

Feasibility assessment

Title of report: The Future of Towns in Wales

Publication date: December 2018

Short summary of report

Approximately 40% of the Welsh population lives in small towns.

The report summarises the results of research commissioned by The Federation of Small Businesses. It sets out to answer two fundamental questions. Firstly, what role do the towns of Wales fulfil today? Secondly, what policies are needed to shape how towns look, feel and respond to their long-term challenges?

The consultants, *The Means*, draw on regional and national data and primary research designed to capture a broad range of perception of the challenges facing Wales' small towns. The study undertook a questionnaire in 12 study towns with more in-depth work completed in Caernarfon, Aberystwyth, Haverfordwest and Maesteg.

The viability of towns is assessed under what the consultants call the '6Cs Framework' embracing Culture, Commercial, Cohesion (social) Connectivity, Civic and College (education).

Feasibility assessment by panel of how this will feed into the project work

The report findings resonate with the project theme of "facilitating pre-commercial development, business partnerships and short supply", within the priority of "investigating and piloting new ways of encouraging entrepreneurship and test trading".

The findings are consistent with the LEADER approach. The report advocates the nurturing of local distinctiveness and co-ordinated energy at local level. It calls for action to take place at several levels - government, the town centre and the individual firm, property owner and organisation. To optimise the potential impact, the efforts of all players need to be co-ordinated. The report calls for learning from different places to be transferred between towns and for general guidance to allow for desired outcomes to be interpreted and customised at the local level.

Future work in this area by Arsyllfa will develop within the context of Carmarthenshire County Council's, 'Moving Rural Carmarthenshire Forward' report and in particular its 'Ten Rural Towns Initiative' to develop individual rejuvenation plans.

What are the key points and how can they be applied to this project?

Concern for the future of town centres has been evident for some years, yet, as this report points out, small towns are remarkably resilient. A significant proportion of the day-to-day economy of Wales takes place in towns and 92% of those who responded to the primary research recognised their continued importance to the social and economic lives of their areas.

Towns are susceptible to what the report calls megatrends which pose threats to the viability of towns, but which also create opportunities which Arsylla could support and develop. Three main trends are identified in the report.

The first megatrend is social and demographic change. This manifests itself primarily as an ageing population. The impact for towns is an increased demand on welfare often located in towns and a local economy orientated towards older groups. The report suggests that the size of towns may actually increase as the proportion of the UK population over 65 goes up. This brings opportunities for products and services not only for those dependent on health and social care services but to meets the needs and wants of the more active older person, possibly with a healthy disposable income.

The second megatrend the report identifies is urbanisation and clustering. This includes on the one hand, the relocation of young people to urban areas and on the other the clustering of networks of similar, often high-tech business near urban centres. The result of both is a decline in the economically active population of small towns and a flight of medium and higher salaried jobs. Many towns are witnessing higher levels of unemployment, benefit dependency, unskilled and or seasonal work, as jobs and working age people concentrate in dominant cities.

The report identifies a phenomena called “dichotomy of identity” where predominantly younger people want to feel connected to global trends and fashions and therefore are drawn to live in a place that provides this sense of connection and culture, as well as a reliable job. On the other hand, some choose their home based on the quality of lifestyle, health benefits and affordability. This latter group is more likely to choose to live in towns with clean air, a more homogenous population and local culture. The report highlights examples of towns which have developed a clear strategy for attracting the latter section by developing a unique identity. Well documented examples such as Totnes in Devon are quoted as well as the ‘cittaslow’ movement pioneered in Greve, Chianti, Italy. These could be used as exemplars of how to implement such a strategy in Carmarthenshire.

The report says that clustering fosters competitiveness and can enable companies to leverage the business environment quality in order to reach higher economic performance. It suggests that towns in Wales may have to plan to cope with a future of relatively low productivity, and explore ways, (without saying how) in which jobs can be drawn from dominant cities to smaller locations.

The third megatrend is the importance of the internet to the way people work and consume goods. Working remotely becomes possible and goods and services previously only available in larger centres of population now become available to all online. This trend impacts on towns and is evidenced by the changing nature of the offer. Towns become entertainment and leisure hubs with an increase in coffee shops, hairdressers etc. and a decline in the number of fashion shops, banks etc. People are now moving towards spending on experiences over objects and the report says that towns may suffer a loss of jobs in the retail sector, but they should seek to recuperate this through the hospitality and

entertainment industry. This shift in emphasis brings opportunities for locality specific businesses which have the potential for ripple out impacts on town centres. The report uses the example of Coaltown Espresso Bar in Ammanford as an example of a single “destination” shop that can instil confidence in others in a particular place.

In response to these trends the report stresses the need for innovation which delivers to the changed expectations of the consumer.

How can these principles and values interact with fostering an entrepreneurial culture?

The analysis of megatrends is a useful setting in which to explore the potential for entrepreneurship. In particular:

- New services and products that meet the needs and wants of an ageing population, especially as this section of the population may be more reluctant to use online purchasing. The narrative of ageing has been focused on demands on health and social care services and not the opportunities the active older people can bring.
- Opportunities that town based entrepreneurs can offer to changing consumer demand towards more authentic, ethical, organic and locally produced goods. Although the report acknowledges that the trend may well be dependent on economic stability, it still says that it should be central to the discussions on the offer towns have. Towns already have a strong sense of place, with emphasis on community and local heritage. The trend of ethical purchasing can be capitalised on by towns by championing local, healthy produce stimulating the economy and reinforcing the town's unique identity within an ever-globalising landscape.
- The internet poses challenges to traditional high street retailers but can also provide opportunities for remote working and serving the needs of a more agile workforce.

The report advocates for a more coherent approach to the use of digital marketing based on a better understanding of local consumer behaviour and sharing marketing data. It says that local private sector action, through initiatives such as Business Improvement Districts will help to overcome tendencies to trade in isolation. Local business initiatives and partnerships such as these bring enterprising energy to a locality.

Key findings

Three big factors are identified by the primary research as detracting from town centres. These are:

- Online retailing
- Business rates
- Empty shops

The report grouped recommendations into seven themes.

1. Determining & delivering a proportionate & appropriate response.

The report identifies a lack of sustained interest in the fate of towns. Public concern peaks when a well-known name disappears from a high street but then falls away.

A general lack of a coordinated response to the pressures facing towns is highlighted and the report recommends that each place should develop a Town Strategy as a joint and co-ordinated response to threats, informed by intelligence from a range of sources and incorporating the views of a range of different stakeholders. It was noted that respondents to the questionnaire often valued events and public marketing as effective measures to promote their town over public sector funded renewal programmes which were seen as expensive and to have little impact. A Town Strategy would take all views on-board.

2. The shift to internet shopping.

Competition from online retailers based on price and choice remains fierce. Town centre retailers voiced resentment that people used them as places to view items which they would then go on to order online.

The report recommends that town centres need to embrace the advantages of the web to a far greater extent and probably in different ways. In particular, the report recommends that steps should be taken to support individual businesses in developing a collective response at town level rather than for individual businesses who sometime struggle to keep website information up to date. Town data is important to understand local trends.

The report recommends that study towns should employ a Digital Centre Manager to co-ordinate digital content. Town websites sustained by advertising revenue.

3. The high street experience.

Eating and leisure activities are core to a town offer. The report says that towns must exploit the intrinsic locational advantages and must fight back against online retailers with great customer service. Although the report acknowledges that individual businesses must take responsibility for this, it also envisages a role for co-operation across the town centre. Promotion of the centre through advertising and an events strategy requires collective action. Activity could include a home delivery service, the sharing of marketing data, the deployment of mystery shoppers, active participation in events through providing special offers to name a few potential examples.

5. New retail, new office, new uses.

The report references examples of where the efforts of a small number of retailers have arrested decline and transformed the prospects of the centre. Even a single “destination” shop can provide an impetus, through instilling confidence in others. The report says that the complexion of the high street fightback is through innovative and quirky activity that broadens the appeal. The fightback goes beyond retail to include culture and leisure. Town centres should also trial responses to the new demand for agile working.

6. Parking.

The report takes a balanced view of parking , noting a difference in perception between on the one hand, town traders, who think parking charges are detrimental to business to the public sector on the other who are more likely to highlight the environmental benefits of reducing the number of car borne shopping trips. The report also points out that car parks need maintaining and, whilst traders may resent car parking revenues not being reinvested in the town, this does not negate from the fact that such parking areas are not cost neutral. The report suggests that initiatives such as contactless payments may, by making transactions easier, be less of a disincentive for people to use the car parks.

7. Business rates and taxation.

High business rates remain a contentious issues with town traders when they compare themselves to larger and online retailers. The report sees no prospect at the time of writing of the government rowing back significantly from the policy. It does however highlight

instances where, in the housing sector, central government has been prepared to use the tax system used in radical way to advance policy. The deployment of differential VAT rates for a town centre offer is also mooted.

Conclusions

1. This report must be seen within the context of Carmarthenshire County Council's Rural Strategy and work alongside the Ten Towns Initiative. Welsh Government has also recently announced a £90m Transforming Towns Project (January 27th 2020). The report provides clear feasibility evidence to progress further initiatives.
2. The feasibility of pursuing opportunities for private sector led and entrepreneurial initiative based around distinctiveness and destination specific products and services has been demonstrated.

Appendices

See appendices (A, B & C) for further information on The Future of Towns in Wales Report.
