tax in Moray would be an extra reason for people not to visit Moray and not to have a business in Moray. I cannot see it as an attraction, but I might be looking at the issue from just one side.

I do not think that the introduction of a tourism tax would be an advantage for Moray. We have not spoken to our businesses about the issue—that is more for Visit Moray Speyside to deal with—but we speak to them about various things, and the general feedback is that they do not want a tourism tax to be introduced.

Mark Darragh: Any sort of tax on tourism across Scotland would be detrimental to attracting foreign visitors. For the past few years, we have been lucky that people have had staycations and have visited different parts of the country that they might not have visited before, but now that people are starting to travel abroad, we will lose that domestic income. We need to get back to thinking about how to encourage tourism, and that needs to be done in a sustainable way. We need to think about the environmental consequences of how we go about that.

A big challenge that we face is that Historic Environment Scotland has kept sites such as Linlithgow palace shut, which really damages small town centres. As a town outside Edinburgh, that is a great attraction for us, so how will we attract people? Linlithgow will be missed off the map. Because the palace is shut, people who travel from Edinburgh will go to Stirling rather than Linlithgow.

There is so much history to many towns. I visit Dornoch, and it is amazing to see what the council up there has done to make tourists feel welcome—there are lots of little tourist trails and a lot of signage. To a degree, that is even reflected in the culture of the people. When I was up in Dornoch last summer, I was blocking the pavement with a pram and an old man came up to me. I thought, “Oh no! I’m in the way,” but he said, “Thanks for coming to Dornoch.” It is amazing to have that kind of experience in smaller towns.

If we can enable local authorities and some of the big organisations to focus on tourism, leisure and so on, that will help to bring people into, and to keep people in, our local towns and areas. Earlier, the point was made that we need to get

VisitScotland into other areas so that we can market Scotland and what it has to offer as a whole, because there is so much out there. There are so many cultural and historical sites to which we can attract people.

With regard to a tourism tax and local authorities, one of the biggest things that could be done would be to take the politics out of it at council level, because a lot of that is not relevant to local people. They want services to be provided and they want business support and so on. If we could take the politics out of it so that there could be a bit more clarity and local authorities could be enabled to deliver things more quickly on the ground, that would be a big improvement in helping people to get out and about.

Jamie Halcro Johnston: One of the last visits that I did before the pandemic was to Linlithgow palace, and it was excellent.

There has been a huge amount of pressure. You mentioned the fact that people have not been coming to visit some of the tourism sites. There are also the general pressures on businesses. Where do you think that your town centre is at the moment as regards sustainability? How would you rate the general health of businesses? I do not want to sound negative, but what concerns do you have in that regard?

Once we have heard from Mark, I will put the same questions to Gemma.

Mark Darragh: It is definitely a challenge. Because of the geography of the area—there is a big hill between Linlithgow and the rest of West Lothian—we are a bit isolated. Fiona Hyslop is very familiar with the challenges that we face, and we have got her involved in talking about those.

In addition, Linlithgow is seen as quite a well-off area where there are a lot of people with money. Unfortunately, that creates a negative effect as well, because it is quite a fragile environment. It might look all right on the surface—we generally have good occupancy of units and things like that—but, when you speak to business owners, you find that, although a product costs £X, they do not actually make much profit. The cost of buying the goods and running a business on the High Street is high.

11:30

A lot of those business owners take home very little money; they do it because they love it and have a passion for what they do. No one is getting really rich doing that—that is not why people do it. The impact is that it can look all right. If you invest across areas that look affluent and are doing well and make them really attractive to bring in people and tourists, by doing things such as improving the

pavements and parking, those areas will generate more wealth.

We had a visit from Tom Arthur and we talked about community wealth and gave him feedback on where Government can help. We talked about having longer-term funding to get things up and running and not just funding for short-term goals. If you improve the environment, including landscaping, trees and places for people to sit and enjoy the cafe culture and bars and other things, people will stay and more wealth will be generated in the local community that can then be invested. That means that local authorities will have more money that they can invest in more deprived areas to bring them up.

We can turn things around and create a progressive culture in which we invest in all areas to bring the whole country up. That is a different way of looking at the issue, but it would make a big difference.

Jamie Halcro Johnston: Gemma, how is the health of businesses in Elgin? Do you have any concerns and are you doing anything to deal with those issues?

Gemma Cruickshank: We are in kind of the same situation as Mark Darragh outlined. We are seen as the hub of Moray and people do not tend to visit us as much, because they go to the smaller towns. We are known as the whisky area, which also has an effect, because everybody wants to go to all the distilleries and they do not visit Elgin. We also have the issue of people thinking, “Elgin gets everything, so we do not need to worry about it,” which is not the case at all. Since I have been involved in the BID, it seems like Elgin has got very little.

As has been mentioned throughout, collaboration is important. The main issues that we have are with trying to introduce cafe culture in Elgin, having seats outside and working with the local authority to make that happen. It is extremely difficult and there does not seem to be much leeway—we just get a straight-up no, which is hard to deal with.

We have introduced a pop-up shop scheme in conjunction with Moray Council. We are doing that in partnership to try to get businesses to come in for a month at a time—I would have had a longer period—to trial their business and see if it works. If it works, they can then move into a vacant property on the High Street.

We have been doing a lot of work on vacant properties. We did research surveys to try to find out what people want. The majority wanted clothing—male and female clothing and kids’ clothing—and a couple of people wanted experiences, such as gin bars or play areas for kids and things like that. We have been directly

contacting people who are interested in opening such businesses.

Another issue that we have is that, because of the size of the vacant properties, no one can afford to take them on. I know that the retail strategy mentions breaking them down into smaller units so that they are more affordable. We have contacted one of the agents that owns on the High Street a certain area of vacant properties that were previously restaurants. There have been multiple restaurants there over the years that have not survived, so we said to the agents that changing the use to retail would be much better, because the property would sell, as we have such a high waiting list for retail. The agent is in the process of changing the use of those properties to make them more viable.

We are doing a lot more on vacant properties. One issue is trying to drive that attraction. We have a lot of independent businesses that have survived for a long time, and we want to keep them, but we also need to bring in fresh things to make people want to come into the town. We hope that the pop-up shop scheme will make a difference with a high turnover. It will run for 30 months, which is quite a long time. Thirty businesses have signed up and there is a waiting list.

A lot needs to be done, but the next year will be telling as to which businesses will survive the effects of Covid. Elgin has been really lucky so far and has one of the lowest vacant property rates in a city centre, at 4.9 per cent. That is quite low, and we have a high population of businesses in the town centre. Repurposing vacant buildings above retail units and turning them into living space was mentioned. No one currently lives on our High Street, so we need to get people back in and living there.

Jamie Halcro Johnston: It is going to be a testing period. Many thanks.

The Convener: I saw Danny Cepok's expression during that answer. Do you know what Kirkcaldy's occupancy rate is?

Danny Cepok: When we started Love Oor Lang Toun a couple of years ago, our floor-space vacancy rate was about 32 per cent, so you are doing a great job, Gemma.

Colin Beattie: During the various committee meetings, and from the information that we have received from witnesses—including yourselves—I have been struck by the fact that both local and national Government need to provide some financial support, certainly in the initial stages. There is talk about the need for business rate relief and about evening up the competition between online providers and local providers by bringing in a digital sales tax. To what extent are

the models that we are looking at dependent, in the long term, on some form of external subsidy? Is there a point at which businesses become self-sustaining and are there milestones leading to that?

Anthea Coulter: Without a doubt, the recovery money that went through has been crucial. There were several stages: stage 1 went to BIDs, stage 2 went to BIDs, stage 3 was available to other smaller towns—I will come back to that—and stage 4 went back to BIDs. That has been crucial, because there is nothing that you can do to make businesses buy into paying a BID levy—you can send out sheriff orders for ever and still they will not do so. We have a card shop that has suddenly decided that it wants to pay the BID levy and get the benefits of being in the BID, but it is now having to pay £2,000 to cover the last four years of unpaid levy before it can get to the point of starting to pay its levy for this year. However, it has made that commitment and will do it. It can get to the point at which it is almost not worth it for businesses and they keep rejecting the sheriff orders.

The extra money that has been funnelled in through the Scottish Government has been crucial for Alloa. We have used it to create the Alloa marketplace, which included creating an online platform for local businesses. That has been a success for butchers and fruit merchants, in particular; they do daily deliveries and the extra money is what pays for it. We have made banners that highlight local heroes and heritage, and they look great. We had Storm—a huge walking puppet—come last year and 3,000 people came into the town. Those people might not come back, but they might instead think that Alloa is a really easy town to walk around, there is free parking and they could get to Boots and a few other places within a short period of time.

I would say that the Scottish Government needs to keep putting that extra bit of money in for a period of time to help us through this transition period. Gemma Cruickshank was right that we do not know the fragility of the retail sector yet. Retail occupancy in Alloa is down to 30 per cent of town centre venues, which is hugely different from what it was a while ago. There is a transition period in which I would definitely say that the Scottish Government needs to put in extra investment, and how that is done is complex. I would probably use BIDs as much as possible.

I mentioned small towns. We only have one business improvement district for a town and we have Clacksfirst, which covers industrial areas. For the recovery period, I was very aware that Tullibody, Dollar, Alva and Clackmannan were getting none of the recovery support. Just because I happen to be a director of Alloa First, I

recognised the importance of it and I put in a bid for that funding and got banners saying “Shop local”, “Welcome back” and so on for all the other small towns around Clackmannanshire. If you do not have a traders forum, you need some other vehicle to do that. The local authority certainly did not have the capacity at that time to do it. We also got a couple of videos made promoting tourism, including using the e-bikes and the idea of visiting Dollar, so those were also drivers. That was done by the development trust and the TSI.

You have to look at the fabric and the capacity of an area as well to work out what else can be put in there or what capacity needs to be helped. It is about asking how we can enable these smaller towns to flourish and get back on their feet.

Mark Darragh: The question of support is very interesting. The amount of money coming through from the Government to support different things and to top things up has been fantastic. In the past, the percentage of funding that local authorities might put into BIDs was certainly higher, which would give us more money to then deliver projects. That has been cut back massively to just the contribution of buildings and maybe 10 per cent on top.

I believe that we need a slightly different approach to investment. We need to look at Government money almost as a zero-interest loan or an investment in communities. We have been talking about that because we have a need for it in our town and I know that there is a need for it in Kirkcaldy as well.

There are areas that need redevelopment—there are out-of-date buildings and so on. In Linlithgow, there is the vennel area right in the centre of town, next to the cross, which is the historic heart of the town. If money was provided to invest in development—not selling it off to a private developer but keeping it in public ownership as a public asset for the town—that area could be developed into smaller shop units, cafes, galleries and whatever. We could have a mixture of those, with housing above them. It could be social housing or housing that is rented out to business executives, because there is good access to the station for people travelling to the cities and so on. There would be a return on those buildings—the rent from the shops, the rates and other things—so, over a long period of time, there would be a return on the investment in the capital building cost and there would be money to invest again in other improvements. It is about taking a different viewpoint.

One of the things that we talked about as a town with our councillors and our development trust is what happens when we apply for these pots of money. Danny Cepok touched on this. That money is there, but it is short term and some of

the money is probably wasted because we do not really have time to plan and cost the most effective way of delivering an improvement. Through the pandemic, certain things cost an awful lot of money, whereas we know that those prices have come down.

If we take the best approach, we can invest and have seed funding. If we have some capital to invest, but then there is a little bit of seed funding down the line and then down the line again, those growth opportunities can become sustainable and establish themselves and become self-funding.

Colin Beattie: The committee has heard on a number of occasions that a one-size-fits-all approach does not work for what we are trying to achieve in our town centres; the key to success is working effectively with the local community and businesses to establish regeneration. We have not seen good examples of where that has happened not just on a project basis—there are plenty of projects around that have been very successful—but on a planned basis, where the town centre has been successfully regenerated, bringing together all the different elements of local communities and so on. Danny, can you give me an example of where that has happened?

Danny Cepok: In Kirkcaldy?

Colin Beattie: Not necessarily, but maybe Kirkcaldy. I do not know.

Danny Cepok: We are at the early stages of that just now. The work that we have been doing started off as a feasibility study, which we called, “The Future is Now”. It is now at a stage where we are about to produce a shared vision document, based on the feedback that we have received from our community. We will go back to them, in the spirit of good community engagement principles, to say, “This is what you said to us—is that right?” That gives us a basis for starting to look at other sources of funding for some of the bigger projects that we talked about earlier.

A good example of that—we think that we are a few years behind it—is the Midsteeple Quarter project in Dumfries. I do not know whether any of you know about it.

The Convener: We are going to visit Dumfries.

Danny Cepok: It has taken quite a few years to get to that stage, but it is a great example of a community-led regeneration project that started from small beginnings—I think that the Stove Network was the embryo of it all—and became what I understand to be a £4 million project with community shares involved. That indicates the direction of travel for doing such projects. It is certainly a model and an inspiration for us.

11:45

You asked when external funding becomes self-sustaining. As I said, some projects do not come from the private sector, and there needs to be intervention at Government level to get them off the ground. I totally agree with Mark Darragh, however, that such projects must be seen as an investment. We have talked about town centre living and the number of empty properties that are ripe for some sort of social housing investment. It would be a big investment, but the return would be huge. It is not just about providing accommodation and then bringing in the rents from that accommodation; it is about bringing people to live in a town centre. Somebody put it simply, which is that, if you live in a town centre, you are more likely to shop in the town centre. However, it also gives the town centre a lot of circulation and makes it more active. The more active a town centre looks, the more we create an upwards spiral. The more interesting it becomes, the more people go to it.

We need that kind of vision of the kind of town centre regeneration that we want to see. That is the revitalisation. When we listen to Anthea Coulter, Gemma Cruickshank and Mark Darragh, we are seeing people on the ground who are enthusiastic about what they want to do and are winning their communities over to that. That is the best investment that you could make in town centres. It has to be financial, with a bit of long-term planning and a wee bit of security, but there also has to be a belief—a belief that we all share—that the return will be very worth while.

Fiona Hyslop: I will come first to Anthea Coulter and then to Mark Darragh. We have heard that considerable funding is now available for town centres. We also know that there is a great deal of entrepreneurship, not just in the third sector but in the business improvement districts. Would that enable better collaborative working with councils? There has been a period of austerity in which councils may have been risk averse, because things have been tight financially. What enablers would help a culture of bigger projects, potentially? People want to see value from a BID, which they might not see in a small project. Are capabilities opening up that perhaps were not there five years ago?

Anthea Coulter: Absolutely. Culturally, we have moved so far in the past five years. That is partly because, as I alluded to, our councillors are quite close to our local community in Clackmannanshire—in some ways they did not want to let go of their own patch and allow that kind of community empowerment to happen. Quite frankly, they got to a cliff edge. For example, they had to release, all in one go, five village halls that

were being managed by the council. However, that has been hugely successful.

In the town centre, too, we have seen that move to acceptance. As Danny Cepok touched on, there has got to be equality of understanding of what different partners will bring to the table.

That is why I am trying a community interest benefit company for the first time. It will also be a charity, so it has that little bit of back-up, but the aim is exactly as Mark Darragh said—it will invest using Scotland's town centre regeneration fund in what were the old toilets that have lain there for ever. It was the third sector that came forward—me and a couple of others—and said, "Why don't we turn this into an active travel hub, which could also be so much more?" It is going to be an amazing building and a properly running business. It has to be a business from the outset. There is no point trying to pretend otherwise—charities are businesses. We have to operate in a different way. We will get three years rent free, but we will probably have to start paying rent in three years. It is about the recognition that that investment will come back.

We absolutely want to see that happening in other areas. For example, there are other lovely historic buildings, some of which are owned by the council. Now that the office environment is changing—council officers, for example, are not coming in as much—could some of those buildings be repurposed for different uses? That is what I have my eye on next.

We also have no swimming pool in Clackmannanshire. It is closed. The council is looking at creating a new wellbeing campus and hub, which is fantastic. Again, we would like to keep that near the town centre so that it is easy to access and is as inclusive as possible. Are there opportunities for the third sector to be more involved? We are always a bit wary about swimming pools, because they are very high cost, so it has to be a mixed model. However, there are opportunities for it to better integrate with some of our poorer and more deprived areas.

I also touched on training. Could we be using some of the vacant properties as mini-colleges in themselves? That is where I see real opportunity.

A cultural change has happened and it is continuing to happen. Councillors just have to let go a little bit more—that is all.

Fiona Hyslop: Briefly, for the record, we acknowledge that there is no proposal for any tourism tax in West Lothian and that Linlithgow palace is closed because of unsafe masonry.

On the point about that culture change and the fact that business improvement districts could do more, what would enable them to do more? You

talked about their doing bigger projects. However, is there not a risk that, if they do small things, business improvement districts have the challenge of justifying what they are doing? How do we get that trust among all the public sector bodies to empower business improvement districts to do more?

Mark Darragh: That is a key point. One of the key words that we have talked about as an organisation, and in working with the development trust and other groups in meetings, is that we need to “empower” the local community. The reason why the BID is a great vehicle for that is that it has funding and employed staff who can deliver things. A lot of other organisations rely on volunteers, which means that it becomes more difficult to do that. There is always that resource element around being able to plan and do that.

If we are to have that empowerment and be enabled to do that through working with local authorities and accessing their budgets, there has to be a trust basis. A big part of that is between the private and public sector. Everyone needs to work together to drive that—and we have seen that. Although it is difficult to bring everyone together and get everyone on the same page and all the rest of it, we have achieved that in our town. We have got the development trust and we have involved many of the community groups through the community council, the High Street traders group and even the church, which has big plans to build a hub and develop it to bring people into the town. However, more needs to be done with it.

To a degree, it is about the local authority having that trust and being able to let go of things. For example, over the years, it has had to stop doing certain things such as providing Christmas lights and all the rest of it, which the BID picks up. However, that then uses up a lot of BID money.

As a good example, if the empowerment and trust had been there, we would have had the opportunity to run the car park in the town and could have taken it on as a community asset. That is a very simple business model; people park their car, we charge them a certain amount of money, and we have that money. We worked out that we could have employed a local person to look after and maintain the car park, such as by sweeping it, as a part-time job. However, the surplus from that would have generated community wealth that we could have used to fund things such as the Christmas tree and Christmas lights, which means that we would have had more money available to do other things.

It is about thinking about what income streams we can make and how we can do that. More work needs to be done, but the pandemic has certainly created the opportunity for everyone to work

together and do that. We need to do more of that to make things happen.

Fiona Hyslop: Very briefly, Danny, given your previous experience in working for the council and with community groups, what do you think are the key elements culturally to enable people to have that trust and, particularly for local authorities, to pass over power and decision making to local communities?

Danny Cepok: It comes down to the local authority having trust. We have been talked about local authorities being risk averse, and we all know why that is, but this is all about building a relationship with the community. We are lucky in Fife to have the seven area committees set-up, which allows for a certain amount of decentralisation, and there was always a good relationship between the Kirkcaldy area committee and the BID at the time.

You have to build trust and relationships—they do not just happen overnight or because you have given someone money or a grant. We have heard a lot from colleagues this morning about the importance of collaboration, and one of the best things that local authorities can do is to encourage that and give the support that is needed for the range of organisations that all towns have to come together and do the work that is necessary or which they feel they can do to revitalise their town centre.

Moreover, any funding that comes must be entrusted to the organisation, which brings me back to my point about the importance of knowing that funding will be there. You will never know the exact amount that you are going to get, but if you know that it will be there, you can make plans—and if you can make plans, you can demonstrate to the local authority that you are on top of things. It is not only that; we talk to the local community, and this is what they tell us. This is all about culture and trust, and if you can build those things up, it can really work.

Gordon MacDonald: You talked about the number of empty units in Kirkcaldy and said that 50 per cent of the space above retail units is lying empty. When I looked at your website, I was impressed by you guys’ vision for the area, with a cafe culture, independent shops, market spaces and so on. What barriers are preventing you from making use of those empty properties?

Danny Cepok: I suspect that this has already been touched on this morning, but landlords and property owners are one of the biggest barriers by far. I do not think that Kirkcaldy is uncommon in this respect, but the vast majority of properties, certainly on High Street, are owned by people who do not live in Kirkcaldy or Fife—indeed, some do not even live in Scotland. You can try to pin down

what you would describe as absentee landlords—by “pin down”, I mean try to find out who they are—and try to get in touch with them, but they are not interested in doing anything. One or two of them are, but the costs are very prohibitive.

We have been looking at a four-storey property with a big retail unit at the bottom and three levels above, with a view to opening an enterprise hub to provide the sort of training and support that Anthea Coulter talked about. It is a beautiful sandstone building—such properties are gorgeous, with great architecture, big rooms and a lot to offer—but, because the internal staircase had been taken away, I had to go up a rickety ladder and climb through a hatch on to the first floor to see the property above. That is not uncommon.

The buildings have been maintained and kept wind and watertight, but the issue is not just about access. We also need to take into account the current fire regulations and—as you will know if you have done any work with local authorities on high streets—the noise regulations, which are really prohibitive. The amount of soundproofing that is required, especially above a pub or something like that, costs a lot of money, and that is what prevents property owners from doing anything. I can assure you that, if it was commercially viable, developers would be turning such properties into flats. It is just very expensive.

Gordon MacDonald: What can we do to incentivise commercial property owners to bring their buildings back into use?

Danny Cepok: It would probably have to be a variety of things. That brings us back to things such as property taxes. Would you change the system and give them some sort of subsidy or be a bit lenient in relation to the regulations? I am not sure that we would want to do that. I am struggling to see how you would get a commercial developer to want to do that. We have so many great social housing associations the length and breadth of Scotland, as well as local authorities, and it would be much better to go down that route. The other thing about getting social landlords to do stuff like that is that it gives us something that we do not have in many town centres, which is a long-lasting, permanent and regular landlord who will be there for the long term. That makes things a whole lot easier.

12:00

Gordon MacDonald: Anthea Coulter touched on the need for accommodation for start-ups. How much demand is there in your area for retail units, and what are the barriers to folk getting access to them?

Anthea Coulter: Interestingly, there has been change. I was looking quickly at our figures for Alloa, and we are sitting at about 10 per cent of units being vacant. An additional house—which was an artist’s residence that was given up and handed back to the council—sits within the BID area but slightly outside the town centre, so that slightly distorts the figures. We are not affected too badly because the vacant properties are spread over several streets. That means that we do not see the linear impact. That has helped Alloa.

We have seen some turnover in independent businesses. There is overcapacity in some areas, such as nail bars and health and beauty businesses. Unfortunately, nail bars have been associated with serious crime and modern slavery in Alloa. We cannot let regulations go, but if people are allowed to come in and use the buildings, we need to ask whether they are the right buildings and whether we have properly checked them.

There are opportunities to drive a slight change in the look of the buildings. It is about having a conversation with some of our third sector social enterprises or businesses that might be interested in providing social benefits. That goes back to the community wealth building angle. We have to go out and ask, “If we helped you with a year’s rent and you trained up a couple of apprentices, would you bring your business here and have a go?” In the end, it must be market driven, but we have to ask those questions. We have an ageing population and older people, so would a shoe shop or a hearing company work? Would a lingerie company work? We do not know.

There is an element of taking some risks and creating some seed money to stimulate some of the shops and environments so that we do not see such turnover or quite as much change. Variety is also important—everyone likes variety in a shopping area, don’t they?

Gordon MacDonald: How successful has the Elgin loyalty card scheme been in supporting independent business, and does it attract business to the town?

Gemma Cruickshank: I would not necessarily say that it attracts businesses—they tend to find out about it once they have come to speak to us about opening a business initially. The scheme has been 100 per cent effective in keeping the loyalty of shoppers. It genuinely makes people think more about supporting local businesses and shopping local. It has definitely driven that.

Every quarter, we do a prize draw for people to win a £100 Elgin gift card, which can be spent only within our members’ businesses. That keeps the money local and gives people an incentive to keep supporting local businesses. The loyalty card has

also raised awareness of what we have in Elgin. It has promoted the businesses and Elgin itself.

Gordon MacDonald: You said that you have a low vacancy rate, but do you have an issue with empty properties in Elgin?

Gemma Cruickshank: Yes, we do. The situation is very similar to what Danny Cepok said, because we have a lot of absentee landlords, too. For many of our businesses, the upper floors would be classed as derelict: the roofs are caving in and they are probably a hazard. The way to get around that is to give power to local authorities to penalise owners who have not maintained their buildings. I think that that is the only way. There are incentives to help them, too. If owners use incentives to help them to get buildings up to standard and they then let that standard drop again, we should penalise them.

In 2018, Elgin was involved in the conservation area regeneration scheme. We contacted landlords to tell them that they could get work done for free and that we could help to improve and regenerate their buildings. Some of them did not get back in touch with us. Some of them took up the offer—it was free work to improve their buildings—but have not maintained them, so, four years later, they are back in the state that they were in previously. That was a £3 million project, and that money has just gone. We will never get the regeneration scheme back again. That is why I think that there should be some sort of fine for such landlords to ensure that they keep their buildings in a decent state.

At the end of the day, it becomes a health and safety issue—people are walking down the high street and slates are falling off the roof. That is dangerous. More work needs to be done to look into how safe the buildings are. As I said, there are many buildings with their roofs caving in. Like Danny Cepok, I was in a four-storey building in which we could not even get up to the top floor because the staircase was rotten as a result of water coming in. Base units are kept watertight and to a good standard, but upper floors are just left to rot.

The Convener: I thank everyone on the panel for their contributions to the inquiry, which have been extremely helpful. The committee will now take the final items on the agenda in private.

12:07

Meeting continued in private until 12:34.

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

All documents are available on
the Scottish Parliament website at:

www.parliament.scot

Information on non-endorsed print suppliers
is available here:

www.parliament.scot/documents

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000

Textphone: 0800 092 7100

Email: sp.info@parliament.scot



The Scottish Parliament
Pàrlamaid na h-Alba